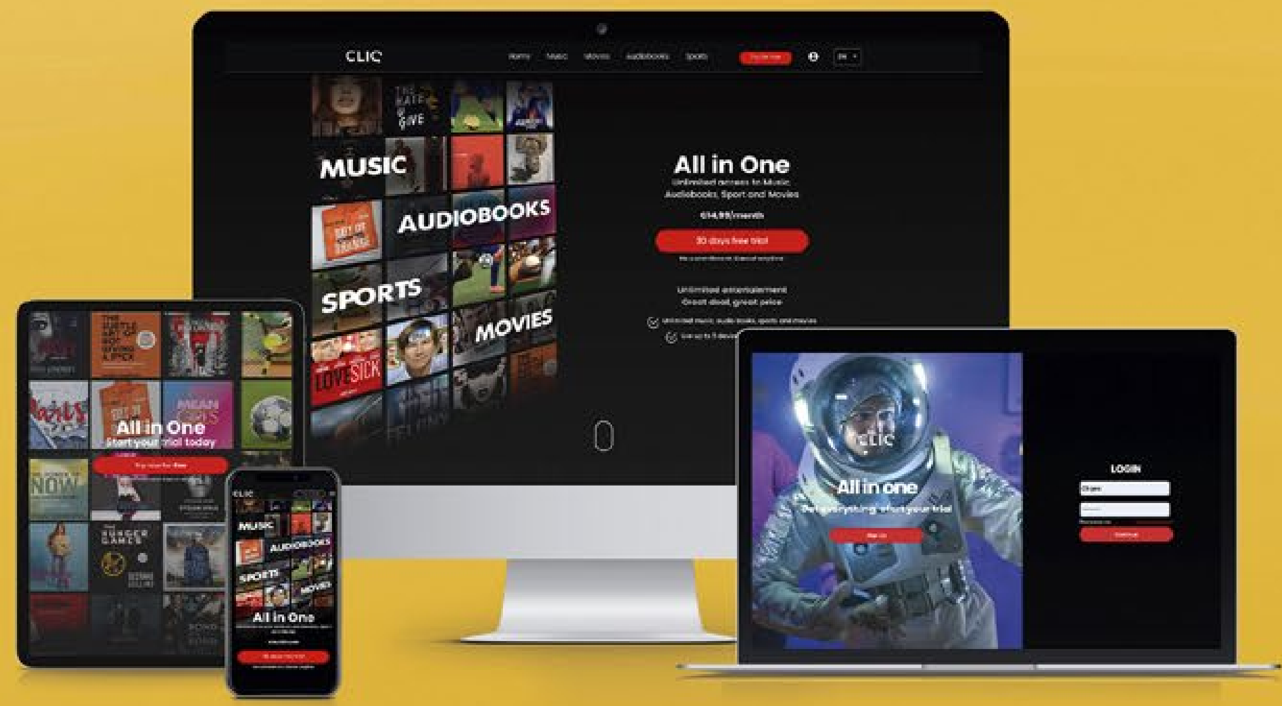
entertainment first

Annual report 2020

CLIQ

ALL IN ONE

- MOVIES
- MUSIC
- AUDIOBOOKS
- SPORTS
- GAMES



5 great categories, unlimited entertainment

- Affordable price
- Mix between local content and international highlights
- Up to five screens simultaneously

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LETTER TO OUR SHAREHOLDERS

Dear fellow shareholders,

2020 was a year of change. An unprecedented year. A year where many things turned out very differently than originally planned. Work habits, personal life, travel plans, education systems, freedom of movement amongst others were radically changed in 2020 and our status quo and comfort zones were significantly challenged.

We reacted quickly to the pandemic and were able to protect our employees with great success. We rapidly implemented high safety and hygiene standards, including a work from home policy, in all of our offices and could thus ensure the quality and availability of services provided as well as safeguard the implementation of our resolved strategic transformation in 2020.

Also for CLIQ's business the world changed in 2020. The digital age is fuelling change at its fastest rate in history. Power is in the hands of consumers. They have near infinite choices and unlimited access to those choices. To be relevant, to be accepted, a company must differentiate and be relevant as well as visible to the market. For us, it is therefore our top priority to attract and entertain our members with a compelling and comprehensive service.

The year has been a very important and transformative one for us. We introduced the CLIQ flagship store, which operates in parallel to our All-in-One portals in over 30 countries worldwide. This marked a new and formative step forward for our company. With the CLIQ flagship store, we now market, for the first time in company history, the CLIQ brand. A new chapter in CLIQ's evolution is now beginning and we are firmly convinced that we are on the right path for gaining additional market shares with our high-performance business propositions going forward.

2020 was a breakout year for CLIQ – a real game changer: we grew sales at nearly 70% and EBITDA at nearly 178%. This growth resulted first and foremost from our business strategy and its execution and is structural, not merely pandemic-driven. With our strategic shift in media buying from affiliate marketing to our own, direct buying team and the investments made in our streaming content services, we laid the foundation for this dynamic growth path already in the first quarter. This process continued to be successful throughout 2020 despite all the challenges around us.

This strategic change in marketing focus and spend was first rolled out in the USA, which has significantly and noticeably driven both sales and profits there. This successful approach is now also being implemented in Europe, so that further accelerated growth can be expected here in the future. In Europe, the team for direct media buying is currently being expanded in order to build on the success already achieved in the USA.

In 2020, we achieved a great deal despite the challenging backdrop:

- We were able to gain significant market share on the back of our extremely strong sales growth
- Our gross revenue and EBITDA guidance was revised upwards four times due to structural growth drivers and the gratifying business development
- We entered into new content supply negotiations and agreements across all our categories to further drive our future expansion plans
- More than €10m free cash flow (after €2m dividend payout) was generated and the company became debt free at the year-end closing thanks to our goal-orientated management and dynamic business development
- For the first time ever, we distributed €0.28 dividend per share and introduced a 40% payout ratio going forward
- We migrated our server capacities to a cloud-based solution
- We improved our capital markets' standing and awareness with more research coverage, more investor touchpoints and strengthened investor relations activities to achieve the best share price performance in our company's history

Today, our company is a fast-growing and appealing provider of digital entertainment in over 30 countries with a clearly focused business model, a robust balance sheet, strong customer centricity and great innovative power. Subsequently, we shall propose the distribution of €0.46 per share to our next AGM.

Outlook

The situation surrounding COVID-19 continues to pose challenges for all of us. The post-pandemic world will roar as it did in the 1920s. A Year Zero, a point of departure, might be in the offing.

We firmly believe that consumer habits and behaviour vis-à-vis the demand and consumption of digital entertainment, which developed against the backdrop of COVID-19, are truly sustainable and will fully support CLIQ's growth plans going forward.

As the digital landscape has continued to change at pace, so too has CLIQ. Our business development and the evolution of the product offering always follows customer needs and technological trends (such as wider bandwidth, smarter devices). One of the biggest growth drivers in 2021 will continue to be the All-in-One offering. Our All-in-One portal will be rolled out further in Europe and around the world.

Furthermore, CLIQ Digital will continue in 2021 to focus on improving and expanding its services. In addition, processes and workflows, for example in media buying and payment acceptance, will constantly be optimised.

Based on stable exchange rates, no adjustments to the portfolio and despite tough comps, we expect to increase gross revenue in FY 2021 to at least €140m and generate an EBITDA margin of around 16% on the back of c.€46m annual marketing spend.

To conclude our letter, we would simply like to say thank you. Thank you to the CLIQers – our employees – for their commitment, creativity and hard work. Thanks to our members – our customers – for their loyalty and custom. And thank you to our fellow shareholders for your continued trust and the firm conviction with which you stand by CLIQ. Rest assured, we will, as our credo states, keep CLIQ going and keep CLIQ growing!

Best,

Luc & Ben

WHAT A YEAR!

ANNUAL REPORT 2020

DÜSSELDORF CLIQ DIGITAL AG

CLIQ is at the centre of a booming industry!

CLIQ's shares performed +472% in 2020

CLIQ to expand into more regions

CLIQ's success factors:

→ Direct media buying
→ Strong international footprint
→ Dividend payor
→ Innovative: ALL IN ONE streaming portal

CLIQ ALL IN ONE goes global!

CLIQ invests strongly in user experience and customer satisfaction!

MARCH 2021

MARCH 2021

STREAMING INDUSTRY TRENDS


THE CLIQ GROUP – ONE TEAM, ONE GOAL!
The whole marketing department is **excited to expand into more regions** in 2021 and onwards!
George Ursateanu, Managing Director Marketing & Sales
We love to recruit **new talent** and we love to **invest in our group of passionate Cliqers.** One team, one goal!
Jenny Baerveldt, Head of Human Resources / Talent Recruiting
The Business Intelligence department is an **exciting mix of developers and engineers.** Our marketeers are daily using our data analysis and predictions on future revenues.
Yaron Lirase Leisersohn, Business Intelligence Manager
Our backend and frontend systems have integrated **all payment methods** and instant content access on a robust platform to assure a smooth customer experience on all steps of the **customer journey.**
Sander Wesseling, Director Operations Technology
Our finance team is expert in dealing with different nationalities and coordinating projects around the world. We have laid down a strong foundation with our newly implemented software to provide our colleagues with the most up to date information.
Jordi Vredenburg, Finance Director
The legal team is dedicated to supporting further growth of the business and to assist in exploring exciting new opportunities. We very much look forward to assisting the All-in-One platform **strategy** in more territories and in expanding our product portfolio with many more great streaming products.
Annabel Vloeimans, Head of Legal Affairs
Our **marketing campaigns** are run through the **world's top advertising platforms**, enabling us to reach up to 90% online users globally.
Christine Davies, Head of Digital Marketing, Media Buying Team
Our **ALL IN ONE portal** offers a wide **variety of streaming content.** In 2021, we will further grow our portfolio with high quality content and additional content categories.
Benjamin Bezold, Director Product and Licensing
CLIQ

CLIQ CONTENT CONSUMPTION

Content languages

10+ languages

CLIQ ALL IN ONE PORTAL

Over **250,000** content items

Growth and user engagement 2020 vs 2019

+150%	+250%	+200%
hours of licensed content	minutes of streamed content	content search requests

Most popular search requests

The Weeknd · Comedy · SuperBowl
Joe Biden · Katie Holmes · Dua Lipa
Dance Monkey · George R.R Martin
Elon Musk · Lady Gaga
Champions League · Workout

CLIQ MUSIC Top 3 channels

Hip-Hop/R&B
Everything '80s
Classic Rock

CLIQ MOVIES Top 3 genres

Comedy
Documentary
Action

CLIQ AUDIOBOOKS Top 3 titles

Game of Thrones
The Hobbit
Riverdale: The Day Before

CLIQ SPORTS Top 3

American Football
Soccer
Basketball

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

With this Supervisory Board Report, we would like to inform you about the activities of the Supervisory Board in the financial year 2020 and the results of the audit of the annual and consolidated financial statements 2020.

During the past reporting year 2020, the Supervisory Board of CLIQ Digital AG thoroughly fulfilled the tasks incumbent to the law, the company's articles of incorporation, and its rules of business procedure. The Supervisory Board continuously supervised the Management Board and advised the Management Board on the strategic orientation and management of the company. The Supervisory Board was involved timely in all decisions that were of fundamental importance for the CLIQ Digital Group.

The Supervisory Board assembled in a total of 5 regular meetings in 2020. The Supervisory Board was informed regularly by the Management Board about the company's situation and development, as well as about important business transactions. The mandatory reporting requirements pursuant to Section 90 of the German Stock Corporation Act (AktG) were complied with in this context. The regular meetings in 2020 were held on 31 March, 23 June, 21 August, 28 October and 8 December. In addition to the resolutions taken in the regular meetings, the Supervisory Board approved the hiring of a Head of Investor Relations and the lease of new office space for the Amsterdam office. At all Supervisory Board meetings, the members were present in the minimum number required for passing Supervisory Board resolutions pursuant to the articles of incorporation. As a consequence, at all times the Supervisory Board was able to act and take decisions and to comply with the duties incumbent upon it according to the articles of incorporation and the law.

Additionally, outside the scope of these Supervisory Board meetings, a regular and trusting dialogue between the Management and Supervisory Board occurred over the course of the 2020 financial year, mostly by telephone conference calls. The Management Board has complied with its obligations arising by law and the rules of business procedure and provided the Supervisory Board or its chairman regularly, in detail and promptly in both written and verbal form about all measures and events of relevance for the company. As a consequence, the Supervisory Board was constantly informed about the company's business position and business trends, its intended business policy, short- and medium-term business planning, including investment, financial and personnel planning, as well as about the company's profitability, organisational measures, and the Group's overall position.

A regular flow of information about the company's risk position and risk management was also part of the regular exchanges. Due to the structure and size of the company, the Supervisory Board formed no committees in 2020.

Focal Points of the Supervisory Activity

At the 5 regular meetings, the Supervisory Board conducted in-depth discussions of the reports with the Management Board members, and discussed commonly the company's position, revenue and earnings trends, as well as the financial position of the Group. Deviations from the plans and targets were explained by the Management Board and approved by the Supervisory Board.

In the financial year 2020, the following significant items were also covered / approved during Supervisory Board meetings:

- The approval of a new dividend policy (40% payout ratio)
- The approval of the proposal for profit appropriation for the year 2019 (€0.28 dividend per share)
- Business planning, budgets and Group strategy
- Quarterly- and half-year figures 2020
- Financial status and financing of the Group
- Approval and adoption of the standalone financial statements 2019
- Approval of the consolidated financial statements 2019
- Reflection of the Annual General Meeting of CLIQ Digital AG 2020

Personnel Matters and Composition of the Supervisory Board

The term of the members of the Supervisory Board Mathias Schlichting, Karel Tempelaar and Niels Walboomers ended at the end of the Annual General Meeting of CLIQ Digital AG 2020. All three members were re-elected to the Supervisory Board for a new term until the end of the Annual General Meeting relating to the financial year 2024. The Supervisory Board re-elected Mathias Schlichting as chairman and Karel Tempelaar as vice-chairman of the Supervisory Board of CLIQ Digital AG. Both members accepted the election.

Approval of Single-entity and Consolidated Financial Statements for 2020

The single-entity and consolidated financial statements as of 31 December 2020, as well as the Group management report for the 2020 financial year were prepared by the Management Board and audited by the independent auditor Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (Certified Accounting Firm), who was appointed by the Annual General Meeting and each received an unqualified audit opinion.

The Supervisory Board examined the single-entity and consolidated financial statements as of 31 December 2020 as well as the Group management report for the 2020 financial year and the Management Board's proposal for the appropriation of retained earnings, taking into account the audit reports that were prepared by the auditor, and which were dispatched to the Supervisory Board members before the meeting.

At the Supervisory Board's meeting held on 16 March 2021, the Management Board explained the single-entity and consolidated financial statements as of 31 December 2020, the Group management report for the 2020 financial year and the Management Board's proposal for the appropriation of retained earnings of CLIQ Digital AG. At this Supervisory Board's meeting, the auditor reported on the key results and principles of its audit, and that, following its audit, there were no significant weaknesses to the internal controlling and risk management system. The Supervisory Board then passed the following unanimous decisions at its meeting on 16 March 2021: The single-entity financial statements as of 31 December 2020 as well as the consolidated financial statements as of 31 December 2020 are approved, and as a consequence the single-entity financial statements of CLIQ Digital AG are hereby, pursuant to Section 172 of the German Stock Corporation Act (AktG), adopted.

The Supervisory Board agreed with the Executive Board's proposal to distribute a dividend of EUR 0.46 per dividend-bearing share from the company's net profit of TEUR 10,651.7 and to carry forward the net loss for the financial year.

Thanks and Recognition

The Supervisory Board thanks the Management Board as well as all employees for their continued good work in the past financial year. The Supervisory Board would like to thank the shareholders for their interest and confidence in CLIQ Digital.

Düsseldorf, 16 March 2021

Dr Mathias Schlichting

Chairman of the Supervisory Board

Why invest in CLIQ?

We are a leading digital lifestyle company, which provides streaming entertainment services to consumers worldwide with unlimited access to music, audiobooks, games, sports and movie content. Members subscribe to our multicontent portals via direct marketing campaigns. Our shares are listed in the Scale segment on the Frankfurt Stock Exchange (ISIN DE000A0HHJR3) and the free float amounts to c.83%.

8 reasons to invest

01 Future-proof, highly scalable and resilient business

02 Addressing a fast-growing mass market in over 30 countries

03 Dual-track growth strategy: organic and non-organic expansion

04 All-in-One product portfolio, which builds brand equity

05 Direct marketeer with excellent member conversion rates

06 Proprietary business intelligence from big data and algorithms

07 Tactical transformation in media buying and payment means

08 Solid financials and dividend distributor

THE SHARES

Capital markets in 2020

In 2020, the stock market performed positively and the German benchmark index DAX closed the year up 3.6%. However, throughout the year, the stock market was heavily impacted by the effects of the Covid-19 pandemic.

2020's black swan event, the coronavirus, infected millions of people and caused millions of deaths worldwide. The lockdowns in China in the first quarter, followed by Europe, the US and the rest of the world in the spring, caused the global economy to screech to a halt and pushed the world into a uniquely sharp recession.

As the pandemic accelerated, the DAX dropped steadily, reaching a low of 8,441 points on 18 March. The gradual withdrawal of government restrictions as well as fiscal and monetary support helped drive sentiment and continue to move markets higher. With the start of mass COVID vaccination programmes across the globe along with the US Election outcome, the DAX recovered strongly and closed at 13,719 points on 30 December 2020.

The German smaller company index SDAX recovered 85% during the year and closed up 18% on 30 December at 14,765 points. The Scale 30 Performance Index – of which CLIQ Digital is a constituent – closed at 1.523 points at the end of December and was thus 32.4% above previous year’s level. Another CLIQ Digital benchmark index, the MSCI World micro cap Index, which captures micro cap representation across 22 developed markets, closed at 2,066 points at the year-end close, up 21.1%.

