Annual Report

2021

Azerion Holding B.V.

azerion

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Message from the CEOs

The full year 2021 has been a year of significant progress for Azerion. We are very pleased to report strong revenue, operating profit and EBITDA growth for the full year 2021, as compared to the full year 2020. Revenue in 2021 increased 57.9% to € 308.1 million, while operating profit for the same period increased 117.74% to € 8.4 million. EBITDA[1] for the same period increased 53.6% to € 33.6 million.

We view these results as powerful support for the vision we have had for Azerion since inception – of an integrated technology platform able to deliver digital games and digital advertising across all formats and devices and benefiting from the flywheel effects of our scaled owned, operated and distributed content. Our content strategy drives user engagement, thereby attracting advertisers as our primary customer and revenue source, with significant additional content and distribution reach through our digital partnerships, all attracting game creators to contribute their own games and content to our platform, driving more users and even greater engagement.

Our efforts have been aimed at improving the breadth and depth of our content and increasing the capabilities offered across our platform, thereby adding to this flywheel effect. For example, we recently entered into strategic partnerships with Bidstack, Adverty and Anzu to enhance our in-game advertising offering; we were delighted to welcome pop icon Hello Kitty into our Habbo and Woozworld metaverses and Teletubbies into Habbo and Hotel Hideaway, as well as releasing new game titles relating to the Smurfs; we engaged users with in-game concerts in Hotel Hideaway; and we connected many new advertisers and digital publishers to our platform and further integrated and optimised our technological product suite. We also continued our acquisition strategy at pace during 2021, with further details set out in the Operational and Financial Review section of this report.

Finally, during the year, we put significant time and effort into preparing for our business combination with special purpose acquisition company EFIC1. As a result, on 2 February 2022, we were proud to have our first day of trading as a public company listed on Euronext Amsterdam. The business combination and the subsequent listing of Azerion will not only give us access to the capital markets, but will also help us raise our profile amongst our customer and partner groups and talented workforce globally. Furthermore, in a consolidating and competitive market, it will help us stay financially flexible, whilst fuelling our business expansion, both organically and through further acquisitions.

Our operational and strategic progress in 2021 makes us more confident than ever in the exciting future ahead.

Atilla Aytekin and **Umut Akpinar**
CEOs and Founders of Azerion

[1] For definition of EBITDA please see Note 31

Azerion at a glance

Customers

Consumers

~425m

Unique monthly active users[2]

~17,500

Game titles[7]

Advertisers

~340K

Advertisers[3]

~3.8bn

Digital ads sold per month[8]

Partners

Digital publishers

~560

Digital publishers[4]

~290K

Active domains[9]

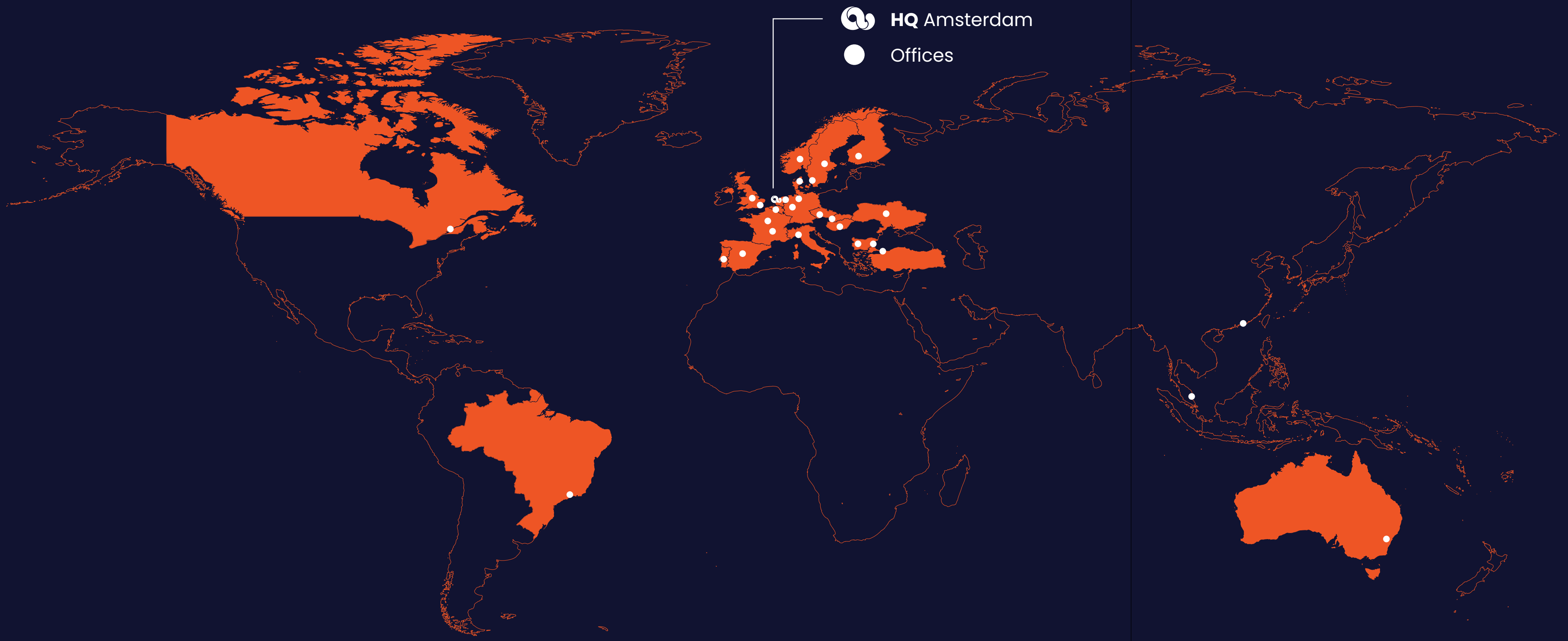
Game creators

~940

Game creators[5]

~140

Average new games per month[10]



Azerion

~1,200

Employees of which
600+ tech and creatives[1]

HQ

35 offices in **21** countries[6]

[1] Total headcount as of 31 December 2021, including this year's M&A. The 600+ includes operations.
[2] Total number of unique users that are reached through all our products, including through our digital publisher network; in September 2021.
[3] Average monthly number of advertisers placing >1 ad in 2021.
[4] Average number of publishers with >1 transaction in 2021, through Improve Digital.
[5] Average number of game developers for which Azerion distributes the content, mix of external and internal creators, in December 2021.

[6] As of December 2021.
[7] Average number of game titles in Q4 2021, as part of the GameDistribution portfolio.
[8] Average number of paid impressions served through Improve Digital per month in 2021.
[9] Number of active domains (websites and apps) where >1 paid impressions was shown in December 2021.
[10] Number of games per month that are activated for distribution in our Casual Distribution channel, mix of external and internal content, in 2021.

Company Profile

Company Overview

Azerion operates a high-growth digital entertainment and media platform. It is a content-driven technology and data company, serving consumers, advertisers, digital publishers, and game creators globally. Digital gaming and digital advertising have the potential to create a powerful force for good through their reach to large and significantly engaged audiences worldwide. Our ambition is to establish Azerion as the leading digital entertainment and media platform in Europe, becoming the digital gaming provider of choice for our consumers and preferred service partner for advertisers, digital publishers and game creators.

Originally positioned as a digital social and casual gaming company, in recent years Azerion has expanded further along the user engagement value chain into integrated advertising technology. Azerion is engaged in a number of interrelated operating activities including providing technology solutions to automate the purchase and sale of digital advertising inventory for advertisers, publishers and game creators as well as developing, publishing, distributing and operating online social and casual games and digital content.

As audiences continue to transition to digital forms of entertainment, gaming has established itself as one of the most engaging forms of content, attracting advertisers into the ecosystem. Azerion's owned and operated content reaches millions of highly engaged users globally, captures advertising spend across its platform and generates revenues through in-game purchases in its premium games. By leveraging the platform, Azerion also receives a share of revenue generated through the placing of advertisements on the inventory of its digital publisher partners and a share of the advertisement revenue generated by the content of its game creator partners.

As at 31 December 2021, Azerion's platform had a portfolio of more than 17,500 game titles and more than 290,000 active domains (websites and apps). Within its games portfolio, Azerion has nine premium game titles, defined as games where revenue is generated mainly from users making purchases directly in-game. During 2021, Azerion has worked with more than 300,000 advertisers globally and over 550 digital publishers. Through its platform and taking into account all its products, Azerion reaches an audience of on average over 425 million unique monthly active users, including those connected through its digital publisher network. During 2021, Azerion sold on average 3.8 billion digital advertisements on a monthly basis, published on average approximately 140 new games per month and as at 31 December 2021 had partnerships with over 900 game creators.

> "Gaming has established itself as one of the most engaging forms of content"

History of Azerion

Incorporated at the end of 2013, Azerion was active in 2014 with 45 employees. It has grown rapidly over the years through a combination of organic growth and strategic acquisitions. As at 31 December 2021 Azerion had 1,242 employees (2020: 788), across 35 offices in 21 countries. Azerion believes that its employees are key to the success of its business as they maintain and develop its relationships with consumers, advertisers, digital publishers and game creators and also maintain and develop its proprietary technology platform, which is key to the operation of its business.

Foundation

2013

Focused on social and casual games

Content expansion

2017

Expansion into ad segment via GameDistribution

2016

Expansion into digital goods distribution through Voidu

2015

Expansion of content offering via several acquisitions

Tech expansion / ad network

2018

2017

Entering into monetisation tech via Improve Digital

Geographical expansion

Expansion into ad segment via GameDistribution

Scale-up through partnerships

2019

Launched partnerships with Ajax eSports, Talpa Gaming, Monopoly

Integration and expansion

2020

Continued integration and expansion of content and monetisation tech ecosystem offering

Significant scale up - organically and M&A

2021

Further expanding / improving ecosystem with synergy potential

Business Model

Azerion considers its platform to be at the centre of the global digital gaming and digital advertising ecosystem by providing consumers with a scaled, diverse and engaging free-to-play digital gaming experience, and by solving critical challenges for advertisers, digital publishers and game creators.

The diagram below shows a visualisation of Azerion's platform and how Azerion delivers services to and monetises these customer and partner groups.

Content, data and technology are at the core of Azerion's platform and serve the needs of each of the stakeholders. There are four broad groups that engage with Azerion's platform: (1) consumers; (2) advertisers; (3) digital publishers; and (4) game creators. The operations and solutions that Azerion offers to the various groups that interact within its ecosystem generate strong complementary network effects.

Firstly, Azerion's owned and operated content attracts a large number of consumers, that function as audiences for advertisers, with some consumers also making in-game purchases in Azerion's premium games. As a result, Azerion's advertisers benefit from Azerion's integrated platform, providing access to a global, scaled and engaged audience base. Advertisers generate revenue for Azerion by spending on advertisements across Azerion's platform. In addition, Azerion partly uses its advertising inventory to promote its own games, thereby reducing user acquisition costs, whilst increasing the consumer base for its owned games. Thirdly, Azerion provides branded and white-label gaming-as-a-service, advertising technology, sales and full-service turnkey solutions to its digital publisher partners in return for which Azerion receives a share of the advertising spend across this inventory, in addition to in certain circumstances, a share of the subscription revenue generated by the digital publisher partner. Digital publishers benefit from and contribute to the gaming and non-gaming content, user and distribution scale of the Azerion platform, enhancing the platform network effects. Lastly, Azerion offers a platform to its game creator partners to innovate, distribute, optimise and monetise their games, for which Azerion receives a share of the advertising revenue generated through the content of the game creators. As partners to Azerion, the game creators fuel Azerion's platform with new and updated content, which in turn helps retain existing users, attracts further users and sustains and increases user engagement.

Azerion generates revenue in two principal ways, firstly through advertising spend across its platform and secondly through in-app purchases across its premium games, with additional revenue coming from AAA game distribution.

Consumers

Azerion seeks to offer a highly engaging, safe and reliable online social gaming and digital entertainment platform to its consumers globally, which is underpinned by its proprietary technology and data. Our proprietary and third-party gaming catalogue caters to well-diversified audiences across gender, ages and geographic locations.
Through its premium, casual and social games Azerion offers its users diversified social experiences and content. During 2021, consumers of Azerion's casual games spent approximately 11 minutes per day playing casual games and the consumers of Azerion's premium games spent on average approximately 79 minutes per day playing Azerion's premium games. This large and loyal consumer base generates valuable views, data and insights for Azerion's ecosystem.

> "Easy and safe way to reach consumers through Advertising"

Advertisers

During 2021, Azerion worked with on average over 300,000 individual advertisers and agencies per month, including names such as Coca-Cola, Renault, Disney, McDonalds, the Crown Commercial Service, WPP, IPG and Omnicom Group.

Azerion believes that it provides its advertisers with a fully comprehensive proposition including integrated advertising technology services, audience segmentation, curated brand-safe content and country-level sales and campaign management, allowing Azerion to capture a larger share of the advertising value chain. Azerion's one-stop-shop solution allows advertisers to deploy advertising spend on Azerion's owned and third-party inventory, creating buyer efficiencies for advertisers and agencies whilst securing higher revenue yields for digital publishers, maximising efficiency for all parties involved through Azerion's ecosystem.

Simultaneously, Azerion provides its advertisers with verified, brand-safe inventory with engaged audiences at significant scale. The end-to-end services Azerion offers to its advertisers cover both technical and local support, as its technology enables an easy and safe way to reach consumers through advertising and its local teams can take ownership of the entire digital advertising process.
Azerion integrates and leverages technology such as machine learning, audience recognition and fraud detection, enabling Azerion to deliver accuracy, safety and automation of its services to its advertisers.

Digital Publishers

During 2021, and through Improve Digital, Azerion partnered with over 550 digital publishers, including established media companies, newspapers, gaming platforms and e-commerce platforms, such as Microsoft Bing, Telenor and Italiaonline. To its digital publishers, Azerion offers, amongst other services, digital direct and programmatic advertising solutions and access to a vast advertiser base. With its programmatic advertising solutions, Azerion enables automated buying of advertising inventory through real-time bidding enabling digital publishers to optimally monetise their content.

More specifically, Azerion provides its digital publishers with three potential solutions:

- AdTech and sales. Through these services Azerion helps digital publishers to access advertisers with their existing content, benefitting from Azerion's scale and advertiser relationships.
- Gaming-as-a-Service. Through these services Azerion provides digital publishers with branded and white-label solutions, with curated access to a catalogue of over 17,500 game titles and exclusive content, increasing audience engagement.
- Full-service turnkey solutions. Through the provision of AdTech, sales and gaming content as a full-service turnkey solution, Azerion manages advertising on digital publishers' existing digital inventory, thereby helping digital publishers maximise their revenue from their existing audiences and increasing the engagement of the digital publishers' audiences through the introduction of new game content.

Game Creators

Azerion works with a broad range of game creators, from smaller independent studios all the way up to leading global game creators including Nintendo, Microsoft Studios, Hasbro and Ubisoft Nano. Azerion enables game creators to distribute their games by connecting a large and diverse consumer base to the content developed by the game creators, whilst ensuring compliance with privacy and data laws and frameworks. In addition, Azerion helps game creators innovate and optimise their games by providing them with data and key insights and works together with game creators to generate new content, features and services, in order to maintain the attractiveness of content and increase user engagement and advertisement impressions. Furthermore, Azerion enables game creators to monetise their games, by facilitating in-game purchases and by optimising games for advertising. Azerion continuously refreshes its available gaming content, adding new external and internal content on a monthly basis. As at 31 December 2021, Azerion also had over 5,000 e-commerce titles and related items for sale through its online distribution channels.

Azerion's Growth Strategy

Azerion's strategy is to continue its strong revenue and profitability growth in 2022 and onwards, which it will seek to achieve through a combination of organic growth opportunities and value accretive acquisitions. Azerion believes that its integrated platform and strong acquisition track record will enable it to execute and accelerate its buy-and-build strategy across its ecosystem. Azerion has identified four main drivers of continued growth: (i) structural market growth; (ii) platform growth; (iii) M&A pipeline; and (iv) platform synergies.

Structural market growth

Azerion believes it is well positioned to benefit from the anticipated future structural growth in the digital gaming and digital advertising markets. The weighted average growth in the period from 2020 to 2023 for the digital gaming market and the digital advertising market is expected to be more than 10% (source: eMarketer, Newzoo Global Games Market report 2021).

Platform growth

Azerion's organic growth strategy is centred around a number of drivers to increase organic growth in 2022 and onwards. These include, amongst others:

Growing user base

- Develop existing games further and launch new game titles;
- Increase and optimise user acquisition and spend;
- Enter into new strategic partnerships with digital publishers.

Growing wallet share

- Expand existing partnerships and build new strategic partnerships with agencies and advertisers;
- Scale-up data analytics and customer relationship management for advertisers, digital publishers and game creators;
- Expand advertising formats that provide high impact brand experiences; and
- Expand geographically by introducing sales teams in selected new geographies.

M&A Pipeline

Azerion aims to strengthen its market position, increase its market share, and expand and complement its product and services offering by pursuing selective and value enhancing acquisitions. Azerion has demonstrated its ability to identify, execute and integrate acquisitions in the digital gaming and digital advertising markets, with more than 40 acquisitions over the past six years. M&A will continue to be a core part of Azerion's strategy moving forward with a focus on adding to its quality content, expanding the demand side of its advertising network, geographic expansion, margin improvement and synergy potential across its digital gaming and digital advertising ecosystem. For its gaming business, Azerion mainly focuses on companies with a large community in popular genres to further diversify and enlarge its current portfolio. Azerion also plans to target companies with substantial owned and operated quality content and/or a large, pre-existing gaming community, in which Azerion will be able to integrate its digital advertising products. In addition, the focus for the digital advertising platform includes companies that bring certain technological capabilities and AdTech or advertising sales houses with strong local country presence which would give access to new advertisers and digital publishers and enable Azerion to increase the networks touch points with global advertising budgets. In general, Azerion is focused on businesses that bring increased volumes to drive margins, market share and user reach and bring further technological capabilities. Azerion maintains a visible pipeline of multiple, actionable acquisition targets with a broad range of annual revenue represented by the potential acquisition candidates within that pipeline.

Platform synergies

Azerion is focused on realising platform synergies and capturing network effects, including delivering the synergies available from past acquisitions. Azerion realises platform synergies in a number of different ways, including through content, its advertising sales capabilities and its operations and technology. Firstly, Azerion realises synergies through its content by applying enhanced distribution and generating an increased return on investment on user acquisition, which supports an increase in revenue and margin. Secondly, Azerion realises operational synergies through utilisation of its advertising sales teams generating synergies through Azerion's proprietary technology and content. Lastly, Azerion realises synergies through its operations and technology, for example, by generating operational leverage with shared services, office space, back-office capabilities, hosting and development resources, which supports an increase in margin over time.

Azerion's Platform

Proprietary advertising network

Azerion operates its own proprietary advertising platform which connects advertisers to digital advertising opportunities across all digital media channels globally and aims to cater for all the needs of all participants within its ecosystem. Azerion offers advertisers highly engaged digital audiences within brand-safe content. Azerion offers digital publishers the possibility to generate and optimise revenue from their audiences and provides game creators with access to advertisers and digital audiences.

Azerion offers both (i) traditional advertisement sales and (ii) programmatic advertisement solutions. Approximately half of Azerion's advertising revenue over the year ended 31 December 2021 was generated by programmatic advertisements.

With its programmatic advertisement solutions Azerion enables automated buying of advertising inventory through real-time bidding. Real-time bidding is a method of purchasing advertising inventory whereby requests for individual users are released to all demand sources in an auction that can occur in less than 100 milliseconds, which is approximately the time that it takes to load a webpage. Through its data driven algorithms, Azerion is able to offer high performance to advertisers by ensuring targeted advertising within brand-safe content, maximising return on advertising spend. Azerion provides an integrated end-to-end solution optimising the digital advertising supply chain for all industry players and connects with audiences at scale through premium high impact ad formats. The platform connects its own proprietary technologies — a sell-side platform called Improve Digital Origin, a data management platform called Delta DMP and a premium buying platform named Improve Digital Marketplace — with industry leading third-party technologies. It also enhances and verifies its performance with data management platform partners like Lotame, ad verification technologies such as Integral Ad Science, MOAT and Oracle and with audience verification partners such as Nielsen DAR. For the traditional advertisement sales, Azerion connects advertisers, or their agencies, to digital publishers.

Azerion generates revenue from advertising placed within content on its platform. Azerion has a team of experts dedicated to this advertising technology to enable digital publishers and advertisers to execute on their respective strategic agendas.

Premium Games

Azerion operates nine premium game titles, defined as where it generates revenue mainly by offering users the ability to make in-game purchases for extra features and virtual goods, to enhance their gameplay experience. The aim of the premium games is to stimulate social interaction among players by encouraging sharing, competing and cooperating with other players, as well as forming new, and strengthening existing, social bonds and networks as part of the games' mechanisms of achievement. The premium games can be divided broadly into community games and poker games. Azerion's premium games are predominantly played on mobile devices, except for Habbo and MyJackpot.com, which are mostly played through web-based portals and platforms.

Azerion believes that its ability to develop its premium games portfolio with minimal cannibalisation of users, thereby increasing the total number of users across its premium games franchise, has been instrumental to its growth in the premium games market. Each of Azerion's premium games contributes to its revenue and helps the diversification of its revenue among its premium games.

Casual games

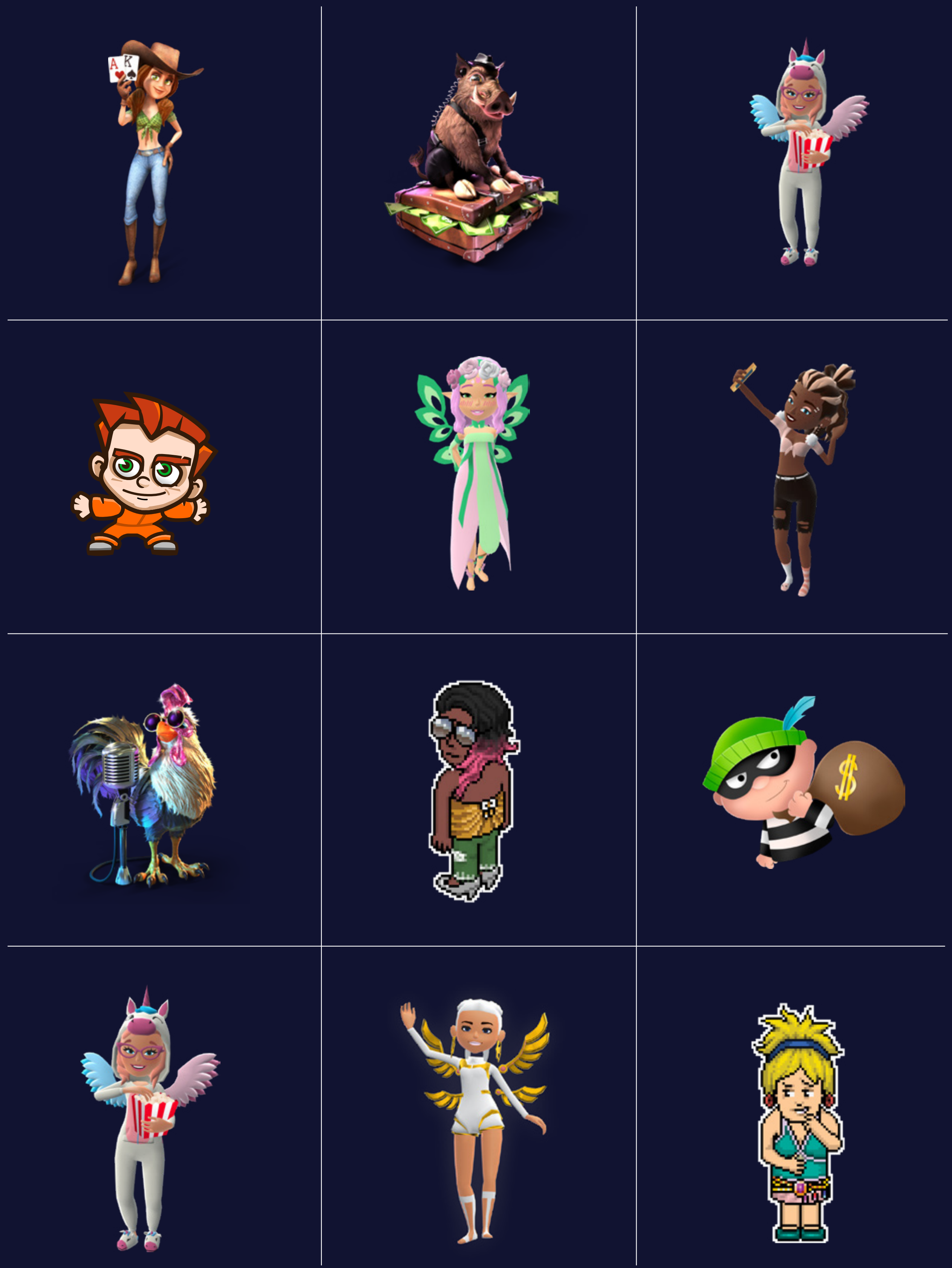
Through its casual games and free to play (F2P) portals Azerion offers casual games targeted at a wide, mass-market global audience for mainly PC and mobile users. Casual games generally have an easy-to-understand gameplay with a user interface facilitating short gaming sessions. Although Azerion owns some of the casual games that it offers to its users, most of the casual games that Azerion offers are owned by third parties, with whom Azerion entered into various licensing agreements. F2P portals are web-based platforms through which casual and other F2P games are made available to users. Azerion operates a number of F2P portals offering users access to F2P casual games. Azerion also develops F2P portals for third parties, such as TCA, Reach Plc, SBT and Big FM. Azerion's casual games and F2P portals business primarily generate revenue from advertisers paying for access to the users of those games and portals. On its own F2P game portals Azerion shares the revenue generated from advertisements with the content owners to the extent it does not own the content through which the advertisements are communicated to users. On the F2P game portals that Azerion develops for third parties, Azerion shares the revenue generated from advertisements with the F2P operator and the content owners to the extent it does not own the content through which the advertisements are communicated to users.

GameDistribution

GameDistribution is a business-to-business platform for high-quality games targeted at a wide, mass-market audience. GameDistribution helps game developers and other content owners to monetise their games by connecting them with game publishers who can distribute the games to users. Game publishers form the link between the game developers and game users, marketing games to the gaming community and putting those games on the market for users to play. The games offered through GameDistribution primarily comprise casual games for PC and mobile. GameDistribution generates revenue predominantly from advertisers paying for access to the users of the games distributed through GameDistribution and, to a lesser extent, from users making in-game purchases. Revenue generated by GameDistribution is shared among the content owners, publishers and Azerion.

Sales platforms

Azerion's sales platforms, Voidu and Genba Digital, enable digital content owners to distribute their games and software content online both to users and to games and software retailers. Azerion's sales platforms focus on selling digital access to triple-A games. Voidu is a digital business-to-consumer distribution platform enabling publishers, developers and distributors of games to distribute their games directly to users. Voidu has an extensive catalogue of gaming titles across a wide range of genres for console, PC and mobile devices. It generates revenue from selling games directly to consumers and shares that revenue with the content owners. Genba is a business-to-business digital logistics platform connecting games and software content owners with sales channels around the world. Genba works with publishers distributing games and software products to multiple regions through a network of retailers. Genba generates revenue from selling content through its platform in business-to-business sales and shares that revenue with the content owners.



Management Structure and Corporate Governance

During 2021, Azerion Holding B.V. had a management board with Principion Holding B.V. as sole executive director. Principion Holding B.V. was represented by its executive directors Mr. Umut Akpinar acting as Co-Chief Executive Officer of Azerion Holding B.V. and Mr. Atilla Aytekin acting as Co-Chief Executive Officer of Azerion Holding B.V. (each a "Director").

The Management Board was responsible for the day-to-day management of Azerion Holding B.V., which includes formulating strategies and policies and setting, executing on and achieving objectives. In addition, Azerion Holding B.V. has an Executive Committee that supports the members of the Management Board in the day-to-day management of Azerion Holding B.V.'s business. During 2021, the Executive Committee consisted of the members of the Management Board and the following additional members ("Executive Committee"):

- Ms. Maria del Dado Alonso Sanchez, Chief Financial Officer
- Mr. Sebastian Moesman, Chief Revenue Officer
- Mr. Joost Merks, Chief Investment Officer

Azerion and European FinTech IPO Company 1 B.V. ("EFIC1"), a special purpose acquisition company (SPAC) listed on Euronext Amsterdam, completed a business combination on 1 February 2022. Pursuant to this business combination, at the EGM of EFIC1 held on 31 January 2022, a two-tier board structure for Azerion Group N.V., the parent company of Azerion Holding B.V., was established comprising for the first time a Supervisory Board and the Management Board.

For more detail on the Supervisory Board and the Corporate Governance of Azerion Group N.V. following the business combination with EFIC1, please refer to the Annual Report and Audited Financial Statements 2021 of Azerion Group N.V.

In connection with the business combination, Principion Holding B.V. resigned as sole executive director of Azerion Holding B.V. and Azerion Group N.V. (at the time still Azerion Group B.V.) was appointed as sole executive director of Azerion Holding B.V. on 1 February 2022.

The Dutch Corporate Governance Code

The Dutch Corporate Governance Code applies to Dutch companies whose shares are listed on a regulated market or a comparable system. Azerion Holding B.V.'s shares are not listed on a regulated market or a comparable system and the Dutch Corporate Governance Code therefore does not apply to Azerion Holding B.V. The Dutch Corporate Governance Code does apply to Azerion Holding B.V.'s parent company, Azerion Group N.V., as a result of its listing on Euronext Amsterdam. Azerion Group N.V.'s annual report for the year ended 31 December 2021 includes an overview of the governance of the Azerion Group N.V., including a detailed comply-or-explain section in relation to the Dutch Corporate Governance Code.

Operational and Financial Review 2021

Azerion is organised broadly by way of two different segments: Platform and Premium Games. For the full year 2020, Azerion reported the two segments Gaming and Monetization Tech.

In 2021, as part of its ongoing efforts to bring its reporting segments in line with the operational activities and organisational set-up of the Company, Azerion adopted the new segment reporting structure. The segment Premium Games contains our highest user engagement titles, monetised primarily through in-app purchases. The Platform segment contains our casual games, distribution and advertising activities.

The Dutch structure regime (structuurregime) is not applicable to Azerion.

Overview of Key Events

Acquired Companies

Azerion has experienced rapid expansion since 2014, driven by both organic activities and strategic acquisitions. Azerion remained a highly active acquirer in 2021, completing a number of transactions as described more fully below:

Control obtained

- 100% of issued capital in Genba Digital Limited
- 100% of issued capital in Whow Games Gmbh
- 100% of issued capital in Delta Projects AB
- 100% of issued capital in Strossle International AB
- 100% of issued capital in KMobile AB
- 100% of issued capital in Sublime Skinz Labs SAS
- 100% of issued capital in Admeen B.V.
- 100% of issued capital in Titan Gate AD
- 100% of issued capital in Inskin Media Limited
- 50% of issued capital in Talpa Azerion Gaming B.V. (bringing total shareholding to 100%)

These acquisitions served to expand our Premium Games proposition and also solidified Azerion's European footprint in our Platform segment, while adding selected technological capabilities to our AdTech portfolio. The 2021 acquisitions supported our vision to deliver an entire end-to-end suite of solutions to our digital ecosystem of consumers, advertisers, publishers and game creators. We are very pleased to welcome these exciting businesses to the Azerion family and we are confident they will bring added value to each of our platform stakeholders.

For further detail on the 2021 acquisitions, please refer to Note 29.

Disposals

The following entities have been liquidated during 2021: Rocabee Ltd, Azerion Yazilim Ltd., SPIL GAMES South B.V., and Hi-Media Italy Srl. Azerion disposed its 100% interest in Gembly B.V. to a related party, Antlia Investments, for € 0 during 2021 resulting in a gain of € 0.3 million.

Other Key Events

Azerion placed a subsequent bond issue of € 27.5 million in February 2021. This bond issue was the third and last in a series under a total framework of € 100.0 million.

On 16 April 2021 Azerion successfully placed € 200.0 million of senior secured fixed rate bonds under a subsequent framework of € 300.0 million to qualified investors in the Nordics, Europe and the U.S. These bonds will have a tenor of 3 years and carry a fixed rate coupon of 7.25% per annum. Proceeds from this transaction have been used to repay the Group's outstanding € 100.0 million bond in 2021. The remainder of the € 200.0 million issue was intended to finance several acquisitions, to finance transaction costs and for general corporate purposes.

On 20 March 2021 the decision was made to lease a new office at Boeing Avenue 30, making the current leases at Beechavenue 132 and 182 obsolete. The new premises create space and a more optimised environment for our employees increasing efficiency. This change resulted in the related Right-of-Use ("RoU") asset being written off to nil, resulting in RoU assets decreasing by € 2.5 million and an impairment loss of € 2.5 million being recognized in 2021.

On 30 July 2021, an asset purchase agreement with SOFTGAMES - Mobile Entertainment Services GmbH was executed. The purchase consideration amounted to € 1.2 million.

As part of our existing metaverse business models, in September 2021 Azerion offered avatar NFTs for the first time in the market. The avatar NFTs have been developed to be integrated into the existing Habbo gaming environment to allow players to be represented by that avatar in their gameplay, consistent with the long-standing opportunities for Habbo users to acquire digital assets for use in-game. Further developments of this offering have been launched in the early part of 2022 and will continue to evolve as we continue to take further feedback from our Habbo community. The avatar NFTs were created on the Ethereum blockchain and could be collected or traded by the players; owners can use their avatars in gameplays with extra perks and features. This initiative was extremely successful with approximately 10,000 avatars sold via an auction within a short period from launch. For further detail, please refer to Note 3.16.2.

Financial Review 2021

Revenue

Revenue for the year amounted to € 308.1 million, an increase of € 113.0 million, or 57.9%, as compared to FY 2020 (€ 195.1 million). In relation to the total revenue for the year of € 308.1 million, Platform revenue increased 55.5% to € 234.5 million (2020: € 150.8 million), whereas Premium Games revenue increased 66.1% to € 73.6 million (2020: € 44.3 million). The segmental revenue split remained relatively stable, with Platform contributing 76.1% to total group revenue (2020: 77.3%) and Premium Games contributing 23.9% (2020: 22.7%).

Earnings

Operating profit increased to € 8.4 million in 2021 from € 3.8 million in 2020 (an increase of 117.7%) mainly driven by the contribution of acquisitions completed in 2021 and successful operational improvement of our platform - this includes further integrations of technological solutions, increasing share of wallet from advertisers and operational efficiencies from our platform.

Profit / (loss) for the year attributable to owners of the Company amounted to € 19.6 million negative, compared to € 5.3 million negative for the full year 2020. The higher loss in 2021, alongside improved operating profit, is explained by the € 17.5 million higher Net finance costs, which included the early settlement costs of the senior secured callable floating rate bonds of € 7.7 million and higher interest expense of € 11.9 million.

Financing and Liquidity

The group successfully placed € 200.0 million of new senior secured callable fixed rate bonds in April 2021 under a total framework of up to € 300.0 million. After completion of legal procedures and approval by the Swedish Financial Supervisory Authority, the bonds have been admitted to trading on Nasdaq Stockholm Aktiebolag on 9 December 2021.

The bonds have a tenure of 3 years and carry a fixed rate coupon of 7.25% per annum and certain financial covenants that Azerion has to comply with. The full terms and conditions of the Senior Secured Callable Fixed Rate Bonds ISIN: SE0015837794 are set out in the Bond Prospectus dated 9 December 2021. Proceeds from the bond placement were used to repay the Group's previous outstanding bond of € 100.0 million, to finance several acquisitions, to cover bond redemption costs and for general corporate purposes.

Cash Flow

The Group's cash inflow from operating activities totalled € 24.0 million compared to a cash inflow of € 19.6 million for the full year 2020. Cash outflow from investing activities totalled € 83.1 million compared to the cash outflow of € 22.7 million for the full year 2020. This was primarily the result of the acquisitions completed in 2021. The Group's cash inflow from financing activities totalled € 84.0 million compared to the cash inflow of € 3.6 million for 2020, driven by the new senior secured fixed rate bond that was issued in April 2021.

Capital

As at 31 December 2021, the Company had negative total equity of € 6.9 million as compared to a positive € 6.2 million as at 31 December 2020. The main reasons for this change are an increase of negative retained earnings and a reclassification to other liabilities of share appreciation rights. During 2021, those share appreciation rights were originally classified as equity instruments, but because of the hybrid character of the share appreciation rights agreements, management have decided to classify these rights as other liabilities. As a result, as at 31 December 2021, the Company solvency ratio (defined as net debt divided by total equity), was negative 27.43x as compared to 12.83x as at 31 December 2020.

