CLIQ

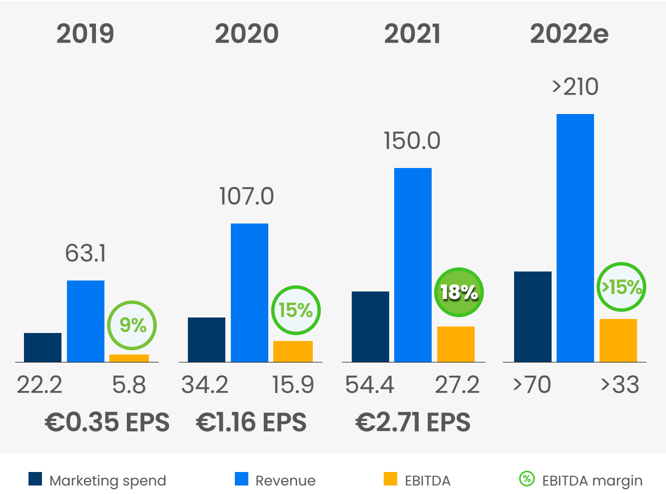
entertainment first

# ANNUAL REPORT 2021

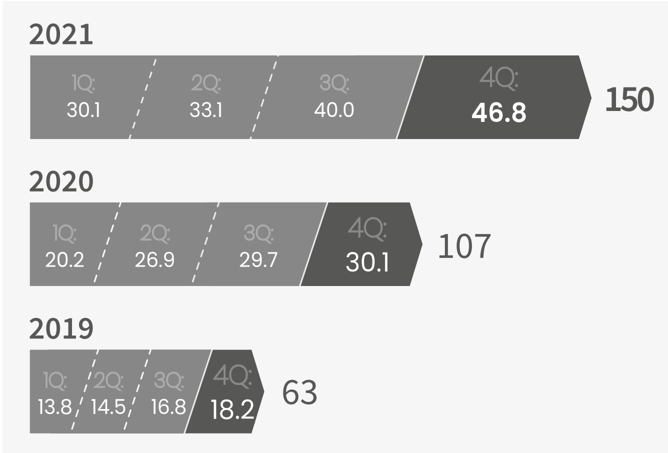
# HIGHLIGHTS

in millions of €

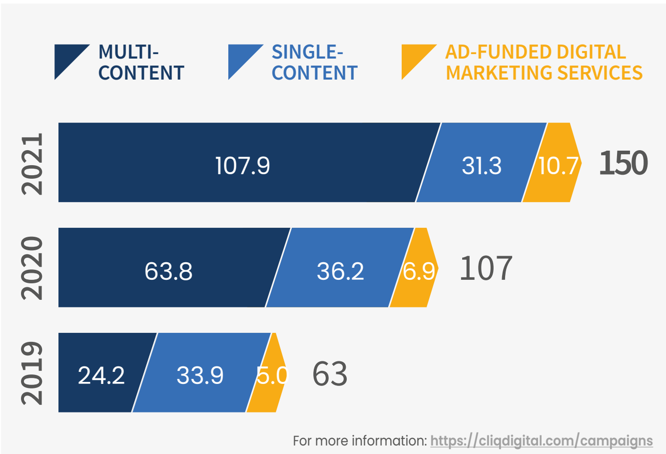
## Business development



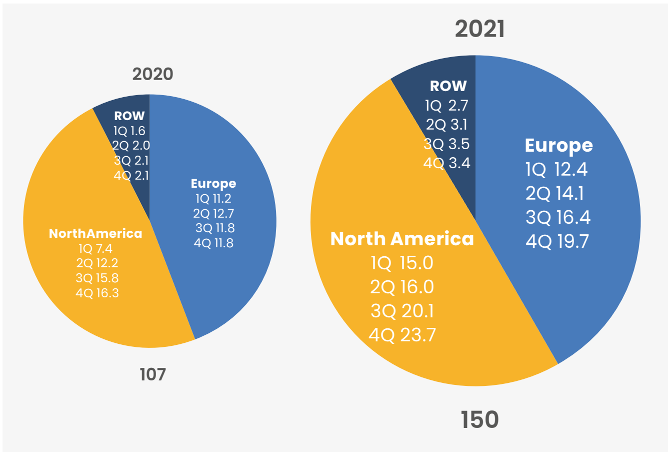

## Quarterly sales split



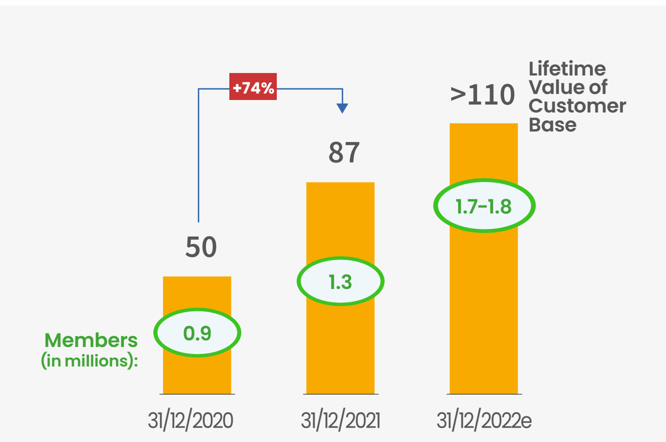

## Sales split by service



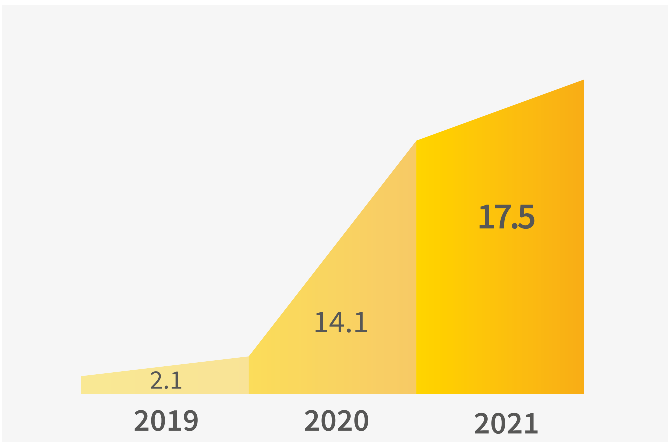

## Regional sales split




## Members




## Operating free cash flow




# FIVE-YEAR OVERVIEW

in millions of €

## Sales & earnings

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Revenue** | **150.0** | **107.0** | **63.1** | **58.2** | **70.5** |
| Marketing spend | 54.4 | 34.2 | 22.2 | 18.8 | 18.6 |
| **EBITDA** | **27.2** | **15.9** | **5.8** | **3.9** | **5.5*** |
| **EBITDA margin** (in %) | **18.1** | **14.9** | **9.1** | **6.6** | **7.8*** |
| EBIT | 26.3 | 15.2 | 4.8 | 3.0 | 5.2 |
| EBIT margin (in %) | 17.5 | 14.2 | 7.6 | 5.1 | 7.3 |
| Profit for the year | 18.2 | 10.4 | 3.9 | 3.0 | 3.4 |
| **Basic earnings per share** | **2.74** | **1.16** | **0.36** | **0.35** | **0.53** |
| Diluted earnings per share | 2.71 | 1.16 | 0.35 | 0.34 | 0.52 |

* 2017 restated for comparison reasons

## Cash flow

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Cash flow from operating activities | 20.8 | 14.8 | 2.5 | 3.8 | 25.2 |
| Cash flow from investing activities | -3.3 | -0.7 | -0.4 | -1.5 | -20.0 |
| **Operating free cash flow** | **17.5** | **14.1** | **2.1** | **2.3** | **5.2** |
| Cash flow from financing activities | -16.1 | -3.6 | -5.0 | -3.6 | -0.1 |
| Total cash flow | 1.4 | 10.5 | -2.9 | -1.3 | 5.1 |

## Balance sheet

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Equity | 59.6 | 55.6 | 46.7 | 47.8 | 46.6 |
| Total assets | 96.3 | 77.0 | 68.1 | 65.7 | 66.1 |
| Equity ratio (in %) | 61.9 | 72.3 | 68.6 | 72.7 | 70.5 |
| Net financial debt(-)/ net liquidity(+) | 2.3 | 0.9 | -9.6 | -6.8 | -5.5 |

## CLIQ-specific KPIs

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Paid memberships (in millions per 31/12)** | 1.3 | 0.9 | 0.6 | N/a** | N/a** |
| Lifetime Value of Customer Base (per 31/12) | 87.0 | 50.0 | 38.0 | 37.0 | 40.0 |
| Profitability Index (prev. CLIQ Factor) | 1.59 | 1.68 | 1.51 | 1.36 | 1.47 |

** No data available for the year

## Shares

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Dividend paid per share | 1.10*** | 0.46 | 0.28 | - | - |
| Share price (per 31/12) | 24.70 | 16.60 | 2.90 | 1.71 | 8.13 |
| Number of shares (per 31/12) | 6,508,714 | 6,188,714 | 6,188,714 | 6,188,714 | 6,188,714 |
| Market capitalisation (per 31/12) | 160.8 | 102.7 | 17.9 | 10.6 | 50.3 |

*** Subject to AGM resolution on 14/04/2021

## Human resources

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Full-time employees (per 31/12) | 107 | 71 | 63.0 | 80.0 | 80.0 |
| Part-time employees (per 31/12) | 22 | 12 | 12.0 | 14.0 | 14.0 |
| **Total employees (per 31/12)** | **129** | **83** | **75.0** | **94.0** | **103.0** |

# CONTENTS

## TO OUR SHAREHOLDERS

1




## GROUP MANAGEMENT REPORT

2



## CONSOLIDATED FINANCIAL STATEMENTS

3



## NOTES TO THE FINANCIAL STATEMENTS

4

# LETTER TO OUR SHAREHOLDERS

*Dear shareholders,*

2021 was a fantastic year for CLIQ. A year in which we as a global streaming entertainment company became more relevant to our members in over 30 countries and realised our goals.

We made considerable progress on our strategic path, achieved valuable milestones and set the course for more profitable growth going forward. The addressable market for digital entertainment grew stronger with more and more consumers streaming their entertainment needs.

We focussed on and executed our strategy of addressing the mass market with a broad range of entertainment products. This market positioning provides us with a distinct competitive advantage as we target consumers searching for both entertainment and value for money by using performance marketing. We intensified our new member approach by offering both our multi- and single-content portals and thus catering better to different entertainment tastes and consumption habits.

In 2021, we grew our sales and earnings quarter-by-quarter to new, record levels. We registered 1.3 million paying members at the end of 2021 – an increase of 44% year-on-year. We invested a considerable amount of our profits right back into our company for further growth: more marketing means more members, which means more revenue.

We added more new and attractive content to our portals than ever before in the history of our company. Games, Hollywood blockbusters, live sporting events, arthouse movies, popular TV series and cartoons amongst others were added to our content library during 2021. Subsequently, we saw the first positive reactions coming from the content increases, resulting in albeit nascent customer loyalty extensions.

We continued to roll out our own media buying activities across Europe, which led to a gradually increasing and very gratifying hike in European revenue quarter-by-quarter. In 2021, we supported our growth path by hiring over 40 new employees, which was the largest number of new hires to date.

All our relevant operational metrics improved, and we overachieved our top and bottom line outlook. Revenue grew year-on-year by 40% to €150 million and our EBITDA increased by 71% to €27 million. Furthermore, our operating free cash flow grew from €14.1 million to €17.5 million, which underscores the success of our business model. In 2021, we bought out minority shareholdings in two Group companies to have more control and leverage efficiencies as well as bolster the Group's EPS.

We speeded up our financial reporting to inform you – our investor base – in a more comprehensive and timely manner. We met with more investors than ever before and increased our research coverage notably. Nevertheless, we believe that our share price development in 2021 did not fully reflect our operational successes and growth path. We delivered what we promised and generated a significant amount of profit as well as cash, and we propose a dividend of €1.10, yielding 4.5% on the year-end close share price.

Last year, the pandemic continued to spread insecurity also across our workforce, but thanks to proven safety measures, sound foresight and pragmatic contingency plans across our operating countries, we were able to bridge any potential personnel shortfalls and maintain our operational excellence.

## Outlook 2022

The digital media market is expected to further grow in 2022 and CLIQ Digital with its evergrowing content offering packaged in convenient and affordable products is set to win further market share. In addition to the market growth our own strategic toolbox regarding more content, more marketing, more sales penetration and more operating countries, we are well-positioned to accelerate our growth path further. With our major upcoming update to our CLIQ portal with many new features and market CLIQ via traditional advertising channels, CLIQ will make new inroads as a brand and become more relevant.

In 2022, we expect paid memberships at the year-end to range between 1.7 and 1.8 million (i.e. >€110 million Lifetime Value of Customer Base), our revenue to increase to over €210 million and generate an EBITDA of at least €33 million. The underlying marketing spend is thereby predicted to exceed €70 million and our Profitability Index – previously CLIQ Factor – should come in at around 1.5x.

All this is only possible with a great team, and we have a really great team of highly motivated and skilled, multinational and multicultural colleagues who really make our business operational, successful and most importantly fun! Thank you for all the hard work, brilliant ideas and kind support. We love doing what we do and look forward to a prosperous and exciting journey in 2022 and beyond. We are glad you're traveling with us on our journey!

Best,

*Luc & Ben*

# MANAGEMENT BOARD

## Luc Voncken (*1970)

CEO

Luc has over 20 years' experience in digital media. During his early career he held a number of senior management positions with ING Bank and ABN AMRO Bank. In 2000 he started his first company which developed a game which could be played on the Internet as well as mobile phone. He was shareholder of Golden Bytes (aggregator of mobile connectivity, market leader in The Netherlands) and initiated the first SMS TV voting with Big Brother in The Netherlands. In 2003 Luc co-founded Blinck International BV and held the position of CEO. In 2010 Blinck merged with TMG into CLIQ BV where Luc held the position of Non-Executive Board member. In 2012 CLIQ BV merged with Bob Mobile AG to form CLIQ Digital AG. Luc's strength is his power to innovate combined with operational excellence. Luc Voncken has a Master of Science in Business Economics (Amsterdam, The Netherlands).

## Ben Bos (*1962)

Member of the Management Board

Ben is a member of the Management Board at CLIQ Digital AG since 2014. From 1993 to 1997 Ben held several positions with Arcade Entertainment B.V. (amongst others ad interim managing director of its German subsidiary). Arcade has been operating in the music, television and movie industries. From 1997 to 2000 he was managing director of ID & T Entertainment B.V., a privately-owned company in the music industry, while organising dance parties for 10k+ music fans. As of 2000, Ben worked as an independent corporate finance advisor with a particular focus on M&A and restructuring until he boarded CLIQ Digital AG. During this time, he (amongst others) structured the merger of two predecessors of CLIQ Digital AG. Ben's areas of responsibility within the Management Board comprise Finance, Legal, Corporate Development and Capital Markets.

# SUPERVISORY BOARD

## Dr Mathias Schlichting

Chairman

Dr Mathias Schlichting is Chairman of the Supervisory Board at CLIQ Digital AG since 30 August 2013. He was appointed as Member of the Supervisory Board at the company on 14 June 2013. Born in Lübeck, he took his A-levels there (Abitur) and then moved to Hamburg to study law and graduate (Dissertation) at the Hamburg University. In a next step, he travelled to South Africa (Durban) to complete his Master of Laws (LL.M.). Since 1986, he is working as a lawyer in Hamburg – his home of choice – in the fields of corporate law, restructuring and insolvency law. In former times, he also worked as an insolvency administrator. His aspiration is the solving of problems as a (certified) mediator. Currently he is partner at DIERKES & PARTNER (Hamburg) – lawyers, tax accountants and public accountants. Besides CLIQ Digital AG Mathias is engaged in other supervisory assignments, amongst others in a company which is dealing with mortgages.

## Karel Tempelaar

Karel Tempelaar has been Member of the Supervisory Board at CLIQ Digital AG since 16 February 2012. Karel has over 20 years' experience in the technology, media and telecom sector. During his early career he held an account management position with ABN AMRO Bank. In 2000 he started his first company which developed a game which could be played on the Internet as well as on the mobile phone. He was shareholder of Golden Bytes (aggregator of mobile connectivity, market leader in The Netherlands) and initiated the first SMS TV voting with Big Brother in The Netherlands. In 2003 Karel co-founded Blinck International BV and held the position of CFO. In 2010 Blinck merged with TMG into CLIQ BV where Karel held the position of Non-Executive Board member. In February 2012 CLIQ BV merged with Bob Mobile AG to form CLIQ Digital AG. Karel holds a Master of Science in General Economics as well as an International Master in Business Administration.

## Niels Walboomers

Niels Walboomers works as Managing Director for Sony/ATV Music Publishing Benelux, which is the largest music publishing company in the world owning and or representing the rights to songs by The Beatles, Beyoncé, Bob Dylan, Drake, Ed Sheeran, Elvis Presley, Eminem, Lady Gaga, Motown, Queen, Willie Nelson & many More. With his 25 years' experience in the entertainment business, he brings a strong input from the music industry to CLIQ Digital.

# 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 2021 and the results of the audit of the annual and financial statements 2021.

During the past reporting year 2021, the Supervisory Board 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 monitored the conduct of the company's business by the Management Board on a regular basis with the aid of detailed written and oral reports received from the Management Board. Furthermore, the Supervisory Board advised the Management Board on the strategic orientation and management of the company. The Chairman of the Supervisory Board maintained a constant exchange of information with the Management Board. In this way the Supervisory Board was involved timely in all decisions that were of fundamental importance for the CLIQ Digital Group.