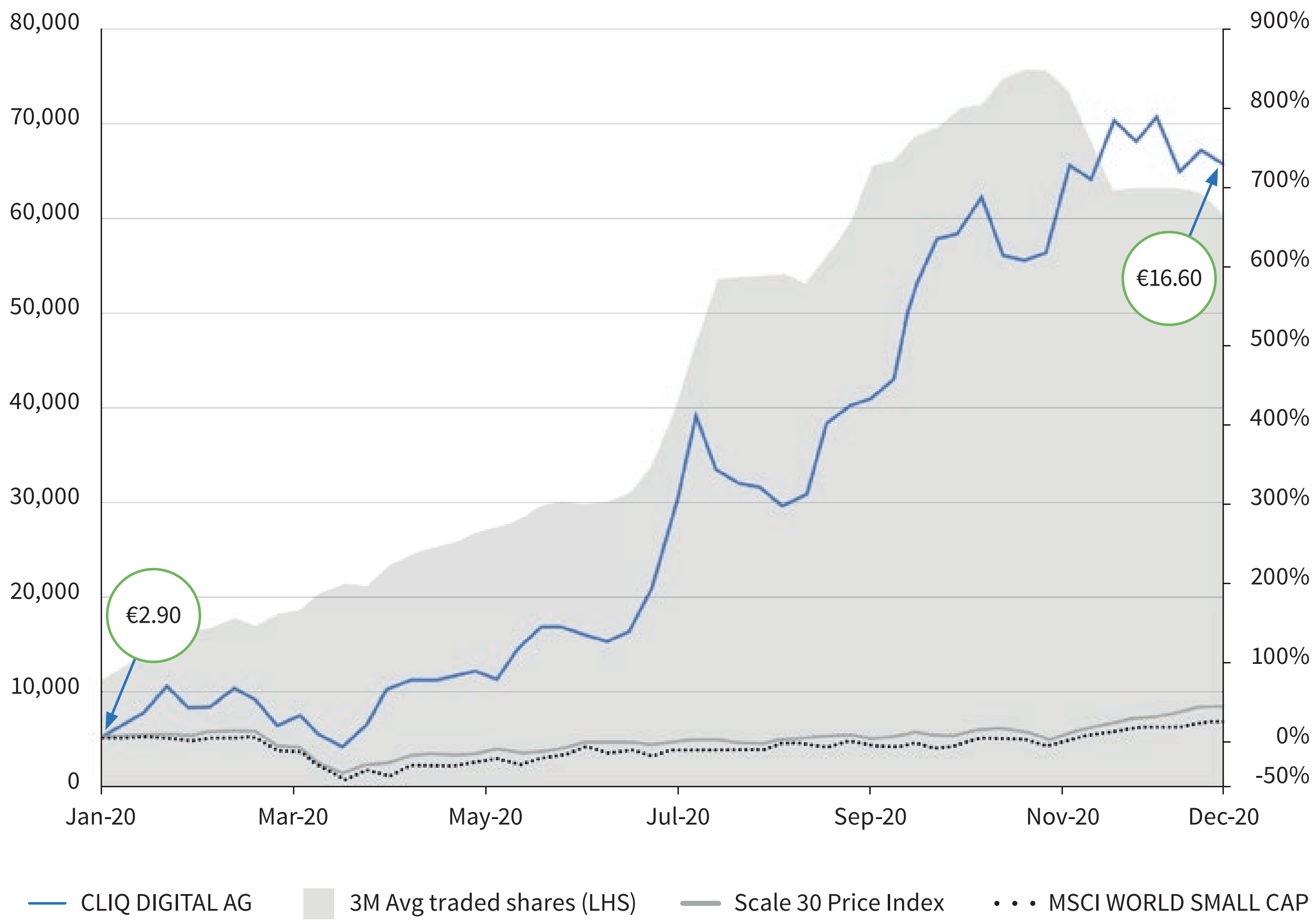
CLIQ Digital share data

31 December 2020

WKN	A0HHJR
ISIN	DE000A0HHJR3
Ticker symbol	CLIQ
Share category	No-par value bearer shares
Number of shares	6,188,714
Share capital outstanding	€6,188,714
Market capitalisation	€102,732,652
Free float market capitalisation	€85,268,101
Main stock exchanges	Xetra, Tradegate
Designated sponsor	Hauck & Aufhäuser Privatbankiers AG
Capital market partner	Hauck & Aufhäuser Privatbankiers AG
End of financial year	31 December

Performance of the CLIQ Digital shares

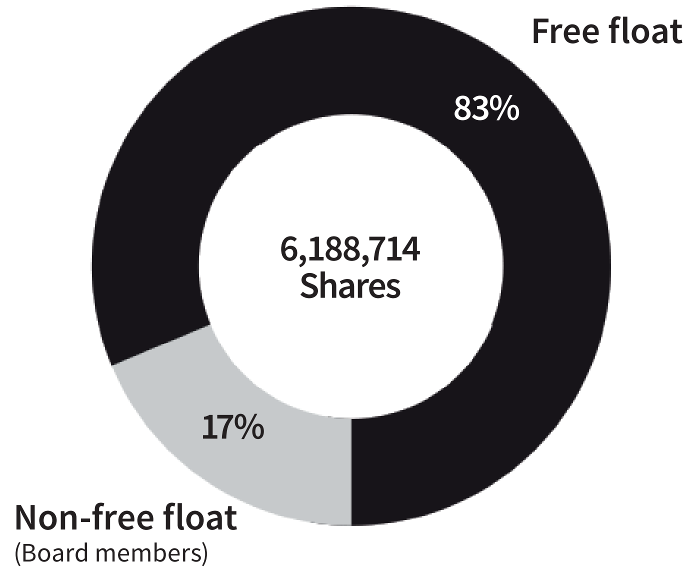
Notwithstanding the turbulent macroeconomic environment, the CLIQ Digital shares significantly outperformed the market in 2020 and finished the year with a closing price of €16.60 in Xetra trading on the Frankfurt Stock Exchange. This represents an increase of 472% over the previous year (cf. 70% in 2019).



Furthermore, the liquidity of the CLIQ Digital shares increased sixfold in 2020: a typical trading day at the German stock exchanges saw an average of around 49,700 of CLIQ Digital's shares traded compared to 8,000 in 2019.

In 2020, CLIQ Digital partnered with Hauck & Aufhäuser as a new designated sponsor to ensure for appropriate liquidity and tradability of the CLIQ shares.

Shareholder structure



To the knowledge of the Management Board, the shareholder structure of CLIQ Digital did not significantly change during the reporting period. The members of the Management Board and the Supervisory Board hold jointly approximately 17% of the voting rights.

As at 31 December 2020, 83% of CLIQ Digital's shares were free-floating and held by a number of national and international investors, whereby the geographical distribution of the Non-EU free-floating shares mainly consists of investors from Switzerland and the United Kingdom.

The free float, as defined by Deutsche Börse, includes all shares that are not held by principal shareholders (share of share capital of more than 5%), i.e. that can be acquired and traded by the general public. The higher the free float, the higher the tradability of a share as a rule.

NB. According to the German Stock Corporation Act (Section 20: Notification obligations), as soon as more than one quarter of the shares in a stock corporation having its seat in Germany belongs to an enterprise, said enterprise is to notify the company of this fact without undue delay and in writing.

Market capitalisation and index inclusion

In 2020, the market capitalisation of the Group increased by €84.8 million and was €102.7 million at the end of December 2020.

The CLIQ Digital shares are included in both the Scale 30 Performance Index and the MSCI World Micro Cap Index. In terms of trading volume, CLIQ Digital was ranked 10th in the Scale 30 Performance Index and 21st in terms of market capitalisation.

CLIQ Digital shares are listed in the Scale segment. Scale is the Deutsche Börse's segment for small and midsized companies offering access to investors and efficient equity financing. It is a formally registered SME Growth Market according to EU-standards. This segment of the Open Market serves as an alternative to the EU-regulated segments General and Prime Standard.

Dividend and dividend policy

The Management Board and the Supervisory Board of CLIQ Digital AG will propose a dividend of €0.46 per share to the Annual General Meeting on 29 April 2021. This dividend proposal corresponds to 40% of the reported earnings per share of €1.16 and thus corresponds to the payout ratio of 40% as envisaged by CLIQ's dividend policy. The dividend yield on the basis of the closing price on 30 December 2020 is 2.8%.

Analysts' recommendations

Over the course of the financial year 2020, CLIQ Digital increased its research coverage significantly. CLIQ Digital shares are now covered by a total of four reputable, and inter alia award-winning, research analysts from M.M. Warburg, Hauck & Aufhäuser, Montega and Quirin.

Analyst	Recommendation	Target Market Cap	Target price
QUIRIN PRIVATBANK	↑ BUY	€ 278m	€ 45.00
HAUCK & AUFHÄUSER	↑ BUY	€ 175m	€ 28.30
montega	↑ BUY	€ 173m	€ 28.00
WARBURG RESEARCH	↑ BUY	€ 167m	€ 27.00

per 28/02/2021

All analysts provide profound and in-depth analyses of the Group and all analysts recommend to buy CLIQ shares. The median value of share price targets, which usually only represent a short-term perspective for the next 6 to 12 months, was €28.15 at the end of December 2020, which corresponds to an upside potential of 70%.

"CLIQ Digital is actively participating in the current structural change of the entertainment industry and will continue to benefit from its business model also in the following years. Even though there are numerous big competitors, CLIQ Digital with its largely unique positioning as an all-in-one platform has a clearly recognisable competitive advantage. Despite the strong share price performance, (…) the capital market still does not reward the full potential of the relatively cyclically resistant business model." highlights Montega in its research initiation note.

> **"They always say that Germany has no Google, no Facebook, no Amazon, no Netflix. That's true. But it does have CLIQ. Share price increase since the beginning of the year: 400 per cent. No stock from the DAX, the MDAX or the TecDAX manages that."**
>
> Frankfurter Allgemeine Sonntagszeitung, 25 October 2020

Investor relations

The share price performance in 2020 was supported by the Group's strong growth and operational development as well as by the investor relations activities.

The investor relations team engages in an open and continuous dialogue with analysts, institutional and retail investors. The team is guided by the principles of fair disclosure and transparent communication and conveys the Group's strategy, business performance and current developments.

The team was expanded in September 2020 with Sebastian McCoskrie being appointed Head of Investor Relations. Before joining the company, Sebastian gained more than 10 years of award-winning capital market communications experience at METRO GROUP and served as Managing Director and Head of the Frankfurt office at WMP EuroCom, a renowned strategic communications consultancy. Sebastian is supported by Michael Kriszun, who consulted portfolio managers and wealth managers with the stock selection in the name of the private bank M.M. Warburg for more than 11 years prior to joining CLIQ.

In 2020, CLIQ Digital presented at a record number of conferences and roadshows. In total, CLIQ attended 14 conferences across Europe (mostly virtual) and conducted 6 non-deal-related roadshows (NDR), which provided a broad range of international investors access to the Group's management:

11 February 2020	13th CF&B – European MidCap Event (Frankfurt)
12 February 2020	Dr Kalliwoda – Capital Markets Conference (Warsaw)
18-20 May 2020	German Spring Conference (Frankfurt)
23-24 June 2020	15th CF&B – European SmallCap Event (Paris)
25 June 2020	Dr Kalliwoda – Capital Markets Conference (Geneva)
20 August 2020	Montega - 5. Hamburger Investorentag – HIT (Hamburg)
24 August 2020	Hauck & Aufhäuser NDR
1-3 September 2020	German Fall Conference (Frankfurt)
17 September 2020	CF&B – MidCap Event (Amsterdam)
25 September 2020	2nd Baader Small-Cap Day (Munich)
19-20 October 2020	CF&B - European MidCap Event (Paris)
3 November 2021	Hauck & Aufhäuser NDR
16 November 2020	4th CF&B – European MidCap Event (Madrid)
10 & 12 November	Warburg NDR
11 November 2020	Montega NDR
17-18 November 2020	German Equity Forum 2020 (Frankfurt)
1 December 2020	2nd CF&B – European MidCap Event (Geneva)
2-3 December 2020	Dr Kalliwoda – Capital Markets Conference (Zurich/Lugano)
16 December 2020	Warburg NDR

In 2020, CLIQ Digital also actively intensified its media relations with the financial and business press and gave numerous interviews and provided valuable input and insight for articles.

All relevant information about the CLIQ Digital shares is available in German and English from the website https://cliqdigital.ag/investors. Amongst other things, the website offers additional information about the Group's strategy and business development, all current publications, including analyst reports, the financial calendar and the financial reports.

Annual general meeting

The Annual General Meeting of CLIQ Digital AG provides all shareholders with the opportunity to learn about the current developments at CLIQ. On 21 August 2020, the Management Board of CLIQ Digital AG informed the shareholders at the Annual General Meeting in Dusseldorf about the business development in 2019.

The shareholders approved the proposal of the Management and resolved to pay a dividend of €0.28 per share. The distribution consists of a basic dividend of €0.14 per share and an additional special distribution of €0.14 per share as recognition of the shareholders' loyalty. CLIQ Digital wants its shareholders to participate in the success of the company.

The Annual General Meeting approved the proposals of the Management by a large majority when voting on the agenda. Around 45.8% of the voting share capital was present at the 2020 CLIQ Digital Annual General Meeting.

Contact:

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Investor Relations

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ESG: Initiatives & Targets

ENVIRONMENT

- Green travel policy
  - Full public transport subsidies
  - Bike scheme and no company car policy
- Conserving energy & resources
  - Amsterdam office refurbished with newest energy-saving standards
  - Paperless office promoted (e.g. DocuSign)
- Supporting green vendors
  - Fair Trade office coffee, organic fruit and veg

target:
Achieve carbon neutrality, i.e. net zero carbon dioxide emissions, by balancing or eliminating CO2 emissions by the end of 2029

SOCIAL

- Corporate culture
  - Equal opportunities, diversity and inclusion (e.g. myriad nationalities employed, also with refugee background)
- Talent management
  - Training and development
- Employee satisfaction
  - Competitive, performance-based and fair compensation
- Health & safety
  - Well-being of employees in focus (e.g. WFH policy, also post-pandemic)
  - Sports club membership subsidies and in-house gym facilities

target:
Management gender parity by the end of 2029

GOVERNANCE

- Code of conduct
- Reporting system: adequate reporting to all stakeholders
- Transparent procedures and practices
- Effective and regular monitoring and controlling
- Segregation of duties principle
- Whistleblower policy

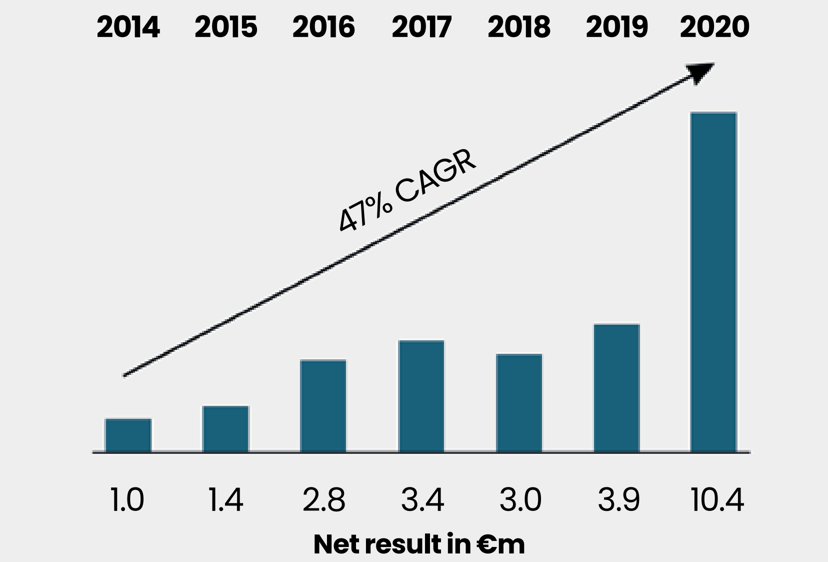
CLIQ's Management Board is committed to complying with applicable laws, rules and regulations

Sales
€107m (+70%)

MARKET POTENTIAL
$414bn
(prev. $255bn)
Global digital media revenue forecasted for 2025

Statista Digital Market Outlook 2020, update 03/2021

EBITDA
€16m (+177%)



operating in
>30
countries

a leading lifestyle company providing members worldwide with streaming entertainment services

offices
Düsseldorf (HQ)
Amsterdam
London
Paris
Barcelona
Florida

100 employees
29 nationalities
35% female
65% male

2

GROUP MANAGEMENT REPORT

This picture and any picture on the following pages are not part of the Group Management Report.

THE CLIQ GROUP

Business model

The CLIQ Group (hereafter, CLIQ Digital or CLIQ) is a leading digital lifestyle company, which provides streaming entertainment services to consumers worldwide with unlimited access to music, audiobooks, games, sports and movie content. The company has a long-standing and profitable history in expert digital marketing and offering niche products for the mass market at competitive prices. The CLIQ Group operates in over 30 countries with a headcount of 100 (including part-time employees and contractors) from 29 different nationalities as at 31 December 2020. The company is a valuable strategic business partner for networks, content producers as well as for publishers and payment service providers.

The parent company of the CLIQ Group is CLIQ Digital AG, located in Düsseldorf. The shares of CLIQ Digital AG are listed in the Scale segment of the Frankfurt Stock Exchange (ISIN DE000A0HHJR3).

The business is driven by streaming entertainment services offered in our All-in-One, multibranded, product portals. New members are targeted via direct marketing campaigns and can subscribe online to streaming entertainment services. While purchasing our products on online and mobile platforms, payments are concluded by different payment means, predominantly credit card payments.

The direct marketing campaigns are led by the company's proprietary business intelligence gathered over the last 15 years, which provides in-depth target customer behaviour insight and focuses on achieving high conversion rates. The media buying for these campaigns is primarily performed by CLIQ's own direct media buying team, but also by affiliate partners.

All entertainment content sold is licensed and not owned nor self-produced by CLIQ Digital, which also enables the company to charge affordable and competitive prices to its members. Providing customer satisfaction and a good entertainment experience rank high within our company objectives.

In the third quarter 2020, CLIQ Digital soft-launched a CLIQ-branded multicontent portal called All-in-One (https://cliqdigital.com/). Members purchase access to multiple content for a monthly subscription fee of currently €14.99. Up to five family members can comfortably choose from five different entertainment categories via one account and enjoy the extensive offering of CLIQ. This portal operates in Germany, Austria and Switzerland and All-in-One is the blueprint for a new expansion programme going forward.

Management

CLIQ Digital focuses strategically on creating additional value and the objective is to increase the value of the company sustainably. This principle is also reflected in the internal management system. The focus of CLIQ Group's operational management is on those value drivers that have a direct effect on the medium- and long-term corporate objectives and are directly related to the strategy.

CLIQ Digital uses the following key performance indicators for the planning, management and control of its business activities:

- Gross revenue
- EBITDA
- Marketing spend
- CLIQ Factor
- Customer Base Value.

CLIQ Digital AG is managed by a two-tiered board system and the members of the Management Board are Luc Voncken (since 2012) and Ben Bos (since 2014), whose contracts both run until 31 May 2024.

The Supervisory Board of CLIQ Digital AG consists of Dr Mathias Schlichting (Chairman), Karel Tempelaar and Niels Walboomers. In 2020, there have been no changes in the composition of the Supervisory Board and all members were re-elected for a further term.

Karel Tempelaar, Luc Voncken and Ben Bos hold together approximately 17% of the share capital of CLIQ Digital AG as per 31 December 2020.

Group structure

The parent company of the Group is CLIQ Digital AG, located in Düsseldorf, Germany. In 2020, no changes were made to the Group structure compared to prior year 2019.

ECONOMIC REPORT

Economic environment

Macroeconomic trends

In its latest world economic forecast of 20 January 2021, the IMF predicts global growth of -3.5% in 2020, with a decline of -3.4% in the US and a sharp drop of -7.2% in the euro area[1]. This forecast is actually slightly more positive compared to previous IMF forecasts from October 2020. The upward revision reflects expectations that the economic recovery in the major economies will accelerate as a result of the accelerated implementation of vaccinations against the coronavirus and additional economic and fiscal policy measures towards the end of the year.

For 2021, global growth is projected at 5.5%, whereby the US is projected to recover some +5.1% and the euro area +4.2%[2] Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6% above that of 2019. This development goes hand in hand with increased unemployment rates across both developed and emerging markets. Possible effects of Brexit, which came into force on 1 January 2021, on the overall economic development cannot be foreseen at this point in time. In 2020, the inflation rate worldwide amounted to approximately 3.0% compared to the previous year and is projected to increase to +3.3% in 2021[3].

Market position

In the past, spending on entertainment and media consumption by consumers has been discretionary and closely linked to macroeconomic conditions. Typically, an external shock has tended to push spending down faster than economic activity. But increasingly, consumers consider their digital media spending — e.g. a CLIQ membership or mobile internet access — as a utility on par with water or electricity and therefore as a non-discretionary expense.

Driven by the expansion of mobile internet access and faster connection speed (5G), the increasing number of mobile and streaming devices lead to a steady growth in demand for all types of digital media. The pandemic has fuelled this digital migration that generates opportunities in all segments[4].

