CLIQ DIGITAL

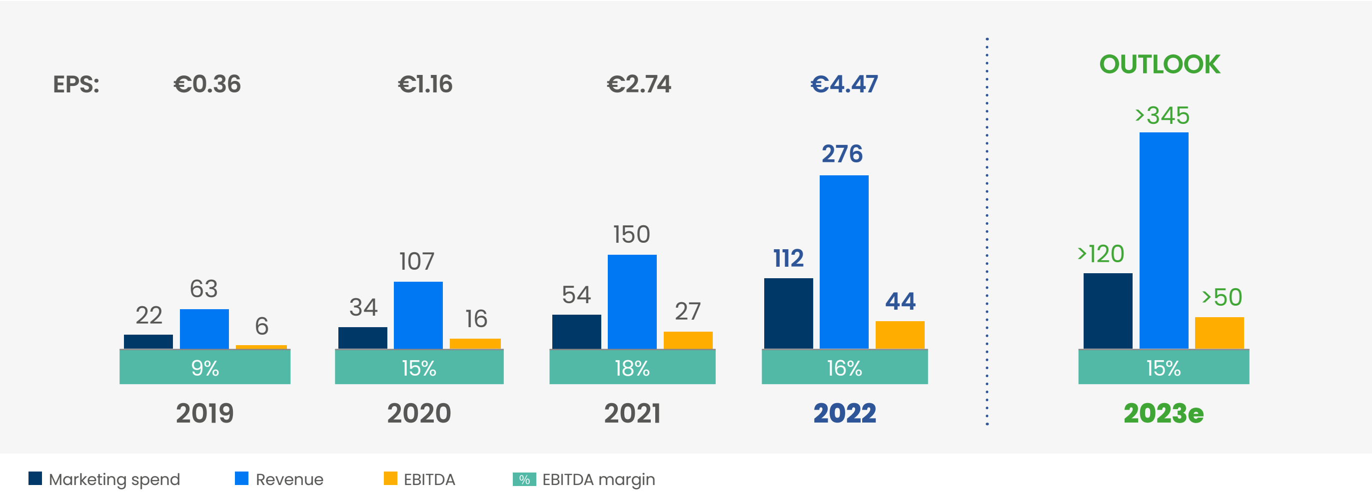
ANNUAL REPORT 2022

CLIQ DIGITAL

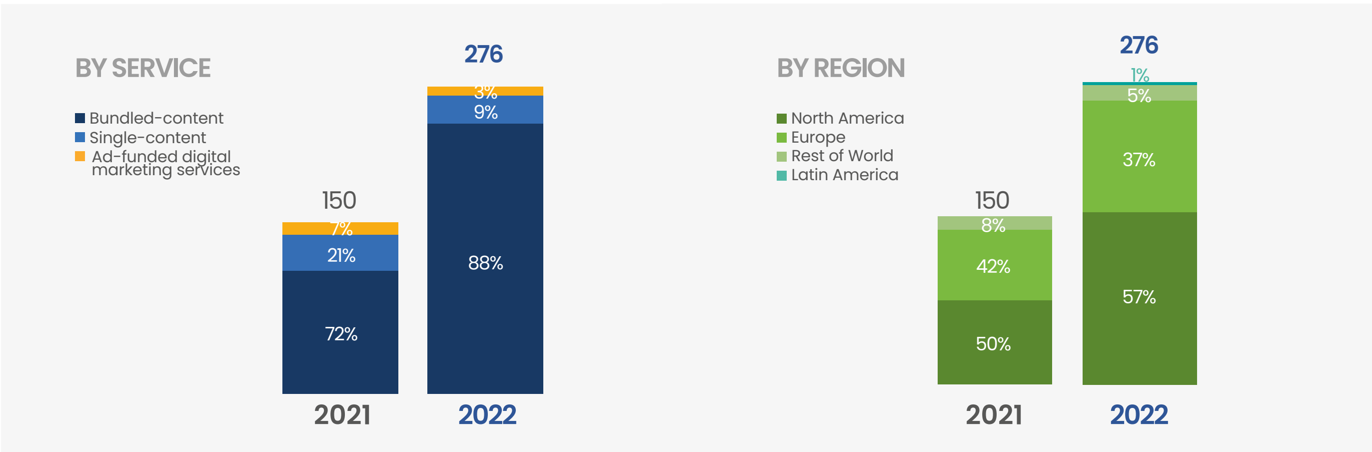
HIGHLIGHTS

in millions of €

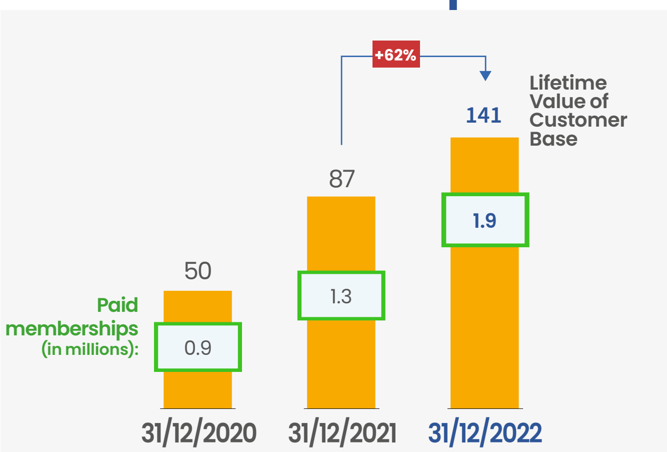
Business development



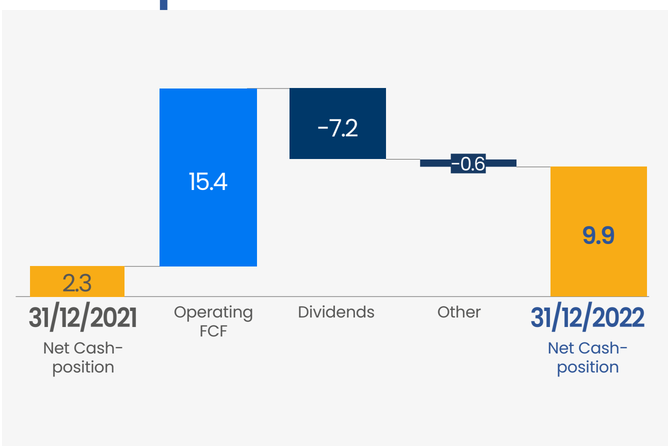
Revenue breakdown (in % of total)



Paid memberships



Cash position



FIVE-YEAR OVERVIEW

in millions of €

Sales & earnings

Sales & earnings	2022	2021	2020	2019	2018
Revenue	**276.1**	**150.0**	**107.0**	**63.1**	**58.2**
Marketing costs	89.8	44.9	32.4	21.23	18.9
EBITDA	**43.5**	**27.2**	**15.9**	**5.8**	**3.9**
EBITDA margin (in %)	**16.0**	**18.1**	**14.9**	**9.1**	**6.6**
EBIT	42.0	26.3	15.2	4.8	3.0
EBIT margin (in %)	15.0	17.5	14.2	7.6	5.1
Basic earnings per share	**4.47**	**2.74**	**1.16**	**0.36**	**0.35**
Diluted earnings per share	4.45	2.71	1.16	0.35	0.34

Cash flow

Cash flow	2022	2021	2020	2019	2018
Cash flow from operating activities	23.8	20.8	14.8	2.5	3.8
Cash flow from investing activities	-8.4	-4.8	-0.7	-0.4	-1.5
Operating free cash flow	**15.4**	**16.0**	**14.1**	**2.1**	**2.3**
Cash flow from financing activities	-7.7	-14.6	-3.6	-5.0	-3.6
Total cash flow	7.7	1.4	10.5	-2.9	-1.3

Balance sheet

Balance sheet	2022	2021	2020	2019	2018
Equity	81.3	59.6	55.6	46.7	47.8
Total assets	135.1	96.3	77.0	68.1	65.7
Equity ratio (in %)	59.7	61.9	72.3	68.6	72.7
Net financial debt(-)/ net liquidity(+)	9.9	2.3	0.9	-9.6	-6.8

KPIs

KPIs	2022	2021	2020	2019	2018
Paid memberships (in millions per 31/12)	1.9	1.3	0.9	0.6	N/A**
Lifetime Value of Customer Base (per 31/12)	141.0	87.0	50.0	38.0	37.0
Marketing spend	112.3	54.4	34.2	22.2	18.8
6M-Profitability Index	1.45x	1.59x	1.68x	1.51x	1.36x

**No data available for the year

Shares

Shares	2022	2021	2020	2019	2018
Share price (per 31/12)	25.20	24.70	16.60	2.90	1.71
Number of shares (per 31/12)	6,508,714	6,508,714	6,188,714	6,188,714	6,188,714
Market capitalisation (per 31/12)	164.0	160.8	102.7	17.9	10.6

Human resources

Human resources	2022	2021	2020	2019	2018
Full-time employees (per 31/12)	139	107	71	63	80
Part-time employees (per 31/12)	25	22	12	12	14