## Focal Points of the work of the Supervisory Board

The Supervisory Board convened a total of 5 times in 2021. The Supervisory Board was informed regularly by the Management Board about the state and development of the company's business and the situation in the Group, 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 2021 were held on 16 March, 29 April, 24 August, 28 October and 8 December. The average attendance rate at the meetings of the Supervisory Board held in 2021 was 100 per cent.

At the 5 regular meetings, the Supervisory Board conducted indepth 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 CLIQ Digital Group. Deviations from the plans and targets were explained by the Management Board and approved by the Supervisory Board. In the 2021 financial year the following significant items were discussed and approved during the regular Supervisory Board meetings:

- Business planning, budget and Group strategy
- Quarterly- and half-year figures
- Financial status and financing of the Group
- Approval and adoption of the standalone financial statements 2020
- Approval if the consolidated financial statements 2020
- Approval of the proposal for profit appropriation for the year 2020(€0.46 dividend per share)
- Decision on incorporation and acquisition of an entity of the Group
- Approval of the appointment of a  director related to an entity of the Group
- Approval of the convocation of the ordinary General Meeting as a virtual general meeting
- Reflection of the 2021 Annual General Meeting of CLIQ Digital AG

In addition, the Supervisory Board discussed and adopted resolutions outside of Supervisory Board meetings regarding:

- the acquisition of the remaining 20% in the outstanding share capital of  in the Company's subsidiary Hype Ventures B.V. and the related capital increase of the Company's share capital against contributions in kind using the authorized capital 2019, and the respective amendment of the wording of the Articles of Association of the Company
- the conclusion of option agreements with the members of the Management Board in connection with the Stock Option Plan 2020 and the approval of the issuance of stock appreciation rights
- the fulfilment of options exercised by the members of the Management Board by payment of cash compensation on the basis of the Stock Option Plan 2017
- decision on the budget goals regarding the bonus for the Management Board
- the acquisition of the remaining 20% in the outstanding share capital of the Company's subsidiary Red27Mobile Limited,
- the acquisition of 5% in the outstanding share capital of Blacknut SAS
- the agreement with Blacknut SAS on the development and license of a white label version of the Blacknut Cloud Gaming Service
- the lease of the additional office space for the Amsterdam office
- approval of additional marketing budget for 2021
- the acquisition of a new shelf company.

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 2021, 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 2021.

### Personal matters and composition of the Supervisory Board

The Supervisory Board of CLIQ Digital AG consists of Dr Mathias Schlichting (Chairman), Karel Tempelaar and Niels Walboomers. There have been no changes during 2021 in the composition of the Supervisory Board.

### Approval of Single-entity and Consolidated Financial Statements for 2021

The single-entity and consolidated financial statements as of 31 December 2021, as well as the Group management report for the 2021 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 2021 as well as the Group management report for the 2021 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 28 February 2022, the Management Board explained the single-entity and consolidated financial statements as of 31 December 2021, the Group management report for the 2021 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 28 February 2022: The single-entity financial statements as of 31 December 2021 as well as the consolidated financial statements as of 31 December 2021 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 € 1.10 per dividend-bearing share from the company's net profit of T€ 13,392.1 and to carry forward the net result for the financial year.

### Thanks and recognition

The Supervisory Board thanks the Management Board as well as all employees for their dedication and good work in 2021. The Supervisory Board would also like to thank the shareholders for their trust and support in CLIQ Digital.

Düsseldorf, 28 February 2022
For the Supervisory Board

Dr Mathias Schlichting

Chairman

# Investment case

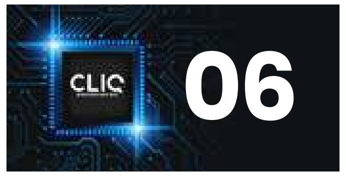
01 Future-proof, highly scalable and resilient business


02 Addressing a fast-growing mass market globally

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


04 Multi-content portals, which build brand equity

05 Performance marketer with excellent member conversion rates



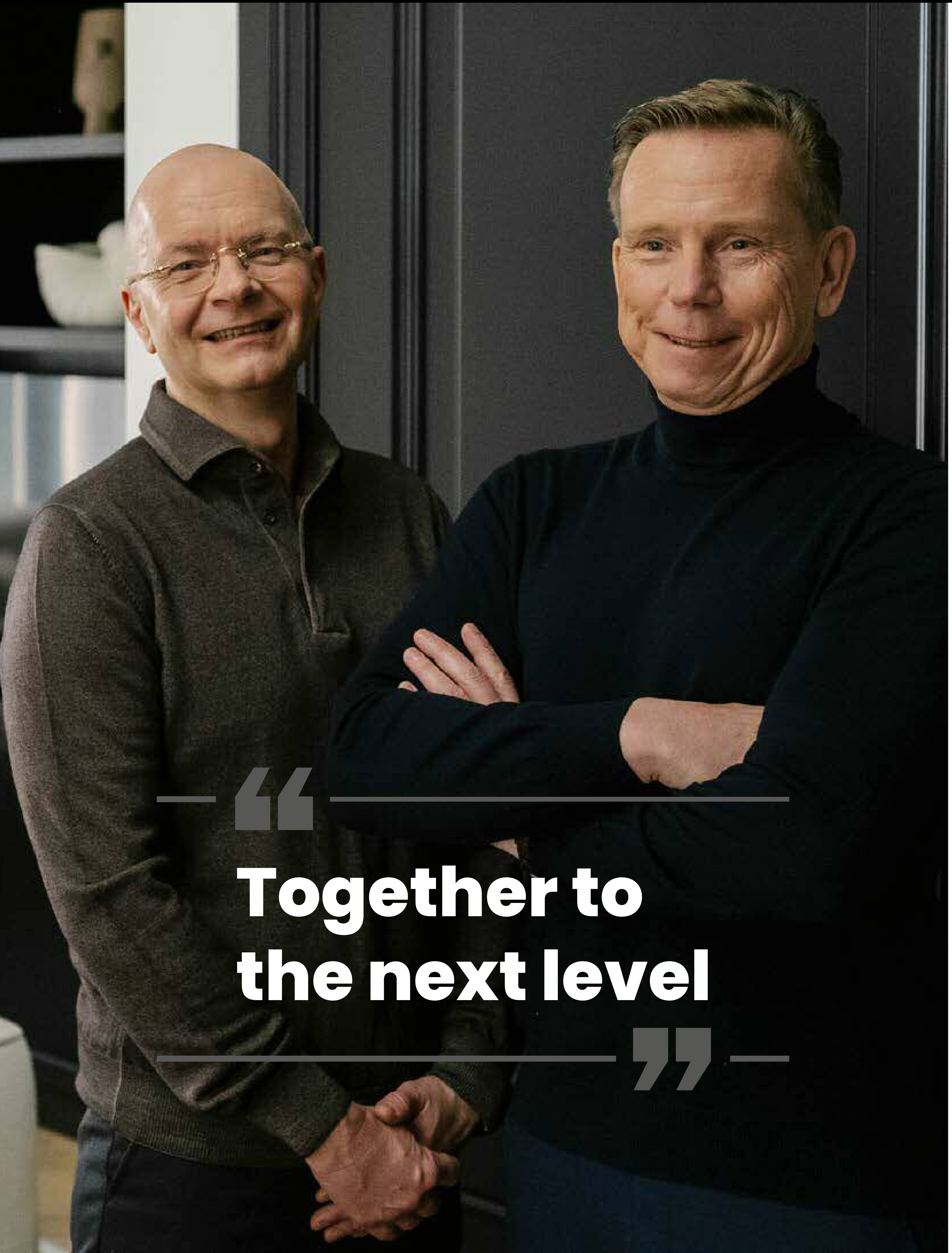
06 Proprietary business intelligence from big data and algorithms

07 Own media buying team


08 Strong profitable sales growth

09 Solid balance sheet

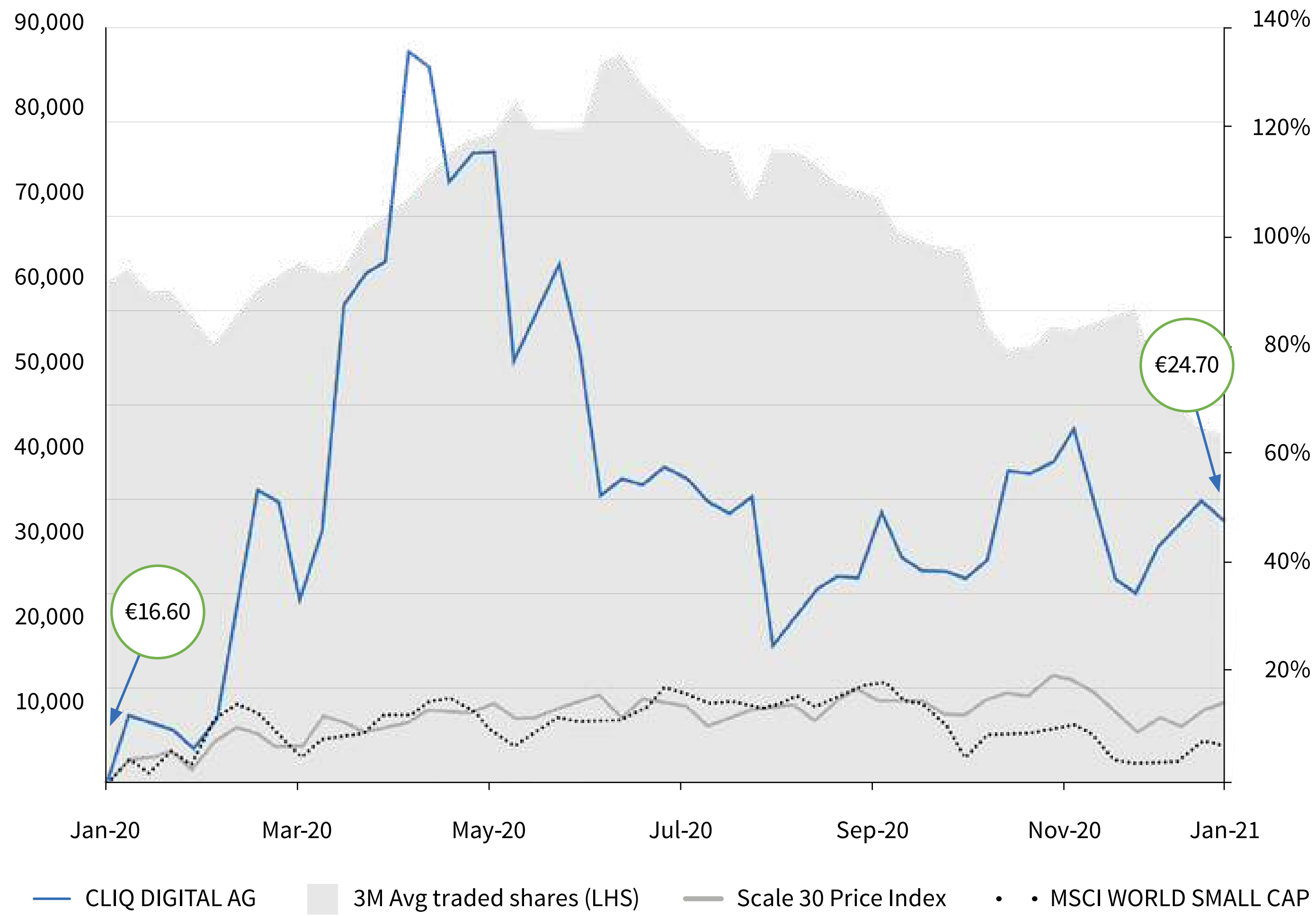
10 Attractive dividend




# Investor information

## Satisfactory share price development

CLIQ Digital saw the value of its shares increase in 2021, closing 49% higher at year-end, which included the FY 2020 dividend of €0.46 per share paid in May. At the beginning of the year, the price of CLIQ shares rose from €16.60 to a high of €41.30 on 14 April. The share price then retreated gradually to €20.70 on 6 August and subsequently recovered, closing at €24.70 on 31 December.




## Benchmark index outperformance

CLIQ Digital's share price development in 2021 (49%) outperformed all relevant benchmark indices, namely Scale 30 Index (7%), Scale All Share Index (29%), MSCI World Small Cap Index (14%) and SDAX (11%).

Of the 46 constituent shares of the Scale All Share Index, CLIQ Digital's performance in 2021 ranked 17th, after ranking second in the previous year.

The CLIQ Digital shares are constituents of both the Scale 30 Performance Index and the MSCI World Micro Cap Index.

## Most traded Scale share

In 2021, CLIQ Digital was the most traded share in the SME segment Scale with a volume of €417.2 million. In absolute terms, the average daily trading volume of the CLIQ Digital shares across all relevant stock exchanges amounted to 63,980 shares and was 29% higher compared to the previous year (PY: 49,655). Conversely, total Xetra trading was down by almost 9 per cent in 2021 with an order book turnover value of €1.555 trillion in 2021 (2020: €1.707 trillion).

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.

## Consistent dividend policy

CLIQ Digital has adopted a consistent dividend policy, which prescribes a payout ratio of 40% of earnings per share. The Management Board and the Supervisory Board are proposing the payment of a dividend of €1.10 per share for 2021 (2020: €0.46 per share). Based on the CLIQ Digital closing price at the end of 2021, the dividend yield is 4.5%.

## Larger analyst coverage

Seven analysts from domestic and foreign investment banks and brokerage firms publish studies on CLIQ Digital stock on a regular basis. In 2021, Kepler Cheuvreux, Edison Group and Pareto Securities initiated coverage. Of the analyst recommendations published as at the end of 2021, five were positive, one was neutral and one does not issue a rating. At the 2021 year-end close, the median target price was €62.20, whereby the highest share price target was €75.00, and the lowest estimate was €29.00.

## CLIQ Digital share data

| | | 2020 | 2021 |
|---|---|---|---|
| Average daily share turnover[1] | | 49,655 | 63,980 |
| Year-end price[2] | € | 16.60 | 24.70 |
| Market capitalisation (31/12) | € | 102.7m | 160.8m |
| 52 W High[2] | € | 19.40 | 41.30 |
| 52 W Low[2] | € | 2.10 | 15.20 |
| Equity per share | € | 8.99 | 9.15 |
| Operating free cash flow per share | € | 2.28 | 2.69 |
| Basic earnings per share | € | 1.16 | 2,74 |
| Dividend per share | € | 0.46 | 1.10[3] |
| No. of shares entitled to the dividend | | 6,188,714 | 6,508,714 |
| Dividend yield | % | 2.8 | 4.5[3] |

1 All relevant German stock exchanges
2 Xetra closing prices
3 pending AGM resolution on 14/04/2022

As at 31 December 2021 (in €):

| Broker | Analyst | Rating | Target price / Fair value (FV) | Target market cap / FV market cap |
|---|---|---|---|---|
| HAUCK & AUFHÄUSER | Marie-Thérèse Grübner | BUY | 62.20 | 405m |
| Kepler Cheuvreux | Antoine Lensel | HOLD | 29.00 | 189m |
| montega | Henrik Markmann | BUY | 56.00 | 364m |
| Pareto | Tim Schuldt | BUY | 70.00 | 456m |
| QUIRIN PRIVATBANK | Ralf Marinoni | BUY | 75.00 | 488m |
| Warburg Research | Felix Ellmann | BUY | 54.00 | 351m |
| EDISON | Fiona Orford-Williams | n/a | 67.90 | 442m |
| **MEDIAN** | | | **62.20** | **405m** |

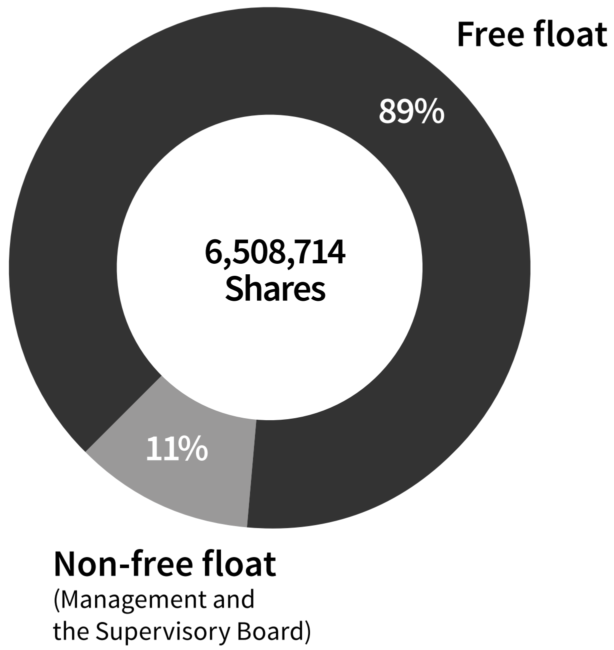
## Ownership structure

As at 31 December 2021, members of the Management Board and the Supervisory Board jointly hold approximately 11% of the voting rights.

CLIQ Digital has around 89% free float as defined by Deutsche Börse, the operator of the Frankfurt Stock Exchange, which was held by a number of national and international investors.

As at the 31 December 2021, the second biggest share of the capital stock was held by institutional investors in North America at around 10%. Another significant group of institutional investors was based in Germany, holding more than 7% of CLIQ stock, while shareholders in continental Europe accounted for over 6%. Irrespective of the geographic distribution, some 44% of our shares are held by retail investors.

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

## Increased investor relations activities

Due to the COVID-19 pandemic, the majority of CLIQ Digital's investor relations activities in 2021 took place in virtual form. Despite the restrictions relating to the outbreak of the pandemic, we were able to intensify our dialogue with investors, participating in a greater number of conferences and roadshows than in the previous year. The conferences and roadshows focused mainly on Germany and Europe and were mostly conducted by Ben Bos, member of the Management Board.