The digital media industry is highly competitive with numerous players offering various kinds of content that need to be tailored to the customers' needs.

Growth projections for global digital media consumption from different research providers span from compounded annual growth rates (CAGR) between 2.8% (2019-2024, PWC) to 6.2% (2019-2025, Statista), with certain subcategories showing exponential growth rates (e.g. Video on Demand (VOD) +21% CAGR 2020-2028[5] and Audiobooks 24.4% 2020-2027 CAGR).[6,7,8]

CLIQ is well-positioned to profit from this growth. With its resilient, future-proof and highly scalable business model, CLIQ is tapping into this fast-growing entertainment market for streaming services. CLIQ is addressing the mass market in over 30 countries with its attractive All-in-One (multicontent) portals proposition to end consumers.

[1] World Economic Outlook Update, January 2021: Policy Support and Vaccines Expected to Lift Activity
[2] World Economic Outlook Update, January 2021: Policy Support and Vaccines Expected to Lift Activity
[3] Statista, Global inflation rate from 2009 to 2021
[4] Statista, Digital Market Outlook 2020
[5] https://www.grandviewresearch.com/industry-analysis/video-streaming-market
[6] PwC, Global Entertainment & Media Outlook 2020–2024
[7] Statista, Digital Market Outlook 2020
[8] https://www.grandviewresearch.com/industry-analysis/audiobooks-market

Market development

The business activities of CLIQ Digital are affected by several market factors:

Internet users and mobile devices

The internet penetration has reached new highs in 2020 on a global level and continues to grow going forward. In the third quarter of 2020, mobile devices (excluding tablets) generated 50% of global website traffic, consistently hovering around the 50% mark since the beginning of 2017. Due to low infrastructure and financial restraints, many emerging digital markets skipped the desktop internet phase entirely and moved straight on to mobile internet via smartphone and tablet devices.

The most popular mobile internet activities worldwide include watching movies or videos online, e-mail usage and accessing social media. Apps are a very popular way to watch video on the go and the most downloaded entertainment apps in the Apple App Store are Netflix, Tencent Video and Amazon Prime Video.[9]

Programmatic advertising and ad spend

It is estimated[10] that advertising spending worldwide will fall to $517 billion in 2020, representing a decline of roughly 12% compared with the previous year. North America is expected to remain the largest regional ad market, closely followed by Asia Pacific. Western Europe ranks third, with ad spend amounting to less than half of that of North America.

As digital is driving the future, internet advertising is one of the few media channels with double-digit positive growth in investments. In 2018, internet ad spend grew by some 20%. In 2020, all media saw a decline due to the coronavirus outbreak, however each one of them, with the exception of print media, is expected to be back to positive growth starting in 2021.

With the pandemic and economic recession that began in mid-March 2020, the ad market plunged not only in the U.S. but globally. The marketplace gradually rebounded in the second half of 2020.

There are a few other common trends among the forecasts globally and in the U.S. market. For example, digital media ad spend will continue to grow at a greater rate than traditional media, accounting for over 50% of ad spend.[11]

Payment means

The payments industry has been evolving considerably during the past few years. Especially given the growing use of smartphones to access the World Wide Web, new trends for mobile payments are gaining interest. Drivers of this evolution include the growing adoption of mobile payment methods, uptake in contactless technology and digital innovation from technology players and credit card giants.

According to the latest World Payment Report 2020 published by Capgemini, 62% of the global online shoppers cited credit cards and 52% debit cards as their preferred payment method when making online purchases, making those the top 2 payment means. Digital and mobile wallets accounted already for 46% of global e-commerce payment transactions in 2020 and the number of digital wallet users is projected to double to nearly 4 billion by 2024 globally – 50% of the world population. [12]

Content category: Video

Consumers continue to move away from traditional video consumption, for instance linear TV, DVD or Blu-ray, to Video on Demand (VoD) services. Today, consumers appreciate the convenience of free choice when and what to watch on their TV or any mobile device.

In fact, Subscription Video on Demand (SVoD) revenue overtook box office sales in 2020. The global cinema industry shrunk by 72% to $13 billion box office revenues in comparison to 2019, while online video usage saw unprecedented growth of +30% — in both VoD as well as

[9] https://www.statista.com/statistics/277125/share-of-website-traffic-coming-from-mobile-devices/
[10] https://s3.amazonaws.com/media.mediapost.com/uploads/GroupM2020midyearGlobalUpdate.pdf
[11] https://www.forbes.com/sites/bradadgate/2020/12/14/ad-agency-forecast-expect-the-advertising-market-to-rebound-in-2021/?sh=70a8f2476adb
[12] Capgemini: World Payment Report 2020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More local content
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SVoD.[13] Total size and growth assumptions vary, Grandview Research estimates that the global video streaming market value was $42.6 billion in 2019 and is projected to grow at a compounded annual growth rate (CAGR) of more than 20% from 2020 to 2027.[14]

Paid video subscription services such as CLIQ, Netflix or Amazon Prime Video are still gaining in popularity, especially in the U.S. and Europe. The number of SVoD subscribers is constantly rising, and the amount of time subscribers spend watching videos has grown, too.[15] Nielsen is reporting an astounding increase of 75% in time spent on streaming video in the US in its Total Audience Report dated August 2020 and the research indicates that users are more likely to subscribe to various services simultaneously, resulting in an increasing average revenue per user (ARPU).[16]

Content category: Music

Similar to video consumption, traditional music consumption in the form of physical formats is constantly decreasing. Moreover, the music market has been fighting against illegal distribution for years, which caused its sales to decline. The growing popularity of digital platforms and the increasing adoption of smart devices is expected to positively impact industry growth. Free trials make it more attractive to potential customers to eventually turn from a non-paying into a paying subscriber. Thus, an increasing number of users is willing to pay for this type of music consumption.[17]

Grandview Research estimates that the global music streaming market value was $20.9 billion in 2019 and is expected to increase at a CAGR of nearly 18% from 2020 to 2027.[18]

Content category: Sports highlights

Fuelled by general technological developments in broadcasting and communications, this repackaging of sports content as a commodity has expanded into a global business that effectively functions as a specialised division of the entertainment industry. Today, the younger audience is used to getting and consuming content instantly, as is the case with video and music on demand. The same now applies to the consumption of sports content. Instead of watching a full live game, the younger audience prefers repackaged and condensed highlights. The PwC 2020 Sports Survey indicated, that highlights/short-form content is the fastest growing content type of sports media consumption.[19]

Content category: Audiobooks

Another category that is seeing increasing popularity is audiobooks. The increase is fuelled by higher internet penetration rates, new technologies, like smart speakers, and the stringent lockdowns that have imposed at-home isolation to the general public. The global audiobooks market value was $2. 7 billion (of which 20% was children-related) in 2019 and is expected to increase at a CAGR of 24% from 2020 to 2027. The subscription-based distribution channel is forecasted to grow even faster at a CAGR of 26%.[20]

Content category: Games

Video games is by far the largest segment within the mobile games market with a market value of around $83.1 billion in 2019, which accounts for 47% of the total digital media market.[21] Within the video games market, competitive gaming will gain ever more relevance. Today, entire eSports tournaments already take place, where gamers can win high prize monies. The rising popularity of eSports indicates a growing gaming affinity. Moreover, video game live streaming on YouTube or Twitch has become very popular amongst young people. Companies already work with YouTubers to promote their new video games and get in touch with a bigger audience. Additionally, cloud gaming services are (once again) trying to build up significant customer bases, eventually offering a serious alternative to traditional video gaming platforms like consoles or gaming PCs.

EARNINGS POSITION

Quarterly business development

The financial year 2020 was a year of strong profitable growth for CLIQ Digital despite the overall challenging environment triggered by the global pandemic, and Management is very pleased with the company's performance in 2020. Quarter by quarter, CLIQ's sales and EBITDA increased significantly.

in millions of €	FY 2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	FY 2020	Y/Y Δ
Gross revenue	**63,1**	**20,2**	**26,9**	**29,7**	**30,1**	**107,0**	**43,8**
Cost of third parties	-18,9	-5,3	-6,6	-6,9	-6,7	-25,5	-6,6
Net revenue	**44,3**	**14,9**	**20,4**	**22,8**	**23,4**	**81,5**	**37,2**
Marketing spend	-22,2	-7,8	-8,6	-9,8	-8,0	-34,2	-12,0
Net contract costs	0,9	1,0	0,2	1,4	-0,8	1,8	0,9
Other COS	-4,2	-2,6	-3,3	-3,8	-4,6	-14,2	-10,0
Gross margin	**18,8**	**5,6**	**8,8**	**10,6**	**10,0**	**34,9**	**16,1**
in % of gross revenue	30%	28%	33%	36%	33%	33%	
Personnel expenses	-8,5	-2,2	-3,4	-4,6	-3,5	-13,7	-5,2
Other OPEX	-4,5	-1,2	-1,3	-1,4	-1,4	-5,3	-0,7
Total OPEX	**-13,0**	**-3,4**	**-4,6**	**-6,0**	**-4,9**	**-19,0**	**-5,9**
EBITDA	**5,8**	**2,2**	**4,1**	**4,5**	**5,0**	**15,9**	**10,2**
in % of gross revenue	9%	11%	15%	15%	17%	15%	

In a nutshell, by conducting own media buying – to be more independent of affiliate marketing partners – to a much greater extent and through further investments in licensed content, CLIQ Digital was able to better target customers, resulting in an increase in new members and improving the profitability of the Group.

[13] https://www.yahoo.com/entertainment/global-cinema-industry-set-lose-132827230.html
[14] https://www.grandviewresearch.com/industry-analysis/video-streaming-market
[15] Statista, Digital Market Outlook 2020
[16] Nielsen, Total Audience Report August 2020
[17] Statista, Digital Market Outlook 2020
[18] https://www.grandviewresearch.com/industry-analysis/music-streaming-market
[19] PwC, 2020 Sports Survey
[20] https://www.grandviewresearch.com/industry-analysis/audiobooks-market
[21] Statista, Digital Market Outlook 2020


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Publisher : Edelkids
Language : German
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- In the first quarter, gross revenue grew by 47% year-on-year to €20.2 million (PY: €13.8 million) primarily due a higher marketing spend of €7.8 million, which was already ramped up by more than one third quarter-on-quarter (cf. 4Q19: €5.8 million). This higher marketing spend was effected before the major effects of the pandemic gained traction and underscored the structural growth path of CLIQ Digital. EBITDA was up 383% to €2.2 million in the first quarter.
- In the second quarter, gross revenue increased by 86% compared to the same quarter last year and amounted to €26.9 million on the back of €8.5 million in marketing expenses. The EBITDA margin expanded to 15% and EBITDA was €4.1 million. This growth was mainly the result of revenue growth due to the successful implementation of the own media buying strategy as well as the investments made in licensed content.
- In the third quarter, gross revenue increased to €29.7 million with a growth rate of 77% compared to the same quarter last year, largely because of strong U.S. sales and higher marketing expenses of €9.8 million. EBITDA amounted to €4.5 million and the margin remained on prior quarter's level.
- In the fourth quarter, gross revenue grew by 66% year-on-year to €30.1 million with European sales picking up noticeably. EBITDA growth accelerated further and came in at €5.1 million, which expanded the EBITDA margin to 17%.

Revenue

The CLIQ Group generated gross revenue in FY 2020 of €107.0 million (PY: €63.1 million). This corresponds to an increase of 69% compared to the previous year.

The gross revenue breakdown by geography was:

in millions of €	2019	in % of gross revenue	2020	in % of gross revenue	Y/Y Δ
Europe	48.4	77%	47.5	45%	-0.9
North America	8.9	14%	51.6	48%	42.7
Rest of the world	5.8	9%	7.9	7%	2.1
Gross revenue	**63.1**		**107.0**		**43.9**

Sales generated in North America grew by more than 400% in 2020 mainly due to the initial focus by the company's own media buying team on the North American market. However, European sales picked up in the fourth quarter and totalled €47.5 million in the full year 2020.

Net revenue grew by 84% to €81.5 million (PY: €44.3 million). The higher increase of net revenue compared to gross revenue was mainly due to the increasing number of members using credit card payments. Consequently, the cost of third parties decreased as the payment service provider costs for mobile billing are relatively higher compared to non-mobile billing, credit card payments in particular. As a percentage of gross revenue, the cost of third parties decreased gradually from 40% in 2017, to 33% in 2018, to 30% in 2019 and to 24% in 2020.

The cost of third parties comprises the costs that the CLIQ Group pays to payment service providers and relates to the share for network operators, gateways, acquiring banks and payment platforms that provide the technical connections and solutions to invoice CLIQ Group's members. The payment service provider costs are variable and vary significantly between countries. The share of gross revenue allocated to payment service providers ranges from approximately 10% to more than 70% depending on the individual country.

Marketing costs & other cost of sales

Efficient marketing is paramount to CLIQ Digital. It impacts two of the most important performance indicators of the CLIQ Group being the marketing spend and the CLIQ Factor, representing the profitability of new members.

The marketing spend, capitalised marketing spend and amortised contract costs together represent the marketing costs related to the gross revenue recognised in the period. The total marketing costs amounted to €32.4 million, which as a percentage of gross revenue was 30% (PY: 34%). The lower percentage shows how CLIQ was able to more effectively market its services and achieve a higher profit margin on its marketing costs.

in millions of €	2019	2020	Y/Y Δ
Marketing spend	**-22.2**	**-34.2**	**-12.0**
Capitalised marketing spend	20.2	30.5	10.3
Amortised contract costs	-19.3	-28.7	-9.4
Net contract costs	**0.9**	**1.8**	**0.9**
Total	**-21.3**	**-32.4**	**-11.1**

The **marketing spend** reflects the costs of the period for acquiring new members and subsequently for revenue growth. The marketing spend for member acquisition that can be directly allocated to new subscribers to our subscription services (€30.5 million) is accounted for and capitalised in the balance sheet as contract costs.

The **contract costs** are released to the income statement over the member's revenue lifecycle with a maximum amortisation period of 18 months. During the financial year 2020 the total contract costs amortised in the income statement amounted to €28.7 million (PY: €19.3 million).

The **other cost of sales** mainly consists of fixed connectivity costs to payment service providers and content costs for licensed products. Most of the other cost of sales are variable and vary between countries. The increase in other cost of sales in 2020 was mainly due to higher content costs from improving the product portfolio as well as the increased number of members and credit card billings.

Other operating expenses

Personnel expenses increased to €13.7 million in 2020 compared to €8.5 million in 2019, thereby accounting for 72% of total operating costs (69% in 2019). The increase was related to the higher headcount number, an increase in bonus costs (triggered by the Group's good performance) and the positive share price development in 2020 (from €2.90 to €16.60), which triggered an increase in the value of the share-based payments' liability. Adjusted for the increase in share-based payments, personnel expenses increased by 29%.

Other operating expenses comprise following items:

in millions of €	2019	2020	Y/Y Δ
Professional fees	1.7	2.1	0.4
IT costs	1.1	1.2	0.1
Other	1.1	1.2	0.1
Total	**3.9**	**4.5**	**0.6**

The professional fees are related to costs for legal advice, tax consultation, audit and financial reporting and investor relations. The increase in professional fees was attributable to intensified marketing activities in capital markets. Despite the increased revenue, the Group's IT costs were only moderately higher than last year's level due to economies of scale and the migration to a cloud-based server solution.

During the financial year the CLIQ Group recognised a total **impairment loss** of €0.8 million (2019: €0.6 million) in expected (future) credit losses. The increase compared to prior year is largely related to the revenue growth, which led to higher outstanding trade receivables at the year-end closing.

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- Track by track
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CLIQ MUSIC

Group Result

In 2020, earnings before interest and taxes (**EBIT**) grew by 219% to €15.2 million (2019: €4.8 million).

The effective **income tax** rate in 2020 amounted to 28%, compared to 0.7% in 2019, due mainly to a one-off tax adjustment of €0.8 million in 2019 and the adjustment of a tax loss carried forward of €0.4 million in 2020.

The profit for the period amounted to €10.4 million and the earnings per share (EPS) were €1.16 in 2020 (2019: €0.36).

FINANCIAL AND ASSET POSITION

As at 31/12/2020, **goodwill** amounted to €47.8 million (31/12/2019: €48.1 million) and the annual impairment test performed on the goodwill did not result in any impairments to be recognised.

The increase in **non-current fixed assets** was mostly due to the new lease agreement entered into for the extension of the Amsterdam office.

The **contract costs** were €7.5 million as at 31 December 2020 (2019: €5.8 million) and consisted of member acquisition costs, which are required to obtain contracts with new members. These costs are initially capitalised and amortised based on the member's revenue lifecycle. The member's revenue lifecycle is calculated as the average customer's revenue per comparable customer group over the lifetime of the customer with a maximum of 18 months. The increase of €1.7 million was due to the higher marketing spend in 2020, which was directly related to streaming subscription services.

The **trade receivables** at the year-end closing 2020 amounted to €9.1 million (2019: €8.2 million). The total outstanding receivables increased by 11% (PY: 26%), which resulted from the growth in sales, especially from credit card billings.

The net **cash position** of the company as at 31 December was:

in millions of €	2019	2020	Y/Y Δ
Cash and cash equivalents	0.7	4.9	4.7
Bank borrowings	-10.3	-4.0	5.8
Net cash position	**-9.6**	**0.9**	**10.5**

As at 31 December 2020, the maximum available syndicated credit facility was €13.5 million (2019: €13.5 million), of which an amount of €4.0 million (2019: €10.3 million) was drawn down upon. The improvement in the net cash position of €10.5 million is primarily related to the strong positive operating cash flow generated during 2020.

The net current **income tax** position as at 31 December 2020 was a liability of €3.2 million payable (2019: €1.2 million). The deferred tax assets increased by €1.0 million to €4.1 million due to fiscal losses in Germany and the Netherlands. An analysis of the recoverability of deferred taxes was prepared as at the year-end closing. The analysis confirmed the fact that the capitalised deferred tax can be utilised in the future. No deferred tax assets were formed based on tax losses for which carry forwards are uncertain

EQUITY

CLIQ Digital reported consolidated equity of €55.7 million as at 31 December 2020 (€46.7 million per 31/12/2019). The company's share capital amounts to €6,188,714.00, which consists of 6,188,714 listed shares, at a nominal amount of €1.00 per share. The company held 4,000 treasury shares as at 31 December 2020 (2019: 4,000 shares). The share premium as of December 2020 amounted to €46.6 million (2019: € 46.6 million).

The movement in equity relates to the profit for the year (€10.4 million), the dividend distributions (€2.1 million), modification in the settlement of share-based payments (€1.1 million) and the movements in foreign exchange rates related to subsidiaries having a functional currency different from euro.

The Supervisory Board and the Management Board proposed to distribute a dividend of €0.28 per share entitled to dividends and to carry forward the remaining amount to new account. In accordance with the resolution of the Annual General Meeting of 21 August 2020, a dividend of €1,732,839.92 (€0.28 per share entitled to dividends) was paid to shareholders from the previous year's net profit of €2,211,600.00 and the remainder of €478,760.08 was carried forward to new account.

CASH FLOW

The financial management of CLIQ Digital is organised centrally at Group level. The company pursues value-orientated financial principles to secure liquidity at all times and to be able to minimise any financial risks. CLIQ Digital also aims for a balanced ratio in terms of due dates and maturities. Financing requirements are calculated using budgets and liquidity plans and are continually adjusted on the basis of current figures. Activities at CLIQ Digital continue to focus on investments in growth and the core competencies.

in millions of €	2019	2020	Y/Y Δ
Cash flow from operating activities	2.5	14.8	12.3
Cash flow from investment activities	-0.4	-0.7	-0.3
Cash flow from financing activities	-5.0	-3.6	1.4
Free cash flow	-2.9	**10.5**	13.4

The CLIQ Group generated a positive operational cash flow of €14.8 million (2019: €2.5 million). The increase in operating cash inflow resulted mainly from the higher net result of the period.