However, immediately prior to the date of the business combination transaction, which completed on 1 February 2022, the previously granted share appreciation rights have become exercisable. As a result of the business combination and at that moment, the expected accounting impact in relation to the share appreciation rights is to increase the total equity of the Company by € 8.8 million. In addition, with the completion of the business combination, Azerion Group N.V. received approximately € 56 million of net primary cash proceeds (net of transaction costs and expenses).

Further details of the business combination and the related Subsequent Events are set out in Note 32 of the Financial Statements.

Capex

Azerion capitalizes its development costs, which are generated by continuous investments in asset development, a core activity to support innovation in its content and technology platforms. These costs primarily relate to developers' time devoted to the development of games, platforms, and other new features. A total of € 17.0 million (2020: € 12.1 million) were additions due to development, of which € 12.1 million (2020: € 8.0 million) related to development by internal developers equivalent to 3.9% of revenue (2020: 4.1%). Any costs associated with research are expensed as they arise and only identifiable development costs are capitalised. See further the paragraph relating to Research and Development below.

Information regarding Financial Instruments

Financial instruments include borrowings, trade and other receivables, cash items, trade payables and other amounts payable. During the normal course of business, the Group uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the Group has instituted policies and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Group. The business risk exposure is limited within financial instruments, due to the nature of the business. Contracts are short-term, and currency exposure is relatively limited. The largest part of the Company's revenue and external financing is denominated in Euros.

For further information on financial instruments, please refer to Note 27.

Research and Development

Azerion has a large R&D team that is responsible for the development of online games and advertising technologies. In 2021, we invested significant resources into enhancing our gaming portfolio with new, high-quality titles like the Smurfs, HelloKitty and Miffy. In addition, we also continued to invest in our new features for our existing gaming portfolio like Habbo, Hotel Hideaway and Governor of Poker 3 to increase the game experience and monetisation potential. The development process, including software architecture design and planning is managed from the Company's headquarters in Schiphol-Rijk.

Impact of COVID-19

The COVID-19 outbreak has affected our business from March 2020 onwards in different ways and might continue to do so in the future. At a high level, in Q2 and Q3 2020, COVID-19 lockdown measures contributed to an increase in game users without a significant increase in user acquisition costs. At the same time, we also observed that following the initiation of broad lock-down measures, there was a decrease in clients' advertising budgets and subsequent decrease in demand for online advertisements for a number of sectors, which negatively impacted our related business activities. We believe that those two effects have broadly normalised during the course of 2021. However, the measures taken by various governments and the internal proactive cost-reduction actions taken by Azerion, including for example careful management of marketing and user acquisition costs, hosting costs and content inventory management, have been effective to contain and mitigate its impact on our business. Based on the facts and circumstances at this moment and possible scenarios about how the COVID-19 and resulting government measures could evolve, management has taken strong measures to deal with the uncertainties described above. During 2021 we observed that such measures were effective to mitigate risks arising from such uncertainties and managed to reduce the impact on our business operations as much as possible. Whilst uncertain, we do not currently believe however, that the impact of the COVID-19 virus is likely to have a material adverse effect on our financial condition or liquidity going forward. The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the Company.

Outlook

The Management Board is pleased to have completed the business combination between EFIC1 and Azerion Holding B.V. The Company will continue to execute on its proven growth strategy of combining strong organic growth with value-adding acquisition opportunities. Whilst the future impact of COVID-19 on businesses and the economy remains uncertain into 2022, management believes the Company's strategy and proven ability to adapt should allow it to reasonably mitigate any potential material adverse effects. The Management Board currently observes no material adverse impact on its business from the conflict in Ukraine.

The Management Board expects the Company to benefit from the business combination and related listing which will not only give access to the capital markets, but also help raise the Company's profile amongst its customer and partner groups and talented workforce globally. Furthermore, in a consolidating and competitive market, it will help the Company stay financially flexible, whilst fuelling its business expansion, both organically and through further acquisitions.

As a continuation of that strategy, in April 2022, Azerion completed the acquisition of Infinia. Infinia is a digital marketing company based in Spain with an attractive footprint in Latin America. This acquisition, the first since Azerion was listed on Euronext Amsterdam, furthers Azerion's ambitions to expand its reach in fast-growing digital advertising markets.

Risk Management

Selected Significant Risks and Uncertainties

The digital gaming and digital advertising industries are dynamic global markets. There are various risks and uncertainties that may have a material adverse effect on Azerion's business, financial condition, results of operations and prospects. These risks include macro-economic circumstances and general economic and geo-political environments, changes in applicable legislation and regulations, governments, infrastructure and new, emerging technologies or existing technologies going out of style or use. There are also risks related to Azerion failing to source and integrate new acquisitions, or failure to source attractive content and attract sufficient advertisers and publisher partners. In addition, Azerion must be continuously technically competent and prepared for risks and uncertainties relating to fraud and deception on digital traffic and the internet. Failure of internet and infrastructure is an uncertainty. Although this type of major failure occurs rarely, it can have a significant effect if it were to materialise.

In achieving its long-term objectives, Azerion is inherently involved in taking certain risks and accepting selected uncertainties. The extent to which Azerion is prepared to take risks to achieve its objectives differs according to each objective and risk category. The table below, while not exhaustive, describes the principial material risks that may impact Azerion's business and the industries it operates in and is reviewed periodically by the Management Board.

When considering making an investment in Azerion, you should read these risks and uncertainties in combination with all the risks and uncertainties explained in i) the Bond Listing Prospectus, dated 9 December 2021[2] and ii) the Shareholder Circular relating to the Business Combination with EFIC1, dated 13 December 2021[3]. Other risks and uncertainties currently not known to Azerion may occur in future and could materially adversely affect Azerion's operating results and financial position.

As the business combination between EFIC1 and Azerion Holding B.V completed on 1 February 2022, Azerion intends to comply with principle 1.4 of the Dutch Corporate Governance Code ('Risk management accountability') from 2022 onwards.

[2] available at www.azerion.com/wp-content/uploads/2021/12/Azerion-Bond-Prospectus.pdf

[3] available at www.azerion.com/wp-content/uploads/2022/02/Shareholder-Circular-13.12.2021.pdf

Risk category	Risk appetite	Impact	Mitigants
Strategic Risks			
Risks relating to success of new games and game related innovation	*High*	*Medium* There is a risk that the acquisition, development, distribution or introduction of new popular online games or extending the life of existing popular online games could fail and have an adverse effect on Azerion's operating results and financial condition.	Azerion operates a very large portfolio of proprietary and 3rd party online casual and social games, diversified across genres, game styles and target audiences. In addition, Azerion has access to player-related behaviour and preference data, which we use to inform decision-making. We also operate a AAA-game distribution platform which provides us additional insight into the latest game trends and player preferences, which we leverage for our casual game portfolio development.
Risks related to technology developments and innovation	*High*	*Medium* here is a risk that adjustments and changes in technology, development platforms, devices or operating models can affect the online gaming industry and have an adverse effect on Azerion's operating results and financial condition.	Azerion constantly evaluates technological developments and innovation in the sectors it operates in. We invest in product and engineering teams and the Management Board has designed the organisation in a lean, agile way. We invest significant resources in maintaining relationships with relevant counterparties, suppliers, clients and peers to stay on top of and appropriately respond to relevant developments, if needed.
Key employee retention	*Low*	*Medium* If Azerion cannot retain its senior leadership and other key employees, it may not be able to manage its operations successfully and deliver its strategic objectives.	Azerion has designed competitive compensation packages for its key employees, benchmarked against appropriate peers. Part of these packages are variable and aligned with the performance of the business. Our stock market listing is expected to add to the attractiveness of Azerion as an employer. In addition, we actively promote career development and other development opportunities.
Competition	*Medium*	*Medium* The digital advertising market is highly fragmented and intensely competitive and digital advertising businesses face competitive pressure from well-established internet companies, advertising agencies and traditional media. Increasing competitive pressure may have a material adverse effect on Azerion's operating results and financial position.	Azerion acts as a consolidator in a fragmented and competitive market. It has substantial acquisition experience and dedicates significant resources to sourcing, executing and financing acquisitions. In addition, Azerion continuously seeks to expand and improve its product and service offering to consumers and clients and to remove friction and pricing inefficiencies from, for example, the digital advertising value chain. In addition, our increasing scale offers operating leverage to support our margins and our ability to be competitive.

Risk category	Risk appetite	Impact	Mitigants
Strategic Risks			
Acquisition risks	*Medium*	*Medium* Azerion may not be able to successfully source or integrate acquisitions without incurring substantial costs or additional risks, or with delays or with other adverse effects or may incur unforeseen liabilities from past acquisitions. Associated costs could have a material adverse effect on Azerion's operating results and financial condition.	Azerion acts as a consolidator in a fragmented market. It has substantial acquisition experience and dedicates significant resources to sourcing, executing and implementing acquisitions. It has a dedicated in-house M&A and integration team consisting of M&A specialists, legal counsel and finance specialists, supported by in-house specialists on compliance, tech/IT and business topics. In addition, it maintains working relationships with a broad range of advisory firms including on M&A, legal and financial/tax.
Operational Risks			
Customer retention and acquisition	*Medium*	*Medium* If Azerion is unable to attract and maintain a sufficient user base or otherwise fail to offer attractive games and game features, costs for retaining users as well as acquiring new users may increase or that may become less economically viable. In addition, Azerion may be unsuccessful in maintaining and expanding its digital publisher network and therefore its available advertising inventory may decrease. If either of these risks were to materialise, this could have a material adverse effect on Azerion's operating results and financial condition.	Azerion invests significant resources in new feature development of its existing games as well as in new games in order to maintain and grow its userbase. In addition, our data allows us to test and adjust our retention, acquisition and monetisation mechanisms to optimally align with user preferences and enhance the gaming experience where possible. In addition, we have dedicated teams tasked with publisher and game creator relationship origination and management thereby adding extra support to the maintenance and expansion of our gaming and non-gaming content offering and accessible user base.
Advertising Clients	*Medium*	*Medium* If Azerion is unable to attract and maintain a sufficiently scaled userbase or fails to offer attractive advertising formats and models and/or advertising technology, advertisers may not be interested in purchasing advertisements in Azerion's owned and third-party inventory and/or its network and publishers may not be interested in selling advertisement inventory through Azerion's technology solutions, which could have a material adverse effect on Azerion's operating results and financial position.	Azerion invests significant resources in new feature development of its existing games as well as in new games in order to maintain its userbase and in its advertising technology and related capabilities. In addition, our available data allows us to test and adjust our monetisation mechanisms to optimally align with user preferences and enhance the online experience where possible. Finally, we have localised sales teams in most major European countries which are trained and able to educate advertisers in the value of advertising to highly engaged audiences.

Risk category	Risk appetite	Impact	Mitigants
Operational Risks			
Dependence on paying players and risks related to behaviour	*Medium*	*Medium* Azerion's games are mainly available to users for free, but Azerion generates revenue from the games when users make in-game purchases while playing a game, as well as from in-game advertising. If Azerion fails to manage its gaming economies properly or fails to protect Azerion's games against cheats, inappropriate behaviour or malfunction, our reputation may be damaged and users may be less inclined to play and/or spend money in the games, which could have a material adverse effect on Azerion's operating results and financial position.	Azerion invests significant resources in new feature development of its existing games as well as in new games in order to maintain its userbase and in ensuring its games are safe and reliable. Furthermore, in addition to in-app purchases, our games are monetised through advertising, providing revenue resilience.
Risks relating to third-party content owners and third-party distribution partners	*Medium*	*Medium* There is a risk that Azerion fails to maintain good relationships with a sufficient number of owners/ developers of relevant content and third-party distribution partners, which could cause the number of games it can offer and distribute to decrease and/ or its ability to distribute. This could have a material adverse effect on Azerion's operating results and financial position.	Azerion has a broad and diverse range of third-party content and distribution partners and strives to maintain good working relationships with all the partners it uses to distribute content as well as content owners and developers. It has dedicated employees tasked with originating and maintaining these relationships. In addition, the flywheel effect of our platform (more demand leads to more supply which leads to more demand and so on) as well as our increasing reach makes us an attractive partner.
Risks related to intellectual property	*Medium*	*Low* There is a risk that Azerion's failure to protect its IPR and expenses related thereto may have a material adverse effect on Azerion's operating results and financial position.	Key IPs are protected by Azerion and our internal legal teams work with the business leadership to monitor and, if required, protect that IP, supported by external advisors if required.
Risks related to cyber security and dependence on (third-party) technology	*Low*	*Medium* There is a risk of Azerion failing to prevent technological/ infrastructure disruptions to its technology platform and/or third-party critical infrastructure and/or external threats including for example relating to hackers, which could have a material adverse effect on Azerion's operating results and financial position.	Azerion has a specialised in-house Legal and Data Protection team, working in partnership with the Corporate IT team, providing services including information security and cyber-security protection. In addition, Azerion has adopted and implemented both internal and externally provided technology tools and processes related to protection.

Risk category	Risk appetite	Impact	Mitigants
Operational Risks			
Contract lengths and key client dependence	*Medium*	*Medium* A part of Azerion's operations allows advertisers and publishers to purchase marketing slots on Azerion's and third-party properties. The relatively short contract lengths with advertisers and publishers combined with the contracts being relatively easy to terminate may cause advertisers and publishers to not renew, or terminate, their contracts on short notice. In addition, Azerion relies on a certain number of large advertisers and publishers. As a result, termination of contracts may have an adverse effect on Azerion's operating results and financial position.	Azerion works with and maintains a diverse and broad client and contract base and invests significant resources into maintaining and expanding client relationships (including contract duration) as well as in the attractiveness of its product suite. We operate a significant network of client service management teams across European countries and continuously add new features and products to our technology to keep providing maximum value and minimum friction to our clients.
Relatively limited track record and historic high growth	*Medium*	*Low* Azerion has a limited history of operating its business at its current scale, which makes it difficult to predict whether it will be able to successfully manage its growth and meet internal or external expectations of future performance. Azerion cannot ensure that it will be successful in addressing operational, financial, market and other challenges it may face in the future. If Azerion is unable to do so, this could have a material adverse effect on its operating results and financial position.	Azerion has demonstrated multiple years of relatively high revenue and EBITDA growth. It is investing heavily in talent and internal checks and balances including within its senior leadership, as well as for example, across finance and legal areas. In addition it has operated as an issuer for approximately two years in the public bond market and has recently enhanced its corporate governance structure by installing a diverse and experienced Supervisory Board.
Cookies/ privacy changes	*Medium*	*Medium* Industry-wide blocking, restriction on or deletion of cookies or other modifications to privacy settings on PCs and mobile devices including the development of ad blocking technologies could restrict or impair Azerion's data collection and the effectiveness of its products and services.	Azerion strives to adhere to all relevant data and privacy-related laws and regulations. We have diversified revenue streams across products, operating systems and monetisation models. Industry-wide changes where consumer identity / behaviour cannot be revealed and tracking for advertisers becomes increasingly difficult, play to the strength of our business model of integrated content and advertising technology. Our available proprietary data allows informed decision-making and we do not materially rely on third parties to supply this data.

Risk category	Risk appetite	Impact	Mitigants
Operational Risks			
Market conditions	*Medium*	*Medium* General economic, market and political conditions, and the impact that COVID-19 has on such conditions, may affect Azerion's operating results and financial position.	We have designed our organisation in a lean, agile and flexible way and train employees to be comfortable with changing circumstances. We have a proven ability to adapt to and mitigate adverse market conditions and our diverse business model and client base provide a measure of resilience to market conditions.
Market power shifts	*Medium*	*Medium* Changes in the advertising network value chain, where programmatic buying reduces the intermediaries' importance or where other new models emerge, may result in a decrease in Azerion's margins, which may materially and adversely affect Azerion. A decrease in Azerion's margins may also result from a consolidation of publishers, advertisers or intermediaries along the value-chain as such shifting buying power across the industry. If for any other reason there is a shift in the buying power among the publishers, other intermediaries and the advertisers respectively, this could have a material adverse effect on Azerion's operating results and financial position.	Azerion has diversified revenue streams across owned and operated gaming content, game distribution and advertising technology. In advertising technology, we have services and product throughout the entire value chain. Our extensive content portfolio and audience-related datasets provide us with a competitive advantage and, combined with our end-to-end technology stack, provides a level of protection against changing market power shifts.
Risks related to environmental impact of our business activities	*Low*	*Medium* Our business activities across online gaming and digital advertising require a significant amount of data usage and data processing as well as associated hardware manufacturing and power usage, both contributing to global greenhouse gas emissions. Compliance with environmental regulations may lead to additional costs for Azerion, which may materially and adversely affect Azerion's operating results and financial position.	Azerion has multiple processes and policies in place to track and monitor its environmental impact, including central measurements of the Group's carbon footprint, implementation of a data and CO_2 management tool and active promotion of climate awareness campaigns towards its employees, as well as various offset initiatives. In addition, energy reduction is an important vendor selection criterion.

Risk category	Risk appetite	Impact	Mitigants
Compliance Risks			
Regulations and/or government actions impacting access to or operation of games	*Medium*	*Medium* Regulation and/or actions by governments or related authorities restricting access to Azerion's online games, collection of data and/or related to child protection are important to observe and subject to change over time and by country. Either the rules themselves or breaches of them could materially and adversely affect Azerion's operating results and financial position.	Azerion strives to adhere to all relevant laws and regulations. We have an in-house Legal and Data Protection team who, together with the relevant business teams, actively monitor and assess developments of laws and regulations in all our jurisdictions and act appropriately where necessary or prudent to mitigate potential risks.
Risks related to privacy, data protection, consumer protection, minor protection	*Low*	*High* Azerion processes large amounts of data, including personal identification data and data of minors. Azerion is subject to a variety of national and international laws, directives, regulations, policies and other legal obligations, including those that apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data, and security of information. The increasingly complex set of compliance obligations rules could result in additional costs and liabilities for Azerion and may have a material adverse effect on its operating results and financial condition.	Azerion strives to adhere to all relevant data and privacy-related laws and regulations. We have an in-house Legal and Data Protection team who, together with the relevant business teams, actively monitor and assess developments of laws and regulations in all our jurisdictions and act appropriately where necessary or prudent to mitigate potential risks as well as continue to invest in technologies and tools to enhance the control environment.
Financial and Reporting Risks			
Seasonality risks	*High*	*Low* Azerion is subject to the seasonal nature of gaming and advertising 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 and therefore may limit the predictability of Azerion's operating results and financial position.	Notwithstanding recent distorting effects (e.g. the COVID-19 pandemic), gaming activity is usually highest during the summer and end-of-year holiday periods and advertising activity is generally highest during the winter holiday season (to mirror consumer spending). We expect these patterns to continue over the long-term, but should also benefit from an increasingly scaled and diverse customer and partner base and business model over time.

Risk category	Risk appetite	Impact	Mitigants
Financial and Reporting Risks			
Risks related to funding	*Medium*	*Medium* Azerion may not generate sufficient cash flow to finance its strategy, and consequently may require access to external sources of capital. Limitations on Azerion's access to capital or its ability to meet financing covenants, including limitations on its ability to issue additional debt or equity, could result from events or causes beyond its control, and could include, among other factors, decreases in its creditworthiness or profitability, increases in interest rates, increases in the risk premium generally required by investors, decreases in the availability of credit or the tightening of terms required by lenders.	Azerion has a track record of EBITDA-profitable growth and is continuing to grow its business aiming to increase its revenue, EBITDA and cash generation from operating activities over time. Azerion seeks to employ and maintain a diversified, well-balanced funding structure including equity, bond financing, factoring and bank facilities. In addition, acquisitions are generally partly funded through equity, thereby reducing the requirement for cash funding where applicable.
Cryptocurrency risk	*Low*	*Low* Azerion has run, and may continue to run, projects that involve accepting cryptocurrency payments (Ether). If Azerion fails to comply with any prohibitions that may be applicable to cryptocurrency, Azerion could face regulatory or other enforcement actions and potential fines and other consequences. Cryptocurrencies have in the past and may in the future experience periods of extreme volatility. Fluctuations in the value of any cryptocurrencies that Azerion accepts or holds at any time or failure by Azerion to convert any such cryptocurrencies into an official currency, such as Euro or USD, at the exchange rate that Azerion expected to realise when accepting the cryptocurrency or at all, may have a material adverse effect on Azerion's operating results and financial position.	Our activities that involve cryptocurrencies have been limited to date. While we do anticipate more of those projects in the future, they are expected to remain relatively limited for the time being in terms of overall economic impact to our consolidated financial results. Nevertheless, we are conservative in the choice of cryptocurrency we use/accept (we favour a widely accepted cryptocurrency) and we use service providers that help us identify counterparties, mitigate malfeasance and related concerns.

Risk category	Risk appetite	Impact	Mitigants
Financial and Reporting Risks			
FX exposure risk	*Medium*	*Low* Most of Azerion's revenue and expenses are in Euros. However, due to the international nature of Azerion's business, a portion of its revenue and expenses are denominated in currencies other than Euro. Fluctuations in exchange rates between the Euro and the other currencies in which Azerion does business could have a material adverse effect on Azerion's operating results and financial position.	The largest part of the Company's revenue, expenses and external financing is denominated in Euros, so translation risk is relatively limited and selectively hedged in relation to certain aspects of the operation.
Related party transactions	*Medium*	*Low* Azerion and certain of its subsidiaries are party to lease agreements, financing arrangements and certain other arrangements which may be considered related party transactions with Principion (Azerion's largest shareholder), indirect shareholders of Azerion or other related parties. These related party transactions may create potential conflicts of interest.	Azerion takes care to provide that such transactions are conducted on an arm's length basis, including by involving independent third parties where appropriate to assess and review key transaction terms and fundamentals.
Tax risks	*Medium*	*Medium* Changes in tax laws, regulations and treaties, changes in the interpretation and enforcement thereof, and the introduction of new tax laws or regulations with or without retroactive effect could have a material adverse effect on Azerion. Azerion conducts business in multiple jurisdictions and is exposed to the tax laws of such jurisdictions, including the risks in connection with challenges to its tax position or adverse outcomes of tax audits. In addition, transfer pricing adjustments may adversely affect our corporate income tax expense.	Our centralised finance and legal departments, supported by local finance and tax specialists and external advisors, monitor and review local practices to provide reasonable assurance that we remain aware of and act in compliance with relevant laws and policies, including those related to reporting and tax.

Risk category	Risk appetite	Impact	Mitigants
Risks related to the Nature of the Bonds			
Put options	*Low*	*High* Pursuant to the final terms and conditions for the Bonds, the Bonds will be subject to prepayment at the option of each bondholder (put options) if certain events occur. There is a risk that the Group will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which would have a material adverse effect on the Group, e.g., by causing insolvency or an event of default under the Terms and Conditions, and thus have a material adverse effect on all bondholders and not only those that choose to exercise the option.	Azerion has invested significantly in its internal system of checks and balances to monitor and control events that could lead to early prepayment. This includes investment in its finance, accounting and legal teams and enhanced governance structures, as well as the appropriate use of external advisers and resources from time to time. In addition, our recent stock market listing provides us with additional sources of financing to help meet early prepayments, if any.
Risks related to early redemption	*Medium*	*Low* Under the Terms and Conditions of the Bonds, Azerion has reserved the possibility to redeem all outstanding Bonds before the final redemption date. There is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds. It is possible that Azerion, in the event of a mandatory prepayment, will not have sufficient funds to carry out the required redemption of Bonds.	Azerion has a track record of EBITDA-profitable growth and is continuing to grow its business aiming to increase its revenue, EBITDA and cash generation from operating activities over time. Azerion seeks to employ and maintain a diversified, well-balanced funding structure including equity, bond financing, factoring and bank facilities.

Risk category	Risk appetite	Impact	Mitigants
Risks related to Security for the Bonds			
Risks related to intercreditor arrangement	*Medium*	*Low* The Group may in the future incur debt under a super senior working capital facility and request that the Bondholders enters into an intercreditor agreement with the Group, the creditors in respect of the super senior working capital facility and hedging agreements and any provider of new debt. Any super senior working capital facility and hedging agreements will, following the entering into of an intercreditor agreement, rank senior to the Bonds and there is a risk that the proceeds from an enforcement sale of the security assets will not be sufficient to repay any amounts under the Bonds.	Azerion has a track record of EBITDA-profitable growth and is continuing to grow its business aiming to increase its revenue, EBITDA and cash generation from operating activities over time. Azerion seeks to employ and maintain a diversified, well-balanced funding structure including equity, bond financing, factoring and bank facilities.
Risks relating to the guarantees	*Medium*	*Low* Although Azerion's obligations towards the bondholders under the Bonds will be guaranteed, there is risk that any enforcement of claims under the guarantees would be insufficient to satisfy all amounts owed to the bondholders at the time of enforcement. If the guarantors were to guarantee any other obligations, there is a risk that guarantees granted towards the current bondholders would be impaired.	Azerion has a track record of EBITDA-profitable growth and is continuing to grow its business aiming to increase its revenue, EBITDA and cash generation from operating activities over time. Azerion seeks to employ and maintain a diversified, well-balanced funding structure including equity, bond financing, factoring and bank facilities.
Risks relating to the transaction security	*Medium*	*Low* Although Azerion's obligations towards the bondholders under the Bonds will be secured, there is a risk that the proceeds of any enforcement sale of the pledged shares or that the sums of money of the pledged intra-group loans will not be sufficient to satisfy all amounts owed to the bondholders. Pursuant to the Terms and Conditions the Group will be able to issue subsequent Bonds and the holders of such Bonds will become bondholders entitled to share the security granted to the existing bondholders. There is a risk that the issue of subsequent Bonds will have a material adverse effect on the value of the security granted to the bondholders.	Azerion has a track record of EBITDA-profitable growth and is continuing to grow its business aiming to increase its revenue, EBITDA and cash generation from operating activities over time. Azerion seeks to employ and maintain a diversified, well-balanced funding structure including equity, bond financing, factoring and bank facilities.

ESG Overview

Azerion is committed to increasing its contribution to society and it strives to promote Environmental, Social and Governance (ESG) principles.

Azerion has committed to implementing identified key aspects of the UN's Sustainable Development Goals, as well as observing the guidance set out in the European Union Non-Financial Reporting Directive 2014/95/EU (EU NFRD). Noting the guidelines and recommendations set out in the NFRD, the commentary below first addresses Azerion's overarching ESG strategy and its connection to the UN's Sustainable Development Goals, before specifically covering the following areas of focus under the NFRD:

- Our impact model
- Social responsibility and treatment of employees
- Diversity
- Respect for human rights
- Anti-corruption and bribery
- Environmental protection

Overall Strategy

In order to deepen our ESG strategy, in 2021 we started conducting an assessment of different business and non-business factors and their impact on Azerion and the manner in which they should be prioritised. This suggested prioritisation will inform our ESG strategy and determine the nature and focus of our reporting on non-financial elements of business.

Our scope will be limited to various elements that lie within the 5 key areas we already report on which are:

- Social and employee-related matters
- Environmental matters
- Respect for human rights
- Anti-corruption measures
- Anti-Bribery measures

To assist in a more informed identification of the ESG elements and priorities, we recently conducted an internal assessment, consisting of employees and decision-makers. Both groups consist of a gender diverse representation. The decision makers consist of board members, vice presidents and members of the management team. We aim to extend the scale of external respondents and diversity during the course of 2022.

From the internal assessment, the following high impact areas were perceived as highly important by both employees and decision-makers: Data Security and Customer Privacy, which reflects the core of our digital data business; Labour Practices and Health & Safety, both of which are addressed in our initiatives related to healthy and ethical work practices for our employees; and Product Development & Lifecycle which includes the incorporation of environmental, social, and governance (ESG) considerations in the characteristics of our products and services, including gaming and advertising technology.

Over the last few years, it was right for us to finally bring together under one umbrella the various initiatives and projects we had already put in motion focusing on the various non-financial aspects of the business. These initiatives represent a steady ongoing effort to be a corporate actor that knows there is more to business than just the bottom line - our planet, our communities and our inclusion and wellbeing are just as important. The culmination of these efforts is what is shown in the remaining part of this section of the report.

Azerion's ESG strategy is based on 3 pillars:

- Our Planet
- Our Community
- Inclusion and Wellbeing

We believe it is important to consider how our people, products, concepts and ideas support these pillars and how they contribute to the UN Sustainable Development Goals. The SDG's are underpinned by our values, including those relating to inclusion and diversity, human rights, anti-corruption and anti-bribery. Our strategy and execution plan includes, amongst other things, mapping our carbon footprint, using our resources and products for good, ensuring employee wellbeing and giving back to the community.

Our Planet

Our strategy for Our Planet incorporates the UN Sustainable Development Goals 12.6 Responsible Consumption and Production, 13.2.2 Climate Action and 9.4 Industry, Innovation & Infrastructure. Our objectives include making a positive impact on our planet, incorporating a more sustainable approach to living and working by improving our energy efficiency, being more mindful of how we use resources and progressively monitoring the effect our business has on the environment (SDG 12.6). As part of these efforts, we have initiated projects by mapping our carbon emissions in partnership with the Carbon Neutral Group. In one specific example, initiated in relation to our Habbo game, avatar NFTs were launched while working to offset 5,800 tonnes of CO_2e, corresponding to approximately twice the amount of CO_2e associated with the project.

Our Community

Our objectives include to empower, motivate and take care of those around us, create communities that are inclusive and in which all members are supported to create a bright future for the generations to come. Examples of our initiatives in these areas include the following:

- Our Governor of Poker game donated to UNICEF, € 30,000 raised by our players through in-app purchases
- Hotel Hideaway celebrated the International Friendship day, Pride month and hosted an exclusive concert with the leading LGBTQ+ advocate Trixie Mattel
- Woozworld players showed support for healthcare workers during the global pandemic by creating graphics and images and interactive messaging related to those workers
- Sulake hosted co-design sessions with users in Habbo and Hotel Hideaway to help users make informed decisions when playing, by increasing the transparency and visibility of their terms and conditions

Inclusion and Wellbeing

Our strategy of Inclusion and Wellbeing incorporates the UN Sustainable Development Goal 10 of reducing inequalities. Our objectives include to provide a holistic employee vitality system that considers both mental and physical health, with the ambition of building a workforce that is inclusive, healthy, inspired and feels valued. We are very proud of our diverse workforce that includes 70 different nationalities and we have taken a clear stance about equal work opportunities regardless of gender identity, sexual orientation, disability, religion, age, race, ethnicity, origin, or other status in our diversity policy available on our website (SDG 10.2).

Non-Financial Reporting Review

We set out below a visualisation of Azerion's high level impact model:

Input

People
- >1,200 employees
- 21 countries
- ~40% women
- ~60% men

Financial Capital
- 35 offices
- >70% of CO_2 emissions outsourced data centres (Scope 3 per 2020 Mapping)

Social
- Dedicated CSR team
- Community engagement via volunteering work

Partners
- Clients & Audience
- Business partners
- Communities & Charities

Business Model

Our ESG vision

Gaming and Ad Tech have a potential to create a powerful force for good by reaching millions of people worldwide

Our ESG mission

We want to do our part in working towards a better world, stronger communities and a being environmentally conscious

Our strategy
- Our Planet
- Our Community
- Our Inclusion & Well-being

Output

Human
- Diversity, 70 nationalities
- Vitality initiatives
- Employee Training

Environmental impact
- Offsetting: 5,800 tonnes CO_2 were offset by Habbo Avatar NFT
- Awareness: through games (Smurfs) and internal communication

Social Impact
- €30,000 raised for Unicef by GOP players
- Ingame: LGBTQ+advocate Trixie Mattel concert

Partner impact
- 5 CSR partnerships
- 18 internal CSR initiatives in 2021

We now turn to address the 5 specific areas of focus identified above in relation to the NFRD.

Social responsibility and treatment of employees

Azerion strives to foster a welcoming community where our employees enjoy being in the work environment, feel part of the team and know that they will be treated with dignity and respect.

To help deliver on these objectives, Azerion has in place the principles and guidelines embedded in its Code of Conduct and Diversity Policies, both of which may be found on our website. The Code of Conduct is decentralised and subject to local variation to accommodate different legal and regulatory requirements in the countries in which we are based.

The Code of Conduct is in place to ensure and communicate the formal channels available to raise and resolve disputes and address concerns and harmful behaviour. In Azerion, there is no place for harassment or bullying of any kind. The Human Resources team handles all complaints in a confidential and timely manner. Employees are encouraged to take an active role in combatting all forms of harassment and discrimination and work to demonstrate to all employees that they will be adequately supported should they face harassment or discrimination at work. Furthermore, our new joiners receive our People Guide. In the People Guide you can find relevant policies, such as the Code of Conduct and the PSA policy.

> "We are very proud of our diverse workforce that includes 60 different nationalities"

Azerion is a diverse and inclusive opportunity employer. We are committed to making every reasonable effort to ensure that there is no discrimination on the grounds of age, sex, gender, sexual orientation and gender reassignment, pregnancy and maternity, race (which includes colour, nationality, ethnic or national origin), religion or belief, disability or marital status in the recruitment of employees, hiring of contractors, or the treatment of visitors to our campuses. This policy applies to all aspects of Azerion's working practices and, therefore, applies to the recruitment and selection of employees, terms and conditions of employment, training, salary, work allocation, promotion, and the management of grievances and disciplinary procedures. Our recruitment, selection and promotion procedures and general policies will be periodically reviewed to ensure that Azerion's equal opportunities policy is being implemented.

We are proud of the fact that Azerion is already a diverse organisation present in 21 countries and consisting of approximately 70 different nationalities. To Azerion, these are not merely statistics but key elements of the Company's DNA and a major part of its #weareAzerion campaign. Our diversity creates an environment where different backgrounds constantly interact with each other, which is itself especially relevant for Azerion's products as we strongly believe that diversity helps in promoting creativity and innovation and amplifies our organisation culture. This is evident in games like Hotel Hideaway which make socially conscious accessories available for avatars. During Pride Month, a live concert was held featuring special guest Trixie Mattel, a leading LGBTQI+ advocate, singer and television personality. Internally, Azerion promotes initiatives that help employees to get closer to their peers' culture. One way of doing this was by curating a music playlist composed of songs recommended by employees from their own country for World Music Day taking listeners on a colourful musical journey to all corners of the globe.

At Azerion we realise that the more important we become as a company in the global digital gaming and platform industry the greater our impact, responsibility and contribution to the world around us becomes. In order to support the industry, Azerion can be in a position to encourage gamers and audiences to be educated in, inspired by and active around the wider sustainability agenda. Educational Responsibility and contributing to society have been a core value since Azerion's founding. We launched the Dream on Talent Project with eminent educational partners in Amsterdam and Rotterdam. The project targets ambitious students with a bicultural background engaging them in inspiring and interactive workshops and meetings. We also guided and coached promising entrepreneurs in realising their dream with our Dutch Dream Coaching program. Moreover, we partnered up with NL Cares motivating our employees to participate in voluntary activities.

We believe in building a lasting organisation that values the talent of its people by supporting them to achieve optimum development in a workplace that prioritises respect. When it comes to our clients, our hope is that their experience of Azerion is one that is positive, enriching and leads to a lifelong business relationship.

Diversity

Diversity and inclusion are an integral part of the history, culture and identity of Azerion as a whole and are embedded in our company values. We believe that diversity fuels innovation and increases the connection with the customers and the communities we serve.

The Management Board consisted of 2 members, both of whom were male. As of October 2019 Mrs Dado Alonso joined Azerion as Chief financial officer.

More generally across Azerion, by the end of 2021 Azerion employees represented approximately 70 different nationalities, and as at 30 June 2021 were ~40% female and ~60% male. Although Azerion believes that its gender diversity in its workforce is more balanced than the gaming industry average as a whole, Azerion is committed to further increase the gender diversity across its organisation.

Respect for Human Rights

At Azerion, we strongly believe in the importance of protecting and upholding human rights. Our objective is for all our audiences to use our products to play or enjoy our content freely and fairly and for our employees to work in an environment where they feel they are respected and their rights protected.

To help ensure the respect of human rights at Azerion, we promote and observe the principles set out in our Code of Conduct and our Diversity Policy, both of which can be found on our website.

Anti-corruption and Anti-Bribery

At Azerion, we are aware of and striving to meet the basic safeguards set out in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. At Azerion, the priority is to operate in an ethical and straightforward manner. From an operational perspective, our ethical business strategy is embedded in our Code of Conduct and our Whistle-blower Policy, which can be found on our website.

> "Azerion will continue to use its creativity to entertain, its impact to encourage a sense of responsibility and its resources to contribute to a more sustainable world"

Under the Whistle-blower Policy, Azerion has a single and uniform policy which is designed to meet corporate governance obligations and recommendations under Dutch law and international best practice. This policy provides every employee with an avenue to voice their concerns about alleged irregularities. Azerion respects employees who raise concerns about alleged irregularities and will not retaliate or allow retaliation against anyone who in good faith reports such alleged irregularities. The Whistle-blower Policy is central to our effort to establish and sustain an ethical workplace environment and sound business practices.