In 2021, CLIQ Digital presented at a record number of roadshows and conferences. In total, CLIQ conducted 11 non-deal-related roadshows (PY: 6) and presented at 24 mostly virtual investment conferences (PY: 14), which provided a broad range of national and international investors access to the Group's management.

| | |
|---|---|
| 7 January | ODDO BHF Forum |
| 24 March | Metzler MicroCap Days |
| 14-15 April | CF&B SmallCap Event |
| 20 April | Pareto Securities' TechITService conference |
| 4 May | MKK Münchner Kapitalmarkt Konferenz |
| 17-18 May | German Spring Conference |
| 19 May | CF&B Tech Sector Day |
| 27 May | Goldman Sachs Small Wonders Conference |
| 2-3 June | ODDO BHF NextCap Forum |
| 9 June | PLATOW EURO FINANCE Small Cap Konferenz |
| 10 June | Quirin Champions-Konferenz |
| 24-25 June | CF&B Spring European MidCap Event |
| 25 August | Montega HIT Hamburger Investorentag |
| 6-7 September | German Fall Conference |
| 18 September | Heidelberg Event |
| 20 September | CF&B European MidCap Event |
| 20-22 September | Berenberg / Goldman Sachs GCC |
| 24 September | Baader Small-Cap Day |
| 27-28 September | Investor Access Event, Paris |
| 20 October | Prior Kapitalmarktkonferenz, Frankfurt |
| 22 October | European Large & MidCap Event, Geneva |
| 22-24 November | Deutsches Eigenkapitalforum |
| 2 December | CF&B MidCap Event, Geneva |
| 3 December | Kalliwoda-Konferenz, Zürich |

## Growing interest in sustainability issues

The capital market's growing interest in sustainability issues was also reflected in our discussions with investors and rating agencies in 2021. These discussions were dominated by questions related to our sustainability strategy and non-financial Group targets and the role they play in company management.

## Successful Annual General Meeting

The 2021 Annual General Meeting of CLIQ Digital AG was held virtually on 29 April due to the COVID-19 pandemic and around 35% of the total voting share capital was present (PY: 46%).

The Annual General Meeting passed all resolutions in accordance with the proposals of the administration. In particular, the shareholders approved the proposed dividend distribution of €0.46 (PY: €0.28) per share. Furthermore, the actions of the Management Board and the Supervisory Board in the business year 2021 were approved.

## CONTACTS

cliqdigital.ag/investors

investors@cliqdigital.com

INVESTOR RELATIONS:

**Sebastian McCoskrie**
+49 151 52043659
s.mccoskrie@cliqdigital.com

MEDIA RELATIONS:

**Daniela Münster**
+49 174 3358111
daniela.muenster@deekeling-arndt.com

# ESG: Initiatives & Targets

## Environment

**Green travel policy**
- Full public transport subsidies
- Bike scheme and no company car policy

**Supporting green vendors**
- Fair Trade office coffee, organic fruit and veg

**Conserving energy & resources**
- Headquarters refurbished with newest energy-saving standards
- Paperless office promoted (e.g. DocuSign)
- Reusable coffee/tea cups

**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**
- (Online) training & development program made available for all employees across all offices

**Employee satisfaction**
- Competitive, performance-based and fair compensation
- Company culture based team events and online shows to keep a connection across all offices

**Health & safety**
- Well-being of employees in focus (e.g. WFH policy, also post-pandemic)
- Sports club membership subsidies and in-house gym facilities
- Workplace prevention & response systems

**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**
- **Whistleblower policy**

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


# CLIQ DIGITAL AG

## Business model

The CLIQ Group (hereafter, the Group, the Company, CLIQ Digital or CLIQ) is a global entertainment company specialising in the performance marketing of affordable movie, music, audiobook, sports and games products distributed primarily via streaming on various own portals.

The Group has a long and successful corporate history in digital marketing, offering attractive media content to the mass market at competitive prices. CLIQ Digital operates in over 30 countries and employed 129 staff from 32 different nationalities as at 31 December 2021. The Group 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. In addition to that, the Group has offices in Amsterdam, London, Paris, Barcelona, Toronto and Florida.

The shares of CLIQ Digital AG are listed in the Scale segment of the Frankfurt Stock Exchange (ISIN DE000A0HHJR3) and CLIQ Digital AG is a constituent of the MSCI World Micro Cap Index.

CLIQ's business model centres on selling membership-based streaming entertainment services via performance marketing. CLIQ's membership-based service offers two product lines:

(1) multi-content portals such as cliqdigital.com

(2) single-content portals such as scream-stream.com

The multi-content portals offer a wide-ranging entertainment bundle for the whole family whereas the single-content portals target specific audiences, for example audiobooks and music content specifically for kids, or horror movie content for adult fans. In addition, CLIQ also offers ad-funded, digital marketing services.

New members are targeted via performance marketing campaigns and can subscribe online to streaming entertainment services. Payment of these services is concluded by different payment means, predominantly credit card payments.

The performance marketing campaigns are driven by the company's proprietary business intelligence gathered over the last 16 years, which provides in-depth target customer behaviour insight and focuses on achieving high conversion rates.

The media buying for these campaigns is primarily conducted by CLIQ's own direct media buying team, but also to a lesser extent by affiliate partners.

All entertainment content sold is typically licensed and not owned or 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 corporate purpose.

## Management

CLIQ Digital focuses strategically on creating additional value and the objective is to increase the value of the Company sustainably. 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:

- Revenue
- EBITDA
- Marketing spend
- Profitability Index (previously CLIQ Factor)
- Number of paid memberships
- Lifetime Value of Customer Base (previously Customer Base Value).

As a public limited company (Aktiengesellschaft), CLIQ Digital AG has a Supervisory Board and a Management Board. 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 2021, there have been no changes in the composition of the Supervisory Board.

Karel Tempelaar, Luc Voncken and Ben Bos hold together approximately 11% of the share capital of CLIQ Digital AG as per 31 December 2021.

## Group structure

The parent company of the Group is CLIQ Digital AG, located in Düsseldorf, Germany. In 2021, no material changes were made to the Group structure compared to prior year 2020.

The remaining 20% minority shareholdings in the Group companies Hype Ventures B.V. and Red27 Mobile Limited were acquired by CLIQ Digital AG on 28 April 2021 and 3 December 2021 respectively.

# ECONOMIC REPORT

## Economic environment

### Macroeconomic trends

In its latest World Economic Outlook of January 2022, the IMF predicts global economy to grow 4.4% in 2022, with a projected increase of 4.0% in the U.S. and 3.9% in the euro area. This forecast represents a downward revision of 0.5 percentage points compared to the IMF's forecast in October 2021.

With the new Omicron COVID-19 variant continuing to spread, many countries have reimposed mobility restrictions with supply constraints continuing to weigh on growth, especially in Europe and the United States.

The downward revision of 0.4 percentage points in the euro area was led by a markdown of 0.8 percentage point for Germany, largely due to the country's exposure to supply chain shocks. Mobility restrictions imposed toward the end of 2021 are expected to weigh on growth in the euro area in early 2022.

For 2023, global economy is seen rising 3.8% with a 2.6% increase projected for the U.S. and a 2.5% rise in the EU. These forecasts represent slight upward revisions from the IMF forecast in October 2021. Eventually, the shocks weighing on 2022 growth will dissipate and – as a result – global output in 2023 is expected to grow somewhat faster.

Rising energy prices and supply disruptions have also resulted in higher and more broad-based inflation than previously anticipated, most notably in the United States and many emerging and developing economies.

Inflation is expected to remain on a high level in the near term, averaging 3.9% in advanced economies and 5.9% in emerging market and developing economies in 2022.[1]

## Market position

The ongoing pandemic has altered entertainment-related behaviours and continues to accelerate the trend towards media consumption through digital platforms.

Increasing speed and availability of internet connections has further amplified the demand for all types of digital media.[2] Higher accessibility to smartphones and mobile devices make them the preferred channel for video delivery.[3]

The growing use of cloud-based solutions to increase the reach of video content is having a positive impact on market growth. This trend is majorly observed in North America and Europe. In addition, ongoing innovations and technological advancements are expected to meet users' growing expectations for exceptional video quality, performance, and security.[4]

The competition in the digital entertainment market is fierce and becoming stronger, as traditional media companies are buying into the market. This stiff competition has resulted in content fragmentation and the development of niche content.[5]

Revenue in the digital media market is projected to reach $332 billion in 2022 and is expected to increase to $447 billion in 2026, according to Statista's latest Digital Media Report. The market's largest segment is video games with forecasted revenues of $175 billion in 2022.

Comparing the three major digital media markets – the U.S., China, and Europe – the U.S. is the biggest market in 2021 with $85.6 billion in revenues generated in 2021. Albeit having a relatively small CAGR of 7.6%, the market is expected to exceed revenues of $123.5 billion by 2026. The second biggest digital media market is China with a market volume of $66.0 billion in 2021. Growth rates of 10.4% annually will lead to revenues of $108.4 billion in 2026, then accounting for half of all revenues generated in Asia. The market in Europe is worth $56.8 billion in 2021 and video games being the biggest segment. Revenues are expected to grow at a CAGR of 7.5% by 2026, resulting in revenues of $81.5 billion.[6]

The global content streaming market which includes video and audio content is expected to grow from $104.41 billion in 2021 to $123.16 billion in 2022 at a CAGR of 18%. The market is expected to reach $227.32 billion in 2026 at a CAGR of 16.6%.[7]

The global video streaming market size was valued at $70.1 billion in 2021.[8] It is expected to expand at a compound annual growth rate (CAGR) of 21.0% from 2021 to 2028.[9] Innovations, such as blockchain technology and artificial intelligence, to improve video quality are expected to boost the market growth.

The Management Board is convinced that the business model is resilient, future-proof and highly scalable and that CLIQ is well-positioned to profit from the fast-growing entertainment market for streaming services. CLIQ is addressing the mass market in over 30 countries with its attractive multi-content portals proposition as well as with single-content portals addressing niche markets.

## Market development

Several different market factors influence the business activities of CLIQ Digital.

### Internet penetration and usage

Worldwide, internet penetration is at a new high with 65.6% of the world's population having access to the internet.[10] Of these, the overwhelming majority, 92.6%, use mobile

[1] IMF World Economic Outlook Update, January 2022
[2] Statista Digital Media Report 2021
[3] https://financesonline.com/streaming-trends
[4] https://www.grandviewresearch.com/industry-analysis/video-streaming-market
[5] https://financesonline.com/streaming-trends
[6] Statista Digital Media Report 2021
[7] Business Research Company, Content Streaming Global Market Report 2022
[8] Statista Digital Media Report 2021
[9] www.grandviewresearch.com/industry-analysis/video-streaming-market
[10] Statista Digital Market Outlook2021

devices to access the internet, either completely or partially.[11] Together, mobile access (excluding tablets) reached a share of 54.4% in web traffic in the fourth quarter 2021.[12] The global and international nature of the internet is also reflected in the fact that in November 2021, 63.7% of all websites were in English.[13]

Besides answering emails and online banking, entertainment including streaming is one of the most popular activities on the internet, according to a study by the United Talent Agency. Almost 70% of participants say they use the internet for this purpose. This trend developed especially during the pandemic but is seen continuing afterwards.[14] The global live streaming industry is estimated being worth $70 billion in 2021 and is seen growing to $223.98 billion by 2028.[15]

## Programmatic advertising and ad spend

The global advertisement market had plunged following the economic recession, caused by the pandemic in mid-March 2020. In 2021, the economy recovered amid rising vaccinations levels and better controlling mechanisms. Advertisement spending is now growing faster than ever.

In 2021, global advertisement spending grew by 15.6% to reach $705 billion[16], a new all-time-high, compared to a fall by 4.2% in 2020.[17] For 2021, forecasts predict a stable growth in both the European region (+12%) and North America (+15%). The U.S. remains the largest market and accounts for $259 billion in overall advertising spending, followed by China, Japan, U.K. and Europe.

Digital advertisement spending accounted for 64% of total advertisement spending in 2021 and as in the preceding years, it showed the highest growth rate with an increase of 20% to $419 billion. In the U.S. alone, digital advertisement spending accelerated by +24%, and while still trailing behind the US[18], in Europe, digital advertisement spending increased by +21.7% in 2021.[19]

## Payment means

Digital payment methods have evolved enormously over recent years. Within the last year the pandemic was another strong driver of change and almost 60% of people who paid online tried at least one new payment method during the pandemic. The acceptance of security standards has also increased.[20] Besides, more and more businesses went online to circumvent the impacts of lockdowns.

Credit and debit card payments remain popular, accounting for a total of 39% of all transactions in 2021. Additionally, direct carrier billing (DCB) is expected to grow further, according to a study by Quince. North America and Europe had the largest market share in the global direct carrier billing platform market in 2021 and are expected to remain the largest markets until 2030. This can be attributed to increased demand for trending digital content or an increase in collaboration of platform providers with multiple content creators like Disney. Due to the delayed adoption of credit cards, demand for direct carrier billing solutions is projected to increase especially in emerging markets.[21]

## Content category Films & Series

Consumers continue to lose interest in linear television and increasingly recognise the benefits of Video on Demand (VoD), a trend that has been accelerated by the pandemic and is reflected in the most recent figures. Digital video has an estimated global market value of $85.8 billion in 2021 – the second highest market value within digital media after video games. The category is also expected to grow well in 2022, with an expected growth rate of 9.6%. Within the category digital video, Subscription Video on Demand (SVoD) clearly accounts for the largest share with 83.7% of the global market in 2021 and continues to outpace video on demand and other formats in the coming years.[22]

The US market is by far the most important with $36.1 billion (41.8% market share) in market value, but it is growing more slowly than the Chinese market. Europe is making up 14.1% of the market ($18.4 billion) and is growing at a CAGR of 7.3%.[23]

Streaming has become so important globally that the industry is now less comparable to cinema and global box office revenue ($12 billion in 2020, a major loss in revenue due to the pandemic)[24] as it used to be in the past and can be considered more a competitor to pay-TV. Global pay-TV revenues, while still almost twice as large ($164.8 billion), have lost almost 20% of their value in the last five years and are seen falling further.[25] Forecasts predict a continuing decline. Within 10 years, from 2016, where the industry had its revenue peak ($202 billion), the industry is said to lose around 30% of revenues and drop to $143.1 billion in 2026.[26]

## Content category Music

The music industry, which had its highest annual revenues in 2001, had to fight hard against piracy and file-sharing over the past decades. However, the industry is reviving again, and revenues are rising after years of decline or stagnation. The late adaptation of streaming providers is the main driver behind this continued upward trend of the last years and global revenues are projected to reach a new record high of $25.1 billion in 2021 and increase at a CAGR of 8.5% by 2026. In digital music, which includes downloads, streaming accounts for 92.9% of revenues in 2021.

Up to 2026, growth in the U.S. will be slightly higher at 8.5% than in Europe (7.9%) Average revenues per user are also higher in the U.S. ($72.7) than in Europe ($43.2) in 2021.[27]

As the pandemic made concerts and in-person live events impossible, many artists switched to streaming their live performances with a pay-per-view access. In March 2021, 85% of artists who had live streamed their performances said they planned to make streaming a permanent part of their performance plans. This format is also accepted by fans worldwide, as 80% of fans are willing to pay for a live stream to support their favourite artist and 60% plan to continue watching live streams despite the resumption of in-person concerts as of August 2020.[28]

## Content category Sports

Similar to the trend away from linear TV to SVoD, there is also a movement in sports reflecting a shift away from classic TV formats to more flexibility and the integration of online and streaming formats. As many as 57.5 million Americans have already watched sports competitions live via the internet in 2021. This number is expected to rise to over 90 million per year within the next 4 years.[29] Younger generations, "digital natives", who are already used to the internet as a source of entertainment in other formats, are increasingly watching sports, or sport highlights, in streams compared to other generations. Of all consumers from age 18 to 24, 47% use live streams to follow sports and therefore are more than twice as likely as those over 55 (where only 22% use live streaming) to watch sports via the internet.[30]

In 2021, the live sports streaming market was worth $18.1 billion. By 2028, this value is expected to almost quintuple to $87.3 billion.[31]

## Content category Audiobooks

Audiobooks also experienced a big boom during the pandemic. In addition to user numbers, the length of time people spend listening to audiobooks has also increased by 5 minutes a day within a year: from 89 minutes in 2020 to 94 minutes in 2021.[32] This development was primarily driven by lockdown periods, better internet connections, subscription-based streaming models and smart speakers. This has also made audiobooks a mobile medium which can be listened to in the car or on any mobile device out of home.