The cash outflow from investing activities amounted to €0.7 million compared to €0.4 million in 2019. The cash used in investing activities is largely related to investments in intangible fixed assets.

The cash outflow from financing activities was €3.6 million (2019: €5.0 million) and included the dividend distribution of €2.1 million.

In 2020, €10.5 million free cash flow was generated (PY: -€2.9 million). Excluding the dividend payment, the free cash flow would have amounted to €12.6 million.

KEY PERFORMANCE INDICATORS

CLIQ Digital is using key performance indicators to monitor and manage its business. Financial and non-financial performance indicators are measured continually and are part of the monthly reports to the Management Board.

The financial key performance indicators used to manage the business performance of CLIQ Digital are gross revenue, marketing spend, EBITDA, CLIQ Factor and Customer Base Value.

- The CLIQ Factor is the ratio between the average net revenue per user (ARPU) in the first six months and the costs per acquisition (CPA). It represents the profitability of newly acquired customers. The CLIQ Factor is the determining factor in the decision-making process as to whether to invest in certain products or markets.
- The Customer Base Value is the total net revenue, i.e. gross revenue less the cost of third parties, that is expected to be generated by the existing customers.


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ALL EMOTIONS,
ONE PLACE
All kind of sports
International highlights
Live-Match-Tracker
CLIQ
SPORTS

The development in key performance indicators is presented in the following table

	2016	2017	2018	2019	2020
Gross revenue	€65.3m	€70.5m	€58.2m	€63.1m	€107.0m
Marketing spend	€21.6m	€18.6m	€18.8m	€22.2m	€34.2m
EBITDA	€26.1m	€26.1m	€3.9m	€5.8m	€15.9m
CLIQ Factor (ARPU÷CPA)	1.41x	1.47x	1.36x	1.51x	1.68x
Customer Base Value	€20.9m	€26.0m	€24.0m	€26.0m	€35.0m

All key financial performance indicators show a significant improvement over the previous year and in 2020 the CLIQ Group was able to outperform on the targets communicated in the 2019 Group Management Report.

The marketing spend for the year increased by 54% (€12.0 million) to €34.2 million (2019: €22.2 million), of which €3.7 million (2019: €2.0 million) is related to non-subscription services.

The CLIQ Factor increased from 1.51x in 2019 to 1.68x in 2020, indicating an increase in customer profitability of newly acquired customers. The increase in the CLIQ Factor is related to the achievements of the marketing teams together with the business intelligence department in successfully targeting new members while keeping the cost per acquisition under control.

The Customer Base Value as at 31 December 2020 grew to €35.0 million, which is an increase of €9.0 million compared to last year. The higher Customer Base Value is the result of the increase in marketing spend and a consequently growing number of active members.

OUTLOOK

In 2021, CLIQ Digital expects strong organic growth in gross revenue, EBITDA and marketing spend (the main value driver, which directly influences all other performance indicators). Based on stable exchange rates, no adjustments to the company portfolio and despite tough comparables, the Management Board is confident that the CLIQ Group will be able to generate at least €140 million in gross revenue, realise an EBITDA of around €22 million in 2021 with a total marketing spend amounting to roughly €46 million.

The CLIQ Factor is expected to amount to around 1.60x for the full year 2021.

The below table presents the key performance indicators of 2020 and the expected developments for the year 2021:

	2020	2021	Y/Y Δ
Gross revenue	€107m	€140m	31%
Marketing spend	€34m	€46m	35%
EBITDA	€16m	€22m	38%
CLIQ Factor	1.68x	1.60x	

OPPORTUNITIES AND RISK REPORT

Opportunities

Coronavirus pandemic

CLIQ Digital could be one of the exceptions not negatively affected by the coronavirus pandemic as it has been shown in the past that there was demand for entertainment even in times of recession. The outbreak of the coronavirus pandemic has resulted in quarantine and lockdown measures across the world. These measures might have a positive impact on the revenue development of the CLIQ Group as people are likely to consume more digital entertainment at home. Social distancing has already driven the further adoption of contactless technologies and digital experiences. The impact that the coronavirus pandemic might have on other industries and companies brings significant uncertainty and therefore makes it difficult to predict the propensity to consume – for both potential new members and existing members. However, it is quite possible that the pandemic has accelerated the growing demand for digital entertainment and changed consumption habits and behaviour. This change in consumption is presumed to be sustainable in the long term and could positively affect the operations of the CLIQ Group.

Technology

The market for streaming entertainment services is largely influenced by the technical capabilities of smartphones, the increase of the available bandwidth, and the ability for more and more people on the globe to be always online with a growing number of devices. Due to the increasing usage of smartphones and increased mobile operator networks such as 4G and 5G, CLIQ Digital expects an increased supply and demand for streaming digital entertainment services for mobile and other devices. As a marketer and distributor of digital entertainment services, CLIQ Digital considers this is a significant opportunity for further growth.

Selling points

The digital consumer market CLIQ Group is targeting requires that CLIQ Digital offers a wide variety of digital products. Instead of building a large creative and product development department, CLIQ Digital focuses on marketing and selling licensed content. CLIQ Digital pursues a strategy to license content from third parties instead of being limited by a development team of its own. This enables CLIQ Digital to expand quickly and have a flexible product portfolio with a minimal time to market. Considering the importance of digital content CLIQ Digital can offer its members, CLIQ Digital is actively searching for co-operation with strong content providers to further improve and increase CLIQ Digital product portfolio.

Expansion

CLIQ Digital has developed well-established methods and instruments to reliably target, analyse and successfully enter new markets. It will continue to use its experience to expand its business to other countries, which have a promising customer base for considerable profits. CLIQ Digital expects to use its experience in the last half year to realise further growth in the North American and European regions in the year to come.

Risks

More intense competitive environment

The economic environment in the market of digital mobile products is highly competitive. CLIQ Digital faces various competitors in its entire value chain. It is exposed to the risk of increased competition by other companies who are currently active in associated markets and/or decide to expand to directly market digital mobile products due to the expected high growth rates of this market. It is possible that some of CLIQ Digital's competitors have significantly greater financial

resources, better financing opportunities or higher technical resources and are therefore able to win market share from CLIQ Digital. In addition, it is possible that competitors source, develop and offer products or services, which are superior to CLIQ Digital's products and services, or which may achieve greater market acceptance. Some competitors may also have more experience in marketing their products.

Furthermore, the barriers to entering the market of digital mobile products are low, since sourcing, developing and offering such products do not necessarily require major investments nor a complex technical infrastructure.

Dependency on technical developments

The market of digital products is a business subject to rapid changes. It is characterised by fast evolving technologies, frequent introductions of new or amended products and quickly changing consumer demands. The success of CLIQ Digital depends greatly on the Group's ability to duly anticipate and recognise new trends and developments in the use of digital products, to continuously improve its offered digital products, to keep them attractive, to offer new products at the right time, to rapidly react on changing customer demands, and especially to attract and retain a considerable number of members, who are willing to pay for the products offered by CLIQ Digital. For this purpose, CLIQ Digital has to spend significant resources on market research and analyses, as well as on marketing to introduce new digital products. Decisions about these matters must often be made well in advance of product releases in order to implement them in a timely fashion. CLIQ Digital's success therefore depends, in part, on unpredictable and volatile factors beyond its control, including consumer preferences, competing digital products, new payment platforms and the availability of other entertainment activities. Furthermore, CLIQ Digital is dependent on developers and the quality of their products and their willingness and ability to continuously improve them.

Dependency on external payment service providers, network operators, technical service providers

When marketing its products, CLIQ Digital is dependent on external service providers. In particular, mobile network operators play an important role in the provision and invoicing of mobile and interactive services. The network operators' services include, to a certain extent, the invoicing of CLIQ Digital's digital products through telephone bills and prepaid accounts, for which they receive a substantial part of the overall payments made by customers. If such network providers change the technical framework or the financial terms of their services to the detriment of CLIQ Digital, CLIQ Digital may not be able to pass on such disadvantages to its customers. Additional risks arising from the co-operation with network operators are contractual penalties and temporary or structural failures of platforms, systems, data and settlement systems.

In addition, the involvement of technical service providers (for instance gateways which provide the connections to the network operators) always bears the risk of temporary or structural failures of platforms, systems, data and settlement systems. Furthermore, the solvency of service providers themselves bears a separate risk which could affect, in particular, CLIQ Digital's ability to receive payments through the network operator's customer billing practice.

Besides mobile network providers, CLIQ Digital is using a growing number of other payment methods and payment service providers, such as acquiring banks and payment platforms (e.g. PayPal). These payment service providers also bear risks in connection with revenue losses or liability risks, for example due to settlement failures, hacker attacks or any failure of the service providers to meet their financial commitments towards CLIQ Digital.

Tighter legal requirements and regulation

CLIQ Digital is confronted with increasing requirements under telecommunication laws and regulations, as well as tighter regulations for marketing expressions, in particular, an increasing level of laws for the protection of consumers. The markets for digital mobile products are young, characterised by permanent technical and commercial innovations and show strong growth. There is a tendency of certain governments, legislators, consumer protection associations, mobile network operators, data protection authorities and other authorities in some of the countries in which CLIQ Digital markets its products, to intensify regulations in certain areas that are relevant to CLIQ Digital's business activities. Here, the risk of overregulation exists, or even the discontinuation or banning of certain services or business models. Due to the advancing tightening of regulations, CLIQ Digital must respond to these changes, and partially adjust its own business model accordingly. Shutdowns, fines or bans comprise particular risks in this respect. It is also important to respond quickly and adequately to such rapidly changing regulations.

Dependency on consumers and trends

Consumers, particularly young people, like to follow new trends. In other words, members may no longer accept products that are popular today. This can have a negative effect on media efficiencies (e.g., the costs per new customer), price sensitivity, cancellation rates, prepaid credits, revenue per customer, and products' market acceptance. The general economic situation can also strongly impact seasonality, price sensitivity, and target groups' purchasing power. Deterioration of the economic situation, for example through financial crises, or a collapse in consumer confidence, can have a negative effect on the Group's revenue and profitability. The Group can come under pressure due to a decline in customers' (potential) purchasing power. Consumers can also switch to other products or offerings due to technology convergence.

Dependency on content providers

Content providers enjoy strong positions of power in certain areas and can influence the Group's business and its profitability. Particularly in the music and movies area, in some countries differences of opinion prevail concerning the ownership of rights to the marketing of ringtones, music clips and (music) videos, as well as concerning different market participants (music publishers, the GEMA, recording industry companies, and aggregators). Mergers and international concentration are also occurring among content providers. Some individual market participants own important and successful rights (e.g., games licenses, name rights, technical patents). Depending on the provider, price increases, minimum fees, or even restrictions or exclusions of particular providers can always occur. In the area of online games and mobile games, games are utilised which are licensed by third parties. License terms, co-operation, and, in particular, further technical developments represent important elements in this context, all of which can lead to complications.

Dependency on marketing companies

The co-operation with marketing partners both for inhouse media buying (e.g. Google, Facebook) and third party media advertisers for the purchase of advertising space is very important to the business of CLIQ Digital. Legal or factual changes in the availability of media and advertising space (including through programming, broadcasters' orientation, regulation) could adversely influence CLIQ Digital's business. Also, CLIQ Digital must rely on the use of the marketing materials by its media partners being compliant with local laws, in order to avoid administrative fines, shutdowns or any other negative consequences. In addition, an increase in costs for advertising space could require that CLIQ Digital either increases its media and advertising budget or cuts back its media activities, which could result in diminished visibility for customers. Also, intensified media and advertising activities of competitors could challenge CLIQ Digital's ability to defend its market position.

Dependency on software, IT systems and networks

Business operations, particularly the management of the range of services substantially relies on its in-house developed software and external software. It also relies on centralised, standardised information technology systems and networks to support business processes, as well as internal and external communication systems. Software, IT systems, and networks are potentially vulnerable to errors, virus attacks, damages, interruptions and security threats from a variety of sources. The precautionary measures adopted by CLIQ Digital could prove insufficient to exclude the risks related to software, IT systems and network disruptions and threats, to outages in a data centre and/or telecommunications networks utilised by CLIQ Digital's systems, to any security breaches or to any similar event.

Dependency on managers and staff

The future achievement of CLIQ Digital's strategic and operating goals depends on the ability to recruit qualified expert employees and executives and to retain them in the Group in the long term. Intense competition in the market for streaming services products has resulted in a shortage of qualified employees who have the necessary knowledge of the market, and the Group is in vigorous competition with its competitors for qualified employees.

Risks relating to acquisitions

CLIQ Digital intends to realise external growth by acquisitions of businesses, companies and equity interests in companies.

Such transactions, in particular, the acquisition of entire enterprises, bear the risk that CLIQ Digital – despite a thorough due diligence exercise – overestimates the potential yield and synergies, but underestimates the transaction risks and, as a consequence, pays an excessive purchase price.

Cash flow risk

CLIQ Digital operates in a capital-intensive market where sufficient media budgets are required to realise forecasted revenue growth. The forecasted operational cash flow is sufficient to make the necessary investments in media. However, if, for whatever reason, the operational cash flow is lacking this might limit CLIQ Digital in reinvesting sufficient funds in marketing, which could impact the growth potential of CLIQ Digital.

Receivables defaults

Most of CLIQ Digital's receivables are due from a number of technical service providers and network operators. The Group could encounter financial shortfalls or problems if one of these partners encountered potential payment difficulties or failed to pay for other reasons.

Financing working capital through prepayments

CLIQ Digital is generally required to pay media companies in advance. However, network operators, payment providers and technical service providers generally pay later. A part of this financing gap is financed by the Commerzbank. The discontinuation of these prepayments without replacement funding or the discontinuation of borrowing base financing would make it more difficult to implement CLIQ Digital's growth strategy and could have significant negative effects on the Group's financial position and operational results.

Foreign exchange risks

A significant part of the revenue of CLIQ Digital is denominated in a currency other than the base currency euro. An adverse movement in the exchange rate of a local currency in relation to the euro might impact the profitability of CLIQ Digital.

Interest rate risks

The business operations of CLIQ Digital can be financed to a substantial degree through debt financing. Therefore, CLIQ Digital's profitability can be negatively affected by substantial increases in interest rates. Furthermore, CLIQ Digital must rely on being able to obtain refinancing at adequate terms.

Dependency on macroeconomic developments

CLIQ Digital is subject to macroeconomic risks caused by the volatility of worldwide economic conditions. For example, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency, given the diverse economic and political circumstances in individual member states. An unfavourable economic development, be it on a regional or worldwide level could result in weak growth or even in market downturns, high unemployment, currency instability, increased counterparty credit risk and high levels of volatility, as well as other outcomes that might adversely impact CLIQ Digital's business.

Young markets

Statistical data on market shares, growth rates and revenues of providers of streaming entertainment services are mainly based on estimates of market research institutes or on research of the providers themselves. Since the markets are young and dynamic, it is quite difficult to make accurate estimates. This is also due to the fact that there are no precise definitions of the market areas. Therefore, there is no accurate information available about the market size and the growth rates, actual or potential competitors or market trends.

Risks relating to rights of third parties

CLIQ Digital markets digital entertainment services, which are also developed externally. Since CLIQ Digital in numerous cases does not directly participate in the development process, its ability to prevent violations of third parties' intellectual property rights is limited. This concerns patents, copyrights and trademarks in particular, as well as any other intellectual property rights.

When distributing digital products, which infringe upon such rights, CLIQ Digital could inadvertently infringe upon third parties' intellectual property rights, too.

Risks relating to VAT, trade tax and corporation tax losses carried forward

CLIQ Digital is subject to income tax in various countries. Significant judgment is required in determining the worldwide provision for income tax, and, in the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. CLIQ Digital is also required to estimate its tax obligations for the future.

Moreover, changes in tax legislation of the various jurisdictions CLIQ Digital is subject to, especially with regard to a possible limitation on the offsetting of loss carry-forwards could have adverse effects on CLIQ Digital. Although they are not on a cash basis, deferred tax income and expenses can also have a substantial influence on consolidated profits.

Brexit

From 1 January 2021, the free movement of people and goods and services between the UK and the EU ended. The free trade deal between the UK and EU, announced on Christmas Eve 2020, took effect from 1 January 2021 and states that no tariffs or quotas will be introduced.

On the date of preparing this consolidated annual report, there still remains uncertainty regarding the impact that Brexit will have on the Group's industry within the UK, the EU and other jurisdictions. Although management monitors these developments, it remains difficult to predict the extent of such future laws and regulations, and the effect that they might have on the Group's business.

Holding company and liability risk

CLIQ Digital AG is liable for C Formats GmbH and Claus Mobi GmbH on the basis of a profit- and-loss-transfer agreement. Memtiq B.V., Bluetiq GmbH, Guerilla Mobile Asia Pacific Pte. Ltd., Bob Mobile Hellas S.A., C Formats GmbH, Claus Mobi GmbH, CLIQ B.V., CLIQ UK Holding B.V., CPay B.V., TMG Singapore PTE Ltd., The Mobile Generation Americas Inc., Cructiq AG, Rheinkraft Production GmbH, GIM Global Investments Munich GmbH, iDNA B.V. VIPMOB B.V.(80%) Hype Ventures B.V. (80%), CMind B.V.(80%), Tornika SAS (80%), Hypecode SAS (80%), Tornika Media BV (80%), Universal Mobile Enterprises Ltd, Moonlight Mobile Ltd, Red27Mobile Ltd (80%), Adgomo Ltd, Luboka Media Ltd, Netacy Inc, comprise wholly-owned subsidiaries (except for the mentioned entities for which the equity interest is mentioned). CLIQ Digital AG acts as a supplier to these companies, and, in some cases — such as in the case of international master agreements with service providers — as the main contractual partner. As the parent company, CLIQ Digital AG partially assumes liability and guarantees, as well as the adoption of losses. CLIQ Digital AG's business also entails various liability risks. Liability risks can arise, for example, through customers and partners as the result of products, which are not received, which are defective, as well as through viruses. License providers, rights administrators, content sellers, content producers and brand owners can also give rise to risks as the result of licenses and rights that have not been acquired legally, or which have not been clarified. Media companies, network operators and other partners can give rise to risks as the result of erroneous invoices, system breakdowns, non- compliance with media or other regulations and/ or agreements. Liability situations can also arise from regulators and consumer associations.

The Management Board and the Supervisory Board of CLIQ Digital AG are regularly informed about the Group's situation in terms of opportunities and risks. To evaluate the present risk situation, the Management Board analysed and rated the interdependencies between risks according to probability and impact. The Management Board's assessment indicates that the overall risks can be borne, or managed and the identified individual and cumulative risks do not represent any risks that could jeopardise the continued existence of the company.