We do not tolerate corruption in any form and as a company, Azerion will strive to combat and prevent incidents of a corrupt nature. Occurrences of bribery are uncommon in our industry but nevertheless, we remain alert to ensure that no such incidents arise within the Company. Our ambition is to embrace an ethical and transparent way of conducting our business.

Environmental Protection

Azerion notes with concern the climate challenges facing our planet and is focused on the impact we as a company can have on this issue. Sustainability is high on our executive agenda and we are supporting several initiatives aimed at protecting the environment. Mapping our carbon footprint helps us to gain insight into our carbon emissions to understand the environmental impact of different aspects of our business. We began our environmental sustainability journey by mapping our carbon footprint in 2019 and 2020 and are currently updating the analysis for 2021.

Conducting an annual carbon footprint exercise is our goal and we will keep the momentum going forward. The results offer invaluable insight in the context of our own environmental and sustainability goals. The impact of COVID-19 on our emissions is evident, and we are interested to see what the numbers will show for our final 2021 mapping, and beyond, as we slowly navigate the new normal and return to our offices once again.

Our historical carbon mapping reports show that the most significant environmental impact of Azerion operations and products is related to the server capacity required for the mobile games and AdTech business, which Azerion obtains mainly through outsourced cloud services. The carbon emissions and energy usage that result from running the centres, and making use of cloud-based services, have a negative impact on the environment which cannot be ignored. Our Scope 3 emissions (emissions that are the result of activities from assets not owned or controlled by Azerion, but that Azerion indirectly impacts in its value chain) makes up for more than 70% of our global carbon footprint. For this reason, we are currently working with AWS, our main data centre provider, to lower those emissions through pilot projects and improve power usage efficiency. It is also important to us that AWS aims to have 100% renewable energy by 2025.

Next to gaining insights from our annual carbon footprint mapping, Azerion believes in building awareness and mobilising our employees to support the environmental agenda through initiatives such as our Go Green Level Up Campaign. Through this campaign, we are encouraging employees to consider the impact of their actions on the environment and take steps to make this impact positive. At a higher level, Azerion has also embraced localised environmental initiatives and campaigns, including in the Netherlands compensating employees for commuting by public transport, providing vegetarian and vegan dining options and electrifying our corporate fleet. We are also aware of the impact our products and services can have as a force for good in this area. One example in 2021 to engage our audiences was the development and release of a new title The Smurfs : Ocean cleanup! which was aimed at raising awareness and responsibility towards marine pollution. In 2021, we also launched our first pilots relating to creation and distribution of non-fungible tokens (NFTs) within our gaming environments. Conscious of the potential emission implications of NFT minting, in 2021 Azerion also entered into partnership with Offsetra to offset the increased carbon footprint associated with NFT minting. Under this partnership, Offsetra will measure the carbon emissions from the NFT minting transactions and then offset these emissions through a variety of ecological initiatives and programs, such as tree planting projects and renewable energy development.

For a description of principal risks and uncertainties, including those related to ESG matters, please refer to our Risk Management chapter.

It is important to us that Azerion continues to use its creativity to entertain, its impact to encourage a sense of responsibility and its resources to contribute to a more sustainable world and we will continue to develop our ESG strategy to positively impact the world we operate in.

Schiphol-Rijk, 23 May 2022

On behalf of the Management Board of Azerion Holding B.V.,

Mr. U. Akpinar	**Mr. A Aytekin**	**Ms. D. Alonso**
Chief Executive Officer	Chief Executive Officer	Chief Financial Officer

Statement of Management Board's Responsibilities

The Management Board is responsible for preparing the Company's Annual Report. The Company's Annual Report comprises the Report of the Management Board, the Company's Financial Statements and other information. The Management Board is responsible for preparing the Annual Report in accordance with applicable law and regulations. The Management Board has prepared the Annual Report in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the relevant provisions of the Dutch Civil Code. The Management Board must not approve the Annual Report unless they are satisfied that it gives a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Annual Report, the Management Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union and the relevant provisions of the Dutch Civil Code have been followed, subject to any material departures disclosed and explained in the Annual Report; and
- prepare the Annual Report on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the Annual Report complies with applicable law. The Management Board has assessed whether the risk assessment executed showed any material failings in the effectiveness of the Company's internal risk management and control systems. Though such systems are designed to manage and control risks, they can provide reasonable, but not absolute, assurance against material misstatements. Based on this assessment, to the best of our knowledge and belief, no material failings of the effectiveness of the Company's internal risk management and control systems occurred and the internal risk and control systems provides reasonable assurance that the 2021 financial statements do not contain any errors of material importance.

With reference to section 5.25c paragraph 2c of the Dutch Act on Supervision, each of the Management Board members, whose names and functions are listed below, confirm that, to the best of their knowledge:

- the Company's financial statements and the consolidated financial statements, which have been prepared in accordance with IFRS as adopted by the European Union and the relevant provisions of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Report of the Management Board gives a true and fair view on the situation on the balance sheet date, the development and performance of the business and the position of the Company of which the financial information is included in the Report of the Management Board and includes a description of the principal risks and uncertainties that Azerion faces; and
- having taken all matters considered by the Management Board and brought to the attention of the Management Board during the financial year into account, the Management Board considers that the Annual Report, taken as a whole is fair, balanced and understandable. The Management Board believes that the disclosures set out in the Annual Report provide the information necessary for shareholders to assess Azerion's position, performance, business model and strategy.

After conducting a review of management analysis, the Management Board has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board considers it appropriate to adopt the going-concern basis in preparing the Annual Report.

Schiphol-Rijk, 23 May 2022

On behalf of the Management Board of Azerion Holding B.V.,

Mr. U. Akpinar
Chief Executive Officer

Mr. A Aytekin
Chief Executive Officer

Ms. D. Alonso
Chief Financial Officer

Financial Statements

Consolidated Financial Statements

Consolidated statement of financial position
as of 31 December 2021

In thousands of €	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets		**323,638**	**125,933**
Property, plant and equipment	4	18,481	7,040
Intangible assets (including goodwill)	5	264,845	94,931
Non-current financial assets	8	36,062	17,698
Deferred tax asset	23	4,195	2,385
Investment in joint venture and associate	30	55	3,879
Current assets		**140,077**	**71,065**
Trade and other receivables	9	91,304	51,711
Contract assets	18	12,111	8,482
Current tax assets		1,326	476
Cash and cash equivalents	10	35,336	10,396
Total assets		**463,715**	**196,998**
Equity			
Share capital	11	1	1
Share premium	11	525	525
Legal Reserve	11	19,564	13,772
Share based payment reserve	13	1,827	658
Currency translation reserve	11	628	349
Other equity instruments	11	34,016	30,994
Retained earnings	11	(65,191)	(42,198)
Shareholders' equity		**(8,630)**	**4,101**
Non-controlling interest	11	1,722	2,077
Total equity		**(6,908)**	**6,178**
Liabilities			
Non-current liabilities		**260,161**	**83,652**
Borrowings	17	199,017	72,108
Lease liabilities	7.1	14,329	4,659
Provisions	14	438	863
Employee benefit obligations	12	993	652
Deferred tax liability	23	29,752	5,152
Other non-current liability	15	15,632	218
Current liabilities		**210,462**	**107,168**
Borrowings	17	6,814	11,375
Provisions	14	1,000	965
Trade, other payables and accrued liabilities	16	141,055	84,695
Contract liabilities	18	351	383
Current tax liabilities		3,031	1,397
Lease liabilities	7.1	4,684	1,544
Other current liabilities	15	53,527	6,809
Total liabilities		**470,623**	**190,820**
Total equity and liabilities		**463,715**	**196,998**

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2021

In thousands of €	Notes	2021	2020
Revenue	18	308,053	195,076
Costs of services and materials	21.1	(187,231)	(125,138)
Personnel costs	19	(55,079)	(32,701)
Depreciation	4	(5,282)	(2,893)
Amortization	5	(17,636)	(10,452)
Impairment of non-current assets	4,5	(1,856)	(4,675)
Other gains and losses	20	737	1,484
Other expenses	21.2	(33,328)	(16,852)
Operating profit / (loss)		**8,378**	**3,849**
Finance income	22	1,793	1,582
Finance costs	22	(28,410)	(10,676)
Net finance costs		**(26,617)**	**(9,094)**
Share in profit/(loss) of joint venture and associate	30	260	(175)
Profit / (loss) before tax		**(17,979)**	**(5,420)**
Income tax expense	23	(1,999)	(5)
Profit / (loss) for the year		**(19,978)**	**(5,425)**
Attributable to:			
Owners of the company		(19,632)	(5,321)
Non-controlling interest		(346)	(104)
Items that may be reclassified to profit and loss, net of tax			
Exchange difference on translation of foreign operations		265	(47)
Items that may not be reclassified to profit and loss, net of tax			
Remeasurement of net defined benefit liability	12	(2)	(132)
Total other comprehensive income		**263**	**(179)**
Total comprehensive income / (loss)		**(19,715)**	**(5,604)**
Attributable to:			
Owners of the company		(19,357)	(5,307)
Non-controlling interest		(358)	(297)
Loss per share for losses attributable to the ordinary equity holders of the company:			
Basic profit/(loss) per share (in €)	33	(167.0)	(45.3)
Diluted profit/(loss) per share (in €)	33	(167.0)	(45.3)

Consolidated statement of changes in equity
for the year ended 31 December 2021

In thousands of €	Notes	Share capital	Share premium	Legal reserve	Shared Based Payment Reserve	Currency translation reserve	Other equity instruments	Retained Earnings	Attributable to parent	Non-controlling interest	Total equity
		11	11	11	13	11	11	11		11	
Balance as of 1 January 2020		**1**	**525**	**4,862**	**224**	**203**	**3,064**	**(19,009)**	**(10,130)**	**5,244**	**(4,886)**
Profit for the year		–	–	–	–	–	–	(5,321)	(5,321)	(104)	(5,425)
Other comprehensive income / (loss)		–	–	–	–	146	–	(133)	14	(193)	(179)
Total comprehensive income / (loss)		**–**	**–**	**–**	**–**	**146**	**–**	**(5,453)**	(5,307)	(297)	(5,604)
Allocation / withdrawal of legal reserve		–	–	8,910	–	–	–	(8,910)	–	–	–
Transactions with owners in their capacity as owners:											
Share-based payments, net of tax	13	–	–	–	434	–	–	–	434	–	434
Borrowings converted to equity	17	–	–	–	–	–	14,972	–	14,972	–	14,972
Fair value adjustment on shareholder loans	8	–	–	–	–	–	–	(3,384)	(3,384)	–	(3,384)
Issuance of investor share appreciation rights	11	–	–	–	–	–	1,630	–	**1,630**	–	**1,630**
Acquisition related share appreciation rights	29	–	–	–	–	–	5,578	–	5,578	–	5,578
Transactions with non-controlling shareholders	29	–	–	–	–	–	5,750	(5,442)	308	(2,870)	(2,562)
Total other movements		**–**	**–**	**8,910**	**434**	**–**	**27,930**	**(17,736)**	**19,538**	**(2,870)**	**16,669**
Balance as of 31 December 2020		**1**	**525**	**13,772**	**658**	**349**	**30,994**	**(42,198)**	**4,101**	**2,077**	**6,178**
Profit for the year		–	–	–	–	–	–	(19,632)	(19,632)	(346)	(19,978)
Other comprehensive income / (loss)		–	–	–	–	279	–	(4)	275	(12)	263
Total comprehensive income		**–**	**–**	**–**	**–**	**279**	**–**	**(19,636)**	**(19,357)**	**(358)**	**(19,715)**
Allocation / withdrawal of legal reserve		–	–	5,792	–	–	–	(5,792)	–	–	–
Transactions with owners in their capacity as owners:											
Share-based payments, net of tax	13	–	–	–	1,169	–	–	–	1,169	–	1,169
Borrowings converted to equity	17	–	–	–	–	–	1,825	–	1,825	–	1,825
Fair value adjustment on shareholder loans	8	–	–	–	–	–	–	(1,364)	(1,364)	–	(1,364)
Modification of shareholder loans	8	–	–	–	–	–	–	4,852	4,852	–	4,852
Issuance of investor share appreciation rights	11	–	–	–	–	–	244	–	244	–	244
Acquisition related share appreciation rights	29	–	–	–	–	–	953	–	953	–	953
Other movements		–	–	–	–	–	–	(1,053)	(1,053)	3	(1,050)
Total other movements		**–**	**–**	**5,792**	**1,169**	**–**	**3,022**	**(3,357)**	**6,626**	**3**	**6,629**
Balance as of 31 December 2021		**1**	**525**	**19,564**	**1,827**	**628**	**34,016**	**(65,191)**	**(8,630)**	**1,722**	**(6,908)**

Consolidated statement of cash flows
for the year ended 31 December 2021

In thousands of €	Notes	2021	2020
Cash flows from operating activities			
Operating profit / (loss)		8,378	3,849
Adjustments for:			
Depreciation and amortisation	4,5	22,918	13,346
Impairment of intangible assets	4	1,856	4,675
Movements in provisions per profit and loss	14	500	1,268
Share-based payments expense	13	1,169	434
Other non-cash items		816	(823)
Changes in working capital items:		**3,660**	**3,218**
(Increase)/Decrease in trade and other receivables	9	(2,687)	902
Changes in provisions	14	(261)	(394)
Increase/(Decrease) in trade and other payables	16	6,608	2,710
Cash generated from / (used in) operating activities		**39,297**	**25,967**
Interest received		-	454
Interest paid		(14,048)	(6,797)
Income taxes paid		(1,268)	(72)
Net cash inflow / (outflow) from operating activities		**23,981**	**19,552**
Cash flows from investing activities			
Payments for property, plant and equipment	4	(1,395)	(207)
Payments for intangibles	5	(16,640)	(12,088)
Acquisition of subsidiaries, net of cash	29	(64,304)	(10,476)
Decrease/ (Increase) in loans and other investments	8	(718)	-
Other cash flows from investing activities		(39)	110
Net cash outflow from investing activities		**(83,096)**	**(22,661)**
Cash flows from financing activities			
Proceeds from external borrowings	17, 28	227,501	70,417
Transaction costs	17,28	(5,656)	-
Repayment of external borrowings	17, 28	(113,758)	(43,036)
Payment of principal portion of lease liabilities	7, 28	(4,052)	(2,159)
Increase in loan to related parties	8, 24	(12,351)	(25,360)
Repayments received on loan to related parties	8, 24	-	6,411
Acquisition of additional shares in subsidiaries	29, 28	-	(2,650)
Early settlement of Senior Secured Callable Floating Rate Bonds	22, 28	(7,690)	-
Other inflows from financing activities		23	-
Net cash inflows from financing activities		**84,017**	**3,623**
Net increase in cash and cash equivalents		**24,902**	**514**
Effects of exchange rate changes		38	(31)
Cash and cash equivalents at the beginning of the year	10	10,396	9,913
Cash and cash equivalents at the end of the year	10	**35,336**	**10,396**

Notes to the Consolidated Financial Statements

1. General information

1.1 Azerion Holding B.V. information

Azerion Holding B.V. (the 'Company') is a private limited liability company incorporated under Dutch law on 11 November 2013 and registered at Boeing Avenue 30, 1119 PE, Schiphol-Rijk, the Netherlands. Up until 1 February 2022, Principion B.V. was the ultimate parent company of the Company. The Company's number in the Trade Register at the Chamber of Commerce is 59272449. The Company is a holding company with its main operations situated in the Netherlands. The Company's number in the Trade Register at the Chamber of Commerce is 59272449. The Company is a holding company with its main operations situated in the Netherlands.

1.2 Business activities

These consolidated financial statements comprise the Company and its subsidiaries and entities it exercises control (the 'Group' or 'Azerion').

Azerion operates a high-growth digital entertainment and media platform. It is a content-driven technology and data company, serving consumers, advertisers, digital publishers, and game creators globally. Digital gaming and digital advertising have the potential to create a powerful force for good through their reach to large and significantly engaged audiences worldwide. Our ambition is to establish Azerion as the leading digital entertainment and media platform in Europe, becoming the digital gaming provider of choice for our consumers and preferred service partner for advertisers, digital publishers and game creators.

Positioned as a digital social and casual gaming company, in recent years Azerion has expanded further along the user engagement value chain into integrated advertising technology. Azerion is engaged in a number of interrelated operating activities including providing technology solutions to automate the purchase and sale of digital advertising inventory for advertisers, publishers and game creators as well as developing, publishing, distributing and operating online social and casual games and digital content.

As audiences continue to transition to digital forms of entertainment, gaming has established itself as one of the most engaging forms of content, attracting advertisers into the ecosystem. Azerion's owned and operated content reaches millions of highly engaged users globally, captures advertising spend across its platform and generates revenues through in-game purchases in its premium games. By leveraging the platform, Azerion also receives a share of revenue generated through the placing of advertisements on the inventory of its digital publisher partners and a share of the advertisement revenue generated by the content of its game creator partners.

As at 31 December 2021, Azerion's platform had a portfolio of more than 17,500 game titles and more than 290,000 active domains (websites and apps). Within its games portfolio, Azerion has nine premium game titles, defined as games where revenue is generated mainly from users making purchases directly in-game. During 2021, Azerion has worked with more than 300,000 advertisers globally and over 550 digital publishers. Through its platform and taking into account all its products, Azerion reaches an audience of on average over 425 million unique monthly active users, including those connected through its digital publisher network. During 2021, Azerion sold on average 3.8 billion digital advertisements on a monthly basis, published on average approximately 140 new games per month and as at 31 December 2021 had partnerships with over 900 game creators.

Azerion is a highly diversified business generating revenue from a broad range of jurisdictions and verticals across its two segments, Platform and Premium Games.

The two segments have their own management structures which report into the company management board.

1.3 Going concern

Management prepared these consolidated financial statements on the going concern basis.

The Group incurred a comprehensive loss of € 19.7 million (2020: € 5.6 million loss) for the year ended 31 December 2021 of which € 358 thousand loss is attributable to the non-controlling interest (2020: € 297 thousand loss). As of 31 December 2021, the Group had net assets of negative € 6.9 million (2020: € 6.2 million positive). Management believes that the application of going concern basis is appropriate as at 23 May 2022.

While completing a first full year with COVID-19, the group achieved its growth targets. Based on the facts and circumstances at this moment and possible scenarios about how the COVID-19 and resulting government measures could evolve, management has taken strong measures to deal with the uncertainties described in our section 'Impact of COVID-19'. During 2021 we observed that such measures were effective to mitigate risks arising from such uncertainties and managed to reduce the impact on our business operations as much as possible. Whilst uncertain, we do not currently believe however, that the impact of the COVID-19 virus is likely to have a material adverse effect on our financial condition or liquidity going forward.

Overall, the revenue for 2021 was € 308.1 million, an increase of 57.9% as compared with the full year 2020 (2020: € 195.1 million). In relation to the total revenue for the year of € 308.1 million, Platform revenue increased 55.5% to € 234.5 million (2020: € 150.8 million), whereas Premium Games revenue increased 66.1% to € 73.6 million (2020: € 44.3 million).

On 16 April 2021 Azerion successfully placed € 200.0 million of senior secured callable fixed rate bonds under a total framework of € 300.0 million to qualified investors in the Nordics, Europe and the U.S. These bonds will have a tenure of 3 years and carry a fixed rate coupon of 7.25% per annum. Proceeds from the bond placement have been used to repay the Group's previous outstanding bond of € 100.0 million to finance several acquisitions, to cover bond redemption costs and for general corporate purposes.

Based on the current financial position and results, the Group expects to meet its covenant ratios for subsequent quarterly measurement dates in 2022. The main financial covenant is called maintenance ratio which represents the ratio of the net interest-bearing debt to adjusted EBITDA which should be less than 4.50x. As at 31 December 2021, the Group is in compliance with the maintenance ratio.

On 1 February 2022, a business combination between EFIC1 and Azerion Holding B.V. was completed. With the completion of the business combination, the Company received approximately € 56 million of net primary cash proceeds (net of transaction costs and expenses). Further details on the transaction are set out in Note 32 Subsequent events. The net primary cash proceeds, together with expected future operational cash flows and available debt facilities of the combined entity have been assessed by the Management Board and are considered to provide sufficient liquidity to the combined entity for the following 12 months. The liquidity position of the Company is further strengthened by not proposing to pay any dividends for the next 12 months.

2. Preparation basis

2.1 Accounting basis
These consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with Title 9, Book 2 of the Dutch Civil Code ("DCC").

The consolidated financial statements have been prepared on the historical cost basis unless otherwise indicated.

The consolidated financial statements were authorized for issue by the Management Board on 23 May 2022.

These consolidated financial statements also include the financial information of the Company, Azerion Holding B.V. For this reason, in accordance with Article 2:402 DCC, the separate statement of profit and loss of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

2.2 Functional and presentation currency
These consolidated financial statements are presented in euros (€), which is the Company's functional currency.

2.3 Use of estimates and judgements
The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, which affect the reported amounts in these consolidated financial statements. Estimates are based on historical experience, where applicable, and other assumptions which management believes are reasonable under the circumstances. The Group evaluates its estimates on an ongoing basis. These estimates are inherently subject to judgement and actual results could differ from those estimates. Revisions to accounting estimates are recognized prospectively.
Information about significant judgements and estimates used are included in the relevant notes to the financial statements.

The areas involving significant estimates and judgements are:

2.3.1 Estimated useful life of intangible assets (Note 5)
The useful lives have to be determined for intangible assets. The useful lives are estimated based upon best practice within the group. The group reviews the remaining useful lives of its non-current assets annually.

2.3.2 Capitalization of development costs (Note 5)
Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred.

2.3.3 Estimation of the recoverable amounts of cash generating units for impairment of goodwill (Note 6)
The recoverable amount of the cash-generating units is determined based on a value in use calculation which uses cash flow projections based on financial forecasts approved by the directors covering a five-year period and a pre-tax discount rate calculated by the weighted average cost of capital method. Refer to Note 6 for the key assumptions used by management in setting the financial forecast.

2.3.4 Valuation of share-based payments (Note 13)
The grant-date fair value of equity-settled share-based payment awards granted to employees are recognized as an expense with a corresponding increase in equity in share-based payment reserve over the vesting period of the awards. The fair value is determined by management on the grant date based on periodic valuations performed by a third party, adjusted for estimated growth or decline that has taken place since the latest external valuation.

2.3.5 Valuation of deferred tax assets and liabilities (Note 23)
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management's assessment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

2.3.6 Business combinations and purchase price allocation (Note 29)
While the Group employs experts to determine the acquisition date fair value of acquired intangibles, the fair values of assets acquired and liabilities assumed are based on significant management assumptions and estimates, which are inherently uncertain and highly subjective and as a result, actual results may differ from estimates. If different assumptions were to be used, it could materially impact the purchase price allocation.

For certain entities which were acquired in 2021 an earn-out has been included in the purchase consideration. When determining the fair value of the earn-out, several assumptions and judgments were made regarding the estimated future revenue and cash flows of these acquisitions and therefore the future cash-out for the earn-out.

2.3.7 Classification of share appreciation rights issued as part of acquisitions (Note 11)
As part of acquisitions the Company issues share appreciation rights as part of the consideration to the sellers. Judgement is applied in determining whether these share appreciation rights should be classified as equity or liabilities. When the consideration will be settled by the Company delivering a fixed number of its own equity instruments in exchange for the financial asset, the share appreciation rights are classified as equity. Refer to Note 11 where the terms and conditions of the share appreciation rights are disclosed.

3. Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Subsidiaries are entities over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated as soon as control ceases.

All intercompany balances, transactions, income and expenses and profits and losses resulting from transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Transactions with non-controlling shareholders

Non-controlling shareholders are equity participants of the group and transactions with non-controlling shareholders are therefore accounted for in equity and included in the statement of changes in equity, where the transaction does not result in the loss of control of a subsidiary. In transactions with non-controlling shareholders, the excess of the cost/proceeds of the transaction over the group's proportionate share of the net asset value acquired/disposed is allocated to the 'retained earnings' in equity. Refer to section (3.15.8) for the group's accounting policy regarding written put options over non-controlling interests.

3.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred if the costs do not relate to the issuance of debt or equity instruments.

At the acquisition date, the identifiable assets acquired, the liabilities and contingent liabilities assumed are recognized at their fair value at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) and the amount of any non-controlling interest in the acquiree measured in accordance with this IFRS over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.3 Goodwill

Goodwill is initially recognized and measured as set out above.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.4 Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

3.5 Foreign currency

3.5.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing rate at the reporting date. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in profit or loss and presented within other gain and losses. Foreign currency differences

3.5.2 Foreign operations

The assets and liabilities of foreign operations are translated to Euros at closing rates at the reporting date. The income and expenses of foreign operations are translated into Euros at the average exchange rates. Foreign currency differences are recognized in other comprehensive income (OCI) and accumulated in the foreign currency translation reserve in equity. When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3.6 Financial instruments

3.6.1 Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset with substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

3.6.2 Classification and initial measurement of financial assets

Except for the trade receivables that are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs where applicable. Financial assets are classified as either:

- amortized cost (including cash and cash equivalents, deposits, trade and most of other receivables fall into this category); or
- fair value through profit or loss (FVTPL) (including equity investments).

The classification is determined by considering both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs and finance income, except for impairment of trade receivables which is presented within Trade and other receivables (Note 9).

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

3.6.3 Subsequent measurement of financial assets

Financial assets at amortized cost

After initial recognition, the assets are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

Financial assets through Profit and Loss

Assets in this category are measured at fair value with gains or losses, including any interest and dividend income, recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

3.6.4 Recoverability of financial assets

The Group uses the simplified approach in accounting for its financial assets (trade- and lease receivables and deposits) and records the loss allowance as lifetime expected credit losses ('ECL'). The ECL are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group makes use of the practical expedient by which they can use a provision matrix as the basis to determine the expected loss for its trade accounts receivable. The expected credit loss is based on the historical observed default rates per trade accounts receivable ageing category over the expected life of the trade account receivables, updated for forward-looking adjustments.

The Group recognizes within other expenses in the statement of profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized. When a trade receivable is uncollectable (in severe financial difficulty and there is no realistic prospect of recovery), it is written off against the allowance account.

3.6.5 Classification and measurement of financial liabilities

The Group's financial liabilities include debt to shareholders, related parties and third parties, SARs granted to investors as part of acquisitions as well as accounts payable to suppliers and trade creditors, lease liabilities and contingent consideration and earn-out in business acquisitions. Except for liabilities to SAR holders, financial liabilities are initially measured at fair value and are adjusted for transaction costs where applicable. Subsequently, financial liabilities are measured at amortized cost using the effective interest rate method. All interest-related charges are recognized within finance costs in the statement of comprehensive income. The liabilities related to SARs holders are classified as 'at fair value through profit and loss' and subsequently measured at fair value.

3.6.6 Offsetting

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and the Group intends to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.7 Intangible assets

3.7.1 Recognition and measurement

Goodwill	Refer to Note 3.3
Research and development cost	Expenditure on research activities is recognized in profit or loss within other expenses and personnel costs as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. During the period of development, the asset is tested for impairment annually.
Other intangible assets	Other intangible assets, including Games and Software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The cost of a separately acquired intangible asset comprises: **(a)** its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and **(b)** any directly attributable cost of preparing the asset for its intended use.

Capitalized development cost is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

3.7.2 Subsequent expenditure
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.7.3 Amortization
Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.
The estimated useful lives for current and comparative periods are as follows:

Assets	Years
Games and software	3-10 years
Client lists	4-7 years
Trademark, Patents and Brands	10-15 years
Websites	7 years

Amortization methods and useful lives are reviewed at each reporting date and adjusted if appropriate. The internally generated Intangible assets useful lives are in line with those noted above.

3.8 Borrowing costs
General and specific borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

During the year ended 31 December 2021, no borrowing costs have been capitalised resulting in all borrowing costs being recognised in profit or loss.

3.9 Property, plant and equipment

3.9.1 Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss within other gains and losses. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

3.9.2 Subsequent expenditure
Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be reliably measured.

3.9.3 Depreciation
Depreciation is calculated using the straight-line method over the estimated useful lives of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Assets	Years
Right-of-Use Buildings	5 months – 10 years
Right-of-Use Vehicles	2 months – 4 years
Right-of-Use Equipment	5 years
Equipment	5 – 10 years
Renovations	3 – 10 years

Other leased assets (refer to Note 3.11) are depreciated over the shorter of the asset useful life or the lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.10 Impairment of assets
Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and

value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Where an impairment indicator has been identified on an individual asset level, the impairment is assessed for that individual asset. Goodwill is reviewed for possible impairment at the end of each reporting period. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.11 Leases

3.11.1 As a lessee

The lease portfolio of the Group consists of real estate, vehicles and leases of office equipment. The Group recognizes a right-of-use asset and a lease liability at the commencement date. The right-of-use assets are presented as part of property, plant and equipment (refer to Note 4). The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the incremental borrowing rate ('IBR'), being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. The Group applies a single IBR to a portfolio of leases with reasonably similar characteristics. The total lease payments include fixed payments, rent-free periods as well as variable lease payments that depend on an index or rate as at the commencement date. The Group determined the lease term of each lease as the non-cancellable period of a lease, together with periods covered by an option to extend and terminate the lease if the lessee is reasonably certain to exercise those options.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Group accounts for lease modifications as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets; and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For modifications that are not accounted for as a separate lease, the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The remeasurement is recognised as an adjustment to the right-of-use asset.

The Group has not elected to account for the lease and non-lease components as a single lease component.

The Group has also elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets (€ 5 thousand individually). The lease payments associated with these leases are recognized as an expense within other expenses on a straight-line basis over the lease term.

3.11.2 As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

When the Group enters into the operating sublease, it retains the lease liability and the right-of-use asset relating to the head lease in its statement of financial position. During the term of the operating sublease the Group:

- recognizes a depreciation charge for the right-of-use asset and interest on the lease liability; and
- recognises lease income from the sublease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When the Group enters into a finance sublease, it:

- derecognizes the right-of-use asset relating to the head lease at the sublease commencement date and recognizes a lease receivable with respect to the sublease and evaluates it subsequently for impairment;
- recognizes any difference between the right-of-use asset and the lease receivable from the sublease in profit or loss; and
- retains the lease liability relating to the head lease in its statement of financial position which represents the lease payments owed to the head lessor.

The Group uses the discount rate for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the lease if the interest rate implicit in the lease cannot be readily determined.

During the periods presented, the Group did not have any finance leases or finance subleases, and therefor accounts for all subleases as operating subleases.

3.12 Prepayments

Prepayments are carried at cost. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down and the corresponding impairment loss is recognized in profit or loss within other expenses.

3.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at bank and on hand and deposits held at call with financial institutions.

3.14 Employee benefits obligations

3.14.1 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.14.2 Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

3.14.3 Post-employment obligations

A defined-contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined-contribution pension plans are recognized as an employee benefit expense in the Consolidated statements of comprehensive income in the periods during which services are rendered by employees.

A defined-benefit plan is a post-employment benefit plan other than a defined contribution plan. Plans for which the company has no legal or constructive obligation to pay further amounts, but to which it does pay non-fixed contributions, are also treated as a defined-benefit plan. The net pension asset or liability recognized in the Consolidated statement of financial position in respect of defined benefit post-employment plans is the fair value of plan assets less the present value of the projected defined-benefit obligation at the balance sheet date. The defined-benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. Recognized assets are limited to the present value of any reductions in future contributions or any future refunds. The net pension liability is presented as a long-term provision; no distinction is made for the short-term portion.

Pension costs in respect of defined-benefit post-employment plans primarily represent the increase of the actuarial present value of the obligation for postemployment benefits based on employee service during the year and the interest on the net recognized asset or liability in respect of employee service in previous years.

Remeasurements of the net defined-benefit asset or liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest). The company recognizes all remeasurements in other comprehensive income.

Group's net bonds liabilities pursuant to defined benefit plans are assessed separately for each plan in assessing the amount of future benefits acquired by personnel in exchange for services rendered during the current and previous periods. The benefit is discounted in order to determine the present value of the defined benefit obligation and the current service cost. The fair value of plan assets is then deducted. Calculations are made every year by a qualified actuary, using the projected unit credit method. The Group recognises immediately in other comprehensive income all actuarial gains and losses under defined benefit plans.

Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement

of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises remeasurements and service costs within other comprehensive income. Net interest expense or income is recognised within finance costs (see Note 21).

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3.14.4 Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.14.5 Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees are recognized as an expense with a corresponding increase in equity in share-based payment reserve over the vesting period of the awards. An accumulative expense is recognized within personnel cost for equity-settled share-based payments at each reporting date over the duration of the vesting period, with the corresponding adjustment made to equity. This continues until the vesting period has expired. Upon expiration, the Group's best estimate of the number of equity instruments that will ultimately vest is reflected.

3.15 Equity

3.15.1 Share capital

Share capital represents the nominal (par) value of issued shares.

3.15.2 Share premium

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

3.15.3 Foreign currency translation reserve

Foreign currency translation reserve comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign operations.

3.15.4 Share-based payment reserve

Share-based payment reserve is used to recognize the value of equity-settled share-based payments provided to employees, including management personnel, as part of their remuneration.

3.15.5 Retained earnings

Retained earnings includes all current and prior period retained profits.

3.15.6 Legal reserve

Legal reserve is used to recognize the value of the capitalized development costs. These reserves are non-disputable in accordance with Dutch Law.

3.15.7 Other equity instruments

Relates to loans converted into equity and equity instruments (share appreciation rights) issued as purchase consideration as part of acquisitions. The share appreciation rights issued are deemed equity in accordance with IAS 32 since Azerion Holding B.V. intends to settle these SARs through the issuance of a fixed number of equity instruments and the holders of the SARs can't elect how the SARs should be settled.

3.15.8 Non-controlling interest

The group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

3.16 Revenue from contracts with customers

3.16.1 Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to the customer.

The following table provides information about the nature, timing and satisfaction of performance obligations in contracts with customers:

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Platform	Gaming revenue: Main performance obligations are from sales in the virtual world of gaming: - Sale of **consumables** - Sale of **durables** - Sale of **memberships** The provision of each unit is a separate performance obligation.	**Consumables**: Revenue from the sale of consumables is recognised at a point in time. **Durables**: Revenue from the sale of durables is recognised over time, depending on the consumption period of the customer. **Memberships**: Revenue is recognised evenly over the membership period.
	Advertising deal – bundle of similar ad impressions: Each bundle of ad impressions that are "substantially the same" and provided in a similar framework, is a separate performance obligation.	**Advertising deal – bundle of similar ad impressions:** The revenue is recognised over time as the bundle of ad impressions are being provided. Revenue recognition is based on the transaction price and is measured with reference to the number of completed ad impressions as a portion of the total ad impressions promised in the bundle.
	Advertising deal – clicks or actions: Each click or action is a separate performance obligation.	**Advertising deal – clicks or actions:** The revenue from the sale and provision of clicks or actions by users, are recognised at a point in time when the user clicks on or performs an action based on the ad impression. The revenue recognised per click or action is equal to the transaction price agreed with the customer per the insertion order.
	Advertising deal – combination of bundles and/or clicks and actions: Multiple Performance Obligations: - Each bundle of ad impressions that are "substantially the same" and provided in a similar framework, is a separate performance obligation. - Each click or action is a separate performance obligation.	**Advertising deal – combination of bundles and/or clicks and actions:** Refer to the above the revenue recognition noted for a bundle of ad impressions and/or clicks and actions.
	Sale of ad inventory: Each unit of ad inventory sold, and related ad impression provided, represents a separate performance obligation.	**Sale of ad inventory:** The revenue is recognised over time as Azerion is providing the ad inventory and the related ad impression. Given the time involved in providing the service, revenue is practically recognised at the point when each ad impression is served at an amount equal to the transaction price.
Premium Games	Main performance obligations are from sales in the virtual world of gaming: - Sale of **consumables** - Sale of **durables** - Sale of **memberships** - Sale of **NFT's** The provision of each unit is a separate performance obligation.	**Consumables**: Revenue from the sale of consumables is recognised at a point in time. **Durables**: Revenue from the sale of durables is recognised over time, depending on the consumption period of the customer. **Memberships**: Revenue is recognised evenly over the membership period. **NFT's**: See 3.16.2

3.16.2 Revenue from the sale of crypto assets - Non-Fungible Tokens and cryptocurrency

In the second half of 2021 the group created Non-Fungible Tokens (NFT's) and sold them to customers playing the Habbo Game as the NFTs were connected to certain elements in that game. NFTs are currently classified as 'crypto assets', just as crypto currencies, given that amongst others these assets are based on the blockchain technology. Customers buying NFTs have to pay with crypto currency (Ethereum) which are subsequently converted to Euro.

As the group uses these assets in its 'ordinary course of business' both the NFTs and the crypto currency are treated as 'Inventory' (IAS 2) as long as these assets are not sold to customers (NFTs) or converted to Euro.