The value of the audiobook market is predicted to rise by 13.9% from 2020 to 2021 and then stands at $4.8 billion.[33] The rapid growth trend is expected to continue and even increase over the next few years with a projected growth of 24.4% until 2027.[34]

[11] https://hootsuite.widen.net/s/zcdrtxwczn/digital2021_globalreport_en
[12] https://www.statista.com/statistics/277125/share-of-website-traffic-coming-from-mobile-devices
[13] Statista Languages on the internet by share of websites
[14] United Talent Agency: Forever changed: COVID-19's lasting impact on the entertainment industry, 2021
[15] https://findstack.com/live-streaming-statistics
[16] https://www.zenithmedia.com/digital-advertising-to-exceed-60-of-global-adspend-in-2022
[17] https://s3.amazonaws.com/media.mediapost.com/uploads/MagnaYearEnd2020Forecast.pdf
[18] https://campaignme.com/magna-advertising-forecasts-june-2021-global-economic-recovery-brings-record-ad-market-growth
[19] https://www.statista.com/outlook/dmo/digital-advertising/europe#ad-spending
[20] Lost in Transaction: consumer payment trends 2021, page 2
[21] https://www.globenewswire.com/news-release/2022/01/18/2368583/0/en/Global-Direct-Carrier-Billing-Platform-Market-is-Expected-to-Grow-at-a-CAGR-of-9-34-from-2020-to-2030-Quince-Market-Insights.html
[22] Statista Digital Media Report 2021
[23] Statista Digital Media Report 2021, page 50
[24] https://www.statista.com/statistics/271856/global-box-office-revenue
[25] Global Pay TV Revenue Forecasts
[26] https://www.statista.com/statistics/251543/global-pay-tv-revenue
[27] Statista Digital Media Report 2021
[28] The live event industry and COVID-19, Statista
[29] Statista: Number of digital live sports viewers in the United States from 2021 to 2025
[30] https://sport.yougov.com/the-rise-of-sports-streaming-where-is-it-most-popular
[31] https://thestreamable.com/news/live-sports-streaming-growth-projection
[32] https://www.emarketer.com/content/impressive-resilience-of-digital-audio
[33] https://omdia.tech.informa.com/pr/2021-jul/global-audiobook-revenues-set-to-eclipse-4bn-in-2021
[34] https://www.breakinglatest.news/world/audiobook-market-insights-on-statistics-and-growth-forecasts-from-2021-to-2027-amazon-google-kobo-librivox-downpour-scribd-overdrive-e-times-weekly

Furthermore, podcasts are also growing in popularity. The number of podcast listeners jumped from 274.8 million in 2019 to 383.7 million in 2021, which corresponds to an increase of 39.6%. Forecasts for 2024 predict more than 504.9 million podcast users worldwide.[35] This growth is also reflected in advertisement sales, which are seen almost doubling from $885 million in 2019 to $1,600 million in 2022.[36]

## Content category: Games

Video games make up the largest segment of digital media. Video games' total market worth stands at approximately $155.5 billion in 2021 (after $134 billion in 2020). This accounts for over 52.9% of the total market value of digital media. And the industry will continue to grow over the coming years, with a projected rate of 9.0% for 2022. After China, the U.S. and Europe are the largest markets with a market value of $30.4 billion and $24.4 billion respectively.[37]

In addition to classic devices such as consoles, PCs and, above all, smartphones, one technology in particular is growing rapidly in the gaming industry: Cloud gaming, or Gaming as a Service, offers the possibility of playing a wide variety of games on different devices. This market served 23.7 million customers in 2021 and generated revenues of $1.6 billion. For 2024, predictions indicate a revenue of $6.53 billion, which would be 3% of the total gaming market.[38]

# EARNINGS POSITION

## Quarterly business development

The financial year 2021 was another year of strong profitable growth for CLIQ Digital and the Group exceeded its financial outlook due to the continuing favourable market development and dynamic environment. Management was very pleased with the company's performance in 2021.

For the full year 2021, the Group originally expected to generate at least €140 million in revenue, realise an EBITDA of around €22 million with a total marketing spend amounting to roughly €46 million. The Profitability Index (previously CLIQ Factor) was expected to amount to around 1.6x. In September 2021, the revenue outlook was raised to c.€145 million and the EBITDA forecast to approx. €26 million based on the continuing strong business development and dynamic market environment. All other estimates for 2021 remained unchanged. Thanks to a stellar performance driven by successful and stronger-than-ever marketing campaigns as well as an improved content catalogue, the Group was able to exceed all set targets and market expectations.

Quarter by quarter, CLIQ's revenue and EBITDA increased significantly.

| in millions of € | FY 2020 | 1Q 2021 | 2Q 2021 | 3Q 2021 | 4Q 2021 | FY 2021 | Y/Y Δ |
|---|---|---|---|---|---|---|---|
| **Revenue** | **107.0** | **30.1** | **33.1** | **40.0** | **46.8** | **150.0** | **43.0** |
| Marketing costs | -32.4 | -8.5 | -9.6 | -11.8 | -15.0 | -44.9 | -12.5 |
| Cost of third parties | -25.5 | -7.0 | -7.3 | -8.3 | -8.6 | -31.2 | -5.7 |
| Other COS | -14.2 | -3.5 | -4.6 | -6.2 | -8.4 | -22.7 | -8.5 |
| **Gross margin** | **34.9** | **11.1** | **11.5** | **13.7** | **14.8** | **51.2** | **16.3** |
| in % of revenue | 33% | 37% | 35% | 34% | 32% | 34% | |
| | | | | | | | |
| Personnel expenses | -13.7 | -4.6 | -3.9 | -4.8 | -4.8 | -18.0 | -4.3 |
| Other OPEX | -5.3 | -1.2 | -1.3 | -1.6 | -1.9 | -6.0 | -0.7 |
| **Total OPEX** | **-19.0** | **-5.8** | **-5.3** | **-6.3** | **-6.6** | **-24.0** | **-5.0** |
| in % of revenue | 18% | 19% | 16% | 16% | 14% | 16% | |
| | | | | | | | |
| **EBITDA** | **15.9** | **5.3** | **6.3** | **7.4** | **8.2** | **27.2** | **11.3** |
| in % of revenue | 15% | 18% | 19% | 19% | 18% | 18% | |

The two most important growth drivers in 2021 were the further roll-out of own media buying – to be more independent of affiliate performance marketing partners and thus more efficient and agile – across Europe and the significant increase in and improvement of the licenced content across nearly all categories. These strategic measures enabled CLIQ Digital to better target and attract new members as well as retain existing members longer.

- In the **first quarter**, revenue grew by 49% year-on-year to €30.1 million (PY: €20.2 million) primarily due a higher marketing costs of €8.5 million (PY: €6.8 million). CLIQ grew its market share across all regions and reported increasing member numbers. Notably, European revenue grew by 11% on the back of increased own media buying activities across Europe. EBITDA was up 142% to €5.3 million (PY: €2.2 million) in the first quarter and resulted in an EBITDA margin (in per cent of revenue) expansion to 18% (PY: 11%).
- In the **second quarter**, revenue increased by 23% compared to the same quarter last year and amounted to €33.1 million (PY: €26.9 million) on the back of €9.6 million (PY: €8.3 million) in marketing costs. The European operations continued to grow as well in the second quarter by 11% highlighting the positive sales development resulting also from the introduction of the own, direct media buying to Europe. The EBITDA margin further expanded to 19% (PY: 15%) and EBITDA was €6.3 million (PY: €4.1 million). The remaining 20% stake in Hype Ventures B.V. was purchased from the minority shareholders to achieve greater operational flexibility, improve corporate governance and less cash outflow resulting from an improved tax structure.

[35] https://www.emarketer.com/content/global-podcast-listener-forecast-2021-2025
[36] https://de.statista.com/statistik/daten/studie/999410/umfrage/werbeumsatz-im-markt-fuer-podcasts-weltweit
[37] Statista Digital Media Report 2021, page 26
[38] https://venturebeat.com/2021/08/26/newzoo-cloud-gaming-will-reach-23-7m-paying-users-and-generate-1-6b-in-2021

- In the **third quarter**, €40.0 million in revenue was generated (PY: €29.7 million). This corresponded to a sequential improvement of 21% quarter-on-quarter in comparison to the second quarter 2021 and an increase of 35% compared to the third quarter of the previous year with European sales increased by 39%. EBITDA amounted to €7.4 million (PY: €4.5 million) and the margin remained on prior quarter's level of 19%.
- In the **fourth quarter**, revenue grew by 55% year-on-year to €46.8 million (PY: €30.1 million) with European sales further picking up noticeably. A general increase in marketing costs for the acquisition of new members and a reclassification of amortised content costs to other cost of sales during the year led to a decline in gross margin as a percentage of revenue to 32%. EBITDA growth accelerated further and came in at €8.2 million (PY: €5.1 million), which resulted in an EBITDA margin of 18%. The remaining 20% non-controlling minority interest at Red27 Mobile was acquired for a low single-digit million-euro amount to significantly improve the single-content strategy and operations as well as facilitate further sales growth opportunities.

## Revenue

The CLIQ Group generated revenue in FY 2021 of €150.0 million (PY: €107.0 million). This corresponds to an increase of 40% compared to the previous year.

The revenue breakdown by service was:

| in millions of € | 2020 | in % of revenue | 2021 | in % of revenue | Y/Y Δ |
|---|---|---|---|---|---|
| Multi-content | 63.8 | 60% | 107.9 | 72% | 44.1 |
| Single-content | 36.2 | 34% | 31.3 | 21% | -4.9 |
| Ad-funded digital marketing services | 6.9 | 6% | 10.7 | 7% | 3.8 |
| **Revenue** | **107.0** | | **150.0** | | **43.0** |

CLIQ's membership-based service offers two product lines: (1) multi-content portals such as cliqdigital.com. and (2) single-content portals such as scream-stream.com. In addition, CLIQ also offers ad-funded, digital marketing services.

► For more information, see examples of marketing campaigns at **https://cliqdigital.com/campaigns**.

The revenue breakdown by geography was:

| in millions of € | 2020 | in % of revenue | 2021 | in % of revenue | Y/Y Δ |
|---|---|---|---|---|---|
| North America | 51.6 | 48% | 74.7 | 50% | 23.1 |
| Europe | 47.5 | 45% | 62.6 | 42% | 15.1 |
| Rest of the world | 7.9 | 7% | 12.7 | 8% | 4.8 |
| **Revenue** | **107.0** | | **150.0** | | **43.0** |

Revenue in North America grew by 45% in 2021 mainly due to increased content offerings as well as greater and more effective marketing campaigns promoting multi-content portals in particular. European sales growth accelerated over the course of 2021 thanks also to the roll-out of own media buying activities across the region as well as to the significant increase in content and totalled €62.6 million (PY: €47.5 million) in the full year 2021. Revenue in Rest of the world were driven by more effective marketing campaigns in the Middle East in particular.

## Marketing costs

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 Profitability Index (previously CLIQ Factor), representing the profitability of new members in the first six months of their customer lifecycle.

In accordance with IFRS 15, CLIQ Digital capitalises its marketing spend that is directly allocable to new members in order to eliminate the timing difference between immediate cost impact and the deferred revenue recognition.

The marketing spend, capitalised marketing spend and amortised contract costs together represent the **marketing costs** related to the revenue recognised in the period. The total marketing costs in 2021 amounted to €44.9 million (PY: €32.4 million), which as a percentage of revenue was 30% (PY: 30%).

| in millions of € | 2020 | 2021 | Y/Y Δ |
|---|---|---|---|
| **Marketing spend** | **-34.2** | **-54.4** | **-20.2** |
| Capitalised marketing spend | 30.5 | 47.0 | 16.5 |
| Amortised contract costs | -28.7 | -37.5 | -8.8 |
| **Total marketing costs** | **-32.4** | **-44.9** | **-12.5** |

The **marketing spend** reflects the costs in the period for acquiring new members and subsequently for revenue growth. The marketing spend of €47.0 million (PY: €30.5 million) for member acquisition that can be directly allocated to new members to our membership services is accounted for and capitalised in the balance sheet as contract costs. The capitalising is conducted in order to better match the timing of the costs to the revenue streams and is done in accordance with IFRS 15.

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 2021 the total amortised contract costs recognised in the income statement amounted to €37.5 million (PY: €28.7 million).

## Cost of third parties

The **cost of third parties** comprises the costs that the CLIQ Group pays to payment service providers. These costs relate to services rendered by network operators, gateways, acquiring banks and payment platforms that provide the technical connections and collection.

The payment service provider costs are variable and vary significantly between countries. The share of revenue allocated to payment service providers ranges from approximately 10% to more than 70% depending on the individual country.

Due to the increasing number of members using credit card payments, the cost of third parties has continuously decreased as the cost of direct carrier billing (DCB) is relatively higher compared to non-DCB billing, especially for credit card payments. As a percentage of revenue, the cost of third parties continued to gradually decrease from 40% in 2017, to 33% in 2018, to 30% in 2019, to 24% in 2020 and to 21% in 2021.

## Other cost of sales

The other cost of sales mainly consist of connectivity, transaction, administrative and other costs for payment service providers as well as expensed content costs for licensed products and customer care costs. Most of the other cost of sales are variable and vary between countries.

The increase in **other cost of sales** in 2021 was due to higher content costs from improving the membership-based portal offerings and depreciation charges thereof as well as ancillary charges resulting from more credit card billings.

## Other expenses

**Personnel expenses** in 2021 increased by 31% to €18.0 million (PY: €13.7 million) and constituted 75% of total operating costs (PY: 72%). The increase was related to the 19 per cent higher headcount number (full-time equivalent), an increase in bonuses (triggered by the Group's good performance) and the positive share price development in 2021 (from €16.60 to €24.70), which triggered an increase in the value of the share-based payments' liability. Adjusted for the increase in share-based payments and bonuses, personnel expenses increased by 28%.

**Other operating expenses** comprise following items:

| in millions of € | 2020 | 2021 | Y/Y Δ |
|---|---|---|---|
| Professional fees | 2.1 | 3.0 | 0.9 |
| IT costs | 1.2 | 1.3 | 0.1 |
| General sales and travel expenses | 0.5 | 1.0 | 0.5 |
| Other | 0.8 | 0.4 | -0.4 |
| **Total** | **4.5** | **5.7** | **1.2** |

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 also attributable to intensified marketing activities in capital markets. Despite the increased revenue, the Group's IT costs were only slightly 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 €0.3 million (2020: €0.8 million) in expected (future) credit losses. The reduced credit losses compared to prior year is largely related to write-offs in the year 2020 and intensified credit control activities in the current period.

## Group Result

In 2021, earnings before interest and taxes (**EBIT**) grew by 73% to €26.3 million (PY: €15.2 million) and the EBIT margin amounted to 17.5% (PY: 14.2%).

The effective **income tax** rate in 2021 remained stable at 28% against prior year (PY: 28%).

The **non-controlling interest** decreased from €3.3 million in 2020 to €0.4 million in 2021 due to the acquisitions of the remaining 20% minority interests in both Hype Ventures B.V. and Red27Mobile Ltd.

In 2021, **profit for the year** amounted to €18.2 million (PY: €10.4 million). The basic **earnings per share (EPS)** were €2.74 in 2021 (PY: €1.16) and the diluted EPS totalled €2.71 (PY: €1.16).

# FINANCIAL AND ASSET POSITION

As at 31/12/2021, **goodwill** amounted to €48.2 million (PY: €47.8 million) and the annual impairment test performed on the goodwill did not result in any impairments to be recognised. The increase in **other intangible assets** from €0.8 million to €2.6 million was mainly due to newly licenced content for the membership-based streaming services and platform development.

The increase in non-current **fixed assets** was mostly due to the additions to the right of use assets from the newly signed rental agreements in Amsterdam, Düsseldorf and Paris.

The **contract costs** were €17.1 million as at 31 December 2021 (PY: €7.5 million) and consisted of member acquisition costs, which are required to obtain contracts with new members. These costs are initially capitalised and then amortised based on the member's revenue lifecycle. The member's revenue lifecycle – as used for calculating the amortisation of the contract costs – is calculated as the average customer's revenue per comparable customer group over the average membership with a maximum of 18 months. The increase of €9.6 million (PY: €1.7 million) was due to the higher marketing spend in 2021, which was directly related to streaming subscription services.

The **financial assets** increased in 2021 to €1.5 million (PY: 0.0 million) and related to a strategic equity investment in Blacknut SAS, a leading cloud gaming service distributed both directly to consumers and B2B.

The **trade receivables** at the year-end closing 2021 amounted to €12.5 million (PY: €9.1 million). The total outstanding receivables increased by 38% (PY: 11%), which resulted from the growth in revenue, especially from the 4th quarter.

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

| in millions of € | 2020 | 2021 | Y/Y Δ |
|---|---|---|---|
| Cash and cash equivalents | 4.9 | 7.3 | 2.4 |
| Bank borrowings | -4.0 | -5.0 | -1.0 |
| **Net cash position** | **0.9** | **2.3** | **1.4** |

As at 31 December 2021, the maximum available syndicated credit facility was €13.5 million (PY: €13.5 million), of which an amount of €5.0 million (PY: €4.0 million) was drawn down upon. The improvement in the net cash position of €1.4 million was primarily related to the strong positive operating cash flow generated during 2021.

Due to the contractual expiration in March 2022 of the syndicated credit facility agreement, the **bank borrowings** have been duly reclassified from non-current liabilities to current liabilities. Subject to minor conditions the maturity date of the financing facility was extended to 29 July 2022 on 3 February 2022. On 21 February 2022 a mandate agreement was signed between Commerzbank and CLIQ Digital AG to arrange a new financing facility for 3 to 5 years.

The increase in **trade payables** to €7.9 million (PY: €2.0 million) was mainly due to higher marketing spend at the end of the fourth quarter in particular.

The **income tax** position as at 31 December 2021 was a liability of €1.2 million payable (PY: €3.2 million). The net deferred tax asset position decreased from €2.4 million to -€1.5 million at 31 December 2021. The movement in the net deferred tax position is largely attributable to the increased temporary fiscal differences related to the contract costs (€2.4 million), which is the result of the increased marketing spend in the reporting period that is not capitalised for tax purposes but expensed immediately. In addition, the tax assets from losses carried forward (€2.1 million) reduced compared to prior year. By acquiring all shares in Hype Ventures B.V., CLIQ is able to optimise its fiscal structure and leverage meaningful tax benefits.