16 March 2021

The Management Board

Luc Voncken Ben Bos

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CONSOLIDATED FINANCIAL STATEMENTS

> **In 2021, we will continue our successful strategy of 2020, we will keep going and keep growing, working together as one team on the same goals!**

Luc Vonckens
CEO

1 CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

in '000 €	Note	2020	2019
Gross revenue	6	106,953.0	63,138.6
Cost of sales	7	-72,014.6	-44,343.3
Gross margin		**34,938.4**	**18.795,3**
Personnel expenses	8	-13,722.4	-8,511.1
Other operating expenses	9	-4,488.8	-3,887.1
Impairment losses and gains on trade receivables and contract costs	20	-777.8	-646.6
Total operating expenses		**-18,989.0**	**-13,044.8**
EBITDA		**15,949.4**	**5,750.5**
Depreciation, amortisation and impairment charges applied to intangible, tangible and other current assets	10	-742.5	-980.0
EBIT		**15,206.9**	**4,770.5**
Financial income and financial expenses	11	-824.5	-906.7
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**14,382.4**	**3,863.8**
Income taxes	12	-3,957.2	27.5
PROFIT FOR THE YEAR		**10,425.2**	**3,891.3**
Attributable to:			
Owners of the Company		7,159.1	2,211.6
Non-controlling interest		3,266.1	1,679.7
PROFIT FOR THE YEAR		**10,425.2**	**3,891.3**
Earnings per share			
Number of shares for calculation of basic earnings per share (in thousands)		6,188.7	6,188.7
Number of shares for calculation of diluted earnings per share (in thousands)		90.0	208.5
Basic earnings per share (in €)	13	1.16	0.36
Diluted earnings per share (in €)	13	1.16	0.35

2 CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

in '000 €	Note	2020	2019
PROFIT FOR THE YEAR		**10,425.2**	**3,891.3**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-273.3	39.5
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,151.9**	**3,930.8**
Attributable to:			
Shareholders of the company		6,885.8	2,251.1
Non-controlling interest		3,266.1	1,679,7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,151.9**	**3,930.8**

3 CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31 DECEMBER 2020

in '000 €	Note	2020	2019
NON-CURRENT ASSETS			
Goodwill	14	47,840.3	48,113.6
Other intangible assets	15	773.3	713.3
Plant, operating and office equipment	16	2,193.2	677.2
Contract costs	18	288.7	273.3
Deferred tax assets	12	4,139.7	3,118.5
Total non-current assets		**55,235.2**	**52,895.9**
CURRENT ASSETS			
Financial assets	19	11.3	-
Trade receivables	20	9,085.6	8,208.9
Contract costs	18	7,177.6	5,572.7
Income tax receivables	12	-	54.2
Other assets	21	552.7	638.6
Cash and cash equivalents	22	4,908.1	735.5
Total current assets		**21,735.3**	**15,209.9**
Total assets		**76,970.5**	**68,105.8**

in '000 €	Note	2020	2019
EQUITY			
Issued capital	23	6,188.7	6,188.7
Share premium		46,635.8	46,635.8
Retained earnings	24	-2,820.3	-8,246.6
Other reserves	25	806.1	129.7
Equity attributable to the shareholders		**50,810.3**	**44,707.6**
Non-controlling interest		4,839.2	1,990.6
Total equity		**55,649.5**	**46,698.2**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	12	1,731.9	1,239.1
Bank borrowings	26	3,772.9	9,936.5
Other financial liabilities	27	2,298.3	1,184.2
Other liabilities	28	657.8	357.3
Total non-current liabilities		**8,460.9**	**12,717.1**
Current liabilities			
Other financial liabilities	27	411.4	1,454.3
Provisions		375.0	-
Trade payables	28	1,993.9	2,010.1
Income tax liabilities	12	3,220.8	1,079.2
Other liabilities	28	6,859.0	4,146.9
Total current liabilities		**12,860.1**	**8,690.5**
Total liabilities		**21,321.0**	**21,407.6**
Total equity and liabilities		**76,970.5**	**68,105.8**

4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 2020

in '000 €	Note	Issued capital	Share premium	Retained earnings	Other reserves	Equity attributable to the shareholders	Non-controlling interest	Total equity
Balance as of 1 January 2019		**6,188.7**	**46,635.8**	**-5,608.2**	**-241.7**	**46,974.6**	**809.2**	**47,783.8**
Net profit / loss for the period		-	-	2,211.6	-	2,211.6	1,679.7	3,891.3
Other comprehensive income		-	-	-	39.5	39.5	-	39.5
Currency translation difference		-	-	-	331.9	331.9	44.4	376.3
Adjustment arising from change in non-controlling interest		-	-	-4,850.0	-	-4,850.0	-542.7	-5,392.7
Balance as of 31 December 2019		**6,188.7**	**46,635.8**	**-8,246.6**	**129.7**	**44,707.6**	**1,990.6**	**46,698.2**
Net profit / loss for the period		-	-	7,159.1	-	7,159.1	3,266.1	10,425.2
Other comprehensive income		-	-	-	-273.3	-273.3	-	-273.3
Dividend distributions		-	-	-1,732.8	-	-1,732.8	-380.6	-2,113.4
Equity-settled share-based payments	25	-	-	-	1,100.4	1,100.4	-	1,100.4
Currency translation difference		-	-	-	-150.7	-150.7	-36.9	-187.6
Balance as of 31 December 2020		**6,188.7**	**46,635.8**	**-2,820.3**	**806.1**	**50,810.3**	**4,839.2**	**55,649.5**

5 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR 2020

in '000 €	Note	2020	2019
Cash flow from operating activities			
Result for the year		10,425.2	3,891.3
Adjustments for:			
Income tax expense recognised in profit or loss		3,957.2	-27.5
Net (gain)/loss arising on financial liabilities designated as at fair value through profit and loss	11	-91.4	101.2
Other finance costs recognised in profit or loss	11	915.9	805.5
Equity-settled share based payment transactions		52.4	-
Depreciation and amortisation of non-current assets	10	742.5	980.0
		16,001.8	**5,750.5**
Changes in working capital		1,642.8	-1,908.9
Cash generated from operations		**17,644.6**	**3,841.6**
Income taxes (paid)/received		-2,242.3	-742.8
Interest (paid)/received		-603.6	-599.7
Net cash generated by operating activities		**14,798.7**	**2,499.1**
Cash flow from investing activities			
Payments for property, plant and equipment	16	-216.2	-22.1
Payments for intangible fixed assets	15	-479.8	-373.9
Net cash (used in)/generated by investing activities		**-696.0**	**-396.0**

in '000 €	Note	2020	2019
Cash flow from financing activities			
Repayment of borrowings		-1,202.1	-931.2
Transaction costs related to loans and borrowings		-32.8	-378.6
Lease instalments paid	27	-255.0	-275.4
Acquisition of non-controlling interest		-	-3,368.9
Dividends paid	24	-2,113.4	-
Net cash used in financing activities		**-3,603.3**	**-4,954.1**
Free cash flow		**10,499.4**	**-2,851.0**
Cash and cash equivalents at the beginning of the year		**-9,577.5**	**-6,757.8**
Free cash flow		10,499.4	-2,851.0
Effects of exchange rate changes on the balance of cash held in foreign currencies		-13.8	31.3
Cash and cash equivalents at the end of the year		**908.1**	**-9,577.5**
Cash and bank balances		4,908.1	735.5
Bank borrowing overdraft facility	26	-4,000.0	-10,313.0
Cash and cash equivalents in cash flow statement		**908.1**	**-9,577.5**

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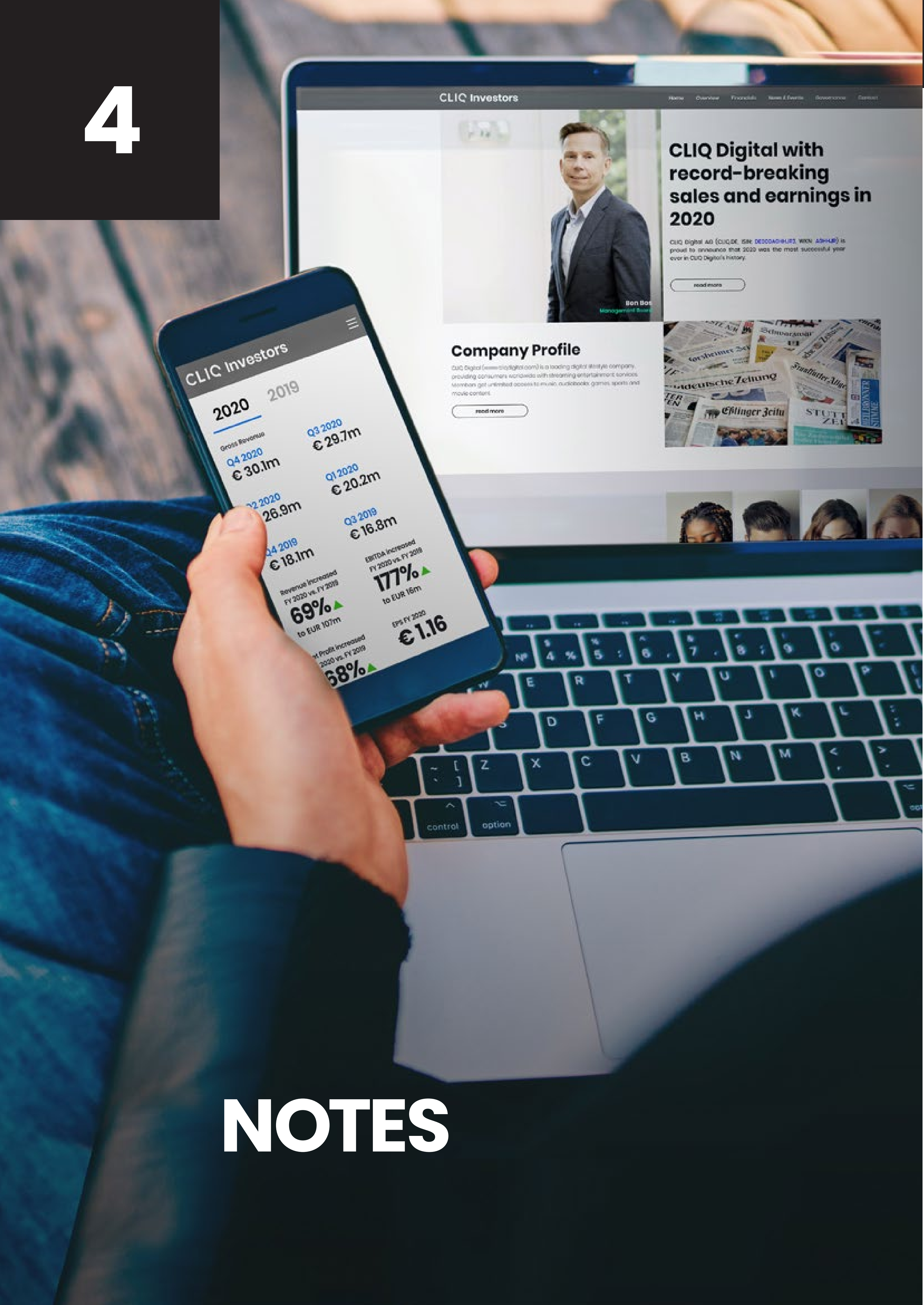

NOTES

1 GENERAL INFORMATION

The CLIQ Group (hereafter, CLIQ Digital or CLIQ) is a leading digital lifestyle company, which provides streaming entertainment services to consumers worldwide with unlimited access to music, audiobooks, games, sports and movie content. The company has a long-standing and profitable history in expert digital marketing and offering niche products for the mass market at competitive prices. The CLIQ Group operates in over 30 countries with a headcount of 100 (including part-time employees and contractors) from 30 different nationalities as at 31 December 2020. The company is a valuable strategic business partner for networks, content producers as well as for publishers and payment service providers.

The parent company of the CLIQ Group is CLIQ Digital AG, located in Düsseldorf. The shares of CLIQ Digital AG are listed in the Scale segment of the Frankfurt Stock Exchange (ISIN DE000A0HHJR3).

The business is driven by streaming entertainment services offered in our All-in-One, multibranded, product portals. New members are targeted via direct marketing campaigns and can subscribe online to streaming entertainment services. While purchasing our products on online and mobile platforms, payments are concluded by different payment means, predominantly credit card payments.

The Group parent company is CLIQ Digital Aktiengesellschaft, which is headquartered at Immermannstrasse 13, 40210 Düsseldorf, Germany. The company is entered in the commercial register of the Amtsgericht Dusseldorf (Commercial Register Sheet 69068). The shares of CLIQ Digital AG are listed on the Frankfurt Stock Exchange in the Open Market segment, forming part of the Scale Segment of the Deutsche Börse AG. Pursuant to Section 2 (5) of the German Securities Trading Act (WpHG), the Open Market does not comprise an organised or regulated market. The guidelines for Deutsche Börse AG's regulated unofficial market form the basis for including securities in the Open Market. As a consequence, CLIQ Digital AG is not a capital market-orientated company pursuant to Section 264d of the German Commercial Code (HGB) and is also not obligated pursuant to Section 315e of the German Commercial Code (HGB) to prepare consolidated financial statements on the basis of International Financial Reporting Standards (IFRS) as adopted by the EU. CLIQ Digital AG is obligated to prepare consolidated financial statements according to German accounting standards. However, an exemption is available when the company prepares consolidated financial statements according to IFRS.

These consolidated IFRS financial statements are prepared to provide investors with additional financial information in line with capital markets expectations and to fulfil disclosure obligations to Deutsche Börse AG under the General Terms and Conditions of Deutsche Börse AG for the Open Market of the Frankfurt Stock Exchange.

The Group's financial year starts on 1 January and ends on 31 December of each calendar year. These consolidated financial statements are prepared in euros, which is the functional and reporting currency of CLIQ. Reporting is in thousands of euros (in '000 €) unless stated otherwise.

To improve the clarity of the accounts, various items of the consolidated balance sheet and the consolidated statement of comprehensive income have been combined. These items are presented and explained separately in the notes to the consolidated financial statements. The statement of comprehensive income is structured according to the nature of the expense method.

2 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

In the financial year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2020.

Section 2.1 describes the impact of the application of new and revised international financial reporting standards whereas section 2.2 provides a description of changes in accounting standards which did not had a material impact on the disclosures or the amounts reported in these consolidated financial statements.

2.1 Significant new and revised International Financial Reporting Standards (IFRS)

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Effective date	New standards or amendments	Material impact on CLIQ
1 January 2020	Amendments to References to Conceptual Framework in IFRS Standards	No
1 January 2020	Definition of Material (Amendments to IAS 1 and IAS 8)	No
1 January 2020	Definition of a Business (Amendments to IFRS 3)	No
1 January 2020	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	No
1 January 2020	COVID-19-Related Rent Concessions (Amendment to IFRS 16)	No

2.2 New and revised IFRS in issue but not yet effective

At the date of authorisation of these consolidated financial statements, The Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective or had not yet been adopted by the EU. The directors do not expect that the adoption of the Standards listed below will have a material impact on the consolidated financial statements of the Group in future periods, except as noted below:

Effective date	New standards or amendments	Material impact on CLIQ
1 January 2021	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	No
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	No
	Annual Improvements to IFRS Standards 2018–2020	No
	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	No
	Reference to the Conceptual Framework (Amendments to IFRS 3)	No
1 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	No
	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	No
To be set	Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These consolidated financial statements correspond with the regulations of Section 315e of the German Commercial Code (HGB). This forms the legal basis for Group financial accounting according to IFRS in Germany together with EC Directive No. 1606/2002 of the European Parliament and Council of July 19, 2002, concerning the application of international accounting standards, and is applicable for financial years commencing on or after 1 January 2005.

The Group‘s accounting policies on consolidation, measurement of assets and liabilities and determination of results are set out below. These policies are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

The Group applies the historical cost convention for measurement, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Scope of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2020. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3 Changes in the scope of consolidation

During the financial year the following changes in the scope of consolidation have been made to the number of consolidated companies in addition to CLIQ Digital AG:

	Germany	The Netherlands	United Kingdom	Other countries	Total
31 December 2019	5	9	5	8	27
Acquisition	–	–	–	–	–
Establish	–	–	–	–	–
31 December 2020	5	9	5	8	27

In the financial year there were no changes to the Group of consolidated companies.

Please refer to Note 17 for the listing of the Group‘s shareholdings pursuant to Section 313 (2) of the German Commercial Code (HGB).

3.4 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 the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the noncontrolling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from 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 the 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.

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 at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 3.4 above) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is 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 its carrying amount, 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 based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Group recognises revenue from the following major sources:

- Digital entertaining services to end users who use the digital content that the Group makes available to subscribers and can be used by subscribers as much as they want, anytime, any- where.
- Marketing services in which the Group purchases and sells traffic from digital sources to third parties.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

3.6.1 Digital entertainment services

Digital entertainment services are invoiced for a fixed amount per period, which is usually charged on a weekly or monthly basis. The performance obligation is satisfied when payment confirmation has been received and the customers obtained access to the digital content. The transaction price is the amount that has been agreed with the customer taking into consideration a refund liability for considerations received or receivable for which it expects to refund some or all of the considerations to the customer.

3.6.2 Digital marketing services

Digital marketing services are usually invoiced on a monthly or weekly basis to the customer for a predefined amount per unit. The performance obligation is satisfied when the Group receives confirmation from its customer that the unit (e.g. a new subscriber) has been delivered.

3.7 Financial income and financial expenses

The Group's finance income and finance costs include:

- interest income;
- interest from leasing liabilities;
- interest expense such as interest on bank overdrafts and loans;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the fair value loss on contingent consideration classified as a financial liability.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.8 Leasing

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is included in the line other financial liabilities in the consolidated statement of the financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of- use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. In general, the depreciation period is between 3 and 7 years.

The right-of-use assets are presented as part of property, plant and equipment in the consolidated statement of financial position as the majority of the right-of-use assets is related to the rent of buildings. The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.18.

3.9 Foreign currencies

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into euro using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non- controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.10 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred. The direct allocation of borrowing costs to the purchase or development of a qualified intangible asset, which could accordingly generate purchase or manufacturing costs, is not performed.

3.11 Employee benefits

3.11.1 Short-term employee benefits

Short-term employee benefits are benefits payable within a year of the end of the year in which the employee rendered the service. Within CLIQ Group, this category includes wages and salaries (including holiday pay) and fixed and variable allowances, social security contributions, paid sick leave, profit sharing and variable short-term remuneration. The costs of these employee benefits are recognised in the income statement when the service is rendered or the rights to benefits are accrued (e.g. holiday pay).

3.11.2 Post-employment benefits

The Group has one pension plan with a Dutch entity for employees working in The Netherlands which have a limited number of participants.

The Dutch plan is financed through contributions to pension providers such as insurance companies. The pension obligations plans are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account. As at year-end no pension receivables and no obligations existed for the Group in addition to the payment of the annual contribution due to the pension provider.

3.12 Share-based payment arrangements

As at the end of the reporting period Cliq B.V. and Cliq Digital AG had several share-based payments arrangements. Details regarding the share-based payments arrangements are set out in Note 29.

Cash-settled share-based payments to employees and others providing similar services are measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year, with a corresponding adjustment to the share option liability.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 29.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

3.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.13.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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.

3.13.2 Deferred tax

Deferred tax is recognised 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 is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become 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, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.13.3 Current and deferred tax

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets are netted with deferred tax liabilities if entitlement to the offsetting of actual taxes exists, and the items relate to taxes on income which are levied by the same tax authorities, and which arise at the same company, or within the same tax entity.

3.14 Plant, operating and office equipment

Plant, operating and office equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price, incidental purchase costs, and subsequent purchase costs less any purchase price reductions received.

Costs for repairing property, plant and equipment, such as maintenance expenses, are generally carried through profit and loss.

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. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Plant, operating and office equipment is predominantly depreciated over a period of three to five years.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.15 Intangible assets

3.15.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.15.2 Internally-generated intangible assets – research and development expenditure

Costs associated with maintaining internally generated intangible assets (software) are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The Group generally amortises capitalised development costs using the straight-line method over the period 3 to 5 years.