Inventory of NFTs and crypto currency are recognised at cost, where the cost of the NFTs is based on the actual development costs the group incurred. The cost of the crypto currency is based on the transactions the group made in this currency.
Immediately after the conversion of the crypto currency into Euro this amount is presented under 'cash and cash equivalents' in the statement of financial position.

Revenue is recognised at the moment of the transaction in NFTs and calculated based on the Euro value of the crypto currency at the moment of the transaction.

As a consequence of the accounting treatment of NFTs and crypto currency any change in the fair value of the crypto currency is recognised under 'cost of services and materials' in the statement of profit and loss at the moment of conversion into Euro and the recognition of 'cash and cash equivalents'.

Both the NFTs and the crypto currency are traded in online market areas through dedicated brokers. The group qualifies these markets as the principal market for these assets.

3.17 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, income taxes and the share of profit/results of joint ventures.

3.18 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- net interest expense on defined benefit obligation

Interest income or expense is recognized using the effective interest method.

3.19 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income (OCI).
The Company takes income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include the interpretation of income tax laws applied to complex transactions. The Company periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions is based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information, the Company believes that the ultimate resolution of such matters will not have a material effect on the Company's financial position, statements of operations or cash flows.

3.19.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

3.19.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The Group elected to apply the Initial-Recognition-Exemption on initial recognition as well as for subsequent measurement therefore the right-of-use asset and the lease liability are considered separately for deferred tax purposes.

3.19.3 Uncertain tax position

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

3.20 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

3.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit attributable to owners of the company (excluding any costs of servicing equity other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

3.22 Comparative information

The Group's consolidated financial statements have been prepared consistently with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to agree to the presentation of the current period consolidated financial statements and significant changes are explained.

The following reclassifications have been made by the Group in the 31 December 2020 balance sheet with the purpose of comparable presentation with the consolidated financial statements as of 31 December 2021:

- Deferred wage taxes amounting to € 6.9 million which were presented under "Trade and other payables (Note 16)" have been classified into "Other current liability (Note 15)".
- Debt on purchase of tangible and intangible assets amounting to € 847 thousand which were presented under "Trade and other payables (Note 16)" have been classified into "Other current liability (Note 15)".
- Other liabilities amounting to € 749 thousand which were presented under "Trade and other payables (Note 16)" have been classified into "Other non-current liability (Note 15)".

4. Property, plant and equipment

In thousands of €	Right-of-Use Buildings	Right-of-Use Vehicles	Right-of-Use Office Equipment	Equipment	Renovations	Total
As at 1 January 2020						
Costs	6,630	1,011	12	2,278	533	10,464
Accumulated depreciation	(1,352)	(289)	(1)	(939)	(126)	(2,707)
Net book amount	**5,278**	**722**	**11**	**1,339**	**407**	**7,757**
Movements for the year ended 31 December 2020						
Acquisitions of subsidiaries and businesses	-	-	-	88	73	161
Capital expenditures / additions	1,679	271	-	138	69	2,157
Disposals	-	-	-	(10)	(230)	(240)
Depreciation	(1,884)	(456)	-	(482)	(71)	(2,893)
Exchange differences	4	-	-	(32)	-	(28)
Reassessments	126	-	-	-	-	126
As at 31 December 2020						
Costs	7,654	1,221	12	2,385	308	11,580
Accumulated depreciation	(2,451)	(684)	(1)	(1,344)	(60)	(4,540)
Net book amount	**5,203**	**537**	**11**	**1,041**	**248**	**7,040**
Movements for the year ended 31 December 2021						
Acquisitions of subsidiaries and businesses	3,401	11	150	232	161	3,955
Capital expenditures/ additions	13,563	1,056	-	1,471	10	16,100
Cancellations/Disposals	(916)	-	-	(51)	(81)	(1,048)
Depreciation	(3,781)	(677)	(131)	(583)	(110)	(5,282)
Impairment	(1,856)	-	-	-	-	(1,856)
Exchange differences	(427)	(11)	-	10	-	(428)
Reclassifications	5	90	(11)	(317)	233	-
As at 31 December 2021						
Costs	21,267	2,256	35	4,794	1,273	29,625
Accumulated depreciation	(6,075)	(1,250)	(16)	(2,991)	(812)	(11,144)
Net book amount	**15,192**	**1,006**	**19**	**1,803**	**461**	**18,481**

The impairment recorded in 2021 relates to the Beechavenue office buildings which were part of long-term rental contracts. Due to a move to a new site (Boeing Avenue) the aforementioned buildings are not in use anymore, but the contractual obligation is still valid until the contractual end-date. As the building is no longer in use the entity does not expect to realize any economic benefits from the continued use of the right of use asset the full right of use asset relating to the building is impaired.

5. Intangible assets (including goodwill)

In thousands of €	Games and Software	Client Lists	Trademark, patents and brands	Other	Goodwill	Total
As at 1 January 2020						
Cost	34,408	2,665	2,912	6,022	43,169	89,176
Accumulated amortization	(11,212)	(127)	(1,252)	(2,283)	-	(14,874)
Net book amount	**23,196**	**2,538**	**1,660**	**3,739**	**43,169**	**74,302**
Movements for the year ended 31 December 2020						
Capitalised internal development	8,007	-		-	-	8,007
Additions	-	-	-	4,081	-	4,081
Acquisitions of subsidiaries and businesses	8,280	4,675	876	369	9,758	23,958
Disposals	(15)	-	-	(469)	(149)	(633)
Amortization	(8,751)	(137)	(585)	(979)	-	(10,452)
Impairment	-	(4,675)	-	-	-	(4,675)
Exchange differences	33	-	-	(3)	313	343
As at 31 December 2020						
Cost	50,714	7,340	3,788	10,000	53,091	124,933
Accumulated amortization	(19,964)	(4,939)	(1,837)	(3,262)	-	(30,002)
Net book amount	**30,750**	**2,401**	**1,951**	**6,738**	**53,091**	**94,931**
Movements for the year ended 31 December 2021						
Capitalised internal development costs	11,266	-	-	843	-	12,109
Additions	4,464	-	-	458	-	4,922
Acquisitions of subsidiaries and businesses	47,077	47,258	5,160	1,510	71,233	172,238
Disposals	(347)	-	-	(256)	-	(603)
Amortization	(14,046)	(2,697)	(708)	(185)	-	(17,636)
Exchange differences	174	203	(5)	(123)	(165)	82
Reclassification and other	4,084	(478)	2,447	(6,053)	(1,200)	(1,200)
As at 31 December 2021						
Cost	131,065	54,804	10,684	3,329	122,959	322,841
Accumulated amortization	(47,643)	(8,117)	(1,839)	(397)	-	(57,996)
Net book amount	**83,422**	**46,687**	**8,845**	**2,932**	**122,959**	**264,845**

Capitalised development costs are included in Games & Software and Other intangible assets. The full amount recorded as "Capitalised internal development costs" in Games & Software and Other relates to payroll related internal development costs incurred. Any costs associated with research are expensed as they arise and only identifiable development costs are capitalised.
The impairment recorded in 2020 relates to customer relationships that were identified as part of a purchase price allocation performed on an acquisition. The Company's objective was not to utilize the customer relationships based on the strategy of the Group and therefore these customer relationships were impaired.

The other intangible asset class mainly include products in development, licenses and IP rights and a revenue share agreement. The reclassifications during the year mostly consist of website related intangible assets that have been integrated within games and software. These amounts have been reclassified in order to more appropriately disclose the nature and classification of these assets. The reclassification from Other to Client lists and Trademarks was made in the current year to reflect more accurately the nature of the intangible assets identified from previous years acquisitions. The intangible assets included in the Other intangible assets class have finite useful lives.

6. Goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquisition are assigned to those units or groups of CGUs. Goodwill is tested for impairment, annually or more frequently if there are indications that goodwill might be impaired.

In 2020, there were two groups of CGUs being Gaming, and Monetization Tech. In 2021, the Casual Gaming channel, part of the Gaming group of CGUs, was integrated into the new Platform segment due to its interdependence and reliance on the Advertising and e-Commerce channels. See Note 31 for more information on the change in the segmental structure of the Group.

The Group defines our Platform segment as our combined Casual Games, Advertising and e-Commerce channels which are fully integrated through our technology. The Platform is also fully integrated with our Premium Games business line, although the Group reports Premium Games as a separate segment below.

Goodwill is allocated to the respective CGU's as indicated below:

In thousands of €	**Platform**	**Premium Games**	**Total**
Carrying value as at 31 December 2021	95,888	28,271	124,159
Carrying value as at 31 December 2020	51,810	1,281	53,091

In 2020, the Platform segment was split between Monetization Tech that amounted to € 40.9 million and Casual Gaming that amounted to € 10.9 million. Premium Games amounted to € 1.3 million.

The impairment test is based on cash flow projections for five years. CGU's are tested for impairment by comparing the carrying amount of each group of CGU to its recoverable amount.

Premium Games

The recoverable amount of the Premium Games segment, which is the Gaming CGU, is determined based on a value in use calculation which uses cash flow projections based on financial forecasts approved by the directors covering a five-year period and a pre-tax discount rate of 7.9% per annum (2020: 6.9% per annum) calculated by the weighted average cost of capital method as derived through the Capital Asset Pricing Model. The key assumptions used by management in setting the financial forecasts for the initial five-year period were as follows:

Forecast sales growth rates
Forecast sales growth rates are based on past experience adjusted for a continued strong growth rate as historically seen. The sales growth assumption for this impairment analysis is based on an increment to be in line with market data of between 18% and 20%.

Operating profits
Operating profits are forecasted based on historical operating margins and future expectations. Gross margin is expected to remain relatively stable as it primarily relates to revenue shares paid to Apple, Google, distribution partners and payment providers. The growing user base, publishing portfolio and network distribution is expected to be achieved with relatively limited growth of personnel and increase of other operational expenses.

Cash conversion
Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical experience.

Cash flows beyond that five-year period have been extrapolated using a steady 1.0% (2020: 1.0%) per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market.

Platform

The recoverable amount of the Platform segment as a group of CGU's is determined based on a value in use calculation which uses cash flow projections based on financial forecasts approved by the directors covering a five-year period and a pre-tax discount rate of 9.8% (2020: 9.4%) per annum calculated by the weighted average cost of capital method.

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

Forecast sales growth rates
Advertisement spending of industries recovered quickly in 2021 after the first lockdowns due to COVID-19 in 2020. For the years 2022-2026 the global market for digital advertising and marketing is expected to grow at a CAGR of 13.9%. Azerion's strategy is to further penetrate into local markets and acquire more local direct advertiser spend.

Operating profits
Operating profits are forecasts based on historical operating margins and future expectations.

Cash conversion
Cash conversion is the ratio of operating cash flow to operating profit. Management forecasts cash conversion rates based on historical experience.

Cash flows beyond that five-year period have been extrapolated using a steady 1.0% (2020: 1.0%) per annum growth rate. This growth rate does not exceed the long-term average growth rate for the market.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of "Premium Games" and "Platform" is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

Based on the impairment analysis no impairment was recognized as at 31 December 2021 or December 31, 2020. At 0% EBITDA growth the WACC can increase on average by 10% before impairments are triggered.

Reclassification and other includes in 2021 an unallocated adjustment of € 1.2 million to reflect a decrease in goodwill and a decrease of equity retained earnings related to the purchase of Funtomic.

7. Leases

7.1 As a Lessee

Right-of-use asset

The carrying amount of right-of-use assets related to leased buildings, leased vehicles and leased office equipment are included in property, plant and equipment (Note 4).

Lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure the present value of future lease payments. The IBR is determined as the sum of a reference rate, credit risk premium and country risk premium. The calculation of IBR considers the currency of the lease contract, the lease term, type of leased assets, the region of the lessee and the credit rating of the lessee. A single IBR is applied to a portfolio of leases, which are similar in nature and in lease term within a region. The weighted average IBR applied in 2021 to lease liabilities was 8.4% (2020: 9.3%). The decrease in the IBR is due to significantly higher market rates in 2020 compared to 2021 as well as a shift in the geographical spread of leased assets (addition of leases in the Netherlands, Germany and Nordics) in countries with lower risk.

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

In thousands of €	**2021**	**2020**
As at 1 January	**6,203**	**6,282**
Acquisition of subsidiaries and businesses	3,646	-
Additions	14,633	1,950
Repayments of the principal amount	(4,052)	(2,159)
Accrued interest	1,442	572
Interest paid	(1,442)	(572)
Cancellation	(844)	-
Exchange differences	(490)	4
Reassessments and modifications	(83)	126
As at 31 December	**19,013**	**6,203**
Non-current	14,329	4,659
Current	4,684	1,544

The Lease Liabilities on December 31, 2021 amount to € 19.0 million, which mainly consists of offices € 17.9 million (2020: € 5.4 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

In thousands of €	**31 December 2021**	**31 December 2020**
Less than 1 year	5,881	2,614
1 to 2 years	4,516	2,055
2 to 3 years	3,595	1,709
3 to 4 years	3,162	1,230
4 to 5 years	1,741	775
More than 5 years	4,408	1,739
Total undiscounted lease liability	**23,303**	**10,122**
Unpaid finance expense	(4,290)	(3,919)
Total lease liability	**19,013**	**6,203**

Amounts recognized in the statement of profit and loss:

In thousands of €	**2021**	**2020**
Depreciation on right-of-use asset	(4,589)	(2,340)
Impairment on right-of-use asset	(1,856)	-
Interest expense (included in finance cost in Note 22)	(1,442)	(572)
Expense related to low-value asset leases	(258)	(315)
Exchange differences	-	(4)
Other income and expenses	473	-

The total cash outflows recognized in the statement of cash flows is as follows:

In thousands of €	**2021**	**2020**
Principal portion of lease liabilities	(4,052)	(2,159)
Interest on lease liabilities	(1,442)	(572)
Expense related to low-value asset leases	(258)	(315)

7.2 As a Lessor

7.2.1 Finance leases

The Group holds no finance lease agreements as at 31 December 2021 or 31 December 2020.

7.2.2 Operating leases

The Group subleases office space which has been classified as operating leases as the Group does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The subleased office space is presented as part of a right-of-use asset which is included in the building category of property, plant and equipment.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

In thousands of €	31 December 2021	31 December 2020
Less than 1 year	41	110
1 to 2 years	-	-
2 to 3 years	-	-
3 to 4 years	-	-
4 to 5 years	-	-
More than 5 years	-	-
Total	**41**	**110**

The undiscounted lease payments as per 31 December 2021 relate to sub-leased office space in Berlin (Germany). The sub-lease agreement has a maturity date of 30 April 2022.

8. Non-current financial assets

The Group holds the following financial assets:

In thousands of €	Loans and other receivables	Investments in financial assets	Total
As at 1 January 2020	**1,867**	**1,046**	**2,913**
Additions	25,710	-	25,710
Accrued interest	624	-	624
Reclassification from participating interest to subsidiary	-	(1,046)	(1,046)
Fair value adjustment on shareholder loans	(3,384)	-	(3,384)
Repayment	(6,411)	-	(6,411)
Reclassification	(708)	-	(708)
As at 31 December 2020	**17,698**	**-**	**17,698**
Acquisitions of subsidiaries and businesses	513	-	513
Additions	13,665	-	13,665
Accrued interest	1,021	-	1,021
Repayments / disposals	(400)	-	(400)
Modification of shareholder loans	4,852	-	4,852
Fair value adjustment on shareholder loans	(1,364)	-	(1,364)
Exchange rate effect	(3)	-	(3)
Others	80	-	80
As at 31 December 2021	**36,062**	**-**	**36,062**

Loans and other receivables

On 17 March 2020, the Group entered into a loan agreement with its shareholder Principion Holding B.V., lending its shareholder a total principal value of € 24.6 million (nominal value) against an interest rate of 1.0%. The maturity date of the loan is 31 March 2024. The loan, which is classified as subsequently measured at amortised cost, had a fair value on initial recognition of € 21.2 million. During 2020 the difference between the market interest rate (4.0%) and the interest rate in the agreement (1.0%) resulted in a negative fair value adjustment of € 3.4 million on the initial recognition of the loan recognised directly in equity. A further loan of € 12.4 million was advanced on the same terms during April and May 2021. The initial recognition of this loan gave rise to a fair value loss on initial recognition of € 1.4 million recorded directly in equity. The shareholder repaid € 0 of the loan principals during 2021 (2020: € 6.1 million) and € 1.0 million of interest is accrued in 2021 (2020: € 624 thousand). During 2021 the interest rate on these loans was amended to 4.0% to reflect the market interest rate. This amendment gave rise to a modification of € 4.9 million positive recorded directly in equity. The loan had an outstanding balance of € 33.4 million as of December 31, 2021 (2020: € 16.5 million). Due to the nature of the loan to the shareholder, it is classified as part of financing activities in the Consolidated Statement of Cashflows. The remaining other receivables mainly relate to security deposits with no significant movements in 2021.

Investments in financial assets

During 2020, Azerion acquired the remaining 95.0% of Spilgames for a consideration of € 9.0 million (refer to Note 29). As from the acquisition date, Azerion obtained control over Spilgames resulting in Spilgames being fully included in the Azerion consolidation and the initial investment being reclassified from investment in financial assets by which it is eliminated on consolidation.

9. Trade and other receivables

In thousands of €	31 December 2021	31 December 2020
Trade receivables	77,438	39,720
Loss allowance	(2,635)	(2,311)
Receivables from related parties	145	787
Prepayments	2,285	1,474
Value added taxation	9,347	9,121
Other receivables	4,724	2,920
Total	**91,304**	**51,711**

The increase in 2021 of Trade and other receivables of € 39.6 million mainly relates to the incoming acquisitions. See Note 29 Acquisition and disposals of subsidiaries.

The net carrying value of trade and other receivables is considered a reasonable approximation of fair value due to the short-term nature with a maturity of less than 12 months. Trade receivables are non-interest bearing and in principle payable on demand. Refer to Note 17 on the factoring agreements in the group.

Refer to Note 24 for more details on receivables from related parties.

Movement in loss allowance:

In thousands of €	2021	2020
As at 1 January	**(2,311)**	**(5,196)**
Provision for loss allowance	(788)	(1,268)
Write-off	384	4,153
Exchange rate effect	(88)	-
Other	168	-
As at 31 December	**(2,635)**	**(2,311)**

Trade receivables are shown net of an allowance for doubtful accounts determined based on insolvency risk and historical experience, adjusted for forward-looking factors specific to the receivables and economic environment performed on an individual receivable basis.

Information about the loss allowance and write-off of trade receivables and the group's exposure to credit risk can be found in Note 27.2.

10. Cash and cash equivalents

In thousands of €	31 December 2021	31 December 2020
Cash at bank and in hand	34,148	9,787
Cash equivalents	1,188	609
Total cash and cash equivalents	**35,336**	**10,396**

Cash equivalents in 2021 include a cash in-transfer account from crypto currency to Euros of € 1.2 million (2020: € 0). During the year Habbo Avatars was launched which was the first official NFT collection for Habbo made by Sulake Oy. Habbo Avatar NFT's was sold with an exchange of Ethereum to the company's blockchain wallet. Since Ethereum were transferred to the broker's account from the blockchain wallet into Euros, they are classified as cash equivalents in accordance with IAS 7.7, considering they are available for Azerion in short term without significant changes in their value.

11. Share capital and reserves

Below is an overview of the balances of the respective components of equity:

In thousands of €	31 December 2021	31 December 2020
Share capital	1	1
Share premium	525	525
Legal reserve	19,564	13,773
Share based payment reserve	1,827	658
Currency translation reserve	628	349
Other equity instruments	34,016	30,993
Retained earnings	(65,191)	(42,198)
Non-controlling interest	1,722	2,077
Total equity	**(6,908)**	**6,178**

11.1 Share capital

As of 31 December 2021, the authorized share capital of Azerion Holdings B.V. comprised 117,563 ordinary shares with a par value of € 0.01 per share in total amount of € 1,176 (31 December 2020: € 1,176) and zero preference shares with no par value. All shares were issued and fully paid up.

The issued shares of Azerion Holding B.V. was as follow:

	Ordinary shares		Preference shares		Total	
In thousands of €	Total Shares	Total amount	Total Shares	Total amount	Total Shares	Total amount
31 December 2021	118	1	-	-	118	1
31 December 2020	118	1	-	-	118	1

11.2 Share premium

As at 31 December 2021, the share premium amounted to € 525 thousand (2020: € 525 thousand).

11.3 Legal reserve

As at 31 December 2021, the legal reserve amounted to € 19.6 million (2020: € 13.8 million). The legal reserve comprises of the amounts relating to capitalized development costs for the Group's developed technology and is not freely distributable to shareholders.

11.4 Share based payment reserve

As at 31 December 2021 the share-based payment reserve amounted to € 1,827 thousand (2020: € 658 thousand). The parent of the Group, which up until 1 February 2022 was Azerion Holding B.V., maintains a Share Appreciation Right (SAR) plan. The plan was initiated in 2018 and provides SARs to employees, consultants and advisors of the Group.

11.5 Currency translation reserve

As at 31 December 2021 the currency translation reserve amounted to € 628 thousand (2020: € 349 thousand). The translation reserve comprises foreign currency differences arising from the translation of the assets and liabilities of foreign operations of Azerion Holding B.V. (excluding amounts attributable to non-controlling interests).

11.6 Other equity instruments

As at 31 December 2021 other equity instruments amounted to € 34 million (2020: € 31.0 million).

Convertible loans

As at 31 December 2021 € 16.8 million (2020: € 15.0 million) loans from related parties were subordinated. These loans include an equity redemption option of outstanding loan balances, in addition to a cash redemption option. Under the modified terms, the discretion to redeem the loans in equity or cash lies with Azerion Holdings B.V. The loans are redeemable by issuing 3,038 (2020: 2,708) shares in the issued share capital of Azerion Holding B.V. Refer to Note 17 for further disclosures on the convertible loans.

Share appreciation rights

€ 11.5 million (2020: € 10.3 million) relates to issuance of share appreciation rights to investors and as part of the acquisitions that occurred during 2021 and 2020.

The share appreciation rights granted as part of acquisitions vest over periods ranging from 18 months to 5 years from grant date. Unvested rights automatically vest upon defined events such as a change in control or the listing of the group's shares on an exchange. Vested rights are exercisable by the holders after approval of Company management.

Share appreciation rights issued to investors are vested at grant date and become exercisable in the event of certain defined exit events, which include an initial public offering of the group's shares. When exercised all investor rights shall be settled through issuing shares.

If all rights are exercised and settled through the issuing of shares, 3,429 shares (2020: 3,273 shares) will be issued by Azerion Holding B.V.

Share options

€ 5.8 million relates to the issuance of share options as part of the acquisition of the remaining 49% in Sulake during 2020. Based on the share purchase agreement the Company should settle the transaction by 31 December 2022 latest. The Company has the option to settle either in cash or by issuing 1,040 shares in Azerion Holding B.V.

Refer to Note 26 for more information on the fair value measurement of the other equity instruments.

11.7 Movements in retained earnings

As at 31 December 2021 the retained earnings amounted to € 64 million negative (2020: € 42.2 million negative).

€ 19.6 million negative relates to the total comprehensive income for the year.

€ 5.8 million negative relates to the reclassification from retained earnings to the legal reserve.

€ 1.4 million negative relates to a fair value adjustment on initial recognition of shareholder loans. In October 2021 the interest rate relating to the loans was amended to 4.0% to reflect market interest rate. A € 4.9 million positive modification was recognised. The addendum was retrospectively effective on the date of the loan, but not accounted for as such in accordance with IFRS in 2020. In the 2021 financial year, these movements have been recorded in equity.

In 2021 an adjustment of € 1.2 million was made to reflect a decrease in goodwill and a decrease of retained earnings related to the purchase of Funtomic.

11.8 Non-controlling interest in Azerion Holding B.V.

The non-controlling interest (NCI) relates to minority stakes held by third parties in Azerion Holding B.V.'s consolidated subsidiaries. The total NCI as at 31 December 2021 amounted to € 1.7 million (2020: € 2.1 million).

12. Employee benefit obligations

12.1 Defined contribution pension plans

Defined contribution pension plans are in place in the Netherlands and in Germany. In the Netherlands each subsidiary has its own pension plans. The pension plans apply to specific employee groups due to mergers and/or acquisitions in the past.
The total expense recognised in profit or loss of € 1.5 million (2020: € 689 thousand) represents the contributions to these plans by the Group at rates specified in the rules of the plans.

12.2 Defined benefit pension plans

Defined benefit plans are in place in Italy, Belgium and France. Furthermore, by Belgian law, the employer is liable for a minimum guaranteed return. The Belgium pension plans are administrated by Baloise Insurance. In France employees are entitled to a lump sum payment at retirement which is administrated by the company.

In thousands of €	**31 December 2021**	**31 December 2020**
Net pension liability	993	652
Total employee benefit obligations	993	652
Non-current liability	**993**	**652**

The amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

In thousands of €	**2021**	**2020**
Service cost		
Current service cost	106	53
Past service gain from settlements	(5)	(13)
Additions	-	30
Components of defined benefit costs recognised in profit or loss	**101**	**70**

The additions relate to Widespace Italy. As part of the transfer of the pension accounting role to a different service provider in Italy they identified a change in scope of the service costs.

The amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

In thousands of €	**2021**	**2020**
Return on plan assets	-	-
Actuarial gains/losses arising from change in demographic assumptions	-	-
Actuarial gains/losses arising from change in financial assumptions	-	-
Actuarial gains/losses arising from experience adjustments	(2)	(132)
Adjustment for restrictions on defined benefit asset	-	-
Remeasurement of the net defined benefit liability / (asset)	**(2)**	**(132)**

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit pension plans is as follows:

In thousands of €	2021	2020
Present value of defined benefit obligations	993	657
Fair value of plan assets	-	-
Funded status	-	(5)
Restrictions on asset recognised	-	-
Net liability as at 31 December	**993**	**652**

The reconciliation of the defined benefit obligation is as follows:

In thousands of €	2021	2020
Defined benefit obligation		
Fair value at 1 January	**657**	**480**
Acquisition of subsidiaries and businesses	**248**	**-**
Current service cost	106	43
Past service cost and (gain)/loss from settlements	(5)	(14)
Interest expense	-	-
Administration costs and taxes	-	-
Benefits paid by fund	-	-
Benefits paid by employer	(9)	30
Remeasurement (gains)/losses	(4)	118
Contributions by plan participants		-
Fair value at 31 December	**993**	**657**

The planned assets at year-end are € 29 thousand (2020: € 9 thousand).

The assumptions used in the assessment of the defined benefit plan are as follows:

	2021	2020
Discount rate	1.00%	0.40%
Rate of future increase of salaries	2.50%	2.50%
Retirement age (executives)	67 years	67 years
Retirement age (Non-executives)	62 years	62 years
Actuarial table	INSEE F 2010	INSEE F 2010

The sensitivity for a 0.25% change in the discount rate is as follows:

In thousands of €	Decrease of assumption	Baseline	Increase of assumption
Defined benefit obligation	1,059	993	937

The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

The defined benefit obligation typically exposes the entity to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk:

Risk Type	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

13. Share-based Payments

The parent of the Group, Azerion Holding B.V., maintains a Share Appreciation Right (SAR) plan. The plan was initiated in 2018 and provides SARs to employees, consultants and advisors of the Group. Plans are awarded to plan participants at the discretion of the Board of Directors/Management board.
The number of SARs available for issuance under the plan is determined by the Board of Directors on an annual basis. SARs are instruments similar to futures without gearing, or forward contracts on the shares of Azerion Holding B.V.

Share appreciation rights: equity settled

Azerion Holding B.V. granted SARs to certain employees of the Group. These awards vest upon the satisfaction of service conditions. The service condition is generally satisfied over five years and awards begin to vest following the employees' three-year employment anniversary. Employees that leave employment prior to their service conditions being met may be entitled to a portion of their vested SARs, depending on the conditions of the exit as specified in the SAR plan. Earlier vesting would occur if certain conditions related to an initial public offering (IPO) or change in control is met (defined as an "exit" event). Vested SARs become exercisable at an exercise price of €0.01 on the date an exit, as defined, occurs. Upon exercise, each SAR is settled in exchange for one share in the Company.
The number of employee, consultant and contractor SARs granted during the period was 921 (2020: 225) with a grant date fair value of € 6.3 million (2020: € 2.5 million). The fair value is determined on the grant date based on discounted cash flow with benchmark to market multiples with reference to an external valuation. The technique used is a discounted cash flow analysis using estimated future cash flows, weighted average cost of capital and a terminal growth rate as its major inputs. No future dividends were considered in the valuation of the SARs. The number of SARs unvested and outstanding at 31 December 2021 was 1,263 (2020: 798). The settlement of the SAR plan occurs in actual shares with no cash option available to employees as alternative. During the period, zero (2020: zero) SARs were forfeited, exercised or expired. Zero (2020: zero) SARs were exercisable at the end of the period.

Share-based payment reserve

In thousands of €	**Share-based payment reserve**
Balance at 1 January 2020	**224**
Credit to equity for equity-settled share-based payments	434
Balance at 31 December 2020	**658**
Credit to equity for equity-settled share-based payments	1,169
Balance at 31 December 2021	**1,827**

Share-based payments expense

In 2021, the Group recognized an expense of € 1.2 million (2020: € 434 thousand).

14. Provisions

In thousands of €	**Commercial litigation**	**Other**	**Total**
Balance at 1 January 2020	**2,051**	**353**	**2,404**
Additions	269	1,411	1,680
Utilization	(1,040)	(265)	(1,305)
Reversal	(876)	108	(768)
Exchange differences	(8)	(175)	(183)
Balance at 31 December 2020	**396**	**1,432**	**1,828**
Acquisitions of subsidiaries and businesses	-	30	30
Additions	486	307	793
Utilizations	(5)	(257)	(262)
Releases	-	(390)	(390)
Exchange differences	-	(115)	(115)
Reclassifications	(308)	(138)	(446)
Balance at 31 December 2021	**569**	**869**	**1,438**
Balance at 31 December 2020	**396**	**1,432**	**1,828**
Non-Current	106	757	863
Current	290	675	965
Balance at 31 December 2021	**569**	**869**	**1,438**
Non-Current	47	391	438
Current	522	478	1000

Reclassifications were made from provisions to current liabilities following a revision of the uncertainty criteria for tax related items.

Provisions for commercial litigation are primarily linked with trade litigation and disputes. During the year of 2021, utilization of provisions related to commercial disputes arising in previous fiscal years were recognized due to the following events:

Commercial litigation
For Zoom.in Group B.V. a provision of € 425 thousand has been added relating to a dispute about termination of a lease agreement for former office spaces leased by Zoom.in from the former shareholder AMG (Adversa). Adversa is contesting the validity of the termination by Zoom.in of the lease agreement and claims that the leased property was delivered damaged. The decision of the court is expected in Q2 2022.

Other

- Additional € 280 thousand provision is recorded for headcount restructuring in Zoom.In Brasil.
- For Quantum Belgium a claim from former employees was recorded in 2020 and increased in 2021 to € 141 thousand as per resolution. The amounts are estimated based on the recommendations from the lawyers.
- € 257 thousand has been utilized in four different cases related to employee claims in Zoom.in Brazil, Zoom.in B.V, AdPulse SAS and Quantum SAS.
- Azerion Holding B.V. has provided € 510 thousand in 2020 relating to potential fines to be received for failing to update employment certifications of migrant workers, due to re-structuring which occurred during 2020. In 2021 Azerion Holding B.V. has released € 390 thousand after having closely worked on the issues with the Immigration and Naturalisation Service (IND). The settlement is expected to occur within 12 months after balance sheet date.

15. Other liabilities

In thousands of €	**31 December 2021**	**31 December 2020**
Contingent consideration	39,228	-
Deferred consideration	13,877	-
Deferred consideration of other securities, tangible and intangible	847	581
Postponed Government payments	5,668	6,228
Acquisition related share appreciation rights	8,790	0
Other liabilities	749	218
	69,159	**7,027**
Current	53,527	6,809
Non-current	15,632	218
	69,159	**7,027**

The contingent consideration and deferred consideration relate to acquisitions of subsidiaries made in the current year. Refer to Note 29 for further disclosures related to contingent considerations and deferred consideration amounts reported at acquisition date and paid during 2021. And Refer to Note 22 for further disclosures on interest expensed and accrued in 2021 related to acquisitions..

The postponed government payments consist of an arrangement with the Dutch Tax Authority to postpone the payment of these taxes due to COVID-19. The start date of the payment arrangement is 1 October 2022. The payment arrangement will be spread over 5 years. The arrangement consists of a maximum of 60 equal monthly payments with the last payment in September 2027. This payment arrangement includes all outstanding tax debts for which deferral of payment has been granted. To stimulate the repayment of the outstanding debts, the collection interest will be increased step by step. The fact that the Dutch Tax Authority charges a reduced interest rate on these liabilities for most of their duration has led to fair value adjustment gain of € 1.2 million in current year. The fair value adjustment gain is included in Note 19. The extension of the payment was agreed after the 2020 balance sheet date, this was therefore a non-adjusting post balance sheet event and was carried as part of the trade payables for the 2020 financial year. This was reclassified to have the comparative figures agree to the presentation of the current period. See Note 3.22 where the significant changes from the prior year are explained.

The acquisition related share appreciation rights consist of 878 acquisition SARs that are classified as liabilities where the fixed for fixed criteria was not met and therefore cannot be classified as equity. Refer to Note 29 for more information on the SARs that were issued as part of the respective acquisitions.

16. Trade, other payables and accrued liabilities

16.1 Trade and other payables

In thousands of €	**31 December 2021**	**31 December 2020**
Trade payables	63,113	39,324
Wage taxes and social securities	9,683	4,046
Other taxes	10,998	10,848
Other liabilities and accruals (Note 16.2)	57,261	30,477
	141,055	**84,695**

16.2 Accrued liabilities

In thousands of €	**31 December 2021**	**31 December 2020**
Accruals	46,916	22,999
Accrued holiday entitlement	2,470	730
Personnel costs	2,411	498
Other	5,464	6,250
	57,261	**30,477**

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

The increase in 2021 of Trade and other payables of € 23.8 million mainly relates to the incoming acquisitions. See Note 29 Acquisition and disposals of subsidiaries.

Accruals mainly represents accrued publisher fees of €28.7 million (2020: €11.1 million), commission & provider fees of €4.6 million (2020: €2.7 million), professionals fees of € 4 million (2020: €5.8 million) and IPO Costs of € 2.5 million (2020: 0). The accrual balance increase mainly relates to the 2021 acquisitions.

In 2021, the Other line item included in Other liabilities and accruals mainly represents € 1.7 million (2020 € 0) employee share option plan expense related to the Whow Games virtual share ownership program. Refer to Note 29 for more information on the Whow virtual share ownership program.

Also refer to Note 15 for further disclosures on the deferred wage taxes.

17. Borrowings

In thousands of €	Subordinated loans	Convertible loans	Debt to participating interests	Senior secured bonds	Debt to credit institutions	Other	Total
Balance at 1 January 2020	**8,699**	**4,929**	**8,848**	**24,074**	**16,529**	**1,741**	**64,820**
Additions	-	-	-	70,017	400	-	70,417
Accrued interest	572	(53)	-	5,145	700	3	6,367
Interest paid	-	-	-	(4,164)	-	-	(4,164)
Repayment	(1,855)	(4,876)	-	(25,455)	(6,199)	(487)	(38,872)
Other movements	8,848	-	(8,848)	1,242	(595)	(760)	(113)
Reclassification to equity	(14,972)	-	-	-	-	-	(14,972)
Balance at 31 December 2020	**1,292**	**-**	**-**	**70,859**	**10,835**	**497**	**83,483**
Acquisitions of subsidiaries and businesses	-	-	-	-	10,310	49	10,359
Additions	-	-	-	227,500	-	1	227,501
Principal repayments / disposals	-	-	-	(100,000)	(13,326)	(432)	(113,758)
Loss on derecognition	-	-	-	1,937	-	-	1,937
Capitalised transaction cost	-	-	-	(5,655)	-	-	(5,655)
Interest accrued	815	-	-	13,807	-	-	14,622
Interest paid	(282)	-	-	(10,501)	-	-	(10,783)
Exchange differences	-	-	-	-	(13)	(37)	(50)
Reclassification to Equity	(1,825)	-	-	-	-	-	(1,825)
Balance at 31 December 2021	**-**	**-**	**-**	**197,947**	**7,806**	**78**	**205,831**
Balance at 31 December 2020	**1,292**	**-**	**-**	**70,859**	**10,835**	**497**	**83,483**
of which (duration)	-	-	-	-	-	-	-
< 1 Year	-	-	-	328	10,835	212	11,375
≥1 year ≤ 5 years	1,292	-	-	70,531	-	285	72,108
> 5 Years	-	-	-	-	-	-	-
Balance at 31 December 2021	**-**	**-**	**-**	**197,947**	**7,806**	**78**	**205,831**
of which (duration)	-	-	-	-			
< 1 Year	-	-	-	2,546	4,198	70	6,814
≥1 year ≤ 5 years	-	-	-	195,401	3,596	8	199,005
> 5 Years	-	-	-	-	12	-	12

Subordinated loans
The interest rates are between 3% and 10% per annum. The loans are subordinated to all other debts. The Group has an equity and cash redemption option of the outstanding loan balances. Azerion holds the contractual right and full discretion of choosing settlement by fixed equity or cash. Thus, the instrument meets the definition of an equity instrument in accordance with IAS 32. At the maturity date of the loan a fixed amount of 2,708 shares will be issued to settle the loan. In 2021 there was an additional interest of € 815 thousand (2020: € 572 thousand) and the remaining balance consisting of interest accruals was transferred to equity, resulting in a total financial liability of € 0 (2020: € 1.3 million) remaining on the Group's balance sheet.