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 whose utilisation is uncertain

# CASH FLOW

The financial management of CLIQ Digital is organised centrally at Group level. The Group 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 € | 2020 | 2021 | Y/Y Δ |
|---|---|---|---|
| Cash flow from operating activities | 14.8 | 20.8 | 6.0 |
| Cash flow from investing activities | -0.7 | -3.3 | -2.6 |
| **Operating free cash flow** | **14.1** | **17.5** | **3.4** |
| Cash flow from financing activities | -3.6 | -16.1 | -12.5 |
| Total cash flow (prev. defined as "Free cash flow") | 10.5 | 1.4 | -9.1 |

The CLIQ Group generated a positive operational cash flow of €20.8 million (PY: €14.8 million). The increase in operating cash inflow resulted mainly from the higher profit for the year.

The cash outflow from investing activities amounted to €3.3 million compared to €0.7 million in 2020 and is largely related to investments in intangible fixed assets for newly licensed content for the membership-based streaming services and platform development.

In 2021, the **operating free cash flow** grew by €3.4 million to €17.5 million (PY: €14.1 million).

The cash outflow from financing activities was €16.1 million (PY: €3.6 million) and included the cash considerations of €8.8 million from the buyouts of minority interests in Hype Ventures B.V. and Red27Mobile Ltd., dividend distributions of €3.3 million (PY: €2.1 million), €2.3 million for the cash settlement of share-based payments and €1.5 million for a capital investment in Blacknut SAS.

# KEY PERFORMANCE INDICATORS

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

The key financial performance indicators used to manage the business performance of CLIQ Digital are revenue, marketing spend, EBITDA, number of paid memberships, Lifetime Value of Customer Base (previously Customer Base Value) and Profitability Index (previously CLIQ Factor).

► For more information, see the definitions of the performance indicators at **https://cliqdigital.ag/investors/financials#investors-financials-performance-measures.**

- Paid memberships are completed subscriptions that are active at the end of the reporting period, i.e. the member has access to one of the content portals and pays for the services.
- The Lifetime Value of Customer Base (previously Customer Base Value) is the future revenue expected to be generated by the existing customers.
- The Profitability Index (previously CLIQ Factor) is the ratio between the average net revenue per user (ARPU) in the first six months and the customer acquisition cost (CAC). It represents the profitability of newly acquired customers. The profitability index is the determining factor in the decision-making process as to whether to invest in certain products or markets.

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

| in millions of € | 2020 | 2021 | 2022e |
|---|---|---|---|
| Revenue | 107.0 | 150.0 | >210 |
| Marketing spend | 34.2 | 54.4 | >70 |
| EBITDA | 15.9 | 27.2 | >33 |
| Paid memberships (in millions per 31/12) | 0.9 | 1.3 | 1.7-1.8 |
| Lifetime Value of Customer Base (per 31/12) | 50.0 | 87.0 | >110 |
| Profitability Index (previously CLIQ Factor) | 1.68x | 1.59x | 1.51x |

With the exception of the Profitability Index, all key financial performance indicators showed a significant improvement over the previous year and in 2021 the CLIQ Group was able to outperform on these targets communicated in the 2020 Group Management Report.

The **marketing spend** for the year increased by 59% (€20.2 million) to €54.4 million (2020: €34.2 million), of which €7.4 million (2020: €3.7 million) is related to digital marketing services.

The number of **paid memberships** increased by 44% to 1.3 million in 2021 (PY: 0.9 million), due to the increase in successful marketing campaigns and the increase in attractive content.

The **Lifetime Value of Customer Base** (previously Customer Base Value) as at 31 December 2021 grew to €87.0 million, which is an increase of €37.0 million (PY: €11.0 million) compared to last year. The higher Lifetime Value of Customer Base was the result of the increase in marketing spend and a consequently growing number of paid memberships.

The **Profitability Index** (previously CLIQ Factor) decreased from 1.68x in 2020 to 1.59x in line with the company's outlook for 2021 and indicates a slightly lower customer profitability of newly acquired customers. The decrease in the Profitability Index is related to a general increase in the cost per acquisition across all regions.

# OUTLOOK

In 2022, CLIQ Digital expects strong organic growth in 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 more than €210 million in revenue, realise an EBITDA of at least €33 million in 2022 with a total marketing spend exceeding €70 million.

The number of paid memberships is expected to be between 1.7 and 1.8 million at the end of the year and the Lifetime Value of Customer Base is expected to exceed €110 million. The Profitability Index (previously CLIQ Factor) for the full year 2022 is expected to amount to around 1.51x, reflecting a cautious forecast with regard to the future development of customer acquisition costs.

# OPPORTUNITIES AND RISK REPORT

## Opportunities

### Competitive advantage

The digital market CLIQ Group is operating in is highly competitive. CLIQ Digital focuses on performance marketing and selling content. Primarily, CLIQ Digital pursues a strategy to license content from third parties, which enables CLIQ Digital to expand its content library quickly, have a flexible product portfolio with a minimal time-to-market and better control content costs. Considering the importance of digital content CLIQ Digital can offer its members, the Group is actively seeking co-operations with strong content suppliers to further improve, broaden and deepen its offering. Going forward, CLIQ Digital sees further growth opportunities arising from the production of CLIQ-exclusive content, which could increase the Company's customer base, revenue and brand equity, and from promoting the product portfolio with marketing campaigns and channels other than digital marketing, for example TV advertising.

### Coronavirus pandemic

The outbreak of the coronavirus pandemic resulted in quarantine and lockdown measures across the world. Social distancing and "cocooning" have already driven the further adoption of contactless technologies and digital experiences. The impact that the coronavirus pandemic might have on other industries and companies implies significant overall economic 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 internet-enabled devices, the increase of the available bandwidth, and the ability for more and more people on the globe to always be online with a growing number of devices. Due to an increasingly connected society and networks with faster speeds and lower latency, CLIQ Digital expects an increased supply and demand for streaming entertainment services for internet-enabled devices. As a marketer and distributor of digital entertainment, CLIQ Digital considers this a significant opportunity for further growth.

### Consumer price index

According to Bankhaus Lampe's Capital Market Outlook 2022, consumer prices are expected to continue to rise and inflationary pressure to further broaden. The fact that inflation is spreading beyond pandemic-disrupted categories like imported electronics and airplane tickets to slow-moving areas like rent could unsettle consumers further. It is therefore not unlikely that consumers with lower disposable monthly income will re-evaluate their household budgets and search for better value-for-money alternatives also for streaming entertainment services. CLIQ Digital could benefit from this development and its market positioning as a global streaming provider specialising in performance marketing of affordable entertainment products for the entire family in one bundled solution.

### Expansion

CLIQ Digital has developed well-established methods and instruments to reliably target, analyse and successfully enter new markets. The Group will continue to use its experience to expand its business to other countries, which have a promising consumer base for considerable profits. New select market entries into Latin America and Asia-Pacific could be very promising for CLIQ's future business development.

Furthermore, CLIQ Digital expects to realise further growth in the North American and European regions by increasing its customer base with enhanced content offerings.

## Risks

### More intense competitive environment

The economic environment for the market of streaming entertainment products is highly competitive. CLIQ Digital faces various competitors along 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 streaming entertainment 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 better 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.

### Dependency on technical developments

The market of digital products is subject to rapid changes. It is characterised by fast-evolving technologies, disruption from 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 analysis, as well as on marketing to introduce new digital products. Decisions on 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 alternative 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

For the billing and certain fulfilment of its services CLIQ Digital is dependent on external service providers. In particular, payment service providers play an important role in the selling and invoicing of membership-based streaming entertainment services. The payment service provider services include, to a certain extent, the invoicing of CLIQ Digital's digital products through credit cards, telephone bills, and prepaid accounts, for which they receive a substantial part of the overall payments made by customers as well as customer care. If such payment service providers change the technical framework or the financial terms of their services to the detriment of CLIQ Digital, the Group may not be able to pass on such disadvantages to its customers.

Additional risks arising from the co-operation with payment service providers are contractual penalties, non-compliancy with law and regulations, temporary or structural failures of platforms, systems, data and settlement systems as well as hacker attacks or other security incidents on their technical infrastructure that could harm CLIQ's business or reputation.

Furthermore, the solvency of payment service providers themselves bears a separate risk which could affect, in particular, CLIQ Digital's ability to receive payments.

### Evolving legal requirements and regulation

CLIQ Digital's business is confronted with complex laws and regulations in the different territories where CLIQ Digital is active. Many of these laws and regulations continuously evolve and require CLIQ Digital to interpret and adapt to such changes, often on national level. Such required changes may affect the business and the way CLIQ Digital operates and markets its services. Partial adaptation of its business model may be required accordingly.

Also, as CLIQ Digital collects and processes personal data about users as they interact with CLIQ Digital' services, it is subject to laws and regulations governing such collection and processing. These laws impose stringent operational requirements resulting in the establishment of processes and governance to drive implementation and legal compliance

The consequences of non-compliance with the applicable laws and regulations could have a material effect, for instance through imposing fines, compensation claims by affected individuals, negative publicity. litigation and enforcement actions.

### 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 cost 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 negative effects 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 suppliers

Content suppliers enjoy strong positions of power in certain areas and can influence the Group's business and its profitability. Mergers and international concentration are also occurring among content suppliers. Some individual market participants own important and successful rights (e.g. games licenses, name rights, technical patents). Depending on the supplier, price increases, minimum fees, or even restrictions or exclusions of particular suppliers can always occur. Additionally, some content offerings are made available to CLIQ's members via the technical platforms of the content supplier. For these content offerings, the availability and performance of the streaming services are dependent on the content supplier.

### Dependency on marketing companies

The co-operation with marketing partners both for inhouse media buying (e.g. Google, Facebook) and third-party media advertisers (affiliate partners) 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

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 or underestimates the transaction and integration 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 into marketing, which could impact the growth potential of CLIQ Digital.

### Receivables defaults

Most of CLIQ Digital's receivables are due from a number of payment 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 (cluster risk).

### Financing working capital via bank loans

To acquire new members for its member-based streaming entertainment services, CLIQ Digital has to make significant investments in marketing, which are paid prior to the membership fees being collected by the payment service providers. A part of this liquidity gap is financed by bank borrowing facilities obtained by the Group. The discontinuation of these bank borrowing facilities without replacement funding 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

In general, a significant part of the Group's revenues is denominated in foreign currencies (e.g. USD, GBP, PLN) are naturally hedged since (future) income as well as expenses (primarily marketing expenses and other costs of sales) are incurred in the same currency. Despite this natural hedge, 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 are 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. Conversely, as CLIQ Digital is a cash-generating company, the interest charged for a net cash position due to negative interest rates will adversely affect CLIQ Digital's profitability.

### 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.

### Risks relating to rights of third parties

CLIQ Digital markets streaming entertainment services, which are to a large extent 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.

Through its streaming entertainment services, CLIQ Digital often utilises and distributes digital content licensed from third parties. By using third-party copyright-protected materials, CLIQ Digital could inadvertently infringe upon third parties' intellectual property rights, too.

### Risks relating to VAT as well as trade and corporate income tax losses carried forward

CLIQ Digital is subject to VAT in various countries. Significant judgment is required in determining the worldwide provision for sales taxes, 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 future tax liabilities.

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.

### Liability risk

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.

In summary, the Group has considerable opportunities arising from the Group's position in the market and the expected market growth to enlarge the Group's membership base for its streaming entertainment services.

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.

28 February 2022

The Management Board

Luc Voncken

Ben Bos

# 3

# CONSOLIDATED FINANCIAL STATEMENTS

> **In 2022, the focus is on building on our success story and reaching the next level together as one team.**

Luc Voncken
CEO

## 1 CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

| in '000 € | Note | 2021 | 2020 |
|---|---|---|---|
| Revenue | 6 | 149,982.6 | 106,953.0 |
| Cost of sales | 7 | -98,768.8 | -72,014.6 |
| **Gross margin** | | **51,213.8** | **34,938.4** |
| Personnel expenses | 8 | -18,014.1 | -13,722.4 |
| Other operating expenses | 9 | -5,731.9 | -4,488.8 |
| Impairment losses and gains on trade receivables and contract costs | 20 | -281.4 | -777.8 |
| **Total operating expenses** | | **-24,027.4** | **-18,989.0** |
| **EBITDA** | | **27,186.4** | **15,949.4** |
| Depreciation, amortisation and impairment charges applied to intangible, tangible and other current assets | 10 | -905.6 | -742.5 |
| **EBIT** | | **26,280.8** | **15,206.9** |
| Financial income and financial expenses | 11 | -942.4 | -824.5 |
| **PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS** | | **25,338.4** | **14,382.4** |
| Income taxes | 12 | -7,104.1 | -3,957.2 |
| **PROFIT FOR THE YEAR** | | **18,234.3** | **10,425.2** |
| Attributable to: | | | |
| Owners of the Company | | 17,822.5 | 7,159.1 |
| Non-controlling interest | | 411.8 | 3,266.1 |
| **PROFIT FOR THE YEAR** | | **18,234.3** | **10,425.2** |
| **Earnings per share** | | | |
| Number of shares for calculation of basic earnings per share (in thousands) | | 6,504.7 | 6,188.7 |
| Number of shares for calculation of diluted earnings per share (in thousands) | | 63.0 | 90.0 |
| Basic earnings per share (in €) | 13 | 2.74 | 1.16 |
| Diluted earnings per share (in €) | 13 | 2.71 | 1.16 |

## 2 CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

| in '000 € | Note | 2021 | 2020 |
|---|---|---|---|
| **PROFIT FOR THE YEAR** | | **18,234.3** | **10,425.2** |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translating foreign operations | 14 | 320.3 | -273.3 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **18,554.6** | **10,151.9** |
| Attributable to: | | | |
| Shareholders of the company | | 18,142.8 | 6,885.8 |
| Non-controlling interest | | 411.8 | 3,266.1 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **18,554.6** | **10,151.9** |

# 3 CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31 DECEMBER 2021

| in '000 € | Note | 2021 | 2020 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Goodwill | 14 | 48,160.6 | 47,840.3 |
| Other intangible assets | 15 | 2,559.3 | 773.3 |
| Plant. operating and office equipment | 16 | 3,807.8 | 2,193.2 |
| Contract costs | 18 | 775.8 | 288.7 |
| Financial assets | 19 | 1,500.1 | - |
| Deferred tax assets | 12 | 2,580.2 | 4,139.7 |
| **Total non-current assets** | | **59,383.8** | **55,235.2** |
| | | | |
| **CURRENT ASSETS** | | | |
| Financial assets | 19 | - | 11.3 |
| Trade receivables | 20 | 12,508.3 | 9,085.6 |
| Contract costs | 18 | 16,339.4 | 7,177.6 |
| Other assets | 21 | 740.6 | 552.7 |
| Cash and cash equivalents | 22 | 7,300.9 | 4,908.1 |
| **Total current assets** | | **36,889.2** | **21,735.3** |
| **Total assets** | | **96,273.0** | **76,970.5** |

| in '000 € | Note | 2021 | 2020 |
|---|---|---|---|
| **EQUITY** | | | |
| Issued capital | 23 | 6,508.7 | 6,188.7 |
| Share premium | | 58,053.4 | 46,635.8 |
| Retained earnings | 24 | -5,516.4 | -2,820.3 |
| Other reserves | 25 | 486.8 | 806.1 |
| **Equity attributable to the shareholders** | | **59,532.5** | **50,810.3** |
| Non-controlling interest | | 28.6 | 4,839.2 |
| **Total equity** | | **59,561.1** | **55,649.5** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 12 | 4,100.3 | 1,731.9 |
| Bank borrowings | 26 | - | 3,772.9 |
| Other financial liabilities | 27 | 3,829.6 | 2,298.3 |
| Other liabilities | 28 | 1,509.5 | 657.8 |
| **Total non-current liabilities** | | **9,439.4** | **8,460.9** |
| | | | |
| **Current liabilities** | | | |
| Bank borrowings | 26 | 4,954.6 | - |
| Other financial liabilities | 27 | 888.1 | 411.4 |
| Provisions | | 375.0 | 375.0 |
| Trade payables | 28 | 7,917.6 | 1,993.9 |
| Income tax liabilities | 12 | 1,194.9 | 3,220.8 |
| Other liabilities | 28 | 11,942.3 | 6,859.0 |
| **Total current liabilities** | | **27,272.5** | **12,860.1** |
| **Total liabilities** | | **36,711.9** | **21,321.0** |
| **Total equity and liabilities** | | **96,273.0** | **76,970.5** |