3.15.3 Licenses and trademarks

Separately acquired licenses and trademarks which have finite useful lives are measured at cost less accumulated amortisation and impairment losses. The Group predominantly amortises licenses and trademarks using the straight-line method over the period of 1 to 5 years.

3.15.4 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.15.5 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

3.16.1 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with the requirements for revenue recognition.

3.17 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.17.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.17.1.1 Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI (Fair Value through other comprehensive income) criteria as measured at FVTPL (Fair Value through profit and loss) if doing so eliminates or significantly reduces an accounting mismatch.

In the current year, the Group has not designated any debt investments that meet the amortised cost or FVTOCI criteria as measured at FVTPL.

3.17.1.2 Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

3.17.1.3 Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3.17.1.4 Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

3.17.1.5 Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.17.2 Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.17.3 Derecognition

3.17.3.1 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.17.3.2 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.17.4 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.17.5 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.18 Impairment

3.18.1 Non-derivative financial assets

3.18.1.1 Financial instruments and contract costs

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract costs. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on trade receivables and contract costs are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3.18.1.2 Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation .

3.18.1.3 Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.18.1.4 Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.18.2 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful lives, assets not yet available for use and goodwill are tested annually for impairment.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units (CGUs), or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Board Members of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant to the balance sheet date. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements and key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.1.1 Useful life, residual value and impairment of contract costs

The carrying value of the contract costs is calculated on the basis of estimates of amortisation periods derived from the expected customer's revenue life cycle. The expected customer's revenue life cycle may change under the influence of consumer-trends, market conditions or legal requirements and regulations. These factors may also give rise to the need to recognize an impairment on assets.

4.1.2 Impairment of non-financial assets

Goodwill is not amortised, but an annual impairment test is carried out to identify if there are any changes or events that could lead to an impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Board Members to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 31 December 2020 was €47.8 million (31 December 2019: €48.1 million). Details of the impairment calculation are set out in Note 14. An impairment test is carried out on other non-financial assets in case of any events or changes that call for an impairment test.

4.1.3 Fair value measurements of financial instruments

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The Finance Director is responsible for the preparation of the fair value calculations of the concerning financial assets and financial liabilities required for financial reporting purposes. The Finance Director reports directly to the Board every quarter, in line with the Group quarterly reporting dates, to explain the cause of fluctuations in the fair value of the assets and liabilities.

4.1.4 Claims and disputes

The Group is the subject of various claims and disputes, which are part of its business operations. The Board Members together with the Legal Director assesses the claims and court cases instituted against it on the basis of facts and seeks legal advice when required. In addition the Company is also involved in disputes as claiming party. In both cases this involves subjective elements and projected outcomes. However, it is not possible to obtain certainty about the final outcome and any negotiations on claims and disputes. For a more detailed explanation see Contingent assets and liabilities, Note 34.

4.1.5 Taxes

When preparing the consolidated financial statements the Company makes every effort to assess all relevant tax risks and process up-to-date tax position details in the consolidated financial statements to the best of its ability. Evolving insights, for example following final tax assessments for prior years, can result in additional tax burdens or benefits, and new tax risks may arise. In the valuation of deferred tax assets for reporting and tax purposes in the consolidated financial statements, assumptions are made regarding the extent to which and the period within which such assets can be realised. This is done, for instance, on the basis of business plans. In addition, when preparing the consolidated financial statements assumptions are made regarding temporary and permanent differences between the values for reporting and tax purposes. The actual situation may deviate from the assumptions used to determine deferred tax positions, due for instance to diverging insights and changes in tax laws and regulations. See Note 12 in the consolidated financial statements for a more detailed explanation.

5 SEGMENT REPORTING

During the current and previous reporting period there is only one significant operating segment, digital entertainment services, which is regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the operating segment and for which discrete financial information is available.

6 GROSS REVENUE

The Group derives revenue from services at a point in time for the following services:

In '000 €	2020	2019
Digital entertainment services	100,003.6	58,148.4
Digital marketing services	6,949.4	4,990.2
Total gross revenue	**106,953.0**	**63,138.6**

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

In '000 €	2020	2019
Europe	47,507.6	48,366.7
North America	51,627.1	8,911.9
Other contenents	7,818.3	5,860.0
Total gross revenue	**106,953.0**	**63,138.6**

6.1 Contract balances

For further details about the contract balances reference is made to the notes of contract costs (Note 18) and trade receivables (Note 20).

7 COST OF SALES

The cost of sales are composed as follows:

In '000 €	2020	2019
Marketing spend	34,155.6	22,161.1
Capitalised marketing spend	-30,452.2	-20,202.1
Amortised contract costs	28,652.0	19,323.3
Third party costs	25,469.0	18,871.4
Other COS	14,190.2	4,189.6
Total	**72,014.6**	**44,343.3**

8 PERSONNEL EXPENSES

The personnel expenses are composed as follows:

In '000 €	2020	2019
Wages and salaries	8,838.9	5,812.1
Pension contributions	37.9	27.4
Social security contributions	883.2	841.3
Share-based payments	3,169.9	308.8
Hired staff and related costs	587.1	895.0
Redundancy costs	33.1	503.3
Other	172.3	123.2
Total	**13,722.4**	**8,511.1**

8.1 Employees

The number of employees in the financial year was as follows:

	2020	2019
Employees (FTE)	**91.4**	**80.2**
Germany	4.2	3.2
The Netherlands	61.2	58.0
United Kingdom	10.0	10.0
France	13.0	9.0
Spain	3.0	-

The average number of employees in the financial year was:

	2020	2019
Employees (Average Headcount)	82.5	**84.5**
Full-time employees	70.5	71.5
Part-time employees	12.0	13.0

9 OTHER OPERATING EXPENSES

Other operating expenses include the following expenses:

In '000 €	2020	2019
Premises costs	354.9	309.8
Sales and travel costs	460.5	486.9
Professional Fees	1,935.8	1,642.2
Supervisory Board Compensation	123.3	102.6
IT costs	1,203.0	1,131.2
Other	411.3	214.4
Total	**4,488.8**	3,887.1

9.1 Auditor's fees

The following fees were expensed for services rendered by Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (Group Auditor):

In '000 €	2020	2019
Audit of the financial statements	182.3	191.1
Tax advice service	58.2	83.9
Total	**240.5**	**275.0**

10 DEPRECIATION, Amortisation AND IMPAIRMENT EXPENSES

In '000 €	2020	2019
Licenses and trademarks	282.5	470.3
Other intangible assets	109.6	114.7
Right of use assets	230.0	259.4
Plant, operating and office equipment	89.8	135.6
Other assets	30.6	-
Total	**742.5**	980.0

For more information about depreciation, amortisation and impairment charges applied to intangible assets and tangible assets reference is made to the disclosure of the intangible assets (Notes 14 and 15) and tangible assets (Note 16).

11 FINANCIAL INCOME AND FINANCIAL EXPENSES

The table below contains a breakdown of the financial income and expenses. Financial expenses relating to financial liabilities classified as fair value through profit or loss are included in the fair value movement on financial liabilities designated as at FVTPL.

In '000 €	2020	2019
Financial income		
Fair value movements on financial liabilities designated as FVTPL	91.4	-
	91.4	**-**
Financial expenses		
Interest on bank overdrafts and loans	-268.1	-268.6
Amortisation capitalised finance expences	-182.2	-78.4
Interest expense on lease liabilities	-19.1	-31.8
Exchange results	-202.5	-178.5
Bank costs	-181.1	-107.1
Other financial expences	-62.9	-141.1
Fair value movements on financial liabilities designated as FVTPL	-	-101.2
	-915.9	**-906,7**
Total Financial income and finance expenses	**-824.5**	**-906.7**

12 INCOME TAX

This note contains further details on all the items of the consolidated financial statements with regard to income tax. This tax can be divided into income tax recognised in the statement of profit and loss, deferred taxes recognised in the statement of financial position and current tax positions in the statement of financial position.

12.1 Income tax in the statement of profit and loss

As of 31 December 2020, all deferred taxes on temporary differences were calculated on the basis of a combined rounded 31.2% tax rate for Germany (DE), 25.0% tax rate for The Netherlands (NL), 19.0% tax rate for the United Kingdom (UK) and the applicable tax rate for other foreign jurisdictions. As in the previous year, the recognition of deferred taxes on German tax loss carry forwards were based throughout on tax rates of 15.4% for trade tax, and 15.8% for corporation tax and the solidarity surcharge.

In '000 €	DE	NL	UK	Other	2020	2019
Current income tax						
Income tax current year	-24.5	-3,798.6	-799.3	41.9	-4,580.6	-504.0
Adjustment for prior years	-	15.3	-1.0	-	14.2	281.3
Total current income tax	**-24.5**	**-3,783.4**	**-800.3**	**41.9**	**-4,566.3**	**-222.7**
Deferred income tax						
Origination and reversal of temporary differences	945.8	146.5	-32.0	11.3	1,071.6	250.2
Adjustment for prior years	-462.5	-	-	-	-462.5	-
Total deferred income tax	**483.3**	**146.5**	**-32.0**	**11.3**	**609.1**	**250.2**
Total income tax	**458.8**	**-3,636.9**	**-832.3**	**53.2**	**-3,957.2**	**27.5**

12.2 Reconciliation of the effective tax rate

In '000 €	DE	NL	UK	Other	2020	2019
Profit before tax	**-4,534.8**	**14,605.2**	**4,985.1**	**-673.2**	**14,382.4**	**3,863.8**
Nominal tax rate	31.2%	25.0%	19.0%	25.7%	31.2%	31.2%
Income tax calculated at nominal rate	**1,416.0**	**-3,651.3**	**-947.2**	**172.9**	**-4,490.9**	**-1,206.5**
Acquisition costs that are non deductible	-	-	-	-	-	**-31.1**
Expenses share option plan which are not tax deductible	-537.3	-	-	-	-537.3	-23.5
Participation exemption	-23.8	-	-	-	-23.8	-89.4
Tax results from previous years	-400.0	15.3	-1.1	-	-385.8	788.5
Effects of different tax rates of subsidiaries operating in other jurisdictions					1,481.3	592.8

In '000 €	DE	NL	UK	Other	2020	2019
Fair value movements related to contingent considerations arrangements from acquisitions	28.5	-	-	-	28.5	-31.6
Non-deducitble amortisation and depreciation expenses	-	-	-	-	-	-90.8
Research and development enhancements	-	-	111.3	-	111.3	111.7
Other	-24.7	-0.9	4.6	-119.7	-140.7	7.4
Income tax expense in profit or loss account (effective)	**458.8**	**-3,636.9**	**-832.3**	**53.2**	**-3,957.2**	**27.5**
	10.1%	**-24.9%**	**-16.7%**	**7.9%**	**-27.5%**	**0.7%**

The effective income tax rate in 2020 of 27.5% is 28.2 percentage points higher than the 2019 effective income tax rate of 0.7%. Both are lower than the domestic income tax rate of 31.2%. In general, for both years a lower tax burden is expected due to the effect of different tax rates of subsidiaries operating in other jurisdictions in which lower tax rates are applicable, like The Netherlands (25.0%) and the United Kingdom (19.0%).

The increase in effective tax rate compared to prior year is mainly by prior year tax adjustments which were €385,8 thousand negative in the current year and €788,5 thousand positive in prior year.

During the reporting period the company filed several tax returns related to previous years. After receiving the tax declaration from the tax offices any differences between the tax amount on the tax declaration and recognised on the balance sheet will be corrected as tax results from previous years in the statement of profit and loss.

The tax authorities treated the dividend received by CLIQ Digital in 2017 for 95% tax free in the tax assessment issued during summer 2019. As a consequence the deferred tax assets from carry forward losses increased with €0.5 million and the current tax payable decreased with 0.2 million, resulting in a positive prior year tax adjustment of €0.7 million in the year 2019. It is currently uncertain whether an audit by the tax authorities would arrive at a different opinion which could impact the results and deferred tax assets in the future.

12.3 Deferred tax in the statement of financial position

The deferred tax assets and deferred tax liabilities as of reporting date are related to the items below. Deferred tax assets and liabilities are netted if they relate to the same fiscal unity and the company at the head of this fiscal unity has a legally enforceable right to do so.

In '000 €	2020	2019
Intangible assets	190.8	206.3
Tangible assets	-	-
Contract costs	-1,734.6	-1,315.4
Trade receivables	87.1	62.5
Other assets	-	-
Bank borrowings	-70.9	-117.6
Other financial liabilities	-	11.0
Other liabilities (share option plan)	197.7	97.4
Tax loss carry forwards	3,737.7	2,935.2
Total of deferred tax assets and liabilities	**2,407.8**	**1,879.4**
Reflected in the financial statement of financial position as follows:		
Deferred tax assets	4,139.7	3,118.5
Deferred tax liabilities	-1,731.9	-1,239.1
Net deferred taxes	**2,407.8**	**1,879.4**

13 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the share of earnings attributable to CLIQ Digital AG shareholders by the weighted average number of shares in issue. Diluted earnings per share also take into account shares that can potentially be issued due to the stock option program (Note 30).

In €	2020	2019
Profit/loss attributable to CLIQ Digital AG shareholders	7,159.1	2,211.6
Number of shares in circulation as of 1 January	6,188,714	6,188,714
Number of shares in circulation as of 31 December	6,188,714	6,188,714
Weighted average number of shares in issue	6,188,714	6,188,714
Basic earnings per share (in €)	**1.16**	**0.36**

In €	2020	2019
Number of potentially dilutive ordinary shares	90,000	208,500
Weighted average number of shares for the calculation of diluted earnings per share	6,278,714	6,397,214
Diluted earnings per share (in €)	**1.16**	**0.35**

14 GOODWILL

A reconciliation of the carrying amount is detailed below:

In '000 €	31 Dec 2020	31 Dec 2019
Cost	47,945.9	48,219.2
Accumulated impairment losses	-105.6	-105.6
	47,840.3	**48,113.6**

In '000 €	31 Dec 2020	31 Dec 2019
Cost		
1 January	**48,219.2**	**47,983.3**
Effect of foreign currency exchange differences	-273.3	235.9
31 December	**47,945.9**	**48,219.2**
Accumulated impairment losses		
1 January	**-105.6**	**-105.6**
Impairment	-	-
Effect of foreign currency exchange differences	-	-
31 December	**-105.6**	**-105.6**
Prior year carrying amount	**47,840.3**	**48,113.6**

14.1 Allocation of goodwill to cash generating units

For the purpose of impairment testing, goodwill acquired in a business combination must be allocated from the acquisition date to each of the acquirer's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill has been allocated for impairment testing purposes to the following cash-generating units.

- CLIQ Digital and CLIQ BV covering the formerly Bob Mobile AG activities and CLIQ BV group activities.
- UK operations covering the activities of Universal Mobile Limited, Moonlight Mobile Limited and Red27Mobile Limited.
- Other covering the activities relating to Netacy Inc. and Tornika SAS.

The carrying amount of goodwill was allocated to cash-generating units as follows:

In '000 €	31 Dec 2020	31 Dec 2019
CLIQ AG and CLIQ BV	43,217.0	43,217.0
UK operations	4,082.8	4,313.3
Other	540.5	583.3
Total goodwill	**47,840.3**	**48,113.6**

The carrying amounts of the Group's assets are examined as of the balance sheet date as to whether indications of impairment exist as per IAS 36. If such indications exist, the recoverable amount of the asset is estimated, and impairment losses, if required, are expensed.

14.2 CLIQ AG and CLIQ B.V.

Goodwill arising on acquisitions exists as a result of the merger with CLIQ B.V. in the financial year 2012. The retention of the value of this goodwill with an indefinite useful life (2020: €43.2 million; 2019: €43.2 million) is tested with an annual impairment test on the balance sheet date which is based on assumptions pertaining to the future. The Recoverable Amounts have been determined on the basis of the 'Income Approach' and have been benchmarked with the 'Market Approach', more specifically the 'Comparable Companies Approach'. The impairment test also considers various sensitivities, like the WACC and the ratio between marketing spend and net revenues, on the Recoverable Amount as indicated by the Income Approach to test the robustness of the impairment test outcome. From this sensitivity analysis there was no reasonable possible change that would result in an impairment.

The financial budget for the next two years which is used within the 'Income Approach' is derived from past developments and includes management expectations with respect to future market developments and does not include any restructuring activities that the group is not yet committed to or any capital expenditure related to its ordinary business that will enhance the earnings of the CGU's being tested. Significant assumptions in preparing the financial budget are related to revenue and media spend growth per country and the development of ARPU (Average Revenue Per User) and CPA (Customer Acquisition

Costs). Cash-flows beyond the two-year planning period are extrapolated, based upon a conservative approach, using the estimated growth rates as stated below. The forecast period exceeds 5 years after 5 years the operating result is held constant.

Value driver	2023–2029	Terminal Value Period
Gross revenue (growth rate)	Based on main drivers Marketing Spend and Revenue Yield	0.0%
Share third parties	2022's % of Gross revenue	
Marketing spend	Long-term marketing spend based on average 2020-2022 absolute amounts Net revenues / marketing spend ration 50.0%	
Other cost of sales	Average 2021-2022's % of net revenue	
Staff expenses	Average 2021-2022's % of net revenue	
Other operational expenses	Average 2021-2022's % of net revenue	
Corporate income tax rate	CLIQ AG 30.0%	
	CLIQ B.V. 26.5%	
Net working capital	10,2% for Cliq AG and 10,3% for Cliq B.V. of Net Revenue based on 2020-2022	
Other D&A – Other CAPEX	2021's % of Net revenue (other CapEx and other D&A set equal to 150,000 annually on a consolidated level) for CLIQ B.V. and CLIQ AG	
WACC	CLIQ AG 11.0%	
	CLIQ B.V. 11.0%	

14.3 UK operations

The goodwill related to the UK operations originates from the acquisition on June 1, 2017 of the UK entities: Universal Mobile Enterprises Limited, Moonlight Mobile Limited and Red27Mobile Limited.

The Recoverable Amounts have been determined on the basis of the 'Income Approach' and have been benchmarked with the 'Market Approach', more specifically the 'Comparable Companies Approach'. The impairment test also considers various sensitivities on the Recoverable Amount as indicated by the Income Approach to test the robustness of the impairment test outcome. The Board Members believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the UK operations carrying amount to exceed its recoverable amount.

The recoverable amount has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board covering a two-year period, and a pre-tax discount rate of 9.4% per annum.

The financial budget for the next two years which is used within the 'Income Approach' is derived from past developments and includes management expectations with respect to future market developments and does not include any restructuring activities that the group is not yet committed to or any capital expenditure related to its ordinary business that will enhance the earnings of the CGU's being tested. Significant assumptions in preparing the financial budget are related to revenue and media spend growth per country and the development of ARPU (Average Revenue Per User) and CPA (Customer Acquisition Costs). Cash-flows beyond the two-year planning period are extrapolated, based upon a conservative approach, using the estimated growth rates as stated below. The forecast period exceeds 5 years after 5 years the operating result is held constant.