Senior secured bonds
During the 1st quarter of 2021, the Group called an additional € 27.5 million on the existing € 100 million bond that was issued in 2020. The Group has further issued senior secured callable fixed rate bonds on 8 April 2021 for a total of € 200 million, within a total framework amount of € 300 million. The maturity date of the bonds is 28 April 2024. The bonds carry a fixed interest rate of 7.25% per annum. The Group has used the bond proceeds to fully redeem an outstanding bond of € 100 million on 8 April 2021. The security for the bonds is a share pledge in respect of all shares in the group companies Azerion Games and Content Holding B.V., Azerion Tech Holding B.V., Azerion International Holding B.V., Sellbranch AB, Youda Games Holding B.V., Voidu B.V and a pledge over any material intra-group loans.

There was an early settlement of Senior Secured Callable Floating Rate Bonds ISIN: SE0013774957. The amendment related to the bond terms' requirement that they be listed on a regulated exchange within 60 days of issue. The listing, however, required the Company to issue audited financial statements for 2020. The Company was in breach of the bond terms, and requested the clause stating the deadline for listing the bond on a regulated exchange be amended to 31 December 2021. The redeemed bond had a maturity of 17 March 2023. The derecognition lead to a loss of € 9.6 million consisting off the call premium of € 4.6 million, the make-whole interest of € 3.1 million (interest that would have been paid up to the first allowed date) and the remaining difference between repayment amount and amortised cost including accrued but unpaid interest.

Debt to credit institutions

Included in this balance as of 31 December 2021 is factoring agreements amounting to € 2.6 million (2020: € 1.4 million), a revolving credit facility with Billfront Ltd amounting to € 0 (2020: € 7.5 million) and debt to credit institutions amounting to € 4.2 million (2020: € 0).

Azerion has several factoring agreements in the Adsales business with balances of € 2.6 million as of 31 December 2021 (2020: € 1.4 million). The trade receivables used as security by third parties are maintained within the Group's assets as the risks and benefits associated with them are not transferred to such third parties. The factoring companies in particular do not accept the credit risks. The credit risk is the risk of non-recovery of trade receivables. Under contracts signed with the Group's entities, the credit risk remains within the Group. The factoring agreements have the following charges:

- For an amount of € 1.8 million (€ 1.4 million for 2020); 3-months Euribor + 0.75%;
  + plus factoring commission of 0.2%.
- For an amount of € 758 thousand (€ 0 for 2020); 3-months Libor + 1.20%;
  + plus factoring commission of 0.18%.

Azerion had a revolving credit facility with Billfront Ltd which has been repaid in full as of 30 September 2021 and replaced by a non-recourse factoring agreement with Agribank, resulting in a decrease in the outstanding amount of trade receivables (2020: € 7.5 million). In 2020 the revolving credit facility with Billfront is charged at Euribor + 7.6%, with an upfront arrangement fee of 0.7% of the maximum aggregate outstanding amount. It is renewed every 30 to 120 days and is generally renewed at 60-day intervals. It requires a collateral of 125% of qualifying accounts receivable. In 2021 (Date of issue: 30 September 2021) the non-recourse factoring agreement with Agribank is charged at a fixed initial discount of 0.75% of the invoice value, a variable discount of 5% per annum to the outstanding debt calculated daily from the date of initial payment until the collection date, and an extra discount of 0.4% per day in respect of any outstanding debt after the late payment period. The facility limit is € 10 million and will continue until the agreement is ended by Azerion or a notice is provided by Agribank.

Next to the factoring agreements, Azerion took over some entities that had governmental aided loans. The total amount for the 5 governmental aided loans ending 2021 was € 3.5 million. The interest rates range from 0% to 3.2% and the maturity dates are between 2023 and 2026. The total amount for other commercial loans ending 2021 was € 700 thousand, with interest rates ranging from 3.38% to 5.29%. Refer to the loan schedule overview for further details.

Other

The other relates to outstanding balances with financial institutions and credit providers. The decrease relates to repayments made during 2021.

Repayment obligations falling due within 12 months from the end of the financial year, as set out above, are included in current liabilities.

Borrowing terms 2021

	Issue Currency	Principal Amount entered	Date entered	Non-current	Current	Effective interest rate	Year of Maturity
		In thousands of issued currency		In thousands of €			
Senior Secured Callable Bonds	EUR	200,000	28 April 2021	195,401	2,546	8.38%	2024
Zero-interest financing for innovation	EUR	2,400	21 October 2014	120	480	0.00%	2023
Zero-interest state guaranteed loan	EUR	400	19 June 2020	400	-	0.70%	2025
Factoring contracts	EUR	-	5 December 2013	-	2,561	Euribor 3M + 0,75%	-
Revolving credit facility	EUR	-	4 November 2019	-	-	Euribor 3M + 0,76%	2021
Acquisition loan 1	SEK	5,000	1 September 2016	-	61	5.28%	2022
Acquisition loan 2	SEK	4,000	1 April 2015	89	135	5.29%	2023
Acquisition loan 3	EUR	500	23 June 2020	187	126	3.00%	2024
Government support loans	EUR	1,000	9 May 2020	914	108	0.75%	2026
Government support loans	EUR	1,000	18 May 2020	916	84	0.58%	2026
Government support loans	EUR	1,500	1 September 2015	150	300	2.14%	2023
Government support loans	EUR	75	1 November 2014	8	15	Variable	2023
Government support loans	EUR	1,000	1 December 2018	700	200	3.17%	2026
Government support loans	EUR	500	13 September 2014	-	100	0.00%	2022
Commerzbank	EUR	200	31 March 2017	125	28	3.38%	2032
Other	EUR	-	-	7	70	-	-
Total				**199,017**	**6,814**		

Borrowing terms 2020

	Issue Currency	Principal Amount entered	Date entered	Non-current	Current	Effective interest rate	Year of Maturity
		In thousands of issued currency		In thousands of €			
Senior Secured Callable Floating Rate Bonds	EUR	72,500	9 March 2020	64,611	6,248	8.50%	2023
Zero-interest financing for innovation	EUR	2,400	21 October 2014	600	480	0.00%	2022
Zero-interest state guaranteed loan	EUR	400	19 June 2020	400	-	0.00%	2022
Factoring contracts	EUR	-	5 December 2013	-	1,420	Euribor 3 months + 0.70%	2021
Revolving credit facility	EUR	-	4 November 2019	-	7,453	Euribor 3 months + 0.76%	2021
Acquisition loan 1	CAD	680	3 July 2019	-	218	6.00%	2021
Acquisition loan 2	CAD	70	3 July 2019	-	22	6.00%	2021
Subordinated shareholder loans	EUR	16,823	2016 – 2019	16,264	-	3% - 10%	2023
Commerzbank	EUR	200	31 March 2017	181	27	4.32%	2022
Car financial lease	EUR	78	5 August 2019	33	19	4.99%	2023
Total				**82,089**	**15,887**		

Azerion has a zero-interest financing loan in AdUX Group with balances of € 0.6 million at 31 December 2021. This loan is financing for innovation.

As part of the measures put in place by the government following the COVID-19 crisis, the company Adysseum contracted a loan guaranteed by the State for an amount of € 400 thousand with BNP on 19 June 2020. This financing is a one-year cash loan for which the repayment of the principal and the payment of interest and accessories will take place at once on the due date. This loan offers the possibility of requesting amortization of amounts due on maturity over an additional period of 1 to 5 years. Following an agreement between the Ministry of the Economy and Finance and the banking profession on 14 January 2021, all companies wishing to do so, regardless of their activity and size, can also request a deferral of an additional year to start repaying their government guaranteed loan. The group have requested to apply for such deferral.

18. Revenue from contracts with customers

18.1 Revenue streams

The Group generates revenue primarily from the sales of Platform and Premium Games segments. Amongst the most important categories of customers and suppliers are the leading publishers of newspapers, multinational technology companies that specialise in internet-related services and products, large and small corporate advertisers, game creators and the gaming community.

Refer to Note 31 for additional disclosures regarding revenue within the respective operating segments.

18.2 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by geographical market:

In thousands of €	2021	2020
Primary geographical markets		
The Netherlands	184,353	136,049
Other European countries	119,531	55,939
Other countries	4,169	3,088
Total revenue from contracts with customers	**308,053**	**195,076**

18.3 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

In thousands of €	31 December 2021	31 December 2020
Trade receivables included in "Trade and other receivables"	77,438	39,720
Contract assets	12,111	8,482
Contract liabilities	(351)	(383)
	89,198	**47,819**

Revenue from providing services is recognised in the accounting period in which services are rendered. If services rendered by the group exceed the payment, a contract asset is recognised. Contract assets have increased as the group has provided more services ahead of the agreed payment schedules.

The contract liabilities have been recognised as revenue within 12 months after each reporting period except for € 351 thousand contract liabilities recognised as at 31 December 2021, which is settled within 1 year after year-end.

In thousands of €	31 December 2021	31 December 2020
Balance	**(351)**	**(383)**
< 1 Year	(351)	(383)
≥1 year ≤ 5 years	-	-
> 5 Years	-	-

19. Personnel costs

In thousands of €	2021	2020
Wages and salaries	33,869	21,284
Social charges	8,518	5,918
Pension costs	1,023	689
Share-based payment expense	1,169	434
Incentive compensation expenses	6,315	1,163
Other costs	4,185	3,213
	55,079	**32,701**

Wages and salaries represent the net amount of the wages and salaries expense and the compensation received from the Dutch State for the Azerion Group's labour expenses during 2020 and the reversal of this compensation in 2021. This compensation amounted to € 1 million in 2020 and a reversal of € 750 thousand in 2021.

For the period ending 31 December 2021, Other costs consists of other staff expenses of € 1 million, contractor fees of € 2.7 million and the fair value adjustment gain of € 1.2 million relating to the reduced interest rate charged by the Dutch Tax Authority. Compared to 2020, there has been a total increase of € 1 million in other costs, which is mainly explained by an increase of € 500 thousand related to temporary employee costs.

The amount of personnel related development costs that has been capitalized in 2021 amounted to € 12.1 million (2020: € 8.0 million). Any costs associated with research are expensed as they arise and only identifiable development costs are capitalised.

The average headcount, representing FTE's per department is presented below:

Number of employees by department	**31 December 2021**	**31 December 2020**
Engineering & Product	600	423
Commercial	246	157
Corporate	223	149
Total	**1,069**	**729**

A total of 366 employees are based in the Netherlands (2020: 270 employees). The increase in employees based in the Netherlands during 2021 is due to the acquisitions that were executed.

20. Other gains and losses

In thousands of €	2021	2020
Profit/(Loss) on the sale of property, plant and equipment	(86)	95
Profit/(Loss) on the disposal of intangible assets	(85)	-
Net foreign currency gain / (loss)	(541)	1,389
Other gains	1,449	-
	737	**1,484**

The other gains in 2021 relate mainly to the gain on purchase of Talpa Azerion Gaming B.V. Refer to Note 30 for further disclosures.

21. Costs of services and materials and other expenses

21.1 Costs of services and materials

In thousands of €	2021	2020
Website expenses	74,357	40,340
Publisher fees	96,688	70,500
Advertising and email routing	520	2,546
Hosting fees	12,416	10,643
Other direct costs	3,911	1,109
Gains on cryptocurrency	(2,048)	-
Losses on foreign currency	1,387	-
	187,231	**125,138**

Other direct costs include user acquisition fees, hosting and software licence fees, and rental of IT equipment.

21.2 Other expenses

In thousands of €	2021	2020
Accommodation costs	111	169
Travel and representation costs	2,343	1,284
IPO costs	5,754	-
Accounts receivable loss allowance	788	1,268
Selling expenses	5,808	4,300
Professional services	11,687	6,120
Insurance costs	437	360
Transition costs	-	107
Operating costs	2,806	2,900
Other costs	3,594	344
	33,328	**16,852**

Professional services mainly comprise of legal, accounting, audit and other consultancy services received. The increase in professional services compared to the previous year is attributable to additional consultancy services received related to the business combination with EFIC1.

Other costs include bank charges, indirect taxes and other general and administrative expenses, including business enhancements and subscriptions, software development and data warehouse costs, car rentals and office maintenance costs.

Independent Auditor's fee

Other expenses include, among others, independent auditor's fees. PricewaterhouseCoopers Accountants N.V. served as the independent public accountants for the fiscal year ended December 31, 2021 and December 31, 2020. The following table presents the aggregate fees rendered by PricewaterhouseCoopers Accountants N.V. and other professional firms:

In thousands of €	Pricewaterhouse Coopers Accountants N.V.	Pricewaterhouse Coopers member firms	Other accounting firms	Total 2021
Audit of the financial statements	1,914	99	424	2,437
Other non-audit services	-	-	933	933
Other audit procedures	135	-	-	135
Tax services	-	-	200	200
	2,049	**99**	**1,557**	**3,705**

In thousands of €	Pricewaterhouse Coopers Accountants N.V.	Pricewaterhouse Coopers member firms	Other accounting firms	Total 2020
Audit of the financial statements	538	162	23	723
Other non-audit services	-	-	591	591
Other audit procedures	-	-	-	-
Tax services	-	-	173	173
	538	**162**	**787**	**1,487**

These are the audit fees related to the audit services rendered in the respective book year.

22. Net finance costs

In thousands of €	2021	2020
Other finance income	1,793	1,582
Finance income	**1,793**	**1,582**
Interest expense on related party loans	847	519
Interest expense on third party balances	17,719	5,849
Interest on leases (IFRS 16)	1,442	572
Other finance costs	8,402	3,736
Finance costs	**28,410**	**10,676**
Net Finance costs	**26,617**	**9,094**

Other finance income mainly include interest received from borrowings to related parties.

Included in Interest expense on third party balances is interest accrued on contingent consideration of € 487 thousand and interest accrued on deferred consideration of € 111 thousand.

Other finance costs mainly include € 7.7 million (call premium and make-whole interest) as driven by the early settlement of Senior Secured Callable Floating Rate Bonds ISIN: SE0013774957 explained in Note 17.

23. Income tax

Major components of income tax expense are as follows:

In thousands of €	2021	2020
Current tax expense		
Current year	(2,104)	(516)
Changes in estimates related to prior year	643	-
	(1,461)	**(516)**
Deferred tax expense		
Origination and reversal of temporary differences	1,866	3,472
Changes in estimates related to prior year	(1,064)	-
Recognition of previously unrecognised tax losses	-	2,519
De-recognition of recognized losses	(166)	(1,154)
Tax losses not recognized	-	(6,341)
Use of unrecognized losses	-	2,608
Use of recognized tax losses	(1,024)	-
Use of other non-recognized tax attributes	-	20
Change in tax rate	(150)	(614)
	(538)	**510**
Income tax expense reported in the Statement of Profit or Loss	**(1,999)**	**(5)**

23.1 Reconciliation of income tax expenses

In thousands of €	2021	2020
Profit / (Loss) before tax	**(17,979)**	**(5,420)**
Tax using the company's tax rate of 25%	4,497	1,355
Effect of different income tax rates other countries	958	991
Prior year adjustments	(32)	70
Non-taxable amounts	3,201	80
Non-deductible interest	-	(31)
Non-deductible other amounts	(4,205)	(540)
Recognition of non-recognised losses	105	2,519
De-recognition of recognized losses	-	(1,154)
Tax rate changes	(149)	(614)
Tax losses not recognised	(2,855)	(6,341)
Utilisation of previously non-recognised losses	1,066	2,608
Other non-recognized tax attributes	(4,686)	-
Utilisation of other non-recognised tax attributes	47	20
Other	54	1,033
Income tax expense at effective tax rate	**(1,999)**	**(5)**
Effective tax rate	-11%	0%

23.2 Deferred tax assets and liabilities

Movement in deferred tax asset balances:

In thousands of €	Net balance at 31 December 2020	Recognized in profit or loss	Recognized in OCI	Acquired in business combi-nations	Exchange rate effect	Other	Net balance at 31 December 2021
Property, plant and equipment	125	580	-	-	-	-	705
Intangible assets	2,005	(101)	-	-	-	-	1,904
Pensions	133	13	-	-	-	-	146
Tax loss carry forwards	2,519	(1,141)	-	784	-	-	2,162
Other	72	-	-	-	17	-	89
Netting DTA/DTL	(2,469)	-	-	-	-	1,658	(811)
Total deferred tax asset	**2,385**	**(649)**	**-**	**784**	**17**	**1,658**	**4,195**

Movement in deferred tax liability balances:

In thousands of €	Net balance at 31 December 2020	Recognized in profit or loss	Recognized in OCI	Acquired in business combi-nations	Exchange rate effect	Other	Net balance at 31 December 2021
Intangible assets	(6,950)	111	-	(23,464)	(47)	(389)	(30,739)
Borrowings	(846)	-	846	-	-	-	-
Other	175	-	-	-	1	-	176
Netting DTA/DTL	2,469	-	-	-	-	(1,658)	811
Total deferred tax liability	**(5,152)**	**111**	**846**	**(23,464)**	**(46)**	**(2,047)**	**(29,752)**
Net deferred tax asset / (liabilities)	**(2,767)**	**(538)**	**846**	**(22,680)**	**(29)**	**(389)**	**(25,557)**

Movement in deferred tax asset balances:

In thousands of €	Net balance at 31 December 2019	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in business combinations	Net balance at 31 December 2020
Property, plant and equipment	72	53	-	-	-	125
Intangible assets	2,099	(201)	-	-	106	2,005
Pensions	134	12	(14)	-	-	133
Tax loss carry forwards	1,587	932	-	-	-	2,519
Other	-	-	-	72	-	72
Netting DTA/DTL	-	-	-	-	-	(2,469)
Total deferred tax asset	**3,892**	**797**	**(14)**	**72**	**106**	**2,385**

Movement in deferred tax liability balances:

In thousands of €	Net balance at 31 December 2019	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Acquired in business combinations	Net balance at 31 December 2020
Intangible assets	(4,324)	(389)	-	-	(2,237)	(6,950)
Borrowings	-	-	-	(846)	-	(846)
Other	-	102	-	73	-	175
Netting DTA/DTL	-	-	-	-	-	2,469
Total deferred tax liability	**(4,324)**	**(287)**	**-**	**(773)**	**(2,237)**	**(5,152)**
Net deferred tax asset / (liabilities)	**(432)**	**510**	**(14)**	**(701)**	**(2,131)**	**(2,767)**

The Company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans, cash forecasts and budgets of the Company.

The 2021 deferred tax asset position on net operating losses are recognized based on the local loss compensation rules, the deferred tax liabilities which can be used as a source of income and estimated future taxable income.

23.3 Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items, as it is not probable that future taxable profit will be available against which the Group can use the benefits there from:

In thousands of €	31 December 2021	31 December 2020
Loss before tax	**(17,979)**	**(5,419)**
Tax losses	233,834	209,072
Unrecognized losses	**231,671**	**198,907**
Expire	24,069	92,317
Never expire	207,602	106,590

Expiration year of losses carried forward (2021)

	2022	2023	2024	2025	2026	Later	Unlimited	Total
Total loss carried forward	-	-	-	-	-	24,069	209,765	233,834
Loss carried forward not recognized in deferred tax assets	-	-	-	-	-	24,069	207,602	231,671
Total recognized	**-**	**-**	**-**	**-**	**-**	**-**	**2,163**	**2,163**

Expiration year of losses carried forward (2020)

	2021	2022	2023	2024	2025	Later	Unlimited	Total
Total loss carried forward	-	560	10,574	1,673	22,410	66,711	107,144	209,072
Loss carried forward not recognized in deferred tax assets	-	560	10,574	1,673	22,410	57,100	106,590	198,907
Total recognized	**-**	**-**	**-**	**-**	**-**	**9,611**	**554**	**10,165**

As of 1 January 2022 the Dutch net operating losses can be used for an unlimited time. Note that this applies to net operating losses as of 2013.

23.4 Uncertain tax positions

Azerion takes income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include the interpretation of income tax laws applied to complex transactions. The Company periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions is based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information, the Company believes that the ultimate resolution of such matters will not have a material effect on the Company's financial position, statements of operations or cash flows.

24. Related parties

The related parties of the Company are entities and individuals capable of exercising control, joint control or significant influence over the Company and companies belonging to Azerion Holding B.V. In addition, members of the Management Board, executives with strategic responsibilities and their close family members are also considered related parties. The Company carries out transactions with its related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

24.1 Key management personnel ('KMP') remuneration

KMP consists of 5 directors (31 December 2020: 5) that form the leadership team. The total remuneration of key management personnel was as follows:

In thousands of €	2021	2020
Short-term employee benefits	1,672	1,583
Post-employment benefits	14	13
Share-based payment benefits	93	83
Other	109	-
Remuneration of directors and top executives	**1,888**	**1,679**

24.2 Borrowings from related parties

The following movement schedule illustrates the movements in the borrowings from related parties:

In thousands of €	Subordinated loans	Convertible loans	Debt to participating interests	Total
Balance at 1 January 2020	**8,699**	**4,929**	**8,848**	**22,476**
Accrued interest	572	(53)	-	519
Repayment	(1,855)	(4,876)	-	(6,731)
Reclassification	8,848	-	(8,848)	-
Reclassification to equity	(14,972)	-	-	(14,972)
Balance at 31 December 2020	**1,292**	**-**	**-**	**1,292**
Accrued interest	847	-	-	847
Repayment	(314)	-	-	(314)
Reclassification	-	-	-	-
Reclassification to equity	(1,825)	-	-	(1,825)
Balance at 31 December 2021	**-**	**-**	**-**	**-**

Refer to Note 17 where the terms and conditions of the borrowings from related parties listed above is disclosed. The interest rates are between 3% and 10% per annum.

24.3 Loans to shareholders

In thousands of €	Loans granted to Principion
Balance as of 1 January 2020	**-**
Additions	25,360
Fair value adjustment on shareholder loans	(3,384)
Accrued interest	624
Repayments	(6,100)
Balance as of 31 December 2020	**16,500**
Additions	12,351
Accrued interest	1,021
Fair value adjustment on shareholder loans	(1,364)
Modification of shareholder loans	4,852
Balance as of 31 December 2021	**33,360**

Refer to Note 8 where the terms and conditions of the loan granted to Principion are disclosed. During the 2021 financial year the Company accrued interest on the loan to Principion amounting to € 1.0 million (2020: € 624 thousands).

In October 2021, the interest rate relating to the loan was amended to 4.0% to reflect market interest rate. The addendum was retrospectively effective on the date of the loan but not accounted for as such in accordance with IFRS. In the 2021 financial year there was a fair value adjustment of negative € 1.4 million and a modification of the loan of positive € 4.9 million.

The fair value adjustment and the modification are recorded directly in equity.

24.4 Receivables from related parties

The following balances are receivable at the end of the reporting period from related parties:

In thousands of €	31 December 2021	31 December 2020
AdUX Regions SAS	145	787

The receivables from related parties relates to transactions in the normal course of business between AdUX Group and AdUX Regions SAS driven by the fact that AdUX Group has a 26.9% ownership of AdUX Regions SAS and therefore consolidates via equity method.

24.5 Transactions with related parties

Lease agreements

In 2020 Azerion Holding B.V. entered into a lease agreement with Cornellia SR1 B.V., for the property located at 132 Beechavenue. The lease agreement resulted in the following being recognised:

- right-of-use asset of € 0 as at 31 December 2021 (2020: € 395 thousand)
- lease liability of € 233 thousand as at 31 December 2021 (2020: € 426 thousand)
- depreciation on the right-of-use asset of € 211 thousand for the year ending 31 December 2021 (2020: € 54 thousand)
- impairment on the right-of-use asset of € 184 thousand for the year ending 31 December 2021
- interest on lease liability of € 29 thousand for the year ending 31 December 2021 (2020: € 54 thousand)

In 2020 Azerion Holding B.V. entered into a lease agreement which came into effect from 1 May 2021 with Cornellia SR2 B.V. for the property located at 30 Boeing Avenue. From 1 May 2021 the property located at 30 Boeing Avenue went into use. The lease agreement resulted in the following being recognised:

- right-of-use asset of € 3.4 million as at 31 December 2021
- lease liability of € 3.6 million as at 31 December 2021
- depreciation on the right-of-use asset € 527 thousand the year ending 31 December 2021
- interest on lease liability of € 155 thousand for the year ending 31 December 2021
- refurbishment costs capitalised as leasehold improvements in year ended December 2021 was € 0.7 million

Cornellia SR1 B.V. and Cornellia SR2 B.V. are companies owned and controlled by a shareholder of Principion B.V. the ultimate parent company of the Group.

In 2021 Triodor Arastirma Gelistirme Yazlim Ve Bilisim Ticaret Ltd Sti, a wholly owned subsidiary of Azerion Holding B.V. entered into lease agreements with Brick Realestate Gayrimenkul Yatirim Ltd. Sti. a company controlled by Principion B.V. the ultimate parent company of the group.

The lease agreements resulted in the following being recognised:

- right-of-use asset of € 1.052 thousands as at 31 December 2021
- lease liability of € 1.144 thousands as at 31 December 2021
- depreciation on the right-of-use asset € 381 thousand the year ending 31 December 2021
- interest on lease liability of € 344 thousand for the year ending 31 December 2021

The group have rental agreements for two apartments in the Netherlands to use as a temporary accommodation for new Azerion employees who are relocating to the Netherlands. One of the landlords of the apartments which rental agreement signed is key management personnel in the group and the other one is a family member of a key management personnel. Total amount of rent expense for both apartments was €41 thousand for the year 2021.

Agribank PLC

As of 31 December 2021 the co-CEOs of the Group are in the process of acquiring an indirect majority stake in Agribank PLC. During 2021 certain subsidiaries in the Group have entered into a non-recourse factoring agreement with Agribank PLC. As a result of such factoring agreement, the total amount of receivables factored and derecognized is amounting to € 15.2 million and interest expense recognized in profit and loss is amounting to € 600 thousand for the year ended 31 December 2021.

Dutch Dream Foundation
The Dutch Dream Foundation (DDF), was established in 2006 and is controlled by the joint CEO's of Azerion Holding B.V. The DDF focuses on talented, entrepreneurial, and ambitious young people between 15 and 25 years old, with a multicultural background who want to realise their dreams faster and more consciously. Various studies show that young people with a migration background still have disadvantages and have difficulty securing positions in the labour market. The Dream On Talent project aims to reduce this backlog. The DDF benefits from sponsorship funding from Azerion. Donations made to the DDF during the year ended 31 December 2021 amounted to € 0 (2020 € 91 thousand). In addition the foundation benefitted from the use of office space at Azerion headquarters and administrative and marketing support amounts deemed immaterial.

Fortuna Sittard
On 13 May 2021 Principion B.V. the ultimate parent company of the group as at 31 December 2021 acquired a 20% interest in Fortuna Sittard, a football club in Sittard, the Netherlands, which features in the Dutch premier league, the Eredivisie. There are no material transactions between the group and Fortuna Sittard during 2021.

Other transactions
Kers Tarım İthalat İhracat ve Tic.Ltd.Şti. ("Kers Tarim") a company owned by Principion B.V. which has a cherry tree orchard in Bahadin, Turkey received a loan from Azerion during 2021. The total receivable is € 84 thousand as of 31 December 2021.

The group has made donations amounting to € 11 thousand to an elderly home foundation where a member of the board is a representative during the year 2021.

Antilla B.V., a company owned and controlled by a relative of the board and shareholder of Principion B.V. provided consultancy services to Azerion during 2021 amounting to € 61 thousands.

25. List of subsidiaries

The Group's principal subsidiaries at 31 December 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The registered office is also their principal place of business.

Entity name	Registered office	31 December 2021 %	31 December 2020 %
Adexpert SPRL	Ixelles (BE)	55,0	55,0
Admeen BV	Schiphol-Rijk (NL)	100,0	-
Admoove SAS	Paris (FR)	55,0	55,0
AdUX Benelux SPRL	Ixelles (BE)	55,0	55,0
AdUX SA	Paris (FR)	55,0	55,0
Azerion Belgium (former Sellbranch Benelux BvbA)	Ixelles (BE)	100,0	100,0
Azerion France SARL (former Adysseum SARL)	Paris (FR)	55,0	55,0
Azerion Games and Content Holding B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Gaming B.V. (formerly Talpa Azerion Gaming B.V.)	Schiphol-Rijk (NL)	100,0	50,0
Azerion Holding BV	Schiphol-Rijk (NL)	100,0	100,0
Azerion International Holding B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion IP B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Media B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Nederland B.V. (formerly Semilo B.V.)	Schiphol-Rijk (NL)	100,0	100,0
Azerion Portugal Lda	Lisbon (PT)	75,0	75,0
Azerion Productions Casual B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Productions E-Business B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Productions GD B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Productions PG B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Productions Services B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Publisher Services B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Services B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Spain SL (former Hi-Media Espana Publicidad OnLine SL)	Madrid (ES)	100,0	100,0
Azerion Sports B.V. (former Yoki Network Holding B.V.)	Schiphol-Rijk (NL)	100,0	100,0
Azerion Sweden AB	Stockholm (SE)	99,1	96,9
Azerion Sweden SB AB (former Sellbranch AB)	Stockholm (SE)	100,0	100,0
Azerion Tech Development B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Tech Engineering B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Tech Holding B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Tech Productions B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Technology B.V. (former Improve Digital B.V.)	Schiphol-Rijk (NL)	100,0	100,0
Azerion Yazilim Ltd	Istanbul (TR)	-	100,0
Collective Europe Ltd	London (UK)	100,0	100,0
Connect2 Media Ltd (MFORMA Ltd)	London (UK)	100,0	100,0
Delta Projects AB	Stockholm (SE)	100,0	-

Entity name	Registered office	31 December 2021 %	31 December 2020 %
Funtomic Ltd	Ramat Gan (IL)	100,0	100,0
Gembly B.V.	Schiphol-Rijk (NL)	-	100,0
Genba Digital Ltd	London (UK)	100,0	-
Hi-Media Deutschland AG	Düsseldorf (DE)	100,0	100,0
Hi-media Italia SRL	Milan (IT)	-	55,0
Inskin Media Ltd	London (UK)	100,0	-
KeyGames Network B.V.	Schiphol-Rijk (NL)	100,0	100,0
KMobile AB	Stockholm (SE)	100,0	-
Netwerk360 GmbH	Berlin (DE)	-	100,0
Plinga GmbH	Berlin (DE)	100,0	100,0
Quantum Belgium SPRL	Belgium (BE)	55,0	55,0
Quantum Native Solutions Italia SRL	Milan (IT)	55,0	55,0
Quantum Advertising Nederland B.V.	Schiphol-Rijk (NL)	77,0	77,0
Quantum Publicidad S.L.	Madrid (ESP)	55,0	55,0
Quantum SAS	Paris (FR)	55,0	55,0
Rocabee Ltd	London (UK)	-	100,0
sMeets Communications GmbH	Berlin (DE)	100,0	100,0
Spilgames Group BV	Schiphol-Rijk (NL)	100,0	100,0
Strossle International AB	Stockholm (SE)	100,0	-
Sublime SKINZ LABS SAS	Paris (FR)	100,0	-
Sulake Oy	Helsinki (FI)	100,0	100,0
Titan Gate AD (trading as "PubGalaxy")	Varna (BGR)	100,0	-
Triodor Holding B.V.	Schiphol-Rijk (NL)	100,0	100,0
Voidu B.V.	Schiphol-Rijk (NL)	100,0	100,0
WHOW Games GmbH	Berlin (DE)	100,0	-
Woozworld Inc	Toronto (CA)	100,0	100,0
Youda Games Holding B.V.	Schiphol-Rijk (NL)	100,0	100,0
Zoom.In Group B.V.	Schiphol-Rijk (NL)	100,0	100,0

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Proportion of ownership interest and voting rights held by non-controlling interest

Entity name	Registered office	31 December 2021 %	31 December 2020 %
AdUX Portugal Lda	Lisbon (PT)	25	25
AdUX SA	Paris (FR)	45	45
Quantum Advertising Nederland B.V.	Schiphol-Rijk (NL)	23	23

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

Summary financial performance

In thousands of €	2021	2020
Sales	23,952	17,947
Cost of sales	(14,258)	(9,830)
Gross profit	**9,694**	**8,117**
Purchases	(3,038)	(3,165)
Payroll costs	(4,467)	(4,530)
Depreciation and amortization	(1,211)	(1,638)
Stock based compensation	-	-
Other non-current income and charges	(340)	618
Operating profit	**638**	**(598)**
Cost of indebtedness	(56)	(67)
Other financial income and charges	(273)	(113)
Share in the earnings of the companies treated on an equity basis	56	-
Earnings before tax	**365**	**(778)**
Income Tax	(139)	(72)
Net income	**226**	**(850)**
Including minority interests	9	-
Including Group share	**235**	**(850)**

Summary statement of financial position

In thousands of €	31 December 2021	31 December 2020
Assets		
Net Goodwill	2,468	2,468
Net intangible fixed assets	618	842
Net tangible fixed assets	118	168
Right-of-use assets related to leases	142	956
Non-current financial assets	151	175
Non-current assets	**3,497**	**4,609**
Customers and other debtors	16,291	13,345
Other current assets	5,468	6,313
Cash and cash equivalents	1,860	1,557
Current assets	**23,619**	**21,215**
Total assets	**27,116**	**25,824**
Equity and liabilities		
Shareholders' equity (Group share)	**(5,396)**	**(5,603)**
Minority interests	18	27
Shareholders' equity	**(5,378)**	**(5,576)**
Long-term borrowings and financial liabilities	520	1,000
Long-term lease liabilities	41	723
Non-current Provisions	740	580
Non-current liabilities	**1,301**	**2,303**
Short-term financial liabilities and bank overdrafts	2,275	1,900
Short-term lease liabilities	117	310
Current provisions	135	200
Suppliers and other creditors	20,311	20,667
Other current debts and liabilities	8,355	6,020
Current liabilities	**31,193**	**29,097**
Total equity and liabilities	**27,116**	**25,824**
Accumulated NCI	**2,420**	**2,509**

Summary statement of cash flows

In thousands of €	31 December 2021	31 December 2020
Net cashflow from operating activities	1,510	(344)
Net cashflow from investing activities	(332)	(496)
Net cash flow from financing activities	(877)	(773)
Net cash flow for the period	302	(1,613)
Cash and cash equivalents on 1 January	1,557	3,172
Cash and cash equivalents at the end of the period	1,860	1,559

Subsidiaries in the Netherlands

A declaration of joint and several liability pursuant to the provisions of Section 403, Part 9, Book 2, of the Dutch Civil Code has been issued with respect to legal entities established in the Netherlands. The list of the legal entities for which the declaration has been issued is disclosed in Note 44 in the Azerion Holding B.V. stand-alone financial statements.

26. Fair value measurement

IFRS 13 establishes a hierarchy that categorizes into three levels the inputs used to measure fair value by giving the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy at the lowest level input that is significant to the entire measurement. Levels used in the hierarchy are as follows:

Level 1:
fair values are based on quoted prices in active markets.

Level 2:
fair values are determined based on valuation techniques which use inputs that are based on observable market data.

Level 3:
fair values that are determined based on valuation techniques which use inputs that are not based on observable market data.

Financial instruments at amortized cost

The majority of the Group financial assets and liabilities are carried at amortized cost using the effective interest method. The fair values of these instruments are not materially different from their carrying values, since the instruments are either short-term in nature or the interest rates are on market terms.

There were no transfers between fair value hierarchy levels in 2021 and 2020.

Fair value measurement of other equity instruments (Note 11)

Other equity instruments are measured at fair value upon the grant date. As explained further in the subsequent event section, the Group became listed with a SPAC transaction on February 1, 2022. Before the completion of the transaction, an announcement was made on December 13, 2021 by SPAC which quoted a value of the Group.

For the fair value measurement between 1 January 2021 – 13 December 2021, the Group retroactively used the implied growth from 30 June 2020 (last valuation date before the business combination with EFIC1) to 13 December 2021 as the growth rate in the equity value by considering linear growth between these two periods. The technique used is a discounted cash flow analysis using estimated future cash flows, weighted average cost of capital (corrected for debt instruments) and a terminal growth rate as its major inputs. We sense-check the implied growth assumptions, and the resulting valuations with reference to the Market approach method, to ensure all values are within a reasonable range.