# 4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 2021

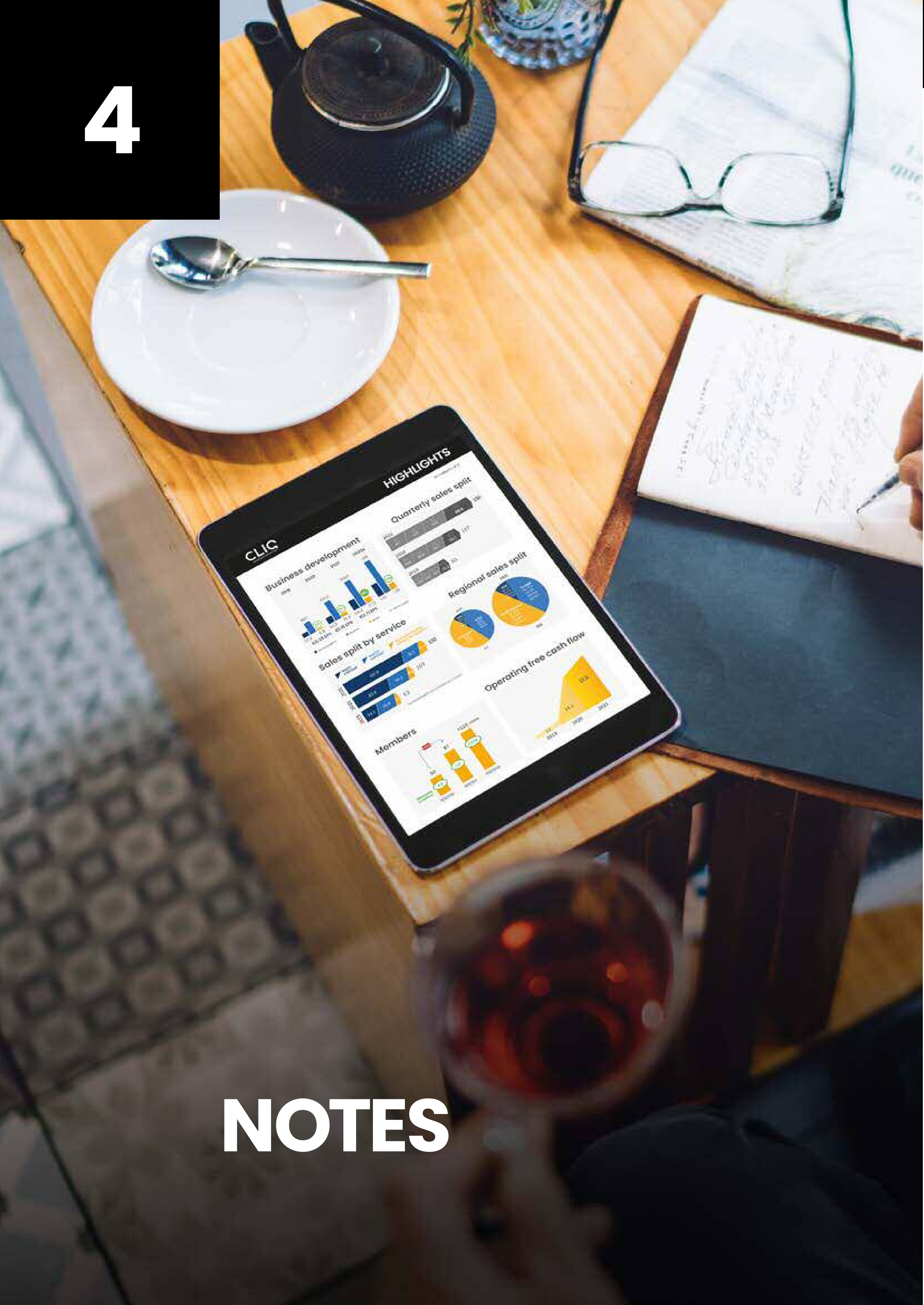
| in '000 € | Note | Issued capital | Share premium | Retained earnings | Other reserves | Equity attributable to the shareholders | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance as of 1 January 2020** | | **6,188.7** | **46,635.8** | **-8,246.6** | **129.7** | **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 | | - | - | - | 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** |
| Net profit / loss for the period | | - | - | 17,822.5 | - | 17,822.5 | 411.8 | 18,234.3 |
| Other comprehensive income | | - | - | - | 320.3 | 320.3 | - | 320.3 |
| Dividend distributions | | - | - | -2,845.0 | - | -2,845.0 | -463.3 | -3,308.3 |
| Equity-settled share-based payments | 25 | - | - | -1,031.9 | -944.0 | -1,975.9 | - | -1,975.9 |
| Currency translation difference | | - | - | - | 304.4 | 304.4 | 57.1 | 361.5 |
| Acquisition of NCI | 29 | 320.0 | 11,417.6 | -16,641.7 | - | -4,904.1 | -4,816.2 | -9,720.3 |
| **Balance as of 31 December 2021** | | **6,508.7** | **58,053.4** | **-5,516.4** | **486.8** | **59,532.5** | **28.6** | **59,561.1** |

# 5 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR 2021

| in '000 € | Note | 2021 | 2020 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Result for the year | | 18,234.3 | 10,425.2 |
| Adjustments for: | | | |
| Income tax expense recognised in profit or loss | | 7,104.1 | 3,957.2 |
| Net (gain)/loss arising on financial liabilities designated as at fair value through profit and loss | 11 | -297.5 | -91.4 |
| Financial income and expenses recognized in profit or loss | 11 | 1,239.9 | 915.9 |
| Equity-settled share based payment transactions | | 314.6 | 52.4 |
| Depreciation and amortisation of non-current assets | 10 | 1,439.3 | 742.5 |
| | | **27,915.4** | **16,001.8** |
| Changes in working capital | | -1,209.1 | 1.642,8 |
| **Cash generated from operations** | | **26,706.3** | **17,644.6** |
| Income taxes (paid)/received | | -5,250.2 | -2,242.3 |
| Interest (paid)/received | | -809.3 | -603.6 |
| **Net cash generated by operating activities** | | **20,766.1** | **14,798.7** |
| **Cash flow from investing activities** | | | |
| Payments for property. plant and equipment | 16 | -701.8 | -216,2 |
| Payments for intangible fixed assets | 15 | -2,585.6 | -479,8 |
| **Net cash (used in)/generated by investing activities** | | **-3,287.4** | **-696.0** |

| in '000 € | Note | 2021 | 2020 |
|---|---|---|---|
| **Cash flow from financing activities** | | | |
| Repayment of borrowings | | -156.9 | -1,202.1 |
| Transaction costs related to loans and borrowings | | - | -32.8 |
| Lease instalments paid | | -20.5 | -255.0 |
| Acquisition of non-controlling interest | 30 | -8,824.9 | - |
| Acquisition of other investments | 19 | -1,500.1 | - |
| Dividends paid | | -3,308.3 | -2,113.4 |
| Share options | | -2,290.5 | - |
| **Net cash used in financing activities** | | **-16,101.2** | **-3,603.3** |
| **Net increase / (decrease) in cash and cash equivalents** | | **1,377.5** | **10,499.4** |
| **Cash and cash equivalents at the beginning of the year** | | **908.1** | **-9,577.5** |
| Net increase / (decrease) in cash and cash equivalents | | 1,377.5 | 10,499.4 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | 15.3 | -13.8 |
| **Cash and cash equivalents at the end of the year** | | **2,300.9** | **908.1** |
| Cash and bank balances | | 7,300.9 | 4,908.1 |
| Bank borrowing overdraft facility | 26 | -5,000.0 | -4,000.0 |
| **Cash and cash equivalents in cash flow statement** | | **2,300.9** | **908.1** |

# 4 NOTES




# 1 GENERAL INFORMATION

The CLIQ Group (hereafter, the Group, the Company, CLIQ Digital or CLIQ) is a global entertainment company specialising in the performance marketing of affordable movie, music, audiobook, sports and games products distributed primarily via streaming on various own portals. The Group has a long and successful corporate history in digital marketing, offering attractive media content to the mass market at competitive prices. CLIQ Digital operates in over 30 countries and employed 129 staff from 32 different nationalities as at 31 December 2021. The Group 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, headquartered in Grünstraße 8, 40212 Düsseldorf, Germany. The company is registered in the commercial register of the Amtsgericht Düsseldorf (commercial register number 69068). The shares of CLIQ Digital AG are listed on the Frankfurt Stock Exchange in the Open Market segment, which is 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 constitute an organised or regulated market. The basis for the inclusion of securities in the Open Market are the guidelines for the Regulated Unofficial Market of Deutsche Börse AG. As a result, 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 the International Financial Reporting Standards (IFRS) as applicable in the EU. CLIQ Digital AG is obligated to prepare consolidated financial statements in accordance with German accounting standards. However, an exemption is possible if 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 begins on 1 January and ends on 31 December of each calendar year. These consolidated financial statements are prepared in euros, which is CLIQ's functional and reporting currency. Reporting is in thousands of euros (in '000 €) unless otherwise stated.

To improve the clarity of the financial statements, various items in 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 2021.

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 2021. 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 2021 | Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) | No |
| 1 January 2021 | 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 authorization 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 don't 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:

| Effective date | New standards or amendments | Material impact on CLIQ |
|---|---|---|
| 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 |
| | Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction | No |
| | Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates | No |
| | Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies | 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 (Note 31) 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 2021. 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 2020 | 5 | 9 | 5 | 8 | 27 |
| Acquisition | – | – | – | – | – |
| Established | 1 | – | – | – | – |
| 31 December 2021 | 6 | 9 | 5 | 8 | 28 |

In the financial year a new entity was established, Cliq GmbH.

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, anywhere.
- 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 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 significant event or change in circumstances resulting in 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 based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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 3.17.

## 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 Employee benefits

## 3.10.1 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).

## 3.10.2 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.

# 3.11 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.

# 3.12 Taxation

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

## 3.12.1 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.

## 3.12.2 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.

### 3.12.3 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.

## 3.13 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.

## 3.14 Intangible assets

### 3.14.1 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.

### 3.14.2 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 of three to five years.

#### 3.14.2.1 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 one to five years.

#### 3.14.2.2 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.

#### 3.14.2.3 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.

## 3.15 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.

### 3.15.1 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.

## 3.16 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.

The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management’s estimate of fair value for these non-listed equity investments.

There were no transfers between Level 1 and 2 during the current or prior year.

### 3.16.1 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.

#### 3.16.1.1 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.

#### 3.16.1.2 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.

#### 3.16.1.3 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.

#### 3.16.1.4 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.

#### 3.16.1.5 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.

### 3.16.2 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.

### 3.16.3 Derecognition

#### 3.16.3.1 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.

#### 3.16.3.2 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.

### 3.16.4 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.

### 3.16.5 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.

## 3.17 Impairment

### 3.17.1 Non-derivative financial assets

#### 3.17.1.1 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.

#### 3.17.1.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties

#### 3.17.1.3 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.

#### 3.17.1.4 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.

### 3.17.2 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 2021 was €48.2 million (31 December 2020: €47.8 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 33.

### 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.

### 4.1.6 Estimated Credit Loss

The Group uses a provision matrix to calculate ECLs for trade receivables The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables  is disclosed in Note 20.

# 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 REVENUE

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

| In '000 € | 2021 | 2020 |
|---|---|---|
| Digital entertainment services | 138,273.5 | 100,003.6 |
| Digital marketing services | 10,720.8 | 6,949.4 |
| Other income (digital entertainment services related) | 988.3 | - |
| **Total revenue** | **149,982.6** | 106,953.0 |

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

| In '000 € | 2021 | 2020 |
|---|---|---|
| Europe | 62,602.3 | 47,507.6 |
| North America | 74,679.8 | 51,627.1 |
| Other continents | 12,700.5 | 7,818.3 |
| **Total revenue** | **149,982.6** | 106,953.0 |

## 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 € | 2021 | 2020 |
|---|---|---|
| Marketing spend | 54,379.3 | 34,155.6 |
| Capitalised marketing spend | -46,985.8 | -30,452.2 |
| Amortised contract costs | 37,499.0 | 28,652.0 |
| Third party costs | 31,159.8 | 25,469.0 |
| Other COS | 22,716.5 | 14,190.2 |
| **Total** | **98,768.8** | 72,014.6 |

# 8 PERSONNEL EXPENSES

The personnel expenses are composed as follows:

| In '000 € | 2021 | 2020 |
|---|---|---|
| Wages and salaries | 13,734.6 | 8,838.9 |
| Pension contributions | 107.8 | 37.9 |
| Social security contributions | 1,209.8 | 883.2 |
| Share-based payments | 1,984.7 | 3,169.9 |
| Hired staff and related costs | 745.8 | 587.1 |
| Redundancy costs | - | 33.1 |
| Capitalized personnel expenses | -154.7 | - |
| Other | 386.1 | 172.3 |
| **Total** | **18,014.1** | 13,722.4 |

## 8.1 Employees

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

| | 2021 | 2020 |
|---|---|---|
| **Employees (FTE)** | **108.9** | **91.4** |
| Germany | 10.8 | 4.2 |
| The Netherlands | 69.7 | 61.2 |
| United Kingdom | 9.4 | 10.0 |
| France | 14.0 | 13.0 |
| Other | 5.0 | 3.0 |

The average number of employees in the financial year was:

| | 2021 | 2020 |
|---|---|---|
| **Employees (Average Headcount)** | 113.2 | **82.5** |
| Full-time employees | 93.1 | 70.5 |
| Part-time employees | 20.1 | 12.0 |

# 9 OTHER OPERATING EXPENSES

| In '000 € | 2021 | 2020 |
|---|---|---|
| Premises costs | 325.5 | 354.9 |
| General sales and travel expenses | 1,034.2 | 460.5 |
| Professional Fees | 2,808.8 | 1,935.8 |
| Supervisory Board Compensation | 136.4 | 123.3 |
| IT costs | 1,336.0 | 1,203.0 |
| Other | 91.0 | 411.3 |
| **Total** | **5,731.9** | 4,488.8 |

## 9.1 Auditor's fees

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

| In '000 € | 2021 | 2020 |
|---|---|---|
| **For auditing of the financial statements** | **304.1** | **270.0** |
| Mazars GmbH & Co, KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft | 184.4 | 182.3 |
| Other | 119.7 | 87.7 |
| **For tax advice services** | **374.0** | **142.0** |
| Mazars GmbH & Co, KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft | 123.6 | 58.2 |
| Other | 250.4 | 83.8 |

# 10 DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES

| In '000 € | 2021 | 2020 |
|---|---|---|
| Licenses and trademarks | 201.9 | 282.5 |
| Other intangible assets | 78.4 | 109.6 |
| Right of use assets | 438.8 | 230.0 |
| Plant. operating and office equipment | 186.5 | 89.8 |
| Other assets | - | 30.6 |
| **Total** | **905.6** | 742.5 |

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). The amortization on content licenses related to digital entertainment services in the amount of €533.7 thousand have been presented as other cost of sales.

# 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 € | 2021 | 2020 |
|---|---|---|
| **Financial income** | | |
| Fair value movements on financial liabilities designated as FVTPL | 297.5 | 91.4 |
| | **297.5** | **91.4** |
| **Financial expenses** | | |
| Interest on bank overdrafts and loans | -152.0 | -268.1 |
| Amortisation capitalised finance expenses | -181.7 | -182.2 |
| Interest expense on lease liabilities | -90.7 | -19.1 |
| Exchange results | -435.0 | -202.5 |
| Bank costs | -261.2 | -181.1 |
| Other financial expenses | -119.3 | -62.9 |
| | **-1,239.9** | **-915.9** |
| **Total financial income and finance expenses** | **-942.4** | **-824.5** |

# 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 2021, 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 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| **Current income tax** | | | | | | |
| Income tax current year | -121.8 | -3,735.1 | -505.5 | -140.4 | -4,502.8 | -4,580.6 |
| Adjustment for prior years | 12.0 | 2.1 | 43.4 | -14.3 | 43.2 | 14.3 |
| **Total current income tax** | **-109.8** | **-3,733.0** | **-462.1** | **-154.7** | **-4,459.6** | **-4,566.3** |
| **Deferred income tax** | | | | | | |
| Origination and reversal of temporary differences | 855.1 | -2,043.7 | 87.3 | -89.9 | -1,191.2 | 1,071.6 |
| Adjustment for prior years | 8.9 | - | - | - | 8.9 | -462.5 |
| Recognition of previously unrecognized (derecognition of previously recognized) tax losses | -1,475.0 | -0.4 | -0.4 | 13.6 | -1,462.2 | - |
| **Total deferred income tax** | **-611.0** | **-2,044.1** | **86.9** | **-76.3** | **-2,644.5** | **609.1** |
| **Total income tax** | **-720.8** | **-5,777.1** | **-375.2** | **-231.0** | **-7,104.1** | **-3,957.2** |

## 12.2 Reconciliation of the effective tax rate

| In '000 € | DE | NL | UK | Other | 2021 | 2020 |
|---|---|---|---|---|---|---|
| **Profit before tax** | **-1,500.2** | **23,271.1** | **2,957.2** | **610.2** | **25,338.4** | **14,382.4** |
| Nominal tax rate | 31.2% | 25.0% | 19.0% | 26.1% | 31.2% | 31.2% |
| **Income tax calculated at nominal rate** | **468.4** | **-5,817.8** | **-561.9** | **-159.5** | **-7,911.9** | **-4,490.9** |
| Effects of different tax rates of subsidiaries operating in other jurisdictions | - | - | - | - | 1,841.1 | 1,481.3 |
| Expenses share option plan which are not tax deductible | 508.1 | - | - | - | 508.1 | -537.3 |
| Participation exemption | -255.4 | 39.0 | - | - | -216.4 | -23.8 |
| Tax results from previous years | 20.9 | 1.7 | 43.0 | 3.1 | 68.7 | -385.8 |
| Recognition of previously unrecognized (derecognition of previously recognized) tax losses | -1,475.0 | - | - | - | -1,475.0 | - |
| Fair value movements related to contingent considerations arrangements from acquisitions | 92.9 | - | - | - | 92.9 | 28.5 |
| Non-deducitble amortisation and depreciation expenses | -58.5 | - | - | -43.8 | -102.3 | - |
| Research and development enhancements | - | - | 136.9 | - | 136.9 | 111.3 |
| Other | -22.2 | - | 6.8 | -30.8 | -46.2 | -140.7 |
| **Income tax expense in profit or loss account (effective)** | **-720.8** | **-5,777.1** | **-375.2** | **-231.0** | **-7,104.1** | **-3,957.2** |
| | **-48.0%** | **24.8%** | **12.7%** | **37.9%** | **28.0%** | **27.5%** |

The effective income tax rate in 2021 of 28% is 0.5 percentage points higher than the 2020 effective income tax rate of 27.5%. 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 driven by prior year tax adjustments which were 68.7 thousand positive in the current year and 385.8 thousand negative in prior year.