Value driver	2023–2029	Terminal Value Period
Gross revenue (growth rate)	Based on main drivers Marketing Spend and Revenue Yield	0.0%
Share third parties	2022's % of Gross revenue	
Marketing spend	Long-term marketing spend based on average 2020-2022 absolute amounts Net revenues / marketing spend ratio 52.5%	
Other cost of sales	Average 2021-2022's % of net revenue	
Staff expenses	Average 2021-2022's % of net revenue	
Other operational expenses	Average 2021-2022's % of net revenue	
Corporate income tax rate	19.0%	
Net working capital	15.7% % of Net Revenue based on 2020-2022	
WACC	9.4%	

14.4 Other

The other goodwill is related to the operations of Tornika SAS in the amount of €0.1 million (2019: €0.1 million) and Netacy Inc. the amount of €0.4 million (2019: €0.5 million). The recoverable amounts related to this goodwill have been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board covering a two-year period, and a discount rate of 11.0% per annum. Cash flows beyond that two- year period have been extrapolated using a conservative steady 0.0% per annum growth rate. The Board Members believe that any reasonably possible further change in the key assumptions on which recoverable amount is based would not cause the cash generating unit carrying amount to exceed its recoverable amount.

15 OTHER INTANGIBLE ASSETS

In '000 €	Licenses and trademarks	Internally generated intangible assets	Total
Cost			
1 January 2019	**923.4**	**5,778.6**	**6,702.0**
Additions	233.9	140.0	373.9
Disposals	-103.9	-5,386.2	-5,490.1
Effect of foreign currency exchange difference	14.0	5.9	19.9
31 December 2019	**1,067.4**	**538.3**	**1,605.7**
Additions	410.3	69.5	479.8
Effect of foreign currency exchange difference	-30.1	-17.7	-47.8
31 December 2020	**1,447.6**	**590.1**	**2,037.7**
Amortisation and impairment losses			
1 January 2019	**254.4**	**5,540.9**	**5,795.3**
Amortisation in the financial year	470.3	114.7	585.0
Disposals	-103.8	-5,386.2	-5,490.0
Effect of foreign currency exchange difference	-0.2	2.3	2.1
31 December 2019	**620.7**	**271.7**	**892.4**
Acquisition through business combination	282.5	109.6	392.1
Effect of foreign currency exchange difference	-8.3	-11.8	-20.1
31 December 2020	**894.9**	**369.5**	**1,264.4**
Carrying amount 31 December 2019	**446.7**	**266.6**	**713.3**
Carrying amount 31 December 2020	**552.7**	**220.6**	**773.3**

16 PLANT, OPERATING AND OFFICE EQUIPMENT

In '000 €	Plant, operating and office equipment	Right of Use Assets	Total
Cost			
1 January 2019	**2,653.7**	**1,389.5**	**4,043.2**
Additions	22.1	-	22.1
Disposals	-1,949.8	-332.0	-2,281.8
Effect of foreign currency exchange difference	-0.6	4.7	4.1
31 December 2019	**725.4**	**1,062.2**	**1,787.6**
Additions	216.2	1,979.5	2,195.7
Disposals	-	-1,057.4	-1,057.4
Effect of foreign currency exchange difference	2.8	-4.8	-0.2
31 December 2020	**944.4**	**1,979.5**	**2,923.9**
Amortisation and impairment losses			
1 January 2019	**2,452.2**	**304.6**	**2,756.8**
Amortisation in the financial year	135.6	259.4	395.0
Disposals	-1,949.0	-93.2	-2,042.2
Effect of foreign currency exchange difference	-1.1	1.9	0.8
31 December 2019	**637.7**	**472.7**	**1,110.4**
Acquisition through business combination	89.8	230.0	319.8
Disposals	-	-699.0	-699.0
Effect of foreign currency exchange difference	3.2	-3.7	-0.5
31 December 2020	**730.7**	**0.0**	**730.7**
Carrying amount 31 December 2019	**87.7**	**589.5**	**677.2**
Carrying amount 31 December 2020	**213.7**	**1,979.5**	**2,193.2**

16.1 Right of use assets

During the period the Group terminated the rental agreement for the Amsterdam office as of 31 December 2020 and signed a new rental agreement starting on 1 January 2021. The termination of the rental agreement for the Amsterdam office has been recognised as a disposal. The new rental agreement with a rental period of 7 years is recognised as an addition for the period and will be depreciated starting as of January 2021.

17 SUBSIDIARIES

Details of the Group's consolidated subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31 Dec 2020	31 Dec 2019
C Formats GmbH	Sales and Marketing of digital products	Dusseldorf, Germany	100%	100%
Bob Mobile Hellas S.A.	Dormant	Attiki, Greece	100%	100%
Cructiq AG	Sales and Marketing of digital products	Baar, Switzerland	100%	100%
Rheinkraft Production GmbH	Dormant	Dusseldorf, Germany	100%	100%
Bluetiq GmbH	Sales and Marketing of digital products	Dusseldorf, Germany	100%	100%
CLIQ B.V.	Holding	Amsterdam, The Netherlands	100%	100%
Memtiq B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	100%	100%
Guerilla Mobile Asia Pacific Pte. Ltd	Dormant	Singapore	100%	100%
TMG Singapore PTE Ltd.	Dormant	Singapore	100%	100%
The Mobile Generation Ame-ricas Inc.	Dormant	Toronto, Canada	100%	100%
CLIQ UK Holding B.V.	Holding	Amsterdam, The Netherlands	100%	100%
Luboka Media Limited	Sales and Marketing of digital products	Witney, United Kingdom	100%	100%
GIM Global Investments Munich GmbH	Sales and Marketing of digital products	Munich, Germany	100%	100%
iDNA B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	100%	100%
Hype Ventures B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	80%	80%
CMind B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	80%	80%
Tornika Media B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	80%	80%
Tornika SAS	Sales and Marketing of digital products	Paris, France	80%	80%
Hypecode SAS	Dormant	Paris, France	80%	80%
CPay B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	100%	100%
Claus Mobi GmbH	Sales and Marketing of digital products	Dusseldorf, Germany	100%	100%
VIPMOB B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	80%	80%
Netacy Inc.	Marketing services	Dover, USA	100%	100%
ADGOMO Limited (formerly: TGITT Limited)	Sales and Marketing of digital products	Witney, United Kingdom	100%	100%
Universal Mobile Enterprises Limited	Sales and Marketing of digital products	Witney, United Kingdom	100%	100%
Moonlight Mobile Limited	Sales and Marketing of digital products	Witney, United Kingdom	100%	100%
Red27 Mobile Limited	Sales and Marketing of digital products	Withney, Unided Kingdom	80%	80%

18 CONTRACT COSTS

In '000 €	31 Dec 2020	31 Dec 2019
Current	7,177.6	5,572.7
Non-current	288.7	273.3
Total contract costs	**7,466.3**	5,846.0

The contract costs consist of customer acquisition costs paid which are required to obtain contracts with customers. These costs are amortised based on the customer's revenue life cycle. The customer's revenue life cycle is calculated as the average customer's revenue per comparable customer group over the lifetime of the customer with a maximum of 18 months.

19 FINANCIAL ASSETS

In '000 €	31 Dec 2020	31 Dec 2019
Forward exchange contracts	11.3	-
Total	**11.3**	-

20 TRADE RECEIVABLES

In '000 €	31 Dec 2020	31 Dec 2019
Trade receivables, gross	2,012.0	3,890.2
Receivables arising from services that have not yet been invoiced	8,403.5	5,846.0
Loss allowance	-1,329.9	-1,527.3
Total trade receivables	**9,085.6**	8,208.9

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In order to secure the credit facility, the CLIQ Group transferred part of its trade receivables to Commerzbank by way of global assignment (Note 26).

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Notes 32.5.1. and 32.5.3. The following table shows the movement in lifetime expected credit losses (ECL) that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

in '000 €	31 Dec 2020	31 Dec 2019
Balance as at 1 January	**1,527.3**	**-1,192.0**
Amounts written-off	967.0	340.7
Change in loss allowance due to changes in gross receivables	-777.8	-646.6
Foreign exchange result	8.2	-29.4
Balance loss allowance as at 31 December	**-1,329.9**	-1,527.3

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In order to secure the credit facility, the CLIQ Group transferred part of its trade receivables to Commerzbank by way of global assignment (Note 26).

21 OTHER ASSETS

The reported other assets carry a residual term of up to one year and are composed as follows:

In '000 €	31 Dec 2020	31 Dec 2019
Deposits	70.3	20.8
Prepayments	249.4	234.6
Other assets	233.0	383.2
Total	**552.7**	638.6

22 CASH AND CASH EQUIVALENTS

This item contains cash at banks of €4,907.4 thousand in 2020 (2019: €735.0 thousand), and cash in hand of €0.7 thousand in 2020 (2019: €0.5 thousand).

23 ISSUED SHARE CAPITAL

The issued share capital did not change during the financial year 2020 and amounts to €6,188,714.00 per 31 December 2020. The share capital consists of 6,188,714 no-par value bearer shares with a nominal value of €1.00 per share. All shares issued until 31 December 2020 are fully paid in. Each share is granted a ranking voting right as well as a dividend claim, which corresponds in each case to their share in the share capital.

23.1 Treasury shares

The entire treasury share position amounted to 4,000 shares as of 31 December 2020. This corresponds to 0.06% of the share capital. The purchase costs of €15.48 thousand (including incidental purchase costs of €0.0 thousand) were deducted as a total from equity.

23.2 Authorised capital

The annual general meeting held on 15 May 2019 resolved to cancel the existing Authorised Capital 2016 and to authorise the management board to increase the Company's share capital with the approval of the supervisory board by up to €3,094,357.00 in the period up to 16 May 2024 by issuing up to 3,094,357 new no-par value bearer shares against contribution in cash and/or in kind on one or several occasions (Authorised Capital 2019).The shareholders' share subscription rights may be excluded in certain cases with the consent of the Supervisory Board. The Authorised Capital 2019 and the cancellation of the Authorised Capital 2016 became effective upon registration with the commercial register on 3 June 2019. The Authorised Capital 2019 as at 31 December 2020 remains at its initial amount.

23.3 Contingent capital

23.3.1 Contingent Capital II (stock options)

By resolution of the Company's Annual General Meeting on 14 August 2008, the Company's share capital was contingently increased by up to €133,366.00, divided into 133,366 new no-par value bearer shares ("Contingent Capital II"). The Contingent Capital II is exclusively for the purpose to cover option rights from stock options of members of the management board and of employees of the Company and of members of the management and employees of affiliated companies or future affiliated companies inland or abroad in the meaning of Secs. 15 seq. AktG which have been granted pursuant to the authorisation by the Annual General Meeting on 14 August 2008 within a period of five years following the registration of the Contingent Capital II. An increase of the registered share capital out of the Contingent Capital II shall only be implemented to the extent that holders of issued option rights exercise their option rights and to the extent the Company does not choose treasury shares or cash settlement for fulfilment. The new shares shall participate in the profits from the beginning of the financial year for which at the time of the exercise of the option rights a resolution on the appropriation of the balance sheet profits has not yet been adopted.

By resolution of the Company's Annual General Meeting on 19 May 2017 the Contingent Capital II was partially cancelled up to a remaining amount of up to €14,000.00. This partial cancellation occurred because part of the stock options which the Company had issued with regard to Contingent Capital II had expired or had been cancelled against cash compensation. The partial cancellation of the Contingent Capital II became effective upon registration of the corresponding amendment to the articles of association with the commercial register on 2 August 2017.

23.3.2 Contingent Capital 2012 (stock options)

By virtue of the resolution adopted by the Annual General Meeting on 24 August 2012, the Company's share capital was contingently increased by up to €250,000.00, divided into 250,000 new no-par value bearer shares ("Contingent Capital 2012"). The Contingent Capital 2012 serves the exclusive purpose to cover option rights which have been issued in accordance with the authorisation adopted by the Annual General Meeting on 24 August 2012. An increase of the registered share capital out of the Contingent Capital 2012 shall only be implemented to the extent that holders of option rights exercise their rights to subscribe to shares of the Company and that the Company does not choose to fulfil these rights with treasury shares. The new shares shall participate in the profits from the beginning of the financial year in which they are created through the exercise of option rights.

23.3.3 Contingent Capital 2017/I

(conversion or option rights or conversion obligations of certain financial instruments)

By virtue of the resolution adopted by the Annual General Meeting on 19 May 2017, the Company's share capital was contingently increased by up to €2,480,991.00, divided into up to 2,480,991 new no-par value bearer shares ("Contingent Capital 2017/I"). The Contingent Capital 2017/I is resolved only for the purpose to grant ordinary bearer shares to holders or creditors of conversion bonds, option bonds and/or profit participation bonds and/or profit participation rights (or combinations of these instruments) which have been issued in accordance with the authorisation adopted by the General Meeting on 28 August 2014 under agenda item 6 and by the General Meeting on 19 May 2017 under agenda item 7 by the Company or its direct or indirect majority-owned companies inland or abroad and which grant a conversion or option right to no-par value shares of the Company or a conversion obligation.

The new no-par value shares from the Contingent Capital 2014 may only be granted for a conversion or option price that meets the conditions of the authorisation granted by the General Meeting on 28 August 2014 under agenda item 6 and by the General Meeting on 19 May 2017 under agenda item 7.

The contingent capital increase is only implemented to the extent that warrants or conversion rights are exercised or the bearers, or holders comply with their conversion obligation, or shares are delivered under the Company's right of substitution and this right is not serviced using treasury shares or new shares issued from Authorised Capital. The new no-par value bearer shares are entitled to profit participation from the start of the financial year in which they are issued as a result of the exercise of warrants or conversion rights, the fulfilment of conversion obligations or the exercise of delivery rights. The Management Board is authorised to determine the further details of the implementation of the contingent capital increase.

Contingent Capital 2017/I became effective upon registration with the commercial register on 2 August 2017.

23.3.4 Contingent Capital 2017/II (stock options)

By virtue of the resolution adopted by the Annual General Meeting on 19 May 2017 and on 21 August 2020, the Company's share capital was contingently increased by up to €320,000.00, divided into up to 320,000 new no-par value bearer shares with a pro rata amount of the share capital of €1,00 per share ("Contingent Capital 2017/II"). The restatement of the Contingent Capital 2017/II by resolution of the General Meeting on 21 August 2020 was the partial revocation of the 2017 stock option program to the extent, no option rights were issued already, for which the exercise goal has been reached, as well as the fact that the Contingent Capital 2017/II shall now be used to also for fulfilling option rights granted under the new 2020 stock option program resolved by the General Meeting on 21 August 2020. The Contingent Capital 2017/II shall grant shares to holders of stock options under the 2017 and the 2020 stock option program stock option program in accordance with the resolutions of the General Meeting on 19 May 2017 regarding the agenda item 6 and on 21 August 2020 regarding agenda item 7 lit. a) or the resolution of the General Meeting on 21 August 2020 regarding agenda item 7 lit. b), insofar as the option rights holders exercise their option rights, the Company does not grant treasury shares or a cash settlement to fulfil the stock options. The new no-par value shares from the Contingent Capital 2017/II may only be granted for an exercise price per issue amount that meets the conditions of the authorisation granted by the General Meeting on 19 May 2017 under agenda item 6 lit. a) or on 21 August 2020 under agenda item 7 lit. b). The new no-par value bearer shares are entitled to profit participation from the start of the financial year in which they are issued.

The Contingent Capital 2017/II in its form as amended by resolution of the General Meeting on 21 August 2020, became effective upon registration with the commercial register on 1 October 2020.

The total conditional capital of the company as of 31 December 2020 amounts to €3,064,991.00.

23.4 Authorisation to issue warrant and/or conversion participation rights, warrant bonds, convertible bonds and/or profit participation bonds, and to exclude subscription rights

The Annual General Meeting on 19 May 2017 resolved to authorise the Management Board, with the approval of the Supervisory Board, to issue limited or unlimited bearer convertible bonds, bearer bonds with warrants and/or bearer income bonds and/or profit participation rights (or combinations of these instruments) (referred to collectively as „debt instruments“) on one or more occasions up to and including 18 May 2022 up to a maximum total nominal amount of €30,000,000.00, and to grant the bearers or holders of these debt instruments conversion rights or warrants to subscribe for up to 2,480,991 no-par value bearer shares with a total notional interest in the Company‘s share capital of up to €2,480,991.00 in accordance with the detailed conditions of the debt instruments and/or to include obligations to convert the respective debt instruments into such no-par value shares in the conditions of the debt instruments. The debt instruments may be issued in exchange for cash or non-cash contributions.

The above authorisation became effective upon registration of Contingent Capital 2017/I with the commercial register on 2 August 2017.

24 RETAINED EARNINGS

This item contains the accumulated retained earnings of the subsidiaries included in the consolidated financial statements, the profit/loss for the period and other consolidation reserves.

In accordance with the resolution of the annual general meeting of 21 August 2020 a dividend of €1.732.8 thousand (€0.28 per no-par share) has been paid out to the shareholders of the company from the previous year net profit (2019: €0.0).

After the reporting date, the Board proposed to distribute a dividend of €0.46 per share entitled to dividends from the net profit of the company of €10,651.7 thousand. The proposed dividend distribution has not been recognised as liabilities and there are no tax consequences.

25 OTHER RESERVES

The other reserves at year-end can be specified as follows:

In '000 €	Share based payments reserve	Translation differences of foreign operations	Currency translation difference	Total other reserves
Balance as of 1 January 2019	**-**	**-111.2**	**-130.5**	**-241.7**
Other comprehensive income	-	39.5	-	39.5
Currency translation difference	-	-	331.9	331.9
Balance as of 31 December 2019	**-**	**-71.7**	**201.4**	**129.7**
Other comprehensive income	-	-273.3	-	-273.3
Modification share option plan	1,048.0	-	-	1,048.0
Stock settled option costs	52.4	-	-	52.4
Currency translation difference	-	-	-150.7	-150.7
Balance as of 31 December 2020	**1,100.4**	**-345.0**	**50.7**	**806.1**

26 BANK BORROWINGS

Bank borrowings reported on 31 December 2020 correspond to overdraft facility provided by the Commerzbank AG.

In '000 €	31 Dec 2020	31 Dec 2019
Credit facility	-	6,500.0
Borrowing base facility	4,000.0	3,813.0
Total secure bank loans	**4,000.0**	**10,313.0**
Capitalised finance expenses	-227.1	-376.5
Total bank borrowings	**3,772.9**	9,936.5

On 21 May 2019 CLIQ AG signed a new financing facility in the amount of €13.5 million and a maturity until 31 March 2022 provided by a consortium consisting of Commerzbank AG and Postbank AG. The new overdraft facility provided by Commerzbank AG and Postbank AG in the amount of maximum €13.5 million contains a borrowing base facility and a fixed credit facility. The borrowing base facility and the fixed credit facility have an interest rate of 3M-Euribor plus a margin. Depending on certain performance indicators the margin on the borrowing base facility can vary between 2.00% - 2.15% and the margin on the fixed credit facility between 2.65% - 2.90%.

Per 31 December 2020 the total overdraft facility available amounted to €13.5 million (2019: €13.5 million) of which an amount of €4.0 million (2019: €10.3 million) was used.

CLIQ AG is obliged to comply with the covenants set out in the loan agreements with Commerzbank. For the financial year 2020, all covenants are met. In order to secure the credit facility, the CLIQ Group transferred its trade receivables to Commerzbank by way of global assignment.

27 FINANCIAL LIABILITIES

In '000 €	31 Dec 2020	31 Dec 2019
Non-current liabilities		
Lease liabilities	1,841.1	300.4
Contingent considerations resulting from acquisitions	457.2	883.8
	2,298.3	**1,184.2**
Current liabilities		
Lease liabilities	138.4	314.3
Contingent considerations resulting from acquisitions	273.0	337.4
Other	-	802.6
	411.4	**1,454.3**
Total other financial liabilities	**2,709.7**	2,638.5

27.1 Lease liability

The Group leases several assets including buildings and IT equipment. The average remaining lease term is 7 years (2019: 4 years). During the year the Group prematurely terminated the existing lease agreement as per 31 December 2020 for the office in Amsterdam and simultaneously signed a new lease agreement starting as of 1 January 2021 for a period of 7 years.