Fair value measurement of Financial Liabilities 'at fair value through Profit and Loss' (Note 15)

For the fair value measurement between 1 January 2021 – 13 December 2021, the Group retroactively used the implied growth from 30 June 2020 (last valuation date before the business combination with EFIC1) to 13 December 2021 as the growth rate in the equity value by considering linear growth between these two periods. The technique used is a discounted cash flow analysis using estimated future cash flows, weighted average cost of capital (corrected for debt instruments) and a terminal growth rate as its major inputs. We sense-check the implied growth assumptions, and the resulting valuations with

reference to the Market approach method, to ensure all values are within a reasonable range.
The Enterprise Value of € 1.3 billion. (€ 1.1 billion after net debt deduction) as mentioned in the Shareholder Circular, published by EFIC1 on 13 December 2021, reflects the result of the valuation technique. This value is applied for the measurement of the liabilities classified as 'at fair value through Profit and Loss'.

The reconciliation of movements in the fair value measurement of the financial liabilities classified 'at fair value through profit and loss' is as follows:

In thousands of €	**Share Appreciation Rights**	**Total**
Balance at 1 January 2021	**-**	**-**
Transfers in/out Level 3	-	-
Issue of SARs	8,359	8,359
Total gains or losses for the period:		
Included in profit or loss	431	431
Balance at 31 December 2021	**8,790**	**8,790**

27. Financial risk management

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign currency exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in Euros (€)	Sensitivity analysis	Part of the daily business management
Credit risk	Cash and cash equivalents, deposits trade and other receivables	Credit ratings	Diversification of bank accounts. Part of the daily business management
Liquidity risk	Lease liabilities, contract liabilities, employee benefit obligations, other liabilities and trade and other payables	Maturity analysis	Availability of committed credit lines and borrowing facilities
Capital risk	Equity and external debts	Ratio analysis	Part of the daily business management

Susceptibility of the Group to financial risks is monitored as a part of its daily management of the business.

27.1 Market risk - foreign currency exchange

The functional currency of the Company is the Euro. The Group faces currency risks related to the transactions carried out in the currencies other than the functional currency. The Group has not entered into transactions designed to hedge against the foreign currency risks.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Euro currency units, was as follows:

In thousands of €	American Dollar	British Pound	Swedish Krona	Euro	Other
31 December 2021					
Trade and other receivables	18,326	3,372	5,774	20,117	1,660
Other non-current assets	-	19	-	-	-
Cash and cash equivalents	2,163	42	-	3,307	44
External borrowings	-	(3)	-	-	(31)
Trade and other payables	(14,517)	(8,302)	(16,223)	(8,825)	(2,967)
Exposure	**5,972**	**(4,872)**	**(10,449)**	**14,599**	**(1,294)**

In thousands of €	American Dollar	British pound sterling	Swedish Krona
31 December 2020			
Trade and other receivables	(23)	3,287	615
Other non-current assets	-	3	388
Cash and cash equivalent	11	219	138
External borrowings		(298)	(170)
Trade and other payables	(6,624)	(4,672)	(10,591)
Exposure	**(6,636)**	**(1,461)**	**(9,620)**

Sensitivity analysis

A possible strengthening (weakening) of the foreign currencies by +/- 10.0% against the local currency of the entities in the group at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases.

In thousands of €	American Dollar	British Pound	Swedish Krona	Euro	Other
31 December 2021					
Currency strengthening by 10%	597	(487)	(1,045)	1,460	(129)
Currency weakening by 10%	(597)	487	1,045	(1,460)	129

In thousands of €	American Dollar	British pound sterling	Swedish Krona
31 December 2020			
Currency strengthening by 10%	(664)	(146)	(962)
Currency weakening by 10%	664	146	962

27.2 Credit risk

Credit risk arises from cash at bank is considered to be minimal.

Majority of the cash at bank and deposits are held with high credit quality financial institutions with a credit rating of A or higher. With respect to trade and other receivables, the Group mitigates the credit risk through credit limits for each debtor on post-paid terms. These receivables are extremely short term in nature. The credit quality of the customer, considering its financial performance, liquidity ratios, past experience and other factors (e.g., funding rounds) is used to assess the credit risk relating to the customer. The compliance with credit limits is monitored regularly by management.

The Group relies on a number of third parties to provide payment processing services ('payment service providers') to collect amounts due from end-users. Payment service providers are financial institutions or credit card companies that the Group believes are of high credit quality.

In thousands of €	31 December 2021	31 December 2020
Trade and other receivables	91,304	51,711
Contract assets	12,111	8,482
Cash at bank	35,336	10,396
Exposure	**138,751**	**70,589**

The expected credit loss is determined using a combination of approaches, consisting of individual assessment, netting and provision matrix application. Azerion first assesses trade receivables to determine whether individual receivables have facts and circumstances that may cause it to be impaired. These facts (not exhaustive) include historical collectability issues as well as expected future collectability issues due to the nature of the trade receivables or economic conditions experienced. Prior to application of the provision matrix, the non-impaired trade receivables are adjusted for specific trade receivables where a payable position also exists. For these accounts Azerion settles based on the net position thereof (whether receivable or payable). The provision matrix is then applied to non-impaired trade receivables as at the balance sheet date.

When estimating the expected credit losses on AR balances a probability-based provision matrix is typically used based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtor's general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions was used.

Azerion's current process in calculating a loss allowance on their trade receivables, which includes an assessment of the probability of default, is facilitated through robustly applying the following metrics per 3rd party debtor to identify debtors for which a doubtful debt allowance may have to be raised:

- Assess historic payment behaviour to build an expectation about future payment behaviour.
- Assess communication with 3rd party debtors, such as responses sent by the client on debt reminders to identify risks of disputes/non-payment of current balances in the future.
- Assess knowledge within Azerion Group and the local finance teams on whether they have any knowledge of debtors which might have financial difficulties, possibly triggered by macro-economic events, which may indicate that they may not be able to settle their debts in the future.
- Assess any letters of insolvency received from debtors, indicating that the respective debtors may have to be provided for.
- Assess any payment agreements made with specific customers and whether those customers have a history of honouring those agreements to determine the need of whether to provide for any 3rd party debtors at doubtful based on expected future behaviour.
- Assess the aging of debtors to identify debtors who are past due and who have not responded to reminders for payment, which may indicate that the future settlement of their accounts is doubtful.

Changes in the loss allowances balance are recognized in profit or loss as an impairment gain or loss. The allowance is netted with the outstanding gross amount of the trade receivables as at the balance sheet date.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Guarantees

Azerion Holding B.V. has issued a joint and several liability statement to the provisions of Section 403, Part 9, Book 2 of the Dutch Civil Code with respect to legal entities established in the Netherlands. Refer to Note 44 of the Azerion Holding B.V. stand-alone financial statements.

27.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity risk management implies maintaining sufficient cash and committed credit facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities by their remaining period to maturity based on the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows (these amounts may not reconcile to the amounts disclosed on the statement of financial position for debt to shareholders, participants, related parties, lease liabilities, trade and other payables).

In thousands of €	Within the next 12 months	Between 1 and 5 years	Beyond 5 years	Total
31 December 2021				
Trade and other payables	141,055	-	-	141,055
Lease liabilities	5,881	13,014	4,408	23,303
Borrowings	16,121	225,247	-	241,368
Other liabilities	51,483	14,697	-	66,180
Exposure	**214,540**	**252,958**	**4,408**	**471,906**
31 December 2020				
Trade and other payables	84,695	-	-	84,695
Lease liabilities	2,614	5,769	1,739	10,122
Borrowings	8,744	82,051	-	90,795
Other liabilities	7,027	-		7,027
Exposure	**103,080**	**87,820**	**1,739**	**192,639**

27.4 Capital risk

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of net debt (borrowings disclosed in Notes 7, 17 and 24 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and noncontrolling interests as disclosed in Note 11 and the statement of changes in Equity).

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The solvency ratio at 31 December 2021 is negative 27.43 (see below):

In thousands of €	31 December 2021	31 December 2020
Debt	(224,844)	(89,686)
Cash and Cash equivalents	35,336	10,396
Net debt	**(189,508)**	**(79,290)**
Equity	6,908	(6,178)
Net debt to equity ratio	**(27.43)**	**12.83**

Debt is defined as long and short-term borrowings and lease liabilities as detailed in Notes 7, 17 and 24.

Equity includes all capital and reserves of the Group that are managed as capital.

28. Financing activities

In thousands of €	Subordinated loans	Convertible loans	Debt to participating interests	Senior secured floating rate bonds	Debt to credit institutions	Other	Borrowings sub-total	Lease liabilities	Total
As at 1 January 2020	**8,699**	**4,929**	**8,848**	**24,074**	**16,529**	**1,741**	**64,820**	**6,282**	**71,102**
Cash movements:									
New loans	–	–	–	70,017	400	–	70,417	–	70,417
Repayments	(1,855)	(4,876)	–	(25,455)	(6,199)	(487)	(38,872)	(2,159)	(41,031)
Interest paid	–	–	–	(4,164)	–	–	(4,164)	(572)	(4,736)
Non-cash movements:									
New lease liabilities recognized	–	–	–	–	–	–	–	1,950	1,950
Interest accrued	572	(53)	–	5,145	700	3	6,367	572	6,939
Non-cash settlements	8,848	–	(8,848)	1,242	(595)	(760)	(113)	–	(113)
Exchange differences	–	–	–	–	–	–	–	4	4
Reclassification to equity	(14,972)	–	–	–	–	–	(14,972)	–	(14,972)
Reassessments and modifications	–	–	–	–	–	–	–	126	126
As at 31 December 2020	**1,292**	**–**	**–**	**70,859**	**10,835**	**497**	**83,483**	**6,203**	**89,686**
		–	–						
Cash movements:									
New loans	–	–	–	227,500	–	1	227,501	–	227,501
Repayments	–	–	–	(100,000)	(13,326)	(432)	(113,758)	(4,052)	(117,810)
Interest paid	(282)	–	–	(10,501)	–	–	(10,783)	(1,442)	(12,225)
Capitalised transaction cost	–	–	–	(5,655)	–	–	(5,655)	–	(5,655)
Non cash movements:									
Additions due to acquisitions	–	–	–	–	10,310	49	10,359	3,646	14,005
New lease liabilities recognized	–	–	–	–	–	–	–	14,633	14,633
Loss on derecognition	–	–	–	1,937	–	–	1,937	–	1,937
Interest accrued	815	–	–	13,807	–	–	14,622	1,442	16,064
Non-cash settlements	(1,825)	–	–	–	–	–	(1,825)	–	(1,825)
Exchange differences	–	–	–	–	(13)	(37)	(50)	(490)	(540)
Cancellation	–	–	–	–	–	–	–	(844)	(844)
Reassessments and modifications	–	–	–	–	–	–	–	(83)	(83)
As at 31 December 2021	**–**	**–**	**–**	**197,947**	**7,806**	**78**	**205,831**	**19,013**	**224,844**

Refer to Notes 7 and 17 where the nature of the movements within the period is disclosed.

Refer to Note 17 for details on the factoring and revolving credit facilities agreement.

29. Acquisition and disposals of subsidiaries

Acquisitions 2021 *In thousands of €*	Notes	Delta Projects AB	Strossle International AB	KMobile AB	Genba Digital Limited	WHOW Games GmbH	Sublime Skinz Labs SAS	Admeen B.V.	Titan Gate AD	Inskin Media LTD	Talpa Azerion Gaming	Total
Property, plant and equipment (excluding right-of-use assets)	4	14	5	6	81	203	53	3	15	8	5	**393**
Intangible assets	5	5,571	6,315	2,323	9,969	43,635	8,539	3,619	2,255	12,091	6,688	**101,005**
Non-current financial assets		–	99	–	–	–	356	–	58	–	–	**513**
Deferred tax assets		423	–	–	3	–	–	–	–	–	–	**426**
Long-term receivable		67	–	–	–	–	–	–	–	–	–	**67**
Inventories		–	–	–	–	5	–	–	–	–	–	**5**
Trade and other receivables		928	2,134	660	10,591	4,043	10,205	482	2,081	5,661	1,650	**38,435**
Accrued income		1,060	88	19	–	–	–	–	63	55	–	**1,285**
Taxes and social security premiums (incl. pensions)		–	25	34	–	–	–	–	–	–	–	**59**
Cash and cash equivalents		2,513	989	523	4,630	3,200	3,571	754	248	2,033	10	**18,471**
External borrowings		–	(154)				(3,877)	–	–	(980)	–	**(5,011)**
External borrowings – short term		(870)	(190)	–	–	–	(4,288)	–	–	–	–	**(5,348)**
Financial liabilities		(712)	(96)		(51)	(1,814)	(243)	(144)	(173)	–	–	**(3,233)**
Deferred tax liabilities		(932)	(1,268)	(478)	(1,761)	(13,140)	(2,135)	(905)	(149)	(2,092)	–	**(22,860)**
Trade and other payables		(948)	(1,940)	(350)	(12,277)	(2,814)	(6,275)	(9)	(2,145)	(5,124)	(1,232)	**(33,114)**
Loans from related parties		(1,871)	–	–	–	–	–	–	–	–	–	**(1,871)**
Deferred income		–	(127)	–	–	–	–	–	–	–	–	**(127)**
Taxes and social security premiums (incl. pensions)		(178)	(178)	–	(79)	(447)	–	–	–	–	–	**(882)**
Accruals and other liabilities		(30)	(261)	(109)	(66)	(2,567)	(2,390)	(59)	(340)	(751)	–	**(6,573)**
Total identifiable net assets and liabilities at fair value		**5,035**	**5,441**	**2,628**	**11,040**	**30,304**	**3,516**	**3,741**	**1,913**	**10,901**	**7,121**	**81,640**
Consideration paid at closing		4,352	6,422	1,713	10,645	27,049	8,868	2,006	1,411	10,187	10	**72,663**
Cash and cash equivalents and bank overdrafts at acquired subsidiary		(2,513)	(989)	(523)	(4,630)	(3,200)	(3,571)	(754)	(248)	(2,033)	(10)	**(18,471)**
Outflow of cash and cash equivalents net of cash acquired at closing		**1,839**	**5,433**	**1,190**	**6,015**	**23,849**	**5,297**	**1,252**	**1,163**	**8,154**	**–**	**54,192**
Consideration paid at closing		4,352	6,422	1,713	10,645	27,049	8,868	2,006	1,412	10,187	–	**72,654**
Deferred consideration			275	797	3,431	9,612	–	–	1,074	9,146	–	**24,335**
Contingent consideration		2,225	1,821	2,232	4,748	20,151	1,705	1,000	759	2,624	–	**37,265**
SARs payment at fair value	11,15	2,500	1,693	1,000	1,821	–	–	1,500	852	–	–	**9,366**
Transaction bonus		–	–	–	–	–	2,132	–	–	–	–	**2,132**
		9,077	**10,211**	**5,742**	**20,645**	**56,812**	**12,705**	**4,506**	**4,097**	**21,957**	**–**	**145,752**
Total consideration transferred or to be transferred at closing		**9,077**	**10,211**	**5,742**	**20,645**	**56,812**	**12,705**	**4,506**	**4,097**	**21,957**	**–**	**145,752**
Minus: Total identifiable net assets and liabilities at fair value		(5,035)	(5,441)	(2,628)	(11,040)	(30,304)	(3,516)	(3,741)	(1,913)	(10,901)	–	**(74,519)**
Goodwill	5	**4,042**	**4,770**	**3,114**	**9,605**	**26,508**	**9,189**	**765**	**2,184**	**11,056**	**–**	**71,233**

Acquisition of Delta Projects AB

On 30 June 2021, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Delta Projects AB ("Delta"). Delta is a European ad-tech company founded in 2002 in Sweden and has offices in Denmark and Norway. Delta provides insights and real-time data with an independent full-stack programmatic platform for campaign execution & management and machine learning by combining audience insights and real-time bidding strategies to its clients.

The purchase consideration for 100% shares in the capital of Delta is € 9.1 million, which comprises a cash payment at closing of € 4.4 million, SARs of € 2.5 million, and contingent consideration of € 2.2 million.

Based on the share purchase agreement, Azerion will provide 289 SARs with a basic value of € 2.5 million. The SARs are classified as liabilities and included in Note 15. Refer to Note 26 for the policy on the Fair value measurement of Financial Liabilities 'at fair value through Profit and Loss'.

In the event that certain pre-determined sale, EBITDA and IPO readiness targets are achieved for the additional contingent consideration of up to € 2.2 million may be payable in cash. Up to € 1.2 million, would be paid to the Sellers if Delta meets the Year 1 targets. When 100% maximum target is met, 100% of the earn out is assigned to revenue (SEK 42.4 million) and 100% of the earn out is assigned to EBITDA (SEK 10.8 million). Up to € 1.0 million would be paid to the Sellers if the Company meets the Year 2 financial targets. When 100% maximum target is met, 100% of the earn out is assigned to revenue (SEK 45.2 million) and 100% of the earn out is assigned to EBITDA (SEK 12.3 million). IPO readiness target is achieved if delivery of P&L and balance restatement in IFRS of financial year 2020 and delivery of full IFRS financial statements for half year 2020 is provided before 1 September 2021 to the satisfaction of Azerion. Relevant earn-out amount attributable to following IPO readiness targets amounts to € 350 thousand and shall be paid together with the earn-out amount attributable to year 1 financial targets. The fair value of the contingent consideration of € 2.2 million was estimated by calculating the present value of the future expected cash flows. The sale EBITDA estimates are based on a discount rate of 10.7% per annum while the IPO readiness is discounted at a rate of 0.25% per annum. Refer to Note 15 where the contingent consideration payable relating to the acquisition of Delta as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 30 June 2021 (except for the unwinding of the discount of € 103 thousand), as there has been no change in the probability of the outcome of the targets set in the contingent consideration.

The fair value of the acquired assets and liabilities of Delta has been determined. This resulted in a € 5.0 million net fair value of the acquired assets and liabilities and € 4.0 million recognized goodwill.

The fair value of the financial assets includes receivables with a fair value of € 835 thousand and a gross contractual value of € 848 thousand. The best estimate at acquisition date of the contractual cash flows not to be collected is € 13 thousand.

No material acquisition related costs were incurred relating to the acquisition

Delta contributed € 2.9 million to the Group revenue during 2021. If the acquisition of Delta had been completed on the first day of the financial year, Group revenue would have € 8.3 million in total.

Delta contributed a profit of € 300 thousand to the Group's net profit adjusted for taxes excluding interest expense. If the acquisition had been completed on the first day of the financial year, Group net profit adjusted for taxes excluding interest expense would be € 1.4 million higher.

Acquisition of Strossle International AB

On 30 June 2021, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Strossle International AB ("Strossle"). Strossle is a media technology company and headquartered in Stockholm in 2013. Strossle operates in the field of non-intrusive advertising with a dominant market position in the Nordic and Central and Eastern Europe ("CEE") region markets. Strossle's platform is a highly efficient tool for advertisers and publishers, creating engaged visitors for brands and new revenues for publishers. Through the acquisition, Azerion expects to increase its market share in advertising sales mainly in the Nordics and expand in the CEE region.

The purchase consideration for 100% shares in the capital of Strossle is € 10.2 million, which comprise closing payment of € 6.4 million, deferred consideration of € 275 thousand, contingent consideration of € 1.8 million, and SARs payments of € 1.7 million.

The deferred consideration is to be paid on 8 May 2022 (€ 89 thousand) and 8 May 2023 (€ 188 thousand) respectively. The fair value of the deferred consideration of € 275 thousand was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 0.18% and 0.43% respectively. Refer to Note 15 where the deferred consideration relating to the acquisition of Strossle as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 30 June 2021 (except for the unwinding of the discount of € 483).

In the event that certain pre-determined sales, EBITDA and IPO readiness targets are achieved additional contingent consideration of up to € 2.1 million may be payable in cash during the period February 2022 and May 2023. Up to € 230 thousand based on fulfilment of the financial targets during Earn-out Period I (Revenue: € 7.8 million to € 10.4 million; EBITDA: € 392 thousand to € 523 thousand). Up to € 1.4 million based on fulfilment of the financial targets during the Earn-out Period II (Revenue: € 9 million to € 12 million; EBITDA: € 495 thousand to € 660 thousand). € 350 thousand cash payment, if the Buyer IPO readiness targets are fulfilled no later than 30 September 2021. Up to € 158 thousand corresponding to the actual principal amount and accrued interest amount actually of the Strossle Benelux divestment amounts. The fair value of the contingent consideration of € 1.8 million was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 12.2% per annum while the IPO readiness is discounted at a rate of 0.18% per annum and the divestment amounts are based on a discount rate of 0.43% per annum. Refer to Note 15 where the contingent consideration relating to the acquisition of Strossle as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 30 June, 2021 (except for the unwinding of the discount of € 79 thousand), as there has been no change in the probability of the outcome of the targets set in the contingent consideration.

€ 1.7 million shall be granted by way of issuance of 199 SARs. Total value of SARs is fully issued as of the Closing Date. The SARs are classified as liabilities and included in Note 15. Refer to Note 26 for the policy on the Fair value measurement of Financial Liabilities 'at fair value through Profit and Loss'.

The fair value of the acquired assets and liabilities of Strossle has been determined. This resulted in a € 5.4 million net fair value of the acquired assets and liabilities and € 4.8 million recognized goodwill.

The fair value of the financial assets includes receivables with a fair value of € 1.8 million and a gross contractual value of € 1.9 million. The best estimate at acquisition date of the contractual cash flows not to be collected is € 52 thousand.

No material acquisition related costs were incurred relating to the acquisition.

Strossle contributed € 4.3 million to the Group revenue during 2021. If the acquisition of Strossle had been completed on the first day of the financial year group revenue would have been € 10.8 million higher in total.

Strossle contributed a loss of € 0.5 million to the Group's net profit adjusted for taxes excluding interest expense. If the acquisition had been completed on the first day of the financial year, Group net profit adjusted for taxes excluding interest expense would have not been materially different.

Acquisition of KeyMobile AB

On 4 August 2021, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of KeyMobile AB ("Keymobile"). KeyMobile is a European ad-tech company founded in 2002 in Sweden and has offices in Denmark and Norway. Key Mobile is focused on the mobile campaigns of Sweden's largest advertisers. The company has experience from numerous campaigns and ad formats. KeyMobile uses this knowledge to tailor campaigns depending on the purpose and target group. KeyMobile have collaborations with a large number of publishers to produce tailored target group packages that best suit advertisers' mobile campaigns. Through the acquisition Azerion is able to expand the geographical footprint within Sweden.

The purchase consideration for 100% shares in the capital of KeyMobile is € 5.7 million, which comprises a cash payment at closing of € 1.7 million, SARs of € 1.0 million, deferred consideration of € 797 thousand and contingent consideration of € 2.2 million.

Based on the share purchase agreement, Azerion will provide 58 SARs with a value basic of € 1.0 million. The SARs are classified as liabilities and included in Note 15. Refer to Note 26 for the policy on the Fair value measurement of Financial Liabilities 'at fair value through Profit and Loss'.

The deferred consideration is to be paid within 12 months (€ 400 thousand) and 24 months (€ 400 thousand) respectively after the acquisition date. The fair value of the deferred consideration of € 797 thousand was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 0.13% and 0.32% per annum respectively. Refer to Note 15 where the deferred consideration relating to the acquisition of KeyMobile as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 4 August 2021 (except for the unwinding of the discount of € 726).

In the event that certain pre-determined sales, EBITDA and IPO readiness targets are achieved additional contingent consideration of up to € 2.6 million may be payable in cash. € 1.2 million of the contingent consideration is payable at the end of Earn-Out Period 1 (1 July 2021 to 30 June 2022) and a further € 1.3 million payable at the end of Earn-Out Period 2 (1 July 2022 to 30 June 2023). The revenue and EBITDA targets and pay outs are independent of one another provided that EBITDA margin remains above 7% in absolute terms. The targets for Earn-Out Period 1 amounts to € 1.2 million and requires that KeyMobile reaches revenue between € 42.6 million and € 60.1 million as well as EBITDA between € 5.7 million and € 8.2 million. The targets for Earn-Out Period 2 amounts to € 1.3 million and requires that KeyMobile reaches revenue between € 46.8 million and 66.8 million as well as EBITDA between € 6.6 million and € 9.4 million. IPO readiness target amounting to € 130 thousand is payable at the end of Earn-Out Period 1 and is achieved if delivery of P&L and balance restatement in IFRS of financial information for the year 2020. The fair value of the contingent consideration of € 2.2 million was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 9.4% per annum. Refer to Note 15 where the contingent consideration relating to the acquisition of KeyMobile as of December 31, 2021 is included. As at December 31, 2021, there has been no change in the amount recognised for the liability on August 4, 2021 (except for the unwinding of the discount of € 78 thousand), as there has been no change in the probability of the outcome of the targets set in the contingent consideration.

The analysis of the fair value of the acquired assets and liabilities of KeyMobile has been determined. This resulted in a € 2.6 million net fair value of the acquired assets and liabilities and € 3.1 million recognized goodwill.

The fair value of the financial assets includes receivables with a fair value of € 0.

No material acquisition related costs were incurred relating to the acquisition

KeyMobile contributed € 1.8 million to the Group revenue during 2021. If the acquisition of KeyMobile had been completed on the first day of the financial year, Group revenue would have been € 5.2 million higher in total.

KeyMobile contributed a profit of € 300 thousand to the Group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit adjusted for taxes excluding interest expense would be € 883 thousand higher.

Acquisition of Genba Digital Limited

On 18 May 2021, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Genba Digital Limited ("Genba"). Genba is a digital distribution company that is specialized in the distribution of games. Genba operates through its' award-winning platform GENBA™ to bring more transparent and secure solutions to the clients. Genba uses technology to move video games from publishers (game developers) or digital content providers to e-tailers and retailers so that users can buy and play games. Through the acquisition of Genba, Azerion will be able to grow the Voidu business (Azerion's online digital distribution platform) as Azerion will have more pricing control in the market. Furthermore, Azerion gains access to direct relationships with publishers.

The purchase consideration for 100% shares in the capital of Genba is € 20.6 million, which comprise guaranteed cash of € 10.6 million, deferred consideration of € 3.4 million, contingent consideration of € 4.7 million and SARs of up to € 1.8 million.

The deferred consideration is to be paid in 12 months (€ 1.8 million) and 24 months (€ 1.8 million) after the acquisition date. The fair value of the deferred consideration of € 3.4 million was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 3.7% per annum. Refer to Note 15 where the deferred consideration relating to the acquisition of Genba as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 18 May 2021 (except for the unwinding of the discount of € 77 thousand).

In the event that certain pre-determined sales, EBITDA, IFRS conversion targets are achieved additional contingent consideration of up to € 8.0 million may be payable in cash during the period September 2021 and January 2023. Up to € 3.0 million, would be paid to the Sellers if Genba meets the Year 1 targets (Revenue: GBP 3.4 million to GBP 3.5 million; EBITDA: GBP 1.3 million to GBP 1.7 million). 40% of the earn out is assigned to revenue (€ 1.2 million) and 60% of the earn out is assigned to EBITDA (€ 1.8 million).

Up to € 4 million, would be paid to the Sellers if Genba meets the Year 2 targets (Revenue: GBP 7.1 million to GBP 9.4 million; EBITDA: GBP 2.9 million to GBP 3.8 million). 40% of the earn out is assigned to revenue (€ 1.6 million) and 60% of the earn out is assigned to EBITDA (€ 2.4 million). € 500 thousand in cash to be paid upon the delivery of P&L and balance restatement in IFRS of financial year 2020 and delivery of full IFRS financial statements for half year 2021 before 1 September 2021. € 250 thousand in cash to be paid if the company would succeed in delivering first year Tech roadmap deliverables. € 250 thousand in cash to be paid if the company would succeed in delivering second year targets in relation to Tech roadmap deliverables.The fair value of the contingent consideration of € 4.7 million was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 9.4% per annum for Earn Out 1 and Earn Out 2 while a discount rate of 3.7% per annum is used for Earn Out 3, Earn Out 4 and Earn Out 5. During 2021 an amount of € 500 thousand was paid to the sellers of Genba in relation to the IFRS conversion readiness targets. Refer to Note 15 where the contingent consideration relating to the acquisition of Genba as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 18 May 2021 (except for the unwinding of the discount of € 226 thousand and the payment of € 500 thousand), as there has been no change in the probability of the outcome of the targets set in the contingent consideration.

€ 1.9 million shall be granted by way of issuance of SARs. The first Tranche SARs with a basic value of € 927 thousand is granted to the sellers on the completion date. The SARs are classified as liabilities and included in Note 15. Refer to Note 26 for the policy on the Fair value measurement of Financial Liabilities 'at fair value through Profit and Loss'. The second tranche SARs with a value of € 927 thousand will be granted to Sellers 12 months after the completion date with the condition that all members of the Management are still employed in the Company. The SARs that will be issued as part of the second tranche are classified as equity as a fixed number of shares will be issued for a fixed value. Refer to Note 11.6 for the terms and conditions of the SARs classified as equity.

The fair value of the acquired assets and liabilities of Genba has been determined. This resulted in a € 11 million net fair value of the acquired assets and liabilities and € 9.6 million recognized goodwill.

The fair value of the financial assets includes receivables with a fair value of € 8.3 million and a gross contractual value of € 8.4 million. The best estimate at acquisition date of the contractual cash flows not to be collected is € 10 thousand.

No material acquisition related costs were incurred relating to the acquisition

Genba contributed € 4.8 million to the Group revenue during 2021. If the acquisition had been completed on the first day of the financial year, Group revenue would have € 6.2 million higher in total.

Genba contributed a profit of € 2.0 million to the Group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit adjusted for taxes excluding interest expense would be € 1.6 million higher.

Acquisition of WHOW Games GmbH

On 24 June 2021, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of WHOW Games GmbH ("Whow"), a European social casino in the German market that has been bringing engaging social games to the web browser and app stores since 2015. Whow's products offer players to converge on social casino gaming from both traditional gambling and video games. Whow represents a strong fit to

Azerion's casino mobile game portfolio. Through the acquisition Azerion will benefit from advertising and distributing Whow's content in its network.

The purchase consideration for 100% shares in the capital of Whow is € 56.8 million, which comprises guaranteed cash of € 27 million, deferred consideration of € 9.6 million and contingent consideration of € 20.2 million.

The deferred consideration is to be paid on 24 December 2021, within 6 months after the acquisition date. The fair value of the deferred consideration of € 9.6 million was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 0.16% per annum. On 24 December 2021 the deferred consideration amounting to € 9.6 million was paid to the sellers of Whow.

In the event that certain pre-determined sales targets are achieved for the period 1 January 2022 until 31 March 2022, additional contingent consideration of up to € 21 million may be payable in cash on 24 June 2022. The potential undiscounted amount payable under the agreement is between € 0 for sales below € 907 thousand and € 21.0 million for sales above € 1.8 million. The fair value of the contingent consideration of € 20.2 million was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 0.25% per annum. Refer to Note 15 where the contingent consideration relating to the acquisition of Whow as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 24 June 2021 (except for the unwinding of the discount of € 26 thousand), as there has been no change in the probability of the outcome of the targets set in the contingent consideration.

Whow established a virtual stock option plan ("VSOP") at the terms as of 1 March 2014. Along with the SPA, the Whow has entered into certain settlement agreements with all VSOP beneficiaries. Azerion undertakes VSOP beneficiaries to procure that the Company pays out the VSOP payment amounts in parallel with the purchase price payments in the form of a deduction. The total net burden to Whow under the VSOP ("VSOP Payment Amounts") is calculated as the respective Gross VSOP Payment Amounts less the Company's corporate income tax and municipal trade tax burden resulting from deducibility of the respective Gross VSOP Amounts. Hence, the First Net VSOP Amount, the Second Net VSOP Amount, and the Earn-Out Net VSOP Amount calculated as € 951 thousand, € 380 thousand and € 799 thousand respectively have been deducted from the three instalments (purchase consideration, deferred consideration and contingent consideration) in the derivation of the purchase price consideration.

The fair value of the acquired assets and liabilities of Whow has been determined. This resulted in a € 30.3 million net fair value of the acquired assets and liabilities and € 26.5 million recognized goodwill.

The fair value of the financial assets includes receivables with a fair value of € 3.6 million and a gross contractual value of € 3.7 million. The best estimate at acquisition date of the contractual cash flows not to be collected is € 58 thousand.

No material acquisition related costs were incurred relating to the acquisition.

Whow contributed € 23.7 million to the Group revenue during 2021. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 45.4 million higher in total.

Whow contributed a profit of € 2.1 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit adjusted for taxes excluding interest expense would be € 4.9 million higher.

Acquisition of Sublime Skinz Labs SAS

On 31 August 2021, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Sublime Skinz Labs SAS ("Sublime"). Sublime creates and delivers tailor-made solutions that perform at scale for their premium brands and publishers. Since their launch in 2012, their impactful, user-friendly and scalable formats have changed the digital advertising industry. Today they invent new market standards and execute premium creative content on behalf of the brands they work with. By combining market leading technology with a creative first approach, Sublime simplifies the delivery of premium, user friendly digital ad formats. Through this acquisition Azerion is aiming to expand Azerion's footprint and market share in key territories (mainly France and UK).

The purchase consideration for 100% shares in the capital of Sublime is € 12.7 million, which comprises cash payment at closing of € 8.9 million and contingent consideration of € 3.8 million.

The contingent consideration consists of an earn-out payment amounting to € 1.9 million for periods ending 31 December 2021, 30 June 2022 and 31 December 2022 (payable in three instalments on 25 March 2022, 22 September 2022 and 24 March 2023) and a transaction bonus amounting to € 2.4 million which has the same conditions as the earn-out payment. In the event that certain pre-determined Revenue, EBITDA, restructuring and migration targets are achieved at 31 December 2021, 30 June 2022 and 31 December 2022, additional contingent consideration of up to € 4.3 million may be payable in cash over the period 25 March 2022 until 24 March 2023. The earn out payment amount below 70% of the targets is zero. Above 70% the percentage earn out is equal to the percentage achievement up to 100%. The fair value of the contingent consideration of € 3.8 million was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 15.8% per annum. Refer to Note 15 where the contingent consideration relating to the acquisition of Sublime as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 31 August 2021 (except for the unwinding of the discount of € 117 thousand), as there has been no change in the probability of the outcome of the targets set in the contingent consideration.

The fair value of the acquired assets and liabilities of Sublime has been determined. This resulted in a € 3.5 million net fair value of the acquired assets and liabilities and € 9.2 million recognized goodwill.

The fair value of the financial assets includes receivables with a fair value of € 7.4 million and a gross contractual value of € 7.7 million. The best estimate at acquisition date of the contractual cash flows not to be collected is € 260 thousand.

No material acquisition related costs were incurred relating to the acquisition.

Sublime contributed € 7.6 million to the Group revenue during 2021. If the acquisition had been completed on the first day of the financial year, Group revenue would have been € 21.5 million higher in total.

Sublime contributed a profit of € 1.8 million to the Group's net profit and loss. If the acquisition had been completed on the first day of the financial year, Group profit would have not been materially different.

Acquisition of Admeen B.V.

On 30 August 2021, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital Admeen B.V. ("Admeen"). Admeen was founded in 2007 and is located in Zwolle, Netherlands. Admeen is a publisher and operator of casual games, web and mobile gaming portals with over 2000 licensed web games,

70 million page views and 15.7 million sessions per month. Admeen generates revenue through providing ad-space on web portals.

The purchase consideration for 100% shares in the capital of Admeen is € 4.5 million, which comprises of a cash payment at closing of € 2.0 million, SARs of € 1.5 million (130 SARs) and deferred consideration of € 1.0 million.

Based on the share purchase agreement, Azerion will provide € 1.5 million for re-investment to acquire 130 Azerion SARs. The SARs are classified as liabilities and included in Note 15. Refer to Note 26 for the policy on the Fair value measurement of Financial Liabilities 'at fair value through Profit and Loss'.

The deferred consideration of € 1.0 million is to be paid on 31 January 2022. Refer to Note 15 where the deferred consideration relating to the acquisition of Admeen as of 31 December 2021 is included. The fair value of the total nominal purchase price of € 4.5 million is calculated as € 4.5 million.

The fair value of the acquired assets and liabilities of Admeen has been determined. This resulted in a € 3.7 million net fair value of the acquired assets and liabilities and € 765 thousand recognized goodwill.

The fair value of the financial assets includes receivables with a fair value of € 5 thousand. The best estimate at acquisition date of the contractual cash flows not to be collected is € 0.

No material acquisition related costs were incurred relating to the acquisition.

Admeen contributed € 1.0 million to the Group revenue during 2021. If the acquisition of Admeen had been completed on the first day of the financial year, Group revenue would have been € 2.8 million higher in total.