## 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 € | 2021 | 2020 |
|---|---|---|
| Intangible assets | 170.0 | 190.8 |
| Contract costs | -4,116.3 | -1,734.6 |
| Trade receivables | 119.8 | 87.1 |
| Bank borrowings | -14.2 | -70.9 |
| Other financial liabilities | 141.6 | - |
| Other liabilities (share option plan) | 550.4 | 197.7 |
| Tax loss carry forwards | 1,628.6 | 3,737.7 |
| **Total of deferred tax assets and liabilities** | **-1,520.1** | **2,407.8** |
| Reflected in the financial statement of financial position as follows: | | |
| Deferred tax assets | 2,580.2 | 4,139.7 |
| Deferred tax liabilities | -4,100.3 | -1,731.9 |
| **Net deferred taxes** | **-1,520.1** | **2,407.8** |

## 12.4 Tax losses carried forward and unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is uncertain that future taxable profit will be available against which the Group can use the benefits therefrom.

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Gross Amount | Tax effect | Gross Amount | Tax effect |
| Tax losses | 6,026.3 | 1,875.0 | 1,281.0 | 400.0 |

Tax losses for which no deferred tax asset was recognised will never expire.

## 12.5 Uncertaintity over income tax treatment

An ongoing tax review by the tax authority on the Group's German subsidiaries related to the fiscal years 2015 – 2017 has revealed an uncertainty in the tax position. The uncertain tax treatment relates to the interpretation of how the tax legislation applies to the Group's transfer pricing arrangements. Due to the uncertainty involved, there is a possibility that the outcome of the tax review is significantly different from the amount currently recognised. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

# 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 29).

| In € | 2021 | 2020 |
|---|---|---|
| Profit/loss attributable to CLIQ Digital AG shareholders (in €) | 17,822,495 | 7,159,059 |
| Number of shares in circulation as of 1 January | 6,188,714 | 6,188,714 |
| Effect of treasury shares held | -4,000 | -4,000 |
| Effect of shares issued (Note 30) | 320,000 | - |
| Number of shares in circulation as of 31 December | 6,504,714 | 6,184,714 |
| Weighted average number of shares in issue | 6,504,714 | 6,184,714 |
| **Basic earnings per share (in €)** | **2.74** | **1.16** |
| Number of potentially dilutive ordinary shares | 63,015 | 90,000 |
| Weighted average number of shares for the calculation of diluted earnings per share | 6,567,729 | 6,274,714 |
| **Diluted earnings per share (in €)** | **2.71** | **1.16** |

# 14 GOODWILL

A reconciliation of the carrying amount is detailed below:

| In '000 € | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Cost | 48,266.2 | 47,945.9 |
| Accumulated impairment losses | -105.6 | -105.6 |
| | **48,160.6** | **47,840.3** |

| In '000 € | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| **Cost** | | |
| **1 January** | **47,945.9** | **48,219.2** |
| Effect of foreign currency exchange differences | 320.3 | -273.3 |
| **31 December** | **48,266.2** | **47,945.9** |
| **Accumulated impairment losses** | | |
| **1 January** | **-105.6** | **-105.6** |
| Impairment | - | - |
| Effect of foreign currency exchange differences | - | - |
| **31 December** | **-105.6** | **-105.6** |
| **Carrying amount** | **48,160.6** | **47,840.3** |

## 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 2021 | 31 Dec 2020 |
|---|---|---|
| CLIQ AG and CLIQ BV | 43,217.0 | 43,217.0 |
| UK operations | 4,364.7 | 4,082.8 |
| Other | 578.9 | 540.5 |
| **Total goodwill** | **48,160.6** | **47,840.3** |

## 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 (2021: € 43.2 million; 2020: €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, based on the value in use calculation, 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, the terminal growth rate, 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. Significant assumptions in preparing the financial budget for financial years

2022 and 2023 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 assumptions as stated below. After the total forecast period of 5 years, free cash-flows for the terminal value period have been derived considering a terminal growth rate of 1.5%.

| Value driver | 2024–2026 | Terminal Value Period |
|---|---|---|
| Revenue (growth rate) | Based on main drivers marketing spend and revenue yield | 1.5% |
| Share third parties | 2023's % of revenue | |
| Marketing spend | Decreasing ratio of Net revenues/CUSACQ based on KPI 2023 | |
| Other cost of sales | 2023's % of net revenue | |
| Staff expenses | 2023's % of net revenue | |
| Other operational expenses | 2023's % of net revenue | |
| Corporate income tax rate | CLIQ AG 30.0% | |
| | CLIQ B.V. 25.0% | |
| Net working capital | 14.3% for Cliq AG and 14.3% for Cliq B.V. of Net revenue based on 2023 | |
| Other CAPEX | 2022's % of Net revenue for CLIQ B.V. and CLIQ AG | |
| Pre-tax WACC | CLIQ AG 10.1%<br>CLIQ B.V. 10.2% | |

## 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.

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. 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 assumptions as stated below. After the total forecast period of 5 years, free cash-flows for the terminal value period have been derived considering a terminal growth rate of 1.5%.

| Value driver | 2024–2026 | Terminal Value Period |
|---|---|---|
| Revenue (growth rate) | Based on main drivers marketing spend and revenue yield | 1.5% |
| Share third parties | 2023's % of revenue | |
| Marketing spend | Marketing spend based on 2023 Net revenue /CUSACQ | |
| Other cost of sales | 2023's % of net revenue | |
| Staff expenses | 2023's % of net revenue | |
| Other operational expenses | 2023's % of net revenue | |
| Corporate income tax rate | 25.0% | |
| Net working capital | 13.5% of Net revenue based on 2023 | |
| Pre-tax WACC | 11.2% | |

## 14.4 Other

The other goodwill is related to the operations of Netacy Inc. for the amount of €0.6 million (2020: €0.4 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 8.0% 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 in-tangible assets | Total |
|---|---|---|---|
| **Cost** | | | |
| **1 January 2020** | **1,067.4** | **538.3** | **1,605.7** |
| Additions | 410.3 | 69.5 | 479.8 |
| Effect of foreign currency exchange differences | -30.1 | -17.7 | -47.8 |
| **31 December 2020** | **1,447.6** | **590.1** | **2,037.7** |
| Additions | 1,932.0 | 653.6 | 2,585.6 |
| Disposals | -492.4 | -178.2 | -670.6 |
| Effect of foreign currency exchange differences | 48.5 | 16.6 | 65.1 |
| **31 December 2021** | **2,935.7** | **1,082.1** | **4,017.8** |
| | | | |
| **Accumulated depreciation and impairment losses** | | | |
| **1 January 2020** | **620.7** | **271.7** | **890.1** |
| Amortization in the financial year | 282.5 | 109.6 | 392.1 |
| Effect of foreign currency exchange differences | -8.3 | -11.8 | -20.1 |
| **31 December 2020** | **894.9** | **369.5** | **1,264.4** |
| Amortization in the financial year | 735.6 | 78.4 | 814.0 |
| Disposals | -492.4 | -178.2 | -670.6 |
| Effect of foreign currency exchange differences | 36.2 | 14.5 | 50.7 |
| **31 December 2021** | **1,174.3** | **284.2** | **1,458.5** |
| | | | |
| **Carrying amount 31 December 2020** | **552.9** | **220.6** | **773.3** |
| **Carrying amount 31 December 2021** | **1,761.4** | **797.9** | **2,559.3** |

# 16 PLANT, OPERATING AND OFFICE EQUIPMENT

| In '000 € | Plant. operating and office equipment | Right of Use Assets | Total |
|---|---|---|---|
| **Cost** | | | |
| **1 January 2020** | **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 differences | 2.8 | -4.8 | -2.0 |
| **31 Dec 2020** | **944.4** | **1,979.5** | **2,923.9** |
| Additions | 701.8 | 1,528.7 | 2,230.4 |
| Disposals | -731.9 | - | -731.9 |
| Effect of foreign currency exchange differences | -0.7 | - | -0.7 |
| **31 December 2021** | **913.5** | **3,508.2** | **4,421.7** |
| | | | |
| **Amortisation and impairment losses** | | | |
| **1 January 2020** | **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 differences | 3.2 | -3.7 | -0.5 |
| **31 Dec 2020** | **730.7** | **0.0** | **730.7** |
| Amortization in the financial year | 186.6 | 438.8 | 625.5 |
| Disposals | -741.3 | - | -741.3 |
| Effect of foreign currency exchange differences | -0.9 | - | -0.9 |
| **31 December 2021** | **175.1** | **438.8** | **614.0** |
| | | | |
| **Carrying amount 31 December 2020** | **213.7** | **1,979.5** | **2,193.2** |
| **Carrying amount 31 December 2021** | **738.4** | **3,069.3** | **3,807.8** |

## 16.1 Right of use assets

During the period the Group signed new rental agreements for the Amsterdam, Paris and Düsseldorf offices. A right of use assets for the new rental agreements was recognised for €1,528.7 thousand. The term of the initial rental agreement is between 2 and 6 years.

# 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 2021 | 31 Dec 2020 |
| C Formats GmbH | Sales and Marketing of digital products | Düsseldorf, 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 | Sales and Marketing of digital products | Düsseldorf, Germany | 100% | 100% |
| Zimiq GmbH (formerly: Bluetiq GmbH) | Sales and Marketing of digital products | Düsseldorf, 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. | Sales and Marketing of digital products | Singapore | 100% | 100% |
| The Mobile Generation Americas Inc. | Payroll | 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 | 100% | 80% |
| CMind B.V. | Sales and Marketing of digital products | Amsterdam, The Netherlands | 100% | 80% |
| Tornika Media B.V. | Sales and Marketing of digital products | Amsterdam, The Netherlands | 100% | 80% |
| Tornika SAS | Sales and Marketing of digital products | Paris, France | 100% | 80% |
| CPay B.V. | Sales and Marketing of digital products | Amsterdam, The Netherlands | 100% | 80% |
| Claus Mobi GmbH | Sales and Marketing of digital products | Düsseldorf, Germany | 100% | 100% |
| VIPMOB B.V. | Sales and Marketing of digital products | Amsterdam, The Netherlands | 100% | 80% |
| Netacy Inc. | Sales and Marketing of digital products | 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 | Witney, United Kingdom | 100% | 80% |
| Hypercode SAS | Dormant | Vincennes, France | 80% | 80% |
| Cliq GmbH | Dormant | Düsseldorf, Germany | 100% | 0% |

# 18 CONTRACT COSTS

| In '000 € | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Current | 16,339.4 | 7,177.6 |
| Non-current | 775.8 | 288.7 |
| **Total contract costs** | **17,115.2** | **7,466.3** |

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 2021 | 31 Dec 2020 |
|---|---|---|
| Foreign currency forwards | - | 11.3 |
| Blacknut SAS | 1,500.1 | - |
| **Total** | **1,500.1** | **11.3** |

On October 26, 2021 the group purchased a 5% interest in Blacknut SAS. The group designated the investments shown at FVOCI because the Group intends to hold this for the long term for strategic purposes. Refer to Note 31.2.1 for the valuation disclosures.

# 20 TRADE RECEIVABLES

| In '000 € | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Trade receivables, gross | 1,126.3 | 2,012.0 |
| Receivables arising from services that have not yet been invoiced | 11,107.0 | 8,403.5 |
| Loss allowance | -1,474.6 | -1,329.9 |
| Rolling reserves | 1,749.6 | - |
| **Total trade receivables** | **12,508.3** | 9,085.6 |

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 31.4.1. and 31.4.3. 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 2021 | 31 Dec 2020 |
|---|---|---|
| **Balance as at 1 January** | **-1,329.9** | **-1,527.3** |
| Amounts written-off | - | 967.0 |
| Change in loss allowance due to changes in gross receivables | -136.0 | -777.8 |
| Foreign exchange result | -8.7 | 8.2 |
| **Balance loss allowance as at 31 December** | **-1,474.6** | -1,329.9 |

# 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 2021 | 31 Dec 2020 |
|---|---|---|
| Deposits | 117.6 | 70.3 |
| Prepayments | 603.2 | 249.4 |
| Other assets | 19.8 | 233.0 |
| **Total** | **740.6** | 552.7 |

# 22 CASH AND CASH EQUIVALENTS

This item contains cash at banks of €7,300.9 thousand in 2021 (2020: €4,907.0 thousand), and cash in hand of €0.2 thousand in 2021 (2020: €0.7 thousand).

# 23 ISSUED SHARE CAPITAL

In the financial year 2021, the issued share capital was increased by resolution of the Management Board of 28 April 2021, with the approval of the Supervisory Board of the same day, utilizing the Authorized Capital 2019 from EUR 6,188,714.00 by EUR 320,000.00 to EUR 6,508,714.00 by issuing 320,000 new no-par value bearer shares against contributions in kind.

The issued share capital amounts to €6,508,714.00 per 31 December 2021. The share capital consists of 6,508,714 no-par value bearer shares with a nominal value of €1.00 per share. All shares issued until 31 December 2021 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 2021. 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 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 became effective upon registration with the commercial register on 3 June 2019. . By resolution of the Management Board of 28 April 2017, with the approval of the Supervisory Board of the same day, the Authorized Capital 2019 was partially utilized in the amount of EUR 320,000 to increase the issued share capital from EUR 6,188,714.00 by EUR 320,000.00 to EUR 6,508,714.00 against contributions in kind. The Authorised Capital 2019 as at 31 December 2021 amounts to EUR 2,774,357.00.

## 23.3 Contingent capital

### 23.3.1 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 reason of 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.

### 23.3.2 Contingent Capital 2021 (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 and on 29 April 2021, the Company's share capital was contingently increased by up to EUR 2,774,357.00, divided into up to 2,774,357 new no-par value bearer shares ("Contingent Capital 2021"). The reason for the restatement of the Contingent Capital 2021 (formerly registered as Contingent Capital 2017/I) was to align the amount of the contingent capital with the new authorization to issue warrant and/or conversion participation rights, warrant bonds, convertible bonds and/or profit participation bonds, and to exclude subscription right, as adopted by the Annual General Meeting on 29 April 2021. The Contingent Capital 2021 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 authorization adopted by the General Meeting on 19 May 2017 under agenda item 7 and by the General Meeting on 29 April 2021 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 2021 may only be granted for a conversion or option price that meets the conditions of the authorization granted by the General Meeting on 19 May 2017 under agenda item 7 and by the General Meeting on 29 April 2021 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 Authorized 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 authorized to determine the further details of the implementation of the contingent capital increase.

The Contingent Capital 2021 in its form as amended by resolution of the General Meeting on 29 April 2021 became effective upon registration with the commercial register on 15 July 2021.

The total conditional capital of the Company as of 31 December 2021 amounts to EUR 3,094,357.00.

## 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 29 April 2021 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 28 April 2026 up to a maximum total nominal amount of €90,000,000.00, and to grant the bearers or holders of these debt instruments conversion rights or warrants to subscribe for up to 2,774,357 no-par value bearer shares with a total notional interest in the Company's share capital of up to €2,774,357.00 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 in kind contributions.

The above authorisation became effective upon registration of the Contingent Capital 2021 with the commercial register on 15 July 2021.

# 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. The acquisition of the remaing non-controlling interest of Red27 Ltd. and Hype Ventures B.V. as mentioned in section 30 lead to a decrease in retained earnings of €16,641.7 Thousand.

In accordance with the resolution of the annual general meeting of 29 April 2021 a dividend of €2,845.0 thousand (€0.46 per no-par share) has been paid out to the shareholders of the company from the previous year net profit (2020: €0.28).

After the reporting date, the Board proposed to distribute a dividend of €1.10 per share entitled to dividends from the net profit of the company of €17,822.5 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 at 1 January 2020** | **-** | **-71.7** | **201.4** | **129.7** |
| Other comprehensive income | - | -273.3 | - | -273.3 |
| Modification share option plan | 1,048.0 | - | - | 1,048.0 |
| Equity-settled share-based payments | 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** |
| Other comprehensive income | - | 320.3 | - | 320.3 |
| Equity-settled share-based payments | -944.0 | - | - | -944.0 |
| Currency translation difference | - | - | 304.4 | 304.4 |
| **Balance as of 31 December 2021** | **156.4** | **-24.7** | **355.1** | **486.8** |

# 26 BANK BORROWINGS

Bank borrowings reported on 31 December 2021 correspond to overdraft facility provided by the Commerzbank AG.

| In '000 € | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Borrowing base facility | 5,000.0 | 4,000.0 |
| **Total secure bank loans** | **5,000.0** | **4,000.0** |
| | | |
| Capitalised finance expenses | -45.4 | -227.1 |
| **Total bank borrowings** | **4,954.6** | 3,772.9 |

On 21 May 2019 CLIQ AG signed a 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 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 2021 the total overdraft facility available amounted to €13.5 million (2020: €13.5 million) of which an amount of €5 million (2020: €4 million) was used.

Subject to minor conditions the maturity date of the financing facility was extended to 29 July 2022 on 3 February 2022. On 21 February 2022 a mandate agreement was signed between Commerzbank and CLIQ Digital AG to arrange a new financing facility for 3 to 5 years.

CLIQ is obliged to comply with the covenants set out in the loan agreements with Commerzbank. For the financial year 2021, all covenants are met. In order to secure the credit facility, the CLIQ Group transferred its trade receivables as a guarantee to Commerzbank by way of global assignment. The receivables have not been derecognised as substantially all the risks and rewards, primarily the risk of default, remain with the Group.