A maturity analysis of lease payments is presented below:

In '000 €	31 Dec 2020	31 Dec 2019
Not later than 1 year	138.4	314.3
Later than 1 year and not later than 5 years	1,260.4	300.4
Later than 5 years	580.7	-
Total	**1,979.5**	614.7

The Group does not face a significant liquidity risk regarding its lease liabilities. Lease payments are on a quarterly basis and monitored within the Group's treasury function.

27.2 Contingent considerations

Contingent considerations are related to the additional share of 29% in 2019 in Red27Mobile Limited. Movements in the contingent considerations are related to payments (€1,202.0 thousand) and fair value movements which are recognised in profit and loss. The change in fair value which is recognised in profit and loss during the period amounted to €91.4 thousand positive (2019: €101.2 thousand negative). The cumulative change in fair value for the at reporting date amounts to €91.4 thousand positive.

28 TRADE PAYABLES AND OTHER LIABILITIES

In '000 €	31 Dec 2020	31 Dec 2019
Trade payables	1,993.9	2,010.1
Other liabilities	7,516.8	4,504.2
Total trade payables and other liabilities	**9,510.7**	**6,514.3**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 to 90 days. For most suppliers no interest is charged on the trade payables for the first days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

28.1 Other liabilities

In '000 €	31 Dec 2020	31 Dec 2019
Non-current liabilities		
Liability for share-based payments	657.8	357.3
	657.8	**357.3**
Current liabilities		
Accrual marketing spend	1,025.4	1,108.1
Accrual other cost of sales	571.6	249.0
VAT and other taxes	914.1	841.2
Refund liabilities	701.3	255.1
Employee benefits	1,834.1	881.7
Share based payments	465.0	-
Other liabilities	1,347.5	811.8
	6,859.0	**4,146.9**
Total other liabilities	**7,516.8**	4,504.2

28.2 Liability for share-based payments

The movement in the liability for cash-settled share-based payments is as follows:

In '000 €	2020	2019
Balance as at 1 January	**357.3**	**48.6**
Cost for cash-settled share-based payments	3,117.3	308.7
Paid during the period	-1,303.9	-
Changed from cash-settled to equity-settled	-1,047.9	-
Balance loss allowance as oat 31 December	**1,122.8**	**357.3**

Refer to Note 29 for further details on the assumptions underlying the stock option plans.

29 SHARE-BASED PAYMENTS ARRANGEMENTS

29.1 Description of share based payment arrangements

At 31 December 2020, the Group had the following share-based payment arrangements.

29.1.1 Share appreciation rights 2017

The Group granted a share appreciation right program to certain employees. The following terms are valid for this program. Each share appreciation right gives the right to a bonus payment of the share price on execution less the exercise price (€6.84).

A precondition for the exercise of stock options is that the respective year performance target has been achieved within the four-year waiting period. The year performance target is as follows: For each such year, the performance target is achieved if the group EBITDA for the respective quarter reaches or exceeds the budgeted group EBITDA for the respective quarter in three of the four quarters. The applicable four quarters of the calendar year are those in which the stock options have been issued, beginning with the calendar year. If the performance target is not achieved in one or several years, the issued stock options forfeit proportionally, i.e. to an extent of a third, half, three quarters or completely.

After the waiting period, all stock options for which the above performance target has been achieved can be exercised until the end of their term, within a period of four weeks respectively following the Annual General Meeting of the Company and four weeks after the publication of the results of the respective quarter or financial year.

The duration of the stock option program is seven years, commencing from the 31 December following the issuance of the stock option. The stock options can only be exercised if the individual entitled to the subscription rights is in the permanent employment of CLIQ AG or a company associated with it. The company can only redeem the options through cash settlement. The stock options will be exercised and settled in cash as soon as possible.

29.1.2 Stock option plan 2017

The purpose of this plan is the persistent linking of the interests of the members of the Management Board and of employees of the company with the interests of the shareholders of the company in a long-term increase of the corporate value so as to have regard to the shareholder value concept.

The options issued within the framework of the Plan entitle the holder thereof to subscribe shares in the Company. One option entitles the holder thereof to subscribe one share in the company. Such right to subscribe shares may be satisfied either out of a contingent capital created for this purpose or out of the holdings of the Company's own shares. This will be decided by the Supervisory Board as far as the Management Board is concerned and by the Management Board for the other participants. The term of each option ends after expiration of seven years since grand date of the option to the respective participant. The holding period of the options amounts to four years.

Each stock option gives the right to a no-par value share in the company, against payment of the exercise price of € 100. A prerequisite for the exercise of options is the achievement of the annual performance target within the waiting period. The main performance target for the exercise of options is achieved if the closing price of the share in the Company in Xetra trading at the Frankfurt stock exceeds the target share price corresponding to the year and month of the grand date on a total of fifty stock exchange trading days within a period of twelve months following the granting of the relevant options.

29.1.3 Share appreciation rights 2019

The Group granted a total of 34,600 share appreciation rights (SARs) to employees that entitle them to a cash payment after 4 years of service. The share appreciation rights expire at the end of a 7-year period after grant date. A precondition for the exercise of the share appreciation rights is that the respective year performance target has been achieved within the four-year waiting period. The year performance target is based on the Group EBITDA in comparison to the Group budgeted EBITDA. The amount of cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise.

29.1.4 Share appreciation rights 2020

The Group granted a total of 63,250 share appreciation rights (SARs) to employees that entitle them to a cash payment after 4 years of service. The share appreciation rights expire at the end of a 7-year period after grant date. A precondition for the exercise of the share appreciation rights is that the respective year performance target has been achieved within the four-year waiting period. The year performance target is based on the Group EBITDA in comparison to the Group budgeted EBITDA. The amount of cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise.

29.2 Assumptions underlying the cash-settled stock option plans

The fair value of the options was calculated by an external valuation expert using the Black-Scholes- Merton formula. For all the programs, plausible estimates were made of the expected volatility, including price increases that occurred in the relevant periods until balance sheet date.

The inputs used in the measurement of the average weighted fair values at grant date and measurement date of the share appreciation rights and stock option plans were as follows.

	Share appreciation rights 2017	Stock option plan 2017	Share appreciation rights 2019	Share appreciation rights 2020
Number of share options / appreciation rights issued	74,000	67,500	34,600	63,250
Fair value of the option on the grant date	€2.52	€1.46	€0.65	€2.61
Fair value of the option on measurement date	€9.67	€13.65	€12.50	€9.22
Exercise price of the option on the issue date	€6.84	€1.00	€2.35	€7.15
Expected volatility	60%	60%	60%	60%
Duration of the option	7 yrs	7 yrs	7 yrs	7 yrs
Expected dividends	5.0%	5.0%	5.0%	5.0%
Risk-free interest rate	0.0%	0.0%	0.0%	0.0%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

29.3 Assumptions underlying the equity-settled stock option plans

The fair value of the options was calculated by an external valuation expert using the Black-Scholes- Merton formula. For all the programs, plausible estimates were made of the expected volatility, including price increases that occurred in the relevant periods until balance sheet date.

The inputs used in the measurement of the average weighted fair values at grant date and measurement date of the share appreciation rights and stock option plans were as follows.

	Stock option plan 2017
Number of options issued	90,000
Fair value of the option on the grant date	€13.98
Share price at grant date	€15,50
Exercise price of the option on grant date	€1.00
Expected volatility	60%
Duration of the option	7 yrs
Expected dividends	5.0%
Risk-free interest rate	0.0%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

29.4 Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes were as follows.

	2020 Average exercise price		2019 Average exercise price	
	Number	€	Number	€
1 January	**317,100**	**2.06**	**177,500**	**3.68**
Granted during the period	130,750	3.98	139,600	1.91
Exercised during the period	-118,500	1.92	-	-
31 December	**329,350**	**3.64**	**317,100**	**2.06**
Exercisable on 31 December	-	-	118,500	1.92

The options outstanding at 31 December 2020 had an exercise price in the range of €1.00 to €15.29 (2019: €1.00 to €6.84) and a weighted-average contractual life of 5.2 years (2019: 5.2 years). The weighted-average share price at the date of exercise for share options exercised in 2020 was €17.17 (2019: no options exercised)

30 REPORTING ON FINANCIAL INSTRUMENTS

30.1 Accounting classifications and fair values

The following tables present the carrying amounts and fair values of individual financial assets and liabilities for each individual category of financial instruments and reconcile these with the corresponding balance sheet items. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The fair values of non-current financial assets and liabilities are calculated as the present value of the expected future cash flows. Normal market interest rates relating to the corresponding maturities are utilised for discounting.

30.2 Carrying amounts, valuations and fair values by measurement categories as of 31 December 2020

		Carrying amounts				Fair value			
in '000 €	Note	Fair value through profit and loss	Financial assets at amorti-sed cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value		**11.3**	**-**	**-**	**-**	**-**	**11.3**	**-**	**11.3**
Forward exchange contracts		11.3	-	-	-		11.3	-	11.3
Financial assets not measured at fair value		**-**	**14,546.4**	**-**	**14,546.4**	**4,908.1**	**9,638.3**	**-**	**14,546.4**
Trade receivables		-	9,085.6	-	9,085.6	-	9,085.6	-	9,085.6
Cash and cash equivalents		-	4,908.1	-	4,908.1	4,908.1	-	-	4,908.1
Other assets		-	552.7	-	552.7	-	552.7	-	552.7
Financial liabilities measured at fair value		**-**	**-**	**-1,853.0**	**-1,853.0**	**-**	**-**	**-1,853.0**	**-1,853.0**
Liability for share-based payments	28	-	-	-1,122.8	-1,122.8	-	-	-1,122.8	-1,122.8
Contingent considerations	27.2	-	-	-730.2	-730.2	-	-	-730.2	-730.2
Financial liabilities not measured at fair value		**-**	**-**	**-14,367.4**	**-14,367.4**	**-4,000.0**	**-10,367.4**	**-**	**-14,367.4**
Bank borrowings			-	-4,000.0	-4,000.0	-4,000.0	-	-	-4,000.0
Lease liabilities		-	-	-1,979.5	-1,979.5	-	-1,979.5	-	-1,979.5
Trade and other liabilities		-	-	-8,387.9	-8,387.9	-	-8,387.9	-	-8,387.9
Other financial liabilities		-	-	-	-	-	-	-	-

30.3 Carrying amounts, valuations and fair values by measurement categories as of 31 December 2019

		Carrying amounts			Fair value			
in '000 €	Note	Financial assets at amorti-sed cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value								
Trade receivables		8,208.9	-	8,208.9	-	8,208.9	-	8,208.9
Cash and cash equivalents		735.5	-	735.5	735.5	-	-	735.5
Other assets		638.6	-	638.6	-	638.6	-	638.6
		9,583.0	**-**	**9,583.0**	**735.5**	**8,847.5**	**-**	**9,583.0**
Financial liabilities measured at fair value								
Liability for share-based payments	28.1	-	-357.3	-357.3	-	-	-357.3	-357.3
Contingent considerations	27.2	-	-1,221.2	-1,221.2	-	-	-1,221.2	-1,221.2
		-	**-1,578.5**	**-1,578.5**	**-**	**-**	**-1,578.5**	**-1,578.5**
Financial liabilities not measured at fair value								
Bank borrowings		-	-10,313.0	-10,313.0	-10,313.0	-	-	-10,313.0
Lease liabilities		-	-614.7	-614.7	-	-614.7	-	-614.7
Trade and other liabilities		-	-6,157.0	-6,157.0	-	-6,157.0	-	-6,157.0
Other financial liabilities		-	-802.6	-802.6	-	-802.6	-	-802.6
		-	**-17,887.3**	**-17,887.3**	**-10,313.0**	**-7,574.3**	**-**	**-17,887.3**

30.4 Capital management

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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt (borrowings as detailed in Note 25) offset by cash and bank balances) and equity of the Group (comprising issued capital, share premium, retained earnings, other reserves and non-controlling interests as detailed in Notes 22 to 24). The Group's management reviews the capital structure of the Group on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

The Group is not subject to any externally imposed capital requirements.

30.5 Financial risk management

Typical risks arising from financial instruments include credit risk, liquidity risk and individual market risks. The Group's risk management system, including its objectives, methods and processes, is presented in the risk report in the Group management report. On the basis of the information presented below, we identify no explicit concentration of risk arising from financial risks.

30.5.1 Credit risks

CLIQ endeavors to reduce default risk on primary financial instruments through trade information, credit limits and debt management, including a reminder and warning system, and aggressive collection. Furthermore, CLIQ is only doing business with credit-worthy customers. The maximum default risk is derived from the carrying amounts of the financial assets recognised in the balance sheet.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Based on historical experience, ageing of outstanding receivables and specific events which occurred or information available the Group classify each customer in one of the following categories for credit rating: low credit risk, normal credit risk, increased credit risk or individually credit rated. Customers within the category low and normal risk are paying in line with expectations. Customers which are overdue for a longer period, without an acceptable reason for the delay, are classified as increased credit risk resulting in a higher percentage of all the outstanding receivables from that customer to be impaired. When a specific event related to a customer occurred and the outstanding receivables from a customer are considered significant the customer is classified as individually credit rated.

Outstanding gross amounts from customers categorised as normal credit risk and increased credit risk are impaired using a provision matrix which takes into account the ageing of the receivables and the increased credit risk based on classification of the customer. For customers categorised as individually credit rated management uses all the information available at reporting date to make a best estimate of the expected lifetime credit loss for the customer.

The following table provides information about the exposure to credit risk for trade receivables and contract costs from individual customers as at 31 December 2020.

	2020			2019		
In '000 €	Trade reveiv-ables	Loss all-owance	Weight-ed ave-rage loss rate	Trade reveiv-ables	Loss all-owance	Weight-ed ave-rage loss rate
Low credit risk	1,799.1	-22.1	1.2%	2,876.9	-18.2	0.6%
Normal credit risk	7,008.3	-268.4	3.8%	5,151.9	-213.4	4.1%
Increased credit risk	82.4	-65.0	78.9%	13.4	-10.5	78.4%
Individually credit risk	1,525.5	-974.4	63.9%	1,694.0	-1,285.1	75.9%
Total	**10,415.3**	**-1,329.9**	**12.8%**	**9,736.2**	**-1,527.3**	**15.7%**

30.5.2 Liquidity risks

Operational liquidity management includes a cash controlling process which aggregates resources of cash and cash equivalents. This allows liquidity surpluses and requirements to be managed according to the needs of the Group as well as individual Group companies. Short- and medium- term liquidity management includes the maturities of financial assets and financial liabilities, as well as estimates of operating cash flows. Cash and cash equivalents totaling €4,908.1 thousand (2019: €735.5 thousand) are available to cover liquidity requirements. Overall, liquidity risk is categorised as low.

The following (undiscounted) payments prospectively arise from the financial liabilities over the coming years:

In '000 €	Gross value 31 December 2020	Payments 2021	Payments 2022 to 2026	Payments from 2026
Trade payables	1,993.9	1,993.9	-	-
Bank borrowings (Note 26)	3,772.9	-	3,772.9	-
Financial liabilities	2,709.7	411.4	1,717.6	580.7
Other liabilities	7,516.8	6,859.0	657.8	-
Total	**15,993.3**	**9,264.3**	**6,148.3**	**580.7**

In '000 €	Gross value 31 December 2019	Payments 2020	Payments 2021 to 2025	Payments from 2025
Trade payables	2,010.1	2,010.1	-	-
Bank borrowings (Note 26)	9,936.5	-	9,936.5	-
Financial liabilities	2,638.5	1,454.3	1,184.2	-
Other liabilities	4,504.2	4,146.9	357.3	-
Total	**19,089.3**	**7,611.3**	**11,478.0**	**-**

30.5.3 Market risks

Market risk refers to the risk that the fair values or future cash flows from the primary or derivative financial instruments fluctuate due to changes in risk factors. The risks of changes to interest rates are the main market risks to which CLIQ is exposed. Fluctuations in earnings, equity and cash flows can result from such risks.

30.5.4 Foreign currency risks

The currency risk of (trade) receivables of significant revenues denominated in foreign currencies are hedged by the Group for at least 75%. The Group uses forward exchange contracts to hedge its currency risk, with a maturity of less than 1 year from the reporting date. In general the Group receivables of revenues in USD, GBP, PLN are naturally hedged since (future) income as well as expenses (primarily marketing expenses and cost of sales) are incurred in the same currencies as the revenues. On a monthly basis the expected cash flows in foreign currencies for the next 12 months are monitored and any significant foreign currency risks are mitigated by acquiring forward exchange contracts.

30.5.5 Interest-rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group had outstanding debt of €4,000.0 (2019: €10,313.0) thousand, which created an inherent interest rate risk which can negatively impact financial results in the future.

31 RELATED PARTIES

The associated companies of CLIQ AG are presented in the consolidation scope (Note 17). Along with the Management Board, their close family members, and generally the Supervisory Board, participating interests and their owners are regarded as "related parties" in the meaning of IAS 24 Related Party Disclosures.

In 2020, the Board of the CLIQ consisted of the following members:

Surname	Name	Since	Function
Voncken	Luc	5 October 2012	Chairman of the Management Board
Bos	Ben	1 June 2014	Member of the Management Board

31.1 Remuneration for members of the Management Board

Management Board compensation is composed as follows:

In '000 €	2020	2019
Payments due in the short term (excluding share-based compensation)	1,896.2	712.4
Share-based compensation	1,253.4	245.3
Total compensation	**3,149.6**	**957.7**

As of 31 December 2020, the Management Board held a total of 157,500 stock options (2019: 190,000 stock options). The stock options can be exercised in a four-year period, under the conditions that the agreed performance targets are reached.

31.2 Remuneration for members of the supervisory board

Per 31 December 2020 the Supervisory Board consisted of the following members:

Surname	Name	Profession	City	Function
Schlichting Dr.	Mathias	Lawyer	Hamburg, Germany	Chairman
Tempelaar	Karel	Private Investor	Amsterdam, The Netherlands	Full Member
Walboomers	Niels	Managing Director	Amsterdam, The Netherlands	Full Member

The Supervisory Board members received €100 thousand to reimburse their expenses in the financial year (2019: €85 thousand). A long-term compensation component has not been agreed for Supervisory Board members. None of the Supervisory Board members held stock options as of 31 December 2020 (2019: nil).

32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As of the balance sheet date, the Group was not exposed to contingencies (2019: €nil), except for those disclosed in Note 27.2 related to the acquisition of the UK Operations.

33 COMMITMENT FOR EXPENDITURE

The Group has no significant commitments for expenditures which have not already been recognised at balance sheet date.

34 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent events were evaluated up to March 16, 2021, which is the date the Financial Statements included in this Annual Report were approved. There are no events to report.

16 March 2021

CLIQ Digital AG

Luc Voncken Ben Bos

INDEPENDENT AUDITOR'S REPORT

To Cliq Digital AG, Düsseldorf

Audit Opinions

We have audited the consolidated financial statements of Cliq Digital AG and its subsidiaries (the Group) – which comprise the consolidated statement of financial position, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Cliq Digital AG for the financial year from 1 January to 31 December 2020.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Other information

The executive directors are responsible for the other information. The other information comprise further the remaining parts of the annual report, – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there has been a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and 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 these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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 override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance 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.

Berlin, 16 March 2021

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Stephan Kleinmann	Corinna Kaufhold
Wirtschaftsprüfer	Wirtschaftsprüferin
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