Admeen contributed a profit of € 0.5 million to the Group's net profit adjusted for taxes excluding interest expense. If the acquisition had been completed on the first day of the financial year, Group net profit adjusted for taxes excluding interest expense would be € 1.9 million higher.

Acquisition of Titan Gate AD (trading as "PubGalaxy")

On 15 October 2021, Azerion acquired Titan Gate AD ("Titan" trading as "PubGalaxy"), headquartered in Bulgaria and a publisher-centric digital monetisation platform which has been recognised by Deloitte as one of the fastest-growing tech companies in Central Europe.

The purchase consideration for 100% shares in the capital of Titan is € 4.1 million (USD 4.7 million), which comprises of a cash payment at closing of € 1.4 million (USD 1.6 million), deferred consideration of € 1.1 million (USD 1.2 million), SARs of € 852 thousand (USD 989 thousand) and contingent consideration of € 759 thousand (USD 868 thousand).

The deferred consideration of € 1.1 million is to be paid on 15 April 2022. The fair value of the deferred consideration of was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 0.61% per annum. As at 31 December 2021, there has been no change in the amount recognised for the liability on 15 October 2021 (except for the unwinding of the discount of € 1.400).

€ 852 thousand (USD 989 thousand) to be granted by way of issuance of 93 Azerion Stock Appreciation Rights ("SARs"). The SARs are classified as liabilities and included in Note 15. Refer to Note 26 for the policy on the Fair value measurement of Financial Liabilities 'at fair value through Profit and Loss'.

In the event that certain pre-determined sales targets are achieved for the period 1 January 2022 until 31 December 2022, additional contingent consideration of up to € 868 thousand (USD 1.0 million) may be payable in cash on 14 March 14 2023. The potential undiscounted amount payable under the agreement is between € 0 for sales below USD 1.9 million and € 868 thousand (USD 1.0 million) for sales above USD 2.8 million. The fair value of the contingent consideration of € 759 thousand (USD 868 thousand) was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 9.4% per annum. Refer to Note 15 where the contingent consideration relating to the acquisition of PubGalaxy as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 15 October 2021 (except for the unwinding of the discount of € 97 thousand), as there has been no change in the probability of the outcome of the targets set in the contingent consideration.

The fair value of the acquired assets and liabilities of PubGalaxy has been determined. This resulted in a € 1.9 million net fair value of the acquired assets and liabilities and € 2.2 million recognized goodwill.

The fair value of the financial assets includes receivables with a fair value of € 2.0 million. The best estimate at acquisition date of the contractual cash flows not to be collected is € 0.

No material acquisition related costs were incurred relating to the acquisition.

Titan contributed € 2.0 million to the Group revenue during 2021. If the acquisition of Titan had been completed on the first day of the financial year, Group revenue would have been € 11.4 million higher in total.

Titan contributed a profit of € 0 to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit adjusted for taxes excluding interest expense would be € 864 thousand higher.

Acquisition of Inskin Media LTD

On 16 October 2021, Azerion acquired Inskin Media ("Inskin"), a UK-based multi-screen, high-impact digital advertising company, connecting premium publishers with leading brands globally. The company partners with 260 publishers, works with over 1,000 blue-chip brand clients and delivers campaigns to more than 2,000 premium websites, globally. Through the acquisition Azerion is able to expand its footprint and market share in key territories (mainly UK).

The purchase consideration for 100% shares in the capital of Inskin is € 22 million (GBP 17.6 million), which comprises of a cash payment at closing of € 10.2 million (GBP 8.2 million), deferred consideration of € 9.1 million (GBP 7.2 million) and contingent consideration of € 2.6 million (GBP 2.1 million).

The deferred consideration amounting to GBP 2.5 million (€ 3.0 million) is to be paid on 31 March 2022 and GBP 5.3 million (€ 6.2 million) is to be paid on 31 December 2022 respectively. The fair value of the deferred consideration of GBP 7.7 million (€ 9.1 million) was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 0.61% and 0.71%

respectively. Refer to Note 15 where the deferred consideration relating to the acquisition of Inskin as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 16 October 2021 (except for the unwinding of the discount of € 12 thousand).

In the event that certain pre-determined targets are achieved additional contingent consideration of up to GBP 2.5 million (€ 3.0 million) may be payable in cash as at 23 February 2023. Azerion shall make contingent payment to Sellers for GBP 500 thousand per satisfaction of each earn out condition as at 31 December 2022, up to a maximum of GBP 2.5 million (€ 3.0 million). Inskin is required to satisfy five out of nine earn-out conditions to achieve the maximum earn-out amount. The fair value of the contingent consideration of GBP 2.2 million (€ 2.6 million) was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 9.4% per annum. Refer to Note 15 where the contingent consideration relating to the acquisition of Inskin as of 31 December 2021 is included. As at 31 December 2021, there has been no change in the amount recognised for the liability on 16 October 2021 (except for the unwinding of the discount of € 49 thousand), as there has been no change in the probability of the outcome of the targets set in the contingent consideration.

The fair value of the acquired assets and liabilities of Inskin has been determined. This resulted in a € 10.9 million net fair value of the acquired assets and liabilities and € 11.1 million recognized goodwill.

The fair value of the financial assets includes receivables with a fair value of € 3.9 million and a gross contractual value of € 4.1 million. The best estimate at acquisition date of the contractual cash flows not to be collected is € 205 thousand.

No material acquisition related costs were incurred relating to the acquisition.

Inskin contributed € 4.3 million to the Group revenue during 2021. If the acquisition of Inskin had been completed on the first day of the financial year, Group revenue would have increased been € 16.9 million higher in total.

Inskin contributed a profit of € 0.9 million to the Group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit adjusted for taxes excluding interest expense would be € 1.5 million higher.

Acquisition of Talpa Azerion Gaming

Up to 26 August 2021 Azerion held a 50% interest in Talpa Azerion Gaming B.V. ("joint venture"), a gaming company based in the Netherlands. The joint venture agreement was entered into with a joint venture partner holding the remaining 50% interest in the joint venture.

On 26 August 2021 the joint venture bought the 50% interest back from the other joint venture partner and paid € 6.1 million for these shares. At the moment of the buyback of its own shares, Azerion Holding B.V. became 100% shareholder in the entity. It was agreed upon that Azerion is entitled to the 100% results from the company as of 1 April 2021.

The various rights and other intangible assets that Azerion contributed in 2019 to the joint venture were 'reacquired' and measured at book value which is deemed as the best estimate of their fair value.

The statement of profit and loss includes the following elements:

- The 50% share of Azerion in the net result of the joint venture for the period up to September 2021 is included in the results from associates.
- The operating result comprise:
  - the 100% results of the company as of 1 September 2021;
  - the transaction result, and
  - the 50% share to which Azerion economically is entitled to in the period 1 April – 30 August 2021.

Given the fact that Azerion became 100% shareholder without payment in the business combination, Azerion realised a profit of € 3.0 million.

The fair value of the financial assets includes receivables with a fair value of € 861 thousand. The best estimate at acquisition date of the contractual cash flows not to be collected is € 0.

Azerion Gaming B.V. contributed a profit of € 200 thousand to the Group's net profit adjusted for taxes excluding interest expense. If the acquisition had been completed on the first day of the financial year, Group net profit adjusted for taxes excluding interest expense would be € 1.5 million higher.

No material acquisition related costs were incurred relating to the acquisition.

Cashflows from investing activities

In thousands of €	31 December 2021
Payments in 2021, net of cash acquired	54,192
Deferred considerations paid in 2021	9,612
Contingent consideration paid in 2021	500
Acquisition of subsidiaries, net of cash	**64,304**

Pro-forma

On a pro-forma basis, including the revenue that would have been recognized if all acquisitions in 2021 were part of the Group for the full year 2021, revenue is estimated at approximately € 384.5 million. On a pro-forma basis, including the contribution that would have been recognized if all acquisitions in 2021 were part of the Group for the full year 2021, EBITDA is estimated at approximately € 54.3 million.

Disposal

The following entities have been liquidated during 2021: Rocabee Ltd, Azerion Yazilim Ltd., SPIL GAMES South B.V., and Hi-Media Italy Srl. Azerion disposed its 100% interest in Gembly B.V. to a related party, Antlia Investments, for € 0 during 2021 resulting in a gain of € 0.3 million.

Acquisitions 2020

In thousands of €	Notes	Triodor Holding B.V.	Spilgames B.V.	Collective Europe Ltd.	Total
Property, plant and equipment	4	90	71	–	**161**
Intangible assets	5	5,044	8,280	876	**14,200**
Deferred tax assets		–	106	3	**109**
Trade and other receivables		830	1,613	1,800	**4,243**
Taxes and social security premiums (incl. pensions)		54	–	–	**54**
Other receivables		451	–	–	**451**
Current tax assets		–	1	–	**1**
Prepayments		–	–	58	**58**
Contract assets		–	–	367	**367**
Cash and cash equivalents		13	347	225	**585**
Bank overdrafts		(352)	–	–	**(352)**
Deferred tax liabilities		(1,015)	(2,070)	(167)	**(3,252)**
Trade and other payables		(643)	(318)	(236)	**(1,197)**
Loans from related parties		(389)	–	–	**(389)**
Agency rebates		–	–	(346)	**(346)**
Taxes and social security premiums (incl. pensions)		(1,117)	(570)	(158)	**(1,845)**
Accruals and other liabilities		(992)	(762)	(633)	**(2,387)**
Total identifiable net assets and liabilities at fair value		**1,974**	**6,698**	**1,789**	**10,461**
Consideration paid		3,000	8,800	910	**12,710**
Cash and cash equivalents and bank overdrafts at acquired subsidiary		339	(347)	(225)	**(233)**
Outflow of cash and cash equivalents net of cash acquired		**3,339**	**8,453**	**684**	**12,477**
Consideration paid		3,000	6,800	910	**10,710**
Consideration paid in advance		–	2,000	–	**2,000**
Deferred consideration		5,578	181	–	**5,759**
Pre-existing relationship		(1,153)	–	–	**(1,153)**
Assets retained by seller		–	–	1,794	**1,794**
		7,425	**8,981**	**2,704**	**19,110**
Dividend distribution		–	119	–	**119**
Fair value of 5% shareholding held by Azerion		–	1,000	–	**1,000**
Leakage		–	(10)	–	**(10)**
		–	1,109	–	**1,109**
Total consideration transferred or to be transferred		**7,425**	**10,090**	**2,704**	**20,219**
Minus: Total identifiable net assets and liabilities at fair value		(1,974)	(6,698)	(1,789)	**(10,461)**
Goodwill	5	**5,451**	**3,392**	**915**	**9,758**

The acquisitions of Triodor Holding B.V., Spilgames B.V. and Collective Europe Ltd. are identified as business combinations, which are accounted for using the acquisition method (IFRS 3 Business Combinations). The acquisition method requires assets acquired and liabilities assumed to be measured at their fair values as at the acquisition date.

Acquisition of Triodor Holding B.V

On 30 December 2020, Azerion Holding B.V. ("Azerion") acquired 100% of the share capital of Triodor Holding B.V., an established international software development company which shares its founders with Azerion and which shares were held by the personal holding companies of the ultimate shareholders of Azerion. The nominal and the fair value amounts of total consideration agreed for the shares of Triodor amounts to € 5.6 million in share appreciation rights and € 3.0 million cash. The € 5.6 million consideration to be transferred relates to share appreciation rights that were issued as part of the consideration. Refer to Note 11.6 where the terms and conditions of the SARs that were issued as part of acquisitions are disclosed. In accordance with IFRS 3 the PPA report has been prepared and the analysis of the fair value of the acquired assets and liabilities of Triodor determined. This resulting in € 3.3 million net fair value of the acquired assets and liabilities and € 5.5 million recognized goodwill. The impact of the acquisition on the Azerion group 2020 revenues and earnings, is not deemed material given the short period of which Azerion had control over Triodor. If the acquisition of Triodor had been completed on the first day of the financial year, net profit adjusted for taxes excluding interest expense would be € 1.2 million higher. The pre-existing relationship relates to a receivable from Azerion Holding B.V. which was settled against the consideration in accordance with IFRS 3:B52. The purpose of the Triodor acquisition is to obtain access to the workforce of Triodor to enable the Group to establish an in-house research and development function.

Acquisition of Spilgames B.V

On 7 February 2020, Azerion Games and Content Holding B.V. ("Azerion") acquired 95% of the issued share capital of Spilgames B.V. for a consideration of € 9.0 million (with € 321 thousand acquisition related costs incurred and processed in the income statement), resulting in control on this date. Prior to this acquisition, Azerion held a 5% stake in Spilgames B.V. (detailed in Note 40), which brought the total stake to 100% on acquisition date. Spilgames specializes in developing mobile and online games and content for audiences worldwide. The content activities entail creating and distributing online branded and casual games for console, smartphone, PC and tablet. These branded games generate revenue through in-app purchases or subscriptions. Furthermore, Spilgames earns advertisement income through strategic ad placements on their platforms. The acquisition has increased the Group's market share in this industry predominantly across Europe, North America and Asia.

The 5.0% interest, including the mobile business unit of Spilgames B.V., already held by Azerion as of June 2019, was acquired at a fair value of € 1.0 million, resulting in an equity purchase price (as a basis for the excess purchase price) of € 10.1 million.

The € 9.0 million purchase price for the 95.0% stake was settled as € 8.8 million base price, € 181 thousand outstanding payment obligation, which for the purpose of the acquisition was considered a cash item, € 119 thousand dividend distribution, representing the amount of dividend that accrued to Azerion through the dividend distribution preceding the acquisition, and less € 10 thousand for net leakage related to the sale of internet infrastructure. Azerion has paid € 2.0 million out of € 8.8 million base price in advance on 20 December 2019 in accordance with the Signing Protocol. Refer to Note 9 for more further disclosure on the consideration paid in advance.

The acquisition resulted in a goodwill of € 3.4 million consists of the assembled workforce, expected synergies from combining operations and other intangible assets such that do not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes.
Spilgames contributed € 7.2 million to the Group revenue during 2020. Had the acquisition of Spilgames occurred on the first day of the financial year group revenue would have increased with an additional € 1.9 million.

Spilgames contributed a profit of € 2,8 million to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit adjusted for taxes excluding interest expense would be € 77 thousand lower.

The fair value of the financial assets includes receivables with a fair value and gross contractual value of € 1.6 million. The acquisition date of the contractual cash flows not to be collected is negligible.

Acquisition of Collective Europe Ltd.

On 2 March 2020, Azerion Tech Holding B.V. ("Azerion") acquired 100% of the issued share capital of Collective Europe Ltd. ("Collective"), resulting in control on this date. Collective is a UK based digital advertising and publisher solutions business. The acquisition allows Azerion to strengthen its UK and pan-European presence in the digital advertising and publisher space. Furthermore, the acquisition will bring prestigious clients to the Azerion group. The consideration of € 910 thousand, was deemed to make up the purchase price at the acquisition date, proportionately settled as an initial cash prepayment of € 100 thousand on 21 February 2020 and € 809 thousand on acquisition date. The assets retained by the seller amounting to € 1.8 million relates to the accounts receivable, rebates and VAT. No material acquisition related costs were incurred relating the acquisition.

The acquisition resulted in a goodwill of € 915 thousand which consists of the assembled workforce, expected synergies from combining operations and other intangible assets such that do not qualify for separate recognition. None of the goodwill is expected to be deductible for income tax purposes.

Collective contributed € 4.9 million to the Group revenue during 2020. Had the acquisition of Collective occurred on the first day of the financial year, group revenue not been materially different.

Collective contributed a loss of € 569 thousand to the group's net profit and loss. If the acquisition had been completed on the first day of the financial year, net profit adjusted for taxes excluding interest expense would be € 1 million higher.

The fair value of the financial assets includes receivables with a fair value and gross contractual value of € 1.8 million. The acquisition date of the contractual cash flows not to be collected is negligible.

Other acquisitions

On 4 December 2020, Azerion acquired the remaining 49.0% in Finnish social game studio Sulake Oy ("Sulake") from its co-shareholder Elisa Oyj. Azerion first invested in Sulake in 2018 by acquiring a 51.0% shareholding in the company. The consideration in 2020 amounted to € 8.3 million, of which € 2.5 million was paid in cash upon closing and the acquisition of share appreciation rights with a total value of € 5.8 million. Refer to Note 11.6 where the terms and conditions of the SARs that were issued as part of acquisitions are disclosed. An amount of € 2.9 million has been transferred from non-controlling interest to retained earnings, being the fair value of the remaining 49% at acquisition date. The difference between the consideration paid and the non-controlling interest transferred has been debited to retained earnings.

On 27 March 2020, Azerion acquired 49.0% of the shares of Quantum Advertising Nederland B.V. ("Quantum"). Before the acquisition, Azerion had an indirect shareholding in the company through its subsidiary AdUX, which owns 51.0% of the shares in Quantum. The consideration amounted to € 50 thousand in cash and the procurement of a total number of 17.3 share appreciation rights awards issued at a per award value of € 87 thousand.

Disposals

The following disposals occurred during the 2020 period which did not have a material impact on the group.

HUZ B.V.

On 9 June 2020, Azerion disposed its 100% interest in HUZ B.V., a non-operational entity. The proceeds on disposal of € 100 thousand were received in cash. No investments were retained in the former subsidiary.

Admoove Sweden

On 1 May 2020, Azerion disposed its 100% interest in Admoove Sweden, which was fully owned by AdUX. The proceeds on disposal of € 315 thousand were settled in cash of which € 10 thousand on disposal date and € 305 thousand as a deferred consideration.

MULTIVERSE ApS

On 30 June 2020, Azerion disposed its 100% interest in MULTIVERSE ApS, an indirect subsidiary in which the Group held a 3.91% interest. The proceeds on disposal of € 1, were settled through a waiver.

30. Investment in joint venture and associate

The Group held a 50% joint venture interest in Talpa Azerion Gaming B.V., a gaming company based in the Netherlands, effective as at 29 November 2019.

On 26 August 2021, Azerion Holding B.V. became a 100% shareholder of Talpa Azerion Gaming B.V. (now known as Azerion Gaming B.V.). The transaction qualifies as a business combination achieved in stages. Refer to Note 29 for further disclosure on the acquisition of Azerion Gaming B.V.

The following table summarizes the financial information of Talpa Azerion Gaming B.V. as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in the joint venture.

In thousands of €	**26 August 2021**	**31 December 2020**
Non-current assets	6,693	7,216
Current assets:		
Accounts receivable	4,086	6,997
Cash	10	2,593
Non-current liabilities	-	-
Current liabilities	(3,668)	(1,529)
Net assets	**7,121**	**15,637**
Group's share of net assets in joint venture: 0% (2020:50%)	-	7,819
Deferral of the gain	-	(3,940)
Carrying amount of interest in joint venture	**-**	**3,879**

In thousands of €	**2021**	**2020**
Revenue	5,263	12,764
Loss before tax	466	(467)
Profit / (loss) for the year	466	(350)
Group's share of net profit / (loss)	**233**	**(175)**

Movement in the carrying amount of the investment in joint venture and associate:

In thousands of €	**2021**	**2020**
As at 1 January	**3,879**	**4,054**
Addition of AdUX Regions SAS	28	-
Share in results Talpa Azerion Gaming B.V.	233	(175)
Share in results AdUX Regions SAS	27	-
Derecognition of Talpa Azerion Gaming B.V.	(4,112)	-
As at 31 December	**55**	**3,879**

The AdUX Group has a 26.9% ownership of AdUX Regions SAS and therefore consolidates the associate via equity method.

31. Operating segments

31.1 Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive Officers (Chief Operating Decision Makers) for the purposes of resource allocation and assessment of segment performance is focused on the business activities which generates certain classes of revenue and incurs certain classes of expenses. The principal business activities generate revenue through Premium Games and Platform.

In 2020 there were two segments being Gaming and Monetization Tech. In 2021, in line with our user-centric business model, organisational set-up and operational activities, a new segment reporting structure has been implemented. The 2020 figures have been restated for comparative purposes in line with the new segment reporting structure. Premium Games contains our highest user engagement titles; our poker and social games. Platform contains our remaining distribution and advertising platforms.

The Group's reportable segments in 2021 under IFRS 8 are therefore as follows:

- Premium Games
- Platform

a. Segment revenues and profits

The following is an analysis of the Group's revenue and results by reportable segment in 2021:

In thousands of €	Premium Games 2021	Platform 2021	Consolidated 2021
Revenue			
External revenue	73,884	234,169	308,053
Inter segment revenue	(306)	306	-
Total revenue	**73,578**	**234,475**	**308,053**
Expenses			
Website and direct expenses	(30,591)	(156,482)	(187,073)
Salary costs (excl. share-based payments)	(11,766)	(38,274)	(50,040)
Operating expenses	(6,412)	(16,568)	(22,980)
Non-recurring result	(3,743)	(10,631)	(14,374)
EBITDA	**21,066**	**12,520**	**33,586**

The following is an analysis of the Group's revenue and results by reportable segment in 2020:

In thousands of €	Premium Games 2020	Platform 2020	Consolidated 2020
Revenue			
External revenue	46,935	148,141	195,076
Inter segment revenue	(2,625)	2,625	-
Total revenue	**44,310**	**150,766**	**195,076**
Expenses			
Website and direct expenses	(19,478)	(105,859)	(125,337)
Salary costs (excl. share-based payments)	(6,775)	(23,372)	(30,147)
Operating expenses	(3,575)	(9,471)	(13,046)
Non-recurring result	(599)	(4,078)	(4,677)
EBITDA	**13,883**	**7,986**	**21,869**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

EBITDA represents operating profit / (loss) excluding depreciation, amortization, impairment of non-current assets and other gains and losses. This is the measure reported to the Group's Chief Executives for the purpose of resource allocation and assessment of segment performance.

b. Segment assets

In thousands of €	31 December 2021	31 December 2020
Platform	312,012	154,653
Premium Games	111,322	21,787
Total segment assets	**423,334**	**176,440**
Unallocated assets	40,381	20,558
Consolidated total assets	**463,715**	**196,998**
Platform	121,138	25,111
Premium Games	86,498	5,431
Additions to non-current assets	**207,636**	**30,541**

For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executives monitor the tangible, intangible and financial assets attributable to each segment. Goodwill has been allocated to reportable segments as described in Note 6. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments. The unallocated assets relate to current tax assets and non-current financial assets.

c. Geographical information

The Group's revenue from external customers by geographical location is detailed under Note 18.

Information about its segment current assets by geographical location are detailed below:

	Current assets	
In thousands of €	31 December 2021	31 December 2020
The Netherlands	52,203	39,187
Other European countries	83,327	29,705
Non-European countries	4,547	2,173
Total current assets	**140,077**	**71,065**

Information about its segment non-current assets by geographical location are detailed below:

In thousands of €	Non-current assets 31 December 2021	31 December 2020
The Netherlands	105,328	74,797
Other European countries	215,002	48,039
Non-European countries	4,508	3,097
Total non-current assets	**324,838**	**125,933**

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

In thousands of €	Consolidated 2021	Consolidated 2020
Profit / (loss) for the year	**(19,978)**	**(5,425)**
Income Tax expense	1,999	5
Profit / (loss) before tax	**(17,979)**	**(5,420)**
Share in profit/(loss) of joint venture	(260)	175
Net Finance costs	**26,617**	**9,094**
Finance income	(1,793)	(1,582)
Finance costs	28,410	10,676
Operating profit / (loss)	**8,378**	**3,849**
Depreciation	5,282	2,893
Amortization	17,636	10,452
Impairment of non-current assets	1,856	4,675
Other gains and losses (incl. share-based payments)	433	-
EBITDA	**33,586**	**21,869**

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

32. Subsequent events

Business combination

Azerion Holding B.V. and European FinTech IPO Company 1 B.V., a special purpose acquisition company listed on Euronext Amsterdam, successfully completed a business combination on 1 February 2022. The business combination was announced on 13 December 2021. Amongst other matters, the business combination was approved during the Extraordinary General Meeting of Shareholders of EFIC1 on 31 January 2022.

In the Financial Statements 2021 of Azerion Holding B.V. the transaction is treated as a non-adjusting event given that the transaction does not provide evidence of conditions that existed at the end of the reporting period which were conditional on crucial decisions made in January 2022. Therefore the transaction did not have an impact on net equity of Azerion Holding B.V. as per 31 December 2021.

The following information is relevant for the users of Azerion Holding B.V.'s Financial Statements 2021.

On 1 February 2022, EFIC1 B.V. obtained 100% ownership in Azerion Holding B.V. and was changed in legal form into a limited company (naamloze vennootschap) on 2 February 2022 and renamed from EFIC1 to Azerion Group N.V. as a result of the business combination between EFIC1 and Azerion Holding B.V. which completed on 1 February 2022. The business combination resulted in approximately € 93 million of gross total primary cash proceeds, including approximately € 70.3 million of funds from the EFIC1 escrow account (net of negative interest and after effectuation of the share repurchase arrangement) supplemented by an additional sponsor and co- investor commitment of € 23.2 million. With the completion of the business combination, Azerion Group N.V. received approximately € 56 million of net primary cash proceeds (net of transaction costs and expenses). The net primary cash proceeds will primarily be used by the combined group of Azerion Group N.V. and Azerion Holding B.V. for M&A, operational and growth initiatives, and general corporate purposes.

The residual balance of the Escrow account of € 70.3 million became unrestricted and was transferred from the Escrow Foundation for the free use of Azerion Group N.V.

The business combination transaction was effected in The Netherlands and therefore in Euro.

As a result of the business combination the following other changes impacting Azerion Holding B.V. were effectuated:

- Costs in relation to the business combination for a total amount of approximately € 17.8 million, of which € 5.3 million was included in 2021.
- As per 1 February 2022 a capital contribution was made by Azerion N.V. to Azerion Holding B.V. to settle the € 8.8 million SAR's reported as other current liabilities at 31 December 2021.

As a result of the business combination the following other changes to the capital structure of Azerion Group N.V. were effectuated:

- Cancellation of 853,989 Special Shares and reclassification of 1,152,886 Special Shares into conditional Special Shares. (Conditional Special Shares are convertible into Ordinary Shares subject to additional conditions to be met within five years as of the Completion Date.) Conversion of the remaining 6,533,019 Special Shares into Ordinary Shares of Azerion Group N.V.
- Amendment of the Davey Call Option into an unconditional call option on a maximum of 628,974 Ordinary Shares and a call option on 110,996 Ordinary Shares which will solely become exercisable if the share price of Ordinary Shares equals or exceeds € 12.00 per share for any 20 trading days within any 30 trading-day period within a period of five years after the business combination.

- Grant of 17,922,773 Founder Warrants to both founders of Azerion Holding B.V., subject to the same terms and conditions as the other Founder Warrants.
- The holders of the Founder Warrants waived their right to retain the warrants in case of a call by the issuer (now Azerion Group N.V.). As a result, the terms and conditions of the Founder Warrants are now broadly equivalent to the Public Warrants.
- Waiving of dividend and voting rights relating to Conditional Special Shares.
- Deferred underwriting fees and other costs in relation to the business combination for a total amount of approximately € 34.5 million, of which € 5.3 million was reported in 2021 in Azerion Holding B.V..
- Vesting and exercising of the share appreciation rights that were granted to employees, investors and acquisition partners by Azerion Holding B.V. These parties have become ordinary shareholders of Azerion Group N.V.

Immediately after completion of the business combination the issued share capital of Azerion Group N.V. was as follows:

Type of security	**Number** [1]
Total Ordinary Shares	181,561,748
Of which shares in treasury[2]	70,078,452
Ordinary Shares	111,483,296
Capital Shares	22
Conditional Special Shares	1,152,886
Warrants[3]	12,736,605

[1] Excluding any conditional and unconditional option rights and Founder Warrants existing at the date of the business combination, which in aggregate entitle the holders to receive up to a maximum of 24,160,245 Ordinary Shares.
[2] The Ordinary Shares in treasury can be used for acquisitions, exercise of warrants and option rights and other general funding purposes.
[3] The outstanding Warrants listed on Euronext Amsterdam at the date of the business combination entitle the holders to receive up to 12,736,605 Ordinary Shares.

The ownership percentages, immediately after the completion of the business combination, were as presented in the table below. These percentages may differ from the capital interest and voting rights percentages as found in the register of substantial interests of the AFM, due to the specific regulatory requirements applicable to AFM notifications.

Shareholder	**% in ordinary Share capital** [1]
Principion Holding B.V. [2] [3]	74.3
Azerion Holding B.V., former depositary receipt holders	7.5
Azerion former stock appreciation rights holders [4]	4.0
Former EFIC1 converted Special Shares holders	5.9
Other shareholders	8.3
	100.0

[1] Excluding treasury shares as well as any conditional and unconditional option rights and Founder Warrants existing at 2 February 2022, which in aggregate entitle the holders to receive up to a maximum of 24,160,245 Ordinary Shares.
[2] An entity controlled by Azerion's co-founders and co-CEOs.
[3] Including shares held for settlement of future acquisition-related earn out and other obligations.
[4] Excluding shares held for settlement of future acquisition-related earn out and other obligations.

Acquisition of Infinia

Azerion and Infinia Mobile S.L. signed a binding share purchase agreement subject to certain conditions on 22 March 2022 with the acquisition completed on 14 April 2022.

Infinia is a digital marketing company based in Spain with an attractive footprint in Latin America. This acquisition, the first since Azerion was listed on Euronext Amsterdam in February 2022, furthers Azerion's ambitions to expand its reach in fast-growing digital advertising markets.

Infinia purchases inventory from digital publishers and sells it to agencies and advertisers, using proprietary data segmentation and profiling capabilities. Their arrival into Azerion's expanding network of direct advertisers and media agencies will bolster the platform's media buying capabilities, strengthen Azerion's sales capability and volumes in Spain, extend its presence in Latin America, particularly Mexico, and enables the further utilisation of Azerion's advertising technology, generating synergies with Azerion's expanding end-to-end suite of digital marketing technologies. Infinia was founded in 2015 and currently has a team of 61 employees and presence in Spain, North America and Latin America.

The transaction structure and implied multiples of revenue paid for the acquisition are in line with the M&A transactions that Azerion completed during 2021.The purchase consideration for 100% of the shares in the capital of Infinia is up to € 16.0 million as the base price.

At the date of authorisation of the Financial Statements 2021, the purchase price allocation for this acquisition has not been finalised due to the short period of time between the announcement and the finalisation of the Financial Statements 2021. Consequently, no further disclosures on acquired assets and liabilities are made.

33. Earnings per share

33.1 Basic loss per share

In €	31 December 2021	31 December 2020
From continuing operations attributable to the ordinary equity holders of the company	(167.0)	(45.3)
Total basic profit/(loss) per share attributable to the ordinary equity holders of the company	(167.0)	(45.3)

33.2 Loss used in calculating loss per share

In thousands of €	31 December 2021	31 December 2020
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	(19,632)	(5,321)
	(19,632)	**(5,321)**

33.3 Weighted average number of shares used as the denominator

	31 December 2021	31 December 2020
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	117,563	117,563

33.4 Diluted loss per share

In €	31 December 2021	31 December 2020
From continuing operations attributable to the ordinary equity holders of the company	(167.0)	(45.3)
Total diluted profit/(loss) per share attributable to the ordinary equity holders of the company	(167.0)	(45.3)

33.5 Loss used in calculating loss per share

In thousands of €	31 December 2021	31 December 2020
Loss attributable to the ordinary equity holders of the company used in calculating diluted earnings per share:	(19,632)	(5,321)
	(19,632)	**(5,321)**

33.6 Weighted average number of shares used as the denominator

	31 December 2021	31 December 2020
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share	117,563	117,563

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share:

Number of shares	31 December 2021	31 December 2020
Acquisition SARs – Equity	2,795	2,686
Acquisition SARs – Liability	878	-
Investor SARs	634	587
Share options	1,040	1,040
Convertible loans	3,038	2,708
Employee SARs	1,263	798
	9,648	**7,819**

34. Standards issued but not yet effective

The amended standards that are issued but are not yet effective for 31 December 2021 are listed below:

IFRS 17	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts—Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group will adopt these amended standards when they become effective. The amended standards are not expected to have a material impact on the Group's financial statements, except for the following which are being assessed by management:

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Company Financial Statements

Company statement of financial position
as of 31 December 2021 (Before proposal of appropriation of result)

In thousands of €	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets			
Intangible fixed assets (including goodwill)	36	12,391	22,230
Property, plant and equipment	37	714	2,785
Financial fixed assets	38	209,004	59,262
		222,109	**84,277**
Current assets			
Receivables, prepayments and accrued income	39	65,347	50,471
Cash and cash equivalents		3,758	1,854
		69,105	**52,325**
Total assets		**291,214**	**136,602**
Equity	40		
Share capital		1	1
Share premium		525	525
Share based payment reserve		1,827	658
Other equity instruments		34,016	30,994
Legal reserves		19,564	13,772
Currency translation reserve		628	349
Retained earnings		(45,559)	(36,877)
Results for the financial year		(19,632)	(5,321)
Total equity		**(8,630)**	**4,101**
Liabilities			
Non-current liabilities			
Lease liabilities	41	1,997	2,475
Other non-current liabilities	42	195,401	64,611
		197,398	**67,086**
Current liabilities			
Lease liabilities	41	824	575
Other current liabilities	43	101,622	64,840
		102,446	**65,415**
Total liabilities		**299,844**	**132,501**
Total equity and liabilities		**291,214**	**136,602**

Company statement of profit or loss
for the year ended 31 December 2021

In thousands of €	Notes	31 December 2021	31 December 2020
General and administrative expenses		(8,902)	(5,607)
Other gains and losses		2,456	1,124
Share based payment cost		(442)	(74)
Depreciation and amortisation		(1,153)	(1,390)
Net impairment losses		(1,856)	-
Operating profit		**(9,897)**	**(5,947)**
Total financial income	45	5,593	9,147
Total financial costs	45	(25,285)	(9,067)
Net result from equity method investments		233	(175)
Result before tax		**(29,356)**	**(6,042)**
Income taxes		(120)	763
Result from operations after tax		**(29,476)**	**(5,279)**
Share of results in participating interests		9,844	(42)
Profit / (loss) for the year		**(19,632)**	**(5,321)**

Notes to the Company Financial Statements

35. General information

The Company financial statements are part of the 2021 consolidated annual accounts of Azerion Holding B.V. The information on the principal activities of the company is included in Note 1 of the consolidated financial statements.

The Company financial statements were authorized for issue by the Management Board on 23 May 2022.

The company financial statements of Azerion Holding B.V. (hereafter: the Company) have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with subsection 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies in the consolidated financial statements of this annual report. For an appropriate interpretation, the company financial statements of Azerion Holding B.V. should be read in conjunction with the consolidated financial statements. The balance sheet and income statement include references. These refer to the notes.
The company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.
All amounts in the Company financial statements are presented in Euro.

a. Financial fixed assets

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

Participating interests in group companies, where control is exerted on the business and financial policies, are valued based on the net asset value method in accordance with combination 3 election of Article 2:362 (8) DCC.

The company guarantees (wholly or partially) debts of the participating interest concerned and subsequently a provision is recognized for the losses of participating interests when it is probable that the company will have an outflow of resources. Goodwill and Loan receivables are an extension to the net investment that Azerion Holding has on the subsidiary on which the losses are continued to be recognised.

b. Share of result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests.

c. Corporate income tax

The Company is the head of the fiscal unity for corporate income tax purposes. The Company recognizes the portion of corporate income tax that it would owe as an independent taxpayer, taking into account the allocation of the advantages of the fiscal unity. Settlement within the fiscal unity between the Company and its subsidiaries takes place through current account positions.

d. Cash flow statement

No cash flow statement is included in these company financial statements as the Company's cash flows are included in the consolidated cash flow statement.

e. Comparative information

The Company's financial statements have been prepared consistently with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to agree to the presentation of the current period company financial statements and significant changes are explained.

The following reclassifications have been made by the Company in the 31 December 2020 balance sheet and profit and loss with the purpose of comparable presentation with the company financial statements as of 31 December 2021:

- On the face of the company statement of profit or loss a recharge for incurred costs amounting to € 8.4 million which was presented under "Result from operations after tax" have been reclassified into "Share of results in participating interests". The reclassification has no impact on the reported net result or shareholders' equity. Participations in group companies (Note 38 "Financial fixed assets") and loans to group companies (Note 43 "Other current liabilities") have been updated to reflect this reclassification.
- On the face of the company statement of financial position an amount of negative € 2.1 million which was presented under goodwill, as being the extension of the negative equity value investments of goodwill on which the losses continued to be recognized, has been reclassified from goodwill (Note 36 "Intangible fixed assets (including goodwill)") to financial fixed assets (Note 38 "Financial fixed assets").