# 27 FINANCIAL LIABILITIES

| In '000 € | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| **Non-current liabilities** | | |
| Lease liabilities | 3,073.0 | 1,841.1 |
| Contingent considerations resulting from acquisitions | 756.6 | 457.2 |
| | **3,829.6** | **2,298.3** |
| **Current liabilities** | | |
| Lease liabilities | 505.4 | 138.4 |
| Contingent considerations resulting from acquisitions | 367.6 | 273.0 |
| Forward exchange contracts | 15.1 | - |
| | **888.1** | **411.4** |
| | | |
| **Total financial liabilities** | **4,717.7** | 2,709.7 |

## 27.1 Lease liability

The Group leases several office spaces. The average remaining lease term is 4.3 years (2020: 7 years). In the previous 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 that started on 1 January 2021 for a period of 7 years.

A maturity analysis of lease payments is presented below:

| In '000 € | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| No later than 1 year | 505.4 | 138.4 |
| Later than 1 year and not later than 5 years | 2,076.0 | 1,260.4 |
| Later than 5 years | 997.0 | 580.7 |
| **Total** | **3,578.4** | 1,979.5 |

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 as of 31 December 2021 relate to an earn-out arrangement from the acquisition of the remaining 20% in Hype Ventures B.V. (Note 30.1).

The change in fair value which is recognised in profit and loss during the period amounted to € 297.5 thousand positive (2020: €91.4 thousand positive). The cumulative change in fair value for the at reporting date amounts to €275.8 thousand positive.

As at 31 December 2021, it is highly probable that the consideration will be paid. The fair value of the contingent consideration determined at 31 December 2021 reflects this development. Reference is made to note 31.2 for the contingent considerations regarding the fair value determination.

# 28 TRADE PAYABLES AND OTHER LIABILITIES

| In '000 € | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Trade payables | 7,917.6 | 1,993.9 |
| Other liabilities | 13,451.8 | 7,516.8 |
| **Total trade payables and other liabilities** | **21,369.4** | **9,510.7** |

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 2021 | 31 Dec 2020 |
|---|---|---|
| **Non-current liabilities** | | |
| Share based payments | 1,509.5 | 657.8 |
| | **1,509.5** | **657.8** |
| **Current liabilities** | | |
| Accrual marketing spend | 1,169.7 | 1,025.4 |
| Accrual other cost of sales | 863.6 | 571.6 |
| VAT and other taxes | 881.2 | 914.1 |
| Refund liabilities | 1,359.0 | 701.3 |
| Employee benefits | 4,314.2 | 1,834.1 |
| Share based payments | 593.0 | 465.0 |
| Other liabilities | 2,761.6 | 1,347.5 |
| | **11,942.3** | **6,859.0** |
| **Total other liabilities** | **13,451.8** | **7,516.8** |

## 28.2 Liability for share-based payments

Refer to Note 29 for further details on the assumptions underlying the stock option plans and share appreciation rights.

# 29 SHARE-BASED PAYMENTS ARRANGEMENTS

## 29.1 Description of share based payment arrangements

At 31 December 2021, the Group had the following share-based payment arrangements. The movement of the liability for cash-settled share-based payments is disclosed in Note 31.2.3.

### 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. The performance target is already 100% fulfilled for the outstanding options.

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 € 1.00. 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. The performance target was not fulfilled for on year. Two thirds of the options were ultimately vested.

### 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.

### 29.1.5 Stock option plan 2020

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. The options can also be settled in cash. 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 € 1.00. 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.

### 29.1.6 Share appreciation rights 2021

During the year 2021 the Group granted a total of 59,250 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 | Share appreciation rights 2021 |
|---|---|---|---|---|---|
| Number of share options / appreciation rights issued | 74,000 | 67,500 | 34,600 | 63,250 | 59,250 |
| Fair value of the option on the grant date | €2.52 | €1.46 | €0.65 | €2.61 | €7.27 |
| Fair value of the option on measurement date | €17.86 | €21.92 | €20.87 | €16.76 | €9.19 |
| Exercise price of the option on the issue date | €6.84 | €1.00 | €2.35 | €7.15 | €21.19 |
| Expected volatility | 65% | 65% | 60% | 60% | 60% |
| Duration of the option | 7 yrs | 7 yrs | 7 yrs | 7 yrs | 7 yrs |
| Expected dividends | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Risk-free interest rate | -0.6% | -0.5% | -0.5% | -0.5% | -0.4% |

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 behaviour.

## 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 2020 |
|---|---|
| Number of options issued | 52,500 |
| Fair value of the option on the grant date | €18.08 |
| Share price at grant date | €23.31 |
| 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 | -0.5% |

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:

| | 2021 Average exercise price | | 2020 Average exercise price | |
|---|---|---|---|---|
| | Number | EUR | Number | EUR |
| **1 January** | **329,350** | **3.64** | **317,100** | **2.06** |
| Granted during the period | 111,750 | 11.70 | 130,750 | 3.98 |
| Exercised during the period | -147,500 | 3.28 | -118,500 | 1.92 |
| Forfeited during the year | -18,000 | 9.55 | - | - |
| **31 December** | **275,600** | **6.71** | **329,350** | **3.64** |
| Exercisable on 31 December | **8,500** | **6.84** | - | - |

The options outstanding at 31 December 2021 had an exercise price in the range of €1.00 to €32.32 (2020: €1.00 to €15.29) and a weighted-average contractual life of 5.2 years (2020: 5.2 years). The weighted-average share price at the date of exercise for share options exercised in 2021 was €25.33 (2020: €17.17).

# 30 ACQUISITION OF NON-CONTROLLING INTEREST

During the year the Group acquired full ownership of the subsidiaries Hype Ventures B.V. and Red27 Mobile Limited by a buy-out of the non-controlling shareholders.

## 30.1 Acquisition 20% interest Hype Ventures B.V.

The Group acquired the remaining 20% non-controlling interest (NCI) share in the subsidiary Hype Ventures B.V., increasing its ownership from 80% to 100%. Hype Ventures B.V. is an Amsterdam-based Group company of CLIQ Digital AG. It provides streaming entertainment services to consumers worldwide. Hype Ventures B.V. holds 100% of the shares in the Dutch companies CMind B.V. and Tornika Media B.V. and 100% in the French company Tornika SAS. The transaction has economic effect as of 1 January 2021. The following table summarises the effect of change in the Group's ownership interest in Hype Ventures B.V.:

The 320,000 new shares will be entitled to dividends from 1 January 2021 and CLIQ Digital AG has agreed to a lock-up period after issuance of the new shares in May 2021. With this capital issue, the company's share capital will increase from €6,188,714.00 by €320,000.00 to €6,508,714.00.

| In '000 € | 31 Dec 2021 |
|---|---|
| Carrying amount of 20% NCI acquired | 3,391.7 |
| Considerations paid in cash during the period | -6,000.0 |
| Contingent considerations resulting from acquisitions | -848.5 |
| Other | -47.0 |
| **Decrease in equity attributable to owners of the company** | **-3,503.8** |

| In '000 € | 31 Dec 2021 |
|---|---|
| Increase in issued capital (320.000 x €1.00) | 320.0 |
| Increase in share premium (320.000 x €35.68) | 11,417.6 |
| Decrease in retained earnings | -15,241.4 |
| **Decrease in equity attributable to owners of the company** | **-3,503.8** |

## 30.2 Acquisition 20% interest Red27 MobileLimited

The Group acquired full control of the operations of Red27 Mobile Ltd. by acquiring the remaining 20% non-controlling interest from the two former co-founders and company directors, who have now left the Group. The total consideration for acquiring the 20% interest amounts to € 2.8 million. The transaction has been accounted for as of 1 December 2021.

| In '000 € | 31 Dec 2021 |
|---|---|
| Carrying amount of 20% NCI acquired | 1,424.5 |
| Considerations paid in cash during the period | -2,824.9 |
| **Decrease in equity attributable to owners of the Company** | **-1,400.4** |

# 31 REPORTING ON FINANCIAL INSTRUMENTS

## 31.1 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.

## 31.2 Carrying amounts, valuations and fair values by measurement categories as of 31 December 2021

| | | Carrying amounts | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| in '000 € | Note | Fair value through profit and loss | Fair value through OCI | Finan-cial 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** | | **-** | **1,500.1** | **-** | **-** | **-** | **-** | **-** | **1,500.1** | **1,500.1** |
| Forward exchange contracts | | - | - | - | - | - | - | - | - | - |
| Blacknut SAS | | - | 1,500.1 | - | - | - | - | - | 1,500.1 | 1,500.1 |
| **Financial assets not measured at fair value** | | **-** | **-** | **20,549.8** | **-** | **20,549.8** | **-** | **20.549,8** | **-** | **20.549,8** |
| Trade receivables | | - | - | 12,508.3 | - | 12,508.3 | - | 12,508.3 | - | 12,508.3 |
| Cash and cash equivalents | | - | - | 7,300.9 | - | 7,300.9 | - | 7,300.9 | - | 7,300.9 |
| Other assets | | - | - | 740.6 | - | 740.6 | - | 740.6 | - | 740.6 |
| **Financial liabilities measured at fair value** | | **-15.1** | **-** | **-** | **-3,226.7** | **-3,241.8** | **-15.1** | **-** | **-3,226.7** | **-3,241.8** |
| Liability for share-based payments | 28 | - | - | - | -2,102.5 | -2,102.5 | - | - | -2,102.5 | -2,102.5 |
| Contingent considerations | 27.2 | - | - | - | -1,124.2 | -1,124.2 | - | - | -1,124.2 | -1,124.2 |
| Forward exchange contracts | 27 | -15.1 | - | - | - | -15.1 | -15.1 | - | - | -15.1 |
| **Financial liabilities not measured at fair value** | | **-** | **-** | **-** | **-27,845.3** | **-27,845.3** | **-** | **-27,845.3** | **-** | **-27,845.3** |
| Bank borrowings | | - | - | - | -5,000.0 | -5,000.0 | - | -5,000.0 | - | -5,000.0 |
| Lease liabilities | 27 | - | - | - | -3,578.4 | -3,578.4 | - | -3,578.4 | - | -3,578.4 |
| Trade and other liabilities | 28 | - | - | - | -19,266.9 | -19,266.9 | - | -19,266.9 | - | -19,266.9 |

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

| | | 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 mea-sured at fair value** | | **11.3** | **-** | **-** | **-** | **11.3** | **-** | **11.3** |
| Forward exchange contracts | | 11.3 | 0 | 0 | 0 | 11.3 | 0 | 11.3 |
| **Financial assets mea-sured at fair value** | | **14,546.4** | **-** | **14,546.4** | **-** | **14,546.4** | **-** | **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** | **-** | **-14,367.4** | **-** | **-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 |

### 31.2.2 Fair value valuation techniques

| Financial Assets / Financial Liabilities | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship and sensitivity of unobservable inputs to fair value |
|---|---|---|---|
| **Financial Assets** | | | |
| Participation in Blacknut SAS | Income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. | Income Discounted cashflows | The share in Blacknut SAS was purchased in October 2021. The purchase price is the result of the negotiations between Cliq and the existing shareholders of Blacknut. The investment is for strategic purposes. The fair value at transaction date represents the fair value at closing date as there have been no material market developments during the short period. |
| **Financial Liabilities** | | | |
| Liability for share-based payments | Black-Scholes model. Refer to note 29.2 for the assumptions used in the model. | Historic volatility | Historic volatlity +10% impact on liability: + €21.000 Historic volatility -10% impact on liability: -€21.000 |
| Contingent considerations | Discounted cash flow method was used to capture the present value of the company arising from the contingent consideration. | Forecasted revenues | Forecasted revenue +10% impact on consideration: €75.700 Forecasted revenue -10% impact on consideration: -€75.700 |

### 31.2.3 Reconciliation of Level 3 fair value measurements of financial instruments

| Reconciliation of Level 3 fair value measurements of financial instruments | Liability for share-based payments | Contingent Consideration | Investment in equity instruments |
|---|---|---|---|
| **Balance at 1 January 2020** | **357.4** | **1,221.2** | **-** |
| Payment | -1,303.8 | -399.6 | - |
| Change in fair value (P&L) | 3,119.2 | -91.4 | - |
| Other | -1,047.9 | - | - |
| **Balance at 31 December 2020** | **1,122.8** | **730.2** | **-** |
| **Balance at 1 January 2021** | **1,122.8** | **730.2** | **-** |
| Assumed in Equity transaction (Note 30) | - | 848.5 | - |
| Purchase | - | - | 1,500.1 |
| Payments | -675.9 | -157.1 | - |
| Change in fair value (OCI) | - | - | - |
| Change in fair value (P&L) | 1,655.3 | -297.5 | - |
| **Balance at 31 December 2021** | **2,102.5** | **1,124.2** | **1,500.1** |

## 31.3 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 26) 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 23 to 25). 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.

# 31.4 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.

## 31.4.1 Credit risks

CLIQ endeavours 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 contractual agreements. Customers which are overdue for a period exceeding 30 days 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 reference is made to Note 20. 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 during the next 12 months for trade receivables and contract costs from individual customers as at 31 December 2021. The weighted average loss allowance is 0.7% lower in 2021 compared to 2020. This is due the smaller portion of increased credit risk as payment behaviour has improved.

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| In '000 € | Trade reveivables | Loss allowance | Weighted average loss rate | Trade reveivables | Loss allowance | Weighted average loss rate |
| Low credit risk | 1,199.6 | -14.4 | 1.2% | 1,799.1 | -22.1 | 1.2% |
| Normal credit risk | 9,603.5 | -446.3 | 4.6% | 7,008.3 | -268.4 | 3.8% |
| Increased credit risk | 51.6 | -38.7 | 75.0% | 82.4 | -65.0 | 78.9% |
| Individually credit risk | 1,378.6 | -975.1 | 70.7% | 1,525.5 | -974.4 | 63.9% |
| **Total** | **12,233.3** | **-1,474.6** | **12.1%** | **10,415.3** | **-1,329.9** | **12.8%** |

## 31.4.2 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 totalling €7,300.9 thousand (2020: €4,908.1 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 2021 | Payments 2021 | Payments 2022 to 2026 | Payments from 2026 |
|---|---|---|---|---|
| Trade payables | 7,917.6 | 7,917.6 | - | - |
| Bank borrowings (Note 26) | 4,954.6 | 4,954.6 | - | - |
| Financial liabilities | 4,717.7 | 888.1 | 2,832.6 | 997.0 |
| Other liabilities | 13,451.8 | 11,942.3 | 1,509.5 | - |
| **Total** | **31,041.7** | **25,702.6** | **4,342.1** | **997.0** |

| In '000 € | Gross value 31 December 2020 | Payments 2020 | Payments 2021 to 2025 | Payments from 2025 |
|---|---|---|---|---|
| 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** |

## 31.4.3 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.

## 31.4.4 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.

### 31.4.5 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 5,000.0 thousand (2020: €4,000.0 thousand), which created an inherent interest rate risk which can negatively impact financial results in the future. 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%. An increase or decrease of 100 basepoints in Euribor will lead to a deviation of €50 Thousand and is of minor importance for the Group for the reporting periods.

# 32 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 2021, the Board of 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 |

## 32.1 Remuneration for members of the Management Board

Management Board compensation is composed as follows:

| In '000 € | 2021 | 2020 |
|---|---|---|
| Payments due in the short term (excluding share-based compensation) | 4,860.1 | 1,896.2 |
| Share-based compensation | 1,931.4 | 1,253.4 |
| **Total compensation** | **6,791.5** | **3,149.6** |

As of 31 December 2021, the Management Board held a total of 120,000 stock options (2020: 157,500 stock options). The stock options can be exercised in a four-year period, under the conditions that the agreed performance targets are reached.

## 32.2 Remuneration for members of the supervisory board

Per 31 December 2021 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 €120 thousand to reimburse their expenses in the financial year (2020: €100 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 2021 (2020: nil).

# 33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As of the balance sheet date, the Group was not exposed to contingencies (2020: €nil), except for those disclosed in Note 27.2 related to the acquisition of the remaining interest in Hype Ventures B.V.

# 34 COMMITMENT FOR EXPENDITURE

The Group has no significant commitments for expenditures which have not already been recognised at balance sheet date. Reference is made to Note 26 for the new agreement for the credit facility.

# 35 EVENTS AFTER THE BALANCE SHEET DATE

There were no events between the balance sheet date and 28 February 2022 that could have a material effect. On 21 February 2022 the Group signed a term-sheet with Commerzbank AG to refinance the existing financing facility (Note 26).

28 February 2022

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 2021.

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 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, 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.

**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.

**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.

**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, 28 February 2022

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

| | |
|---|---|
| Stephan Kleinmann | Corinna Kaufhold |
| Wirtschaftsprüfer | Wirtschaftsprüferin |
| [German Public Auditor] | [German Public Auditor] |

# FINANCIAL CALENDAR

| | |
|---|---|
| 14 April | Annual General Meeting 2022 |
| 3 May | 1Q 2022 Financial Statement & Telephone Conference |
| 2 August | 2Q/6M 2022 Financial Statement & Telephone Conference |
| 3 November | 3Q/9M 2022 Financial Statement & Telephone Conference |

# IMPRINT


## Publisher

CLIQ Digital AG
Grünstraße 8
40212 Düsseldorf
Germany

T. +49 (0)211 9350 706
F. +49 (0)211 9350 150
investors@cliqdigital.com
www.cliqdigital.com

## Investor relations

Sebastian McCoskrie, s.mccoskrie@cliqdigital.com, +49 151 52043659

## Media relations

Daniela Münster, daniela.muenster@deekeling-arndt.com, +49 174 3358111

## Publication Date

Tuesday, 01 March 2022