Total employees (per 31/12)	**164**	**129**	**83**	**75**	**94**

CONTENTS

TO OUR SHAREHOLDERS

GROUP MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

TO OUR SHAREHOLDERS

Dear shareholders and friends of CLIQ,

2022 was another fantastic year for the CLIQ Group. We again delivered what we promised and outperformed market expectations. All in all, we focused in 2022 on strengthening our operations and gained further traction in becoming more relevant to all our stakeholders.

Despite the challenging market environment, we grew our membership base, sales and earnings significantly; we expanded our workforce and entered into new markets in Latin America; and we updated our business strategy to build brand equity and increase visibility.

Major progress

We continued to focus on and execute our proven strategy of addressing the mass-market with our numerous bundled streaming services. Our market positioning gives us a distinct competitive advantage as we target value-orientated consumers searching for both entertainment and value for money.

We are marketing experts with close to 20 years of experience. The increased deployment of our successful online advertising campaigns enabled us to sell more memberships to our bundled and single-content streaming services than ever before and thus catering better to different entertainment tastes and consumption habits of families in particular.

We made considerable progress in our strategic business development and announced a pivotal corporate milestone with the launch of our flagship streaming service: cliq.de – our first-ever CLIQ-branded, bundled content family entertainment streaming service. From 15 December 2022 on, cliq.de offers comprehensive as well as localised content across five categories, retails at €6.99 per month after a 30-day free trial period and can be accessed on up to eight devices via a web-based portal as well as mobile and TV apps. We are very proud to put our brand name on such a great and appealing product, which will make us better known and more relevant to consumers, business partners and investors.

Dynamic