36. Intangible fixed assets (including goodwill)

In thousands of €	**Websites**	**Goodwill**	**Total**
As at 1 January 2020			
Acquisition cost	3,266	28,247	31,513
Accumulated remeasurement of net investment	-	(19,318)	(19,318)
Accumulated amortization	(2,257)	-	(2,257)
Net book amount	**1,009**	**8,929**	**9,938**
Movement for the year ended 31 December 2020			
Additions	-	9,252	9,252
Transfers	-	2,119	2,119
Remeasurement of the net investment	-	1,575	1,575
Amortization	(654)	-	(654)
As at 31 December 2020			
Acquisition cost	3,266	37,499	40,765
Accumulated remeasurement of net investment	-	(15,624)	(15,624)
Accumulated amortization	(2,911)	-	(2,911)
Net book amount	**355**	**21,875**	**22,230**
Movement for the year ended 31 December 2021			
Remeasurement of the net investment	-	(9,694)	(9,694)
Exchange rate effect	-	111	111
Amortization	(255)	-	(255)
As at 31 December 2021			
Acquisition cost	3,266	37,610	40,876
Accumulated remeasurement of net investment	-	(25,318)	(25,318)
Accumulated amortization	(3,166)	-	(3,166)
Net book amount	**100**	**12,291**	**12,391**
Amortization rates	10-20%	0%	

Remeasurement of the net investment relates to the extension of Goodwill and Loan to the net investment that Azerion Holding has on subsidiaries on which the losses are continued to be recognised.

Remeasurement of the net investment also includes in 2021 an adjustment of € 1.2 million to reflect a decrease in Goodwill and a decrease of equity retained earnings related to the purchase of Funtomic.

37. Property, plant and equipment

In thousands of €	Right-of-Use Assets	Office Equipment	Total
As at 1 January 2020			
Cost	3,673	83	3,756
Cumulative depreciation	(470)	(7)	(477)
Net book value	**3,203**	**76**	**3,279**
Movements for the financial year ended 31 December 2020			
Additions	314	-	314
Depreciation	(735)	(1)	(736)
Disposals	-	(72)	(72)
As at 31 December 2020			
Cost	3,965	5	3,970
Cumulative depreciation	(1,183)	(2)	(1,185)
Net book value	**2,782**	**3**	**2,785**
Movements for the financial year ended 31 December 2021			
Additions	711	-	711
Depreciation	(897)	(1)	(898)
Impairment	(1,856)	-	(1,856)
Other movements	(28)	-	(28)
As at 31 December 2021			
Cost	4,648	5	4,653
Cumulative depreciation	(3,936)	(3)	(3,939)
Net Book value	**712**	**2**	**714**
Depreciation rates	20%	20%	

38. Financial fixed assets

In thousands of €	Participations in group companies	Receivables from group companies	Receivables from related parties	Deferred Tax Asset	Other participating interests	Total
As at 1 January 2020	**19,788**	**3,628**	**-**	**-**	**5,029**	**43,737**
Additions	16,644	-	25,360	1,733	-	(217)
Share in result of participations	(42)	-	-	-	(175)	(6,891)
Disposals / repayments	-	(791)	(6,100)	-	-	624
Accrued Interest	-	-	624	-	-	146
Exchange differences	146	-	-	-	-	(2,119)
Transfers	(2,119)	-	-	-	-	-
Reclassification	1,046	-	-	-	(1,046)	(3,384)
Fair value adjustment on shareholder loans	-	-	(3,384)	-	-	496
Other movements	-	-	425	-	71	(1,575)
Remeasurement of the net investment	(15,496)	13,921	-	-	-	59,262
As at 31 December 2020	**19,967**	**16,758**	**16,925**	**1,733**	**3,879**	**59,262**
Additions	6,937	118,180	12,351	-	-	137,468
Share in result of participations	9,844	-	-	-	233	10,077
Repayments	(16)	-	-	-	-	(16)
Accrued interest	-	-	1,021	-	-	1,021
Exchange differences	279	-	-	-	-	279
Reclassification	1,075	-	-	-	(4,112)	(3,037)
Other movements	(1,966)	425	(425)	-	-	(1,966)
Fair value adjustment	-	-	(1,364)	-	-	(1,364)
Modification of shareholder loans	-	-	4,852	-	-	4,852
Remeasurement of the net investment	9,694	(7,266)	-	-	-	2,428
As at 31 December 2021	**45,814**	**128,097**	**33,360**	**1,733**	**-**	**209,004**

Remeasurement of the net investment relates to the extension of Goodwill and Loan to the net investment that Azerion Holding has on subsidiaries on which the losses are continued to be recognised.

On 17 March 2020, the Group entered into a loan agreement with its shareholder Principion Holding B.V., lending its shareholder a total principal value of € 24.6 million (nominal value) against an interest rate of 1.0%. The maturity date of the loan is 31 March 2024. The loan, which is classified as subsequently measured at amortised cost, had a fair value on initial recognition of € 21.2 million. During 2020 the difference between the market interest rate (4.0%) and the interest rate in the agreement (1.0%) resulted in a negative fair value adjustment of € 3.4 million on the initial recognition of the loan recognised directly in equity. A further loan of € 12.4 million was advanced on the same terms during April and May 2021. The initial recognition of this loan gave rise to a fair value loss on initial recognition of € 1.4 million recorded directly in equity. The shareholder repaid € 0 of the loan principals during 2021 (2020: € 6.1 million) and € 1.0 million of interest is accrued in 2021 (2020: € 624 thousand). During 2021 the interest rate on these loans was amended to 4.0% to reflect the market interest rate. This amendment gave rise to a modification of € 4.9 million positive recorded directly in equity. The loan had an outstanding balance of € 33.4 million as of 31 December 2021. (2020: € 16.5 million)

The fair value of receivables from group companies approximates the book value.

Refer to Note 29 for details regarding the material acquisitions and disposals of the company.

In 2020, the Company acquired the remaining 95.0% of the shares in the capital of Spilgames B.V. by which it became its sole shareholder (refer to Notes 8 and 29 for further details on this transaction). As a result, the book value of the Company's previously held 5.0% interest in Spilgames B.V. has been reclassified from other participating interests to participations in group companies.

Spilgames added know-how to maximize user engagement and advertiser impact in the consolidating mobile and social games market.

The other participating interest as at 31 December 2020 related to the Company's investment in Azerion Gaming B.V. (formerly Talpa Azerion Gaming B.V.), which was a 50% joint venture (refer to Note 29). In 2021, the Company acquired the remaining 50% of the shares in the capital of Azerion Gaming B.V.

Azerion Holding B.V. has direct interest in the following participations:

Name	Registered office	Share
Azerion Gaming B.V. (formerly Talpa Azerion Gaming B.V.)	Schiphol-Rijk (NL)	100%
Azerion Games and Content Holding B.V.	Schiphol-Rijk (NL)	100%
Azerion Tech Holding B.V.	Schiphol-Rijk (NL)	100%
Azerion International Holding B.V.	Schiphol-Rijk (NL)	100%

Refer to Note 29 of the consolidated financial statements, for information relating to material acquisitions and disposals which occurred during the period.

39. Receivables, prepayments and accrued income

In thousands of €	31 December 2021	31 December 2020
Trade receivables	2,403	53
Receivables from group companies	47,584	48,046
Receivables from other related parties	41	-
Taxes and social security premiums	242	2,362
Other receivables and accrued income	15,077	10
	65,347	**50,471**

Receivables from group companies and related parties are unsecured, denominated in Euro.

The trade receivables, taxes and social security contributions and other receivables and other accrued income including receivables form group companies and other related parties, are all due within a period of one year from the balance sheet date.

No expected credit losses are recorded as future operating cash flows will cover the outstanding positions.

Included in other receivables in 2021 are structure fees that Azerion Holding B.V. are invoicing.

The fair value of all receivables approximates the book value.

40. Equity

In thousands of €	31 December 2021	31 December 2020
Issued share capital		
117,563 ordinary shares at par value of €0,01 each	1	1
Share premium reserve	**525**	**525**
Legal reserve		
Balance as at 1 January	13,772	4,862
Allocation	5,792	8,910
Balance as at 31 December	**19,564**	**13,772**
Currency translation reserve		
Balance as at 1 January	349	203
Allocation/Withdrawal	279	146
Balance as at 31 December	**628**	**349**
Share based payment reserve		
Balance as at 1 January	658	224
Allocation	1,169	434
Balance as at 31 December	**1,827**	**658**
Other equity instruments		
Balance as at 1 January	30,994	3,063
Borrowings converted to equity	1,825	14,972
Issuance of Investor SARs	244	1,630
SAR Options related to acquisitions	953	11,328
Balance as at 31 December	**34,016**	**30,994**
Retained earnings		
Balance as at 1 January	(42,198)	(19,008)
Result of the year	(19,632)	(5,321)
Fair value adjustment on shareholder loans	(1,364)	(3,384)
Modification of shareholder loans	4,852	-
Other comprehensive income	(4)	(133)
Increase/decrease due to acquisitions	-	(5,442)
Re-allocation to legal reserve	(5,792)	(8,910)
Other movements	(1,053)	-
Balance as at 31 December	**(65,191)**	**(42,198)**
Total Equity	**(8,630)**	**4,101**

Refer to Note 11 of the consolidated financial statements, for the period ending December 31, 2021, for information relating to movements in equity.

41. Leases

Lease liabilities

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure the present value of future lease payments. The IBR is determined as the sum of a reference rate, credit risk premium and country risk premium. The calculation of IBR considers the currency of the lease contract, the lease term, type of leased assets, the region of the lessee and the credit rating of the lessee. A single IBR is applied to a portfolio of leases, which are similar in nature and in lease term within a region. The weighted average IBR applied to lease liabilities was 8.9% (2020: 9.3%).

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

In thousands of €	2021	2020
As at 1 January	3,045	3,320
Additions	713	745
Interest expense	265	360
Payment of lease invoices	(1,174)	(948)
Reclassification	(28)	(427)
As at 31 December	**2,821**	**3,050**
Non-current	1,997	2,475
Current	824	575

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date:

In thousands of €	31 December 2021	31 December 2020
Less than 1 year	1,047	948
1 to 2 years	662	959
2 to 3 years	486	877
3 to 4 years	422	634
4 to 5 years	406	375
More than 5 years	724	1,408
Total undiscounted lease liability	**3,747**	**5,203**
Unpaid finance expense	(926)	(2,153)
Total lease liability	**2,821**	**3,050**

Amounts recognized in the statement of profit and loss:

In thousands of €	**2021**	**2020**
Depreciation on right-of-use asset	(897)	(735)
Impairment on right-of-use asset	(1,856)	-
Interest expense (included in finance cost)	(265)	(360)

The total cash outflows recognized in the statement of cash flows is as follows:

In thousands of €	**2021**	**2020**
Principle portion of lease liabilities	(909)	(588)
Interest paid on lease liabilities	(265)	(360)

42. Other liabilities

In thousands of €	Subordinated loans	Convertible loans	Debts to participating interests	Loans from group companies	Senior secured floating rate bonds	Other	Total
Balance at 1 January 2020	**8,699**	**4,929**	**8,848**	**2,891**	**24,074**	**71**	**49,513**
Current	-	4,929	8,848	-	24,074	19	37,870
Non-current	8,699	-	-	2,891	-	52	11,643
Additions	-	-	-	-	70,017	-	70,018
Interest accrued	572	(53)	-	-	5,145	-	5,664
Repayments	(1,855)	(4,876)	-	-	(29,619)	-	(36,350)
Reclassification to equity	(14,972)	-	-	-	-	-	(14,972)
Reclassifications and other movement	8,848	-	(8,848)	(2,891)	1,242	(71)	(1,720)
Balance at 31 December 2020	**1,292**	**-**	**-**	**-**	**70,859**	**-**	**72,151**
Current	1,292	-	-	-	6,248	-	7,540
Non-current	-	-	-	-	64,611	-	64,611
Additions	-	-	-	-	227,500	-	227,500
Interest accrued	814	-	-	-	13,807	-	14,621
Interest paid	(282)	-	-	-	(10,500)	-	(10,782)
Repayments	-	-	-	-	(100,000)	-	(100,000)
Loss on derecognition	-	-	-	-	1,937	-	1,937
Transaction costs capitalized	-	-	-	-	(5,656)	-	(5,656)
Reclassification to equity	(1,824)	-	-	-	-	-	(1,824)
Balance at 31 December 2021	**-**	**-**	**-**	**-**	**197,947**	**-**	**197,947**
Balance as at 31 December 2021							
< 1 Year (refer to Note 41)	-	-	-	-	2,546	-	2,546
≥1 year ≤ 5 years	-	-	-	-	195,401	-	195,401
> 5 Years	-	-	-	-	-	-	-

Refer to Note 17 of the consolidated financial statements, for the period ending 31 December 2021, for information relating to convertible loans, debt to credit institutions and subordinated loans.

Loans from group companies
The average intercompany balances are unsecured and denominated in Euro. Nothing has been agreed in respect of repayment of the loans and securities.

Debts to participants
The interest rates for debts to participants are varied between 3% and 10% per annum.
The fair value of all non-current payables approximates the book value.

43. Other current liabilities

In thousands of €	31 December 2021	31 December 2020
Short-term portion of long-term debt	2,546	7,540
Revolving credit facility	-	7,548
Trade and other creditors	4,216	878
Loans from group companies	84,854	47,904
Tax payable	430	970
Wage tax and social securities	144	-
Accruals	636	-
Acquisition SAR liability - Current	8,796	-
	101,622	**64,840**

The average intercompany balances are unsecured and denominated in Euro. Nothing has been agreed in respect of repayment of the loans and securities.

The current liabilities have a due period shorter than 1 year.

The fair value of all current payables approximates the book value.

During 2020 Azerion had a revolving credit facility with Billfront Ltd which was fully redeemed in 2021 (€ 7.5 million Dec 2020). The revolving credit facility with Billfront was charged at Euribor + 7.6%, with an upfront arrangement fee of 0.7% of the maximum aggregate outstanding amount. It was renewed every 30 to 120 days and was generally renewed at 60-day intervals. It required a collateral of 125% of qualifying accounts receivable.

44. Off balance sheet commitments

Contingent liabilities

Fiscal unity for corporate income tax and value added tax purposes
On 31 December 2021, the Company is part of a fiscal unity for corporate income tax and value added tax purposes. The Company is head of both fiscal unities.

Under the conditions of the Collection of State Taxes Act 1990 (Invorderingswet 1990) the members of the fiscal unity are jointly and severally liable for the payment of the corporate income tax and value added tax due by any member of the fiscal unity.

Guarantees

A declaration of joint and several liability pursuant to the provisions of Section 403, Part 9, Book 2, of the Dutch Civil Code has been issued with respect to the following legal entities established in the Netherlands:

Entity name	**Registered office**	**31 December 2021 %**	**31 December 2020 %**
Admeen BV	Schiphol-Rijk (NL)	100,0	-
Azerion Games and Content Holding B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Gaming B.V. (formerly Talpa Azerion Gaming B.V.)	Schiphol-Rijk (NL)	100,0	50,0
Azerion Holding BV	Schiphol-Rijk (NL)	100,0	100,0
Azerion International Holding B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion IP B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Media B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Nederland B.V. (formerly Semilo B.V.)	Schiphol-Rijk (NL)	100,0	100,0
Azerion Productions Casual B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Productions E-Business B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Productions GD B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Productions PG B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Productions Services B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Publisher Services B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Services B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Sports B.V. (former Yoki Network Holding B.V.)	Schiphol-Rijk (NL)	100,0	100,0
Azerion Tech Development B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Tech Engineering B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Tech Holding B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Tech Productions B.V.	Schiphol-Rijk (NL)	100,0	100,0
Azerion Technology B.V. (former Improve Digital B.V.)	Schiphol-Rijk (NL)	100,0	100,0
Gembly B.V.	Schiphol-Rijk (NL)	-	100,0
KeyGames Network B.V.	Schiphol-Rijk (NL)	100,0	100,0
Quantum Advertising Nederland B.V.	Schiphol-Rijk (NL)	77,0	77,0
Spilgames Group BV	Schiphol-Rijk (NL)	100,0	100,0
Triodor Holding B.V.	Schiphol-Rijk (NL)	100,0	100,0
Voidu B.V.	Schiphol-Rijk (NL)	100,0	100,0
Youda Games Holding B.V.	Schiphol-Rijk (NL)	100,0	100,0
Zoom.In Group B.V.	Schiphol-Rijk (NL)	100,0	100,0

General guarantees as referred to in Section 403, Book 2, of the Dutch Civil Code, have been given by the Company on behalf of the Netherlands based group companies listed above. The liabilities of these companies to third parties totalled € 121 million as of 31 December 2021 (2020: € 120 million). As of 31 December 2021 and 2020 there have been no guarantees given on behalf of unconsolidated companies and third parties.

45. Net finance costs

In thousands of €	2021	2020
Other finance income	5,593	9,147
Finance income	**5,593**	**9,147**
Interest expense on related party loans	847	519
Interest expense on third party loans	16,483	6550
Interest on leases (IFRS 16)	265	-
Other finance costs	7,690	1,998
Finance costs	**25,285**	**9,067**
Net Finance costs	**(19,692)**	**80**

Other finance income mainly include interest received from borrowings to related parties.

Other finance costs amounting to € 7.7 million (call premium and make-whole interest) relates to the early settlement of Senior Secured Callable Floating Rate Bonds ISIN: SE0013774957 explained in Note 17.

46. Employees

During 2021 no employees were employed by the company (2020: 0).

47. Remuneration of statutory directors

The emoluments (including pensions obligations) which were charged in 2021 amount to € 1,138 thousand (2020: € 987 thousand) for the statutory directors of the Company.

48. Subsequent events

Business Combination

Azerion Holding B.V. and European FinTech IPO Company 1 B.V., a special purpose acquisition company listed on Euronext Amsterdam, successfully completed a business combination on 1 February 2022. The business combination was announced on 13 December 2021. Amongst other matters, the business combination was approved during the Extraordinary General Meeting of Shareholders of EFIC1 on 31 January 2022.

In the Financial Statements 2021 of Azerion Holding B.V. the transaction is treated as a non-adjusting event given that the transaction does not provide evidence of conditions that existed at the end of the reporting period which were conditional on crucial decisions made in January 2022. Therefore the transaction did not have an impact on net equity of Azerion Holding B.V. as per 31 December 2021.

The following information is relevant for the users of Azerion Holding B.V.'s Financial Statements 2021.

On 1 February 2022, EFIC1 B.V. obtained 100% ownership in Azerion Holding B.V. and was changed in legal form into a limited company (naamloze vennootschap) on 2 February 2022 and renamed from EFIC1 to Azerion Group N.V. as a result of the business combination between EFIC1 and Azerion Holding B.V. which completed on 1 February 2022. The business combination resulted in approximately € 93 million of gross total primary cash proceeds, including approximately € 70.3 million of funds from the EFIC1 escrow account (net of negative interest and after effectuation of the share repurchase arrangement) supplemented by an additional sponsor and co- investor commitment of € 23.2 million. With the completion of the business combination, Azerion Group N.V. received approximately € 56 million of net primary cash proceeds (net of transaction costs and expenses). The net primary cash proceeds will primarily be used by the combined group of Azerion Group N.V. and Azerion Holding B.V. for M&A, operational and growth initiatives, and general corporate purposes.

The residual balance of the Escrow account of € 70.3 million became unrestricted and was transferred from the Escrow Foundation for the free use of Azerion Group N.V.

The business combination transaction was effected in The Netherlands and therefore in Euro.

As a result of the business combination the following other changes impacting Azerion Holding B.V. were effectuated:

- Costs in relation to the business combination for a total amount of approximately € 17.8 million, of which € 5.3 million was included in 2021.
- As per 1 February 2022 a capital contribution was made by Azerion N.V. to Azerion Holding B.V. to settle the € 8.8 million SAR's reported as other current liabilities at 31 December 2021.

As a result of the business combination the following other changes to the capital structure of Azerion Group N.V. were effectuated:

- Cancellation of 853,989 Special Shares and reclassification of 1,152,886 Special Shares into conditional Special Shares. (Conditional Special Shares are convertible into Ordinary Shares subject to additional conditions to be met within five years as of the Completion Date.) Conversion of the remaining 6,533,019 Special Shares into Ordinary Shares of Azerion Group N.V.
- Amendment of the Davey Call Option into an unconditional call option on a maximum of 628,974 Ordinary Shares and a call option on 110,996 Ordinary Shares which will solely become exercisable if the share price of Ordinary Shares equals or exceeds € 12.00 per share for any 20 trading days within any 30 trading-day period within a period of five years after the business combination.

- Grant of 17,922,773 Founder Warrants to both founders of Azerion Holding B.V., subject to the same terms and conditions as the other Founder Warrants.
- The holders of the Founder Warrants waived their right to retain the warrants in case of a call by the issuer (now Azerion Group N.V.). As a result, the terms and conditions of the Founder Warrants are now broadly equivalent to the Public Warrants.
- Waiving of dividend and voting rights relating to Conditional Special Shares.
- Deferred underwriting fees and other costs in relation to the business combination for a total amount of approximately € 34.5 million, of which € 5.3 million was reported in 2021 in Azerion Holding B.V..
- Vesting and exercising of the share appreciation rights that were granted to employees, investors and acquisition partners by Azerion Holding B.V. These parties have become ordinary shareholders of Azerion Group N.V.

Immediately after completion of the business combination the issued share capital of Azerion Group N.V. was as follows:

Type of security	**Number** [1]
Total Ordinary Shares	181,561,748
Of which shares in treasury[2]	70,078,452
Ordinary Shares	111,483,296
Capital Shares	22
Conditional Special Shares	1,152,886
Warrants[3]	12,736,605

1 Excluding any conditional and unconditional option rights and Founder Warrants existing at the date of the business combination, which in aggregate entitle the holders to receive up to a maximum of 24,160,245 Ordinary Shares.
2 The Ordinary Shares in treasury can be used for acquisitions, exercise of warrants and option rights and other general funding purposes.
3 The outstanding Warrants listed on Euronext Amsterdam at the date of the business combination entitle the holders to receive up to 12,736,605 Ordinary Shares.

The ownership percentages, immediately after the completion of the business combination, were as presented in the table below. These percentages may differ from the capital interest and voting rights percentages as found in the register of substantial interests of the AFM, due to the specific regulatory requirements applicable to AFM notifications.

Shareholder	**% in ordinary Share capital** [1]
Principion Holding B.V. [2] [3]	74.3
Azerion Holding B.V., former depositary receipt holders	7.5
Azerion former stock appreciation rights holders [4]	4.0
Former EFIC1 converted Special Shares holders	5.9
Other shareholders	8.3
	100.0

1 Excluding treasury shares as well as any conditional and unconditional option rights and Founder Warrants existing at 2 February 2022, which in aggregate entitle the holders to receive up to a maximum of 24,160,245 Ordinary Shares.
2 An entity controlled by Azerion's co-founders and co-CEOs.
3 Including shares held for settlement of future acquisition-related earn out and other obligations.
4 Excluding shares held for settlement of future acquisition-related earn out and other obligations.

49. Other disclosure

Adoption of the financial statements 2021

The consolidated and company financial statements have been prepared and signed by the Management Board and shall be proposed by the Management Board for adoption to the general meeting of shareholders.

Appropriation of the result for 2021

The Management Board proposes to add the full 2021 result to the other reserves. The general meeting of shareholders will be asked to approve the appropriation of the 2021 result, this appropriation is already recognized in the financial statements.

Schiphol-Rijk, 23 May 2022
On behalf of the Management Board of Azerion Holding B.V.

Mr. U. Akpinar **Mr. A. Aytekin** **Ms. D. Alonso**

Other Information

Provisions of the Articles of Association relating to profit appropriation

Concerning the appropriation of profit the following has been determined in article 20 of the provisions of the articles of the companies:

The profit is placed at the disposal of the General Shareholders' Meeting. The company can distribute the profit in case the shareholders' equity amounts to more than the paid-up and called-up part of the capital added to the reserves that need to be kept in virtue of the law.

Report of the independent auditor

These annual accounts have been audited based on the standards set out in article 393, book 2, of the Dutch Civil Code. The independent auditor's report can be found hereafter.

Independent auditor's report

To: the general meeting of Azerion Holding B.V.

Report on the financial statements 2021

Our opinion

In our opinion:

- the consolidated financial statements of Azerion Holding B.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2021 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Azerion Holding B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021 of Azerion Holding B.V., Schiphol-Rijk. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the following statements for 2021: the consolidated statement of profit and loss, the consolidated statements of other comprehensive income, changes in equity and cash flows;
- and the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2021;
- the company statement of profit and loss for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Azerion Holding B.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, like our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

Azerion Holding B.V. is a media, entertainment and technology company that operates on a European scale. The Group is comprised of several components and therefore we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

Azerion Holding B.V. is a fast-growing company. This growth is partially realised through acquisitions. As a result, the scale of operations has increased significantly over the past years and is expected to continue to grow. These circumstances require adequate processes, internal control measures and a strong finance function. During the year 2021 these were not at the level required and therefore our audit was primarily based on substantive audit procedures.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

In paragraph 2 'Preparation basis' of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risk, we identified the risk of material misstatement in the impairment assessment of goodwill as a key audit matter as set out in the section 'Key audit matters' of this report. Furthermore, we identified the accounting for acquisitions as key audit matter because of the estimates and judgements involved in the business combinations, related purchase price allocations and the complexity and judgements related to non-cash elements of the considerations.

The Group assessed the possible effects of climate change on its financial position, refer to section 'ESG overview' in the report of the management board. We discussed the Groups assessment and governance thereof with management and evaluated the potential impact on the financial position. Due to the nature of the Group the expected effects of climate change are not considered to impact the key audit matters.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a media- and technology company. We therefore included experts and specialists in the areas of, amongst others, IT, tax, valuations and IFRS accounting in our team.

The outline of our audit approach was as follows:

Materiality
- Overall materiality: € 3,1 million.

Audit scope
- We conducted a full scope audit at ten components and specific audit procedures at five other components to achieve sufficient audit coverage, in six countries.
- For the five components outside the Netherlands, we used foreign component auditors.
- Audit coverage: 78% of consolidated revenue, 81% of consolidated total assets.

Key audit matters
- Impairment assessment of goodwill.
- Accounting for acquisitions.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

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Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€ 3.1 million (2020: € 2.0 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 1% of revenues.
Rationale for benchmark applied	We used revenues as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that revenues are an important metric for the financial performance of the Company. We have not used profit before tax as benchmark as this benchmark was less representative of the scale of operations of the company.
Component materiality	To each component in our audit scope, we, based on our judgement, allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between € 0,2 million and € 2,0 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the management board that we would report to them any misstatement identified during our audit above €154.000 (2020: €97.500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Azerion Holding B.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Azerion Holding B.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

Our audit primarily focussed on the significant components of the Group. We subjected seven components to audits of their complete financial information, as those components are individually financially significant to the Group, namely Improve Digital B.V., YoudaGames B.V., Voidu B.V., Sulake Oy, Adux SA, WHOW Games GmbH, as well as the parent Azerion Holding B.V. We further subjected three components for full scope audit procedures on a rotational basis. Additionally, we selected five additional components for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

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In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	78 %
Total assets	81%

None of the remaining components represented more than 2% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work for Azerion Holding B.V., Improve Digital B.V., YoudaGames B.V., Azerion Netherlands and Voidu B.V. For components Adux SA, Azerion Belgium N.V., WHOW Games GmbH, Collective Europe Ltd. and Sulake Oy we used component auditors who are familiar with the local laws and regulations to perform the audit work.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included, amongst others, our risk analysis, materiality and scope of the work. We explained to the component audit teams the structure of the Group, the main developments that are relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, which could be of relevance for the consolidated financial statements.

The COVID-19 outbreak limited our ability to physically visit all the significant components during the year, hence we conducted a series of video calls and performed remote review of selected working papers of the work performed by component teams. In terms of the execution of our audit, we considered the impact of the travel and other restrictions on our audit and on the review and supervision of our teams. Our teams largely worked remotely and digitally, supported by video meetings and PwC's digital tooling. We increased the frequency of communication between the Group and component teams, including additional joint meetings with the Group and component management.

The group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of more complex items at the head office. These included impairment of goodwill and intangible assets, accounting for capitalised development cost, share-based payments, leases and changes in long term loans.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, as a whole, to provide a basis for our opinion on the financial statements.

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Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the internal control system. This included management's risk assessment process, management's process for responding to the risks of fraud and monitoring the internal control system.

We evaluated the design and relevant aspects of the internal control system and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the board whether they are aware of any actual or suspected fraud. They confirmed they are not aware of any actual or suspected fraud.

As part of our process of identifying fraud risks, we, in close co-operation with our forensic specialists, evaluated fraud risk factors with respect to financial reporting on fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risk	*Audit procedures and observations*
The risk of fraudulent financial reporting due to overstating the revenue As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions give rise to the risk of fraud in revenue recognition. Management has an incentive to show strong revenue results as a consequence of the growth strategy and expectations of stakeholders. In this context, management has specific targets for growth in turnover and results. This could lead to pressure on management to overstate revenue by entering fictitious turnover.	We evaluated the design and implementation of the internal control system in the processes related to revenue reporting. We have identified deficiencies in the internal control system with respect to the documentation and monitoring of controls. We have reported our findings in writing to management. We performed our audit procedures primarily substantive based. We identified potential notable revenue entries in the fiscal year and performed specific substantive audit procedures on these entries, including determining whether these entries are based on deliveries that actually took place in the financial year. We tested, on a sample basis, the delivered performance and transaction prices of the revenue transactions based on sales agreements, sales invoices and cash receipts. Finally, we performed specific audit procedures at the end of the year related to cut-off procedures to identify potential shifts in revenue from products delivered in the next financial year to the revenue reported in the current financial year.

Identified fraud risk	*Audit procedures and observations*
	In addition, we performed audit procedures to determine whether credit invoices were registered in the next financial year that indicate incorrectly registered revenue in the current financial year. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence, occurrence of the revenue reporting.
Risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • estimates; • significant transactions, if any, outside the normal course of business for the entity. We paid particular attention to tendencies due to possible interests of management.	We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries and making estimates. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We assessed significant judgements made by management and paid specific attention to significant transactions outside the normal course of business, especially for the impairment analysis of goodwill and the accounting for acquisitions. We refer to our key audit matters for further details. We performed journal entry testing by selecting journal entries based on risk criteria such as top side entries and unusual account combinations. We conducted specific audit procedures for these entries if they had not already been tested during other audit procedures. These procedures include, amongst others, inspection of the entries to source documentation. Our work did not reveal any specific indications of fraud or suspicion of fraud in respect of management override of controls.

We incorporated an element of unpredictability in our audit. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identified any indications of fraud, we re-evaluated our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

The management board prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements. Our procedures to evaluate management's going-concern assessment included, amongst others:

- considering whether management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks);
- considering whether management's going-concern assessment includes all relevant information of which we are aware as a result of our audit and inquiring with management regarding management's most important assumptions underlying their going-concern assessment. Amongst others, management took into consideration the closing of the business combination with European FinTech IPO Company 1 B.V. as of 1 February 2022.
  For the going-concern assumption management considered the twelve-month period of the combined business after the date of the preparation of the financial statements;
- evaluating management's current budget including cash flows for at least twelve months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of management as to their knowledge of going-concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to management's assumptions and judgements used in the application of the going-concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the management board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter	*Our audit work and observations*
Impairment assessment of goodwill *refer to note 5 of the consolidated financial statements* As of December 2021, the Group's goodwill amounted to € 116.6 million in the consolidated financial statements. The value of the goodwill is of significant importance to the Group's financial position and an impairment could have a significant impact thereon. Therefore, combined with the significant judgements applied and inherent uncertainty of future events, we considered the impairment assessment of goodwill a key audit matter.	We have performed our audit procedures on the impairment assessment with the support of our valuation specialists. Our audit procedures included, amongst others: • Assessing the control environment in which the impairment reviews are performed. We specifically have satisfied ourselves that the final impairment calculations, including the assumptions used, were approved by the appropriate management levels. • Assessing the management board's determination of CGUs at the appropriate level that is in line with how management is monitoring the business.

Key audit matter	*Our audit work and observations*
Goodwill is tested for impairment annually together with other assets of the respective cash generating units at the level on which they are monitored. In this case the aggregated levels of cash generating units on which they are monitored are the operating segment levels, being the Gaming and the Monetization Technology segments (hereafter; CGUs). For each CGU, the recoverable amount was determined based on a value-in-use calculation. The calculation involved several key assumptions in determining the inputs to the model including: • revenue growth developments. • operating margins. • working capital requirements. • discount rates. • long-term growth rates. • forecasting models up to five years. The impairment testing of goodwill is significantly impacted by these inputs and Therefore, this area is subject to higher risk of material misstatement due to fraud and error. Based on the calculated value in use for each operating segment, management concluded that these values for each operating segment were higher than the net assets of that segment and therefore no impairment charge was recognized for the year 2021.	• Testing the methodical set up of the value in use calculation by comparing the method used to industry best practices. • Substantively testing the mathematical accuracy of supporting calculations. • Comparing the outcome of the model to the value of Azerion based on the business combination with European FinTech IPO Company 1 B.V. as of 1 February 2022. An at arms length transaction. • Comparing the inputs to the discount rates to externally obtained data such as the risk-free rates in the market, equity market risk premiums, country risk premiums, debt/equity ratios as well as the betas of comparable companies. • Assessing the appropriateness to use a five-year forecasting model based on the business characteristics and comparing this with industry averages. • Evaluating the judgements and estimates made by management for indications of possible bias. We challenged management on the judgements and estimates made, performed sensitivity analysis on key assumptions and evaluated the important judgements made by management in the impairment analysis for such indications of bias. We did not note any indication of management bias in this respect. Finally, we evaluated whether the disclosures in respect of the impairment assessment was adequate. Our audit procedures outlined above, did not result in significant findings.
Accounting for acquisitions *refer to note 29 in the consolidation financial statements* During 2021 the Company acquired several businesses. The accounting for such acquisitions is complex and requires significant judgements. Total considerations paid and to be paid amount to € 147.6 million. As a result, we considered the accounting for two specific elements of the acquisition a key audit matter. The following elements involve significant judgements and complexity and were assessed by management in collaboration with management experts.	We have performed our audit procedures on the accounting for acquisitions with the support of our valuation specialists. Our audit procedures included, amongst others: • In relation to managements use of experts, evaluating the competence, capabilities and objectivity by obtaining information on the reputation of the company and the experience of the individual performing the work. We obtained an understanding of the work of those experts and evaluated the relevance of that work as audit evidence.

Key audit matter	*Our audit work and observations*
These areas are subject to higher risk of material misstatement due to fraud and error: • Determination of the total consideration paid in cash and non-cash. As part of the acquisition considerations were paid in share appreciation rights (SARS). Judgements where required to determine the value of the SARS at the date of the acquisitions and to whether they should be treated as equity or liability instrument. The company also assessed the future relationship with the seller and determined whether the SARS should be treated as part of the consideration paid or as employee benefits. • Identification and valuation of the acquired assets and liabilities and in particular the intangible assets. Judgements and assumptions were involved in identifying intangibles that should be recognized such as games and client lists as well as determining the value of recognized intangible assets through the models used by the management experts.	• Testing the determination of the total consideration paid in cash and non-cash by evaluating purchase agreements, sales deeds and bank statements. • Testing the valuation of the SARS. The most important assumption in this calculation was the valuation of the entity. We assessed the appropriateness of the model and the assumptions used by the management expert in the valuation of the entity. • Evaluating the accounting for the SARS as equity or liability instrument based on the characteristics of the planned settlement. • Evaluating whether the SARS should be treated as part of the consideration paid or as employee benefits by reviewing whether any conditions in relation to future employment of the previous owners of the business acquired were present in the share and purchase agreement or any other contracts. • Asserting the identification of intangible assets by validating if the assets were separable or if they arose from a contractual or legal right. • Testing the valuation of the intangible assets. The most important assumption relates to the future cashflows of the asset. The future cash flows were determined in the report of the management expert and we evaluated the methodology used with industry standards. • Substantively testing the mathematical accuracy of supporting calculations. Finally, we evaluated whether the disclosures in respect of acquisitions, including disclosures of the SARS and identified intangible assets were adequate. Our audit procedures outlined above, did not result in significant findings.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

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We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. Management is responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Azerion Holding B.V.. This followed the passing of a resolution by the shareholders at the annual general meeting held in 2019. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of three years.

European Single Electronic Format (ESEF)

Azerion Holding B.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Azerion Holding B.V., complies, in all material respects, with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion on whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (Royal Netherlands Institute of Chartered Accountants), included amongst others:
- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Obtaining the reporting package and performing validations to determine whether the reporting package, containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared, in all material respects, in accordance with the technical specifications as included in the RTS on ESEF.
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

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No prohibited non-audit services
To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered
The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 21 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the management board
The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements
Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 23 May 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by W. Poot RA

Appendix to our auditor's report on the financial statements 2021 of Azerion Holding B.V.
In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements
We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

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

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

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

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

From the matters communicated with the management board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Colofon

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Design & production
Mattmo Creative

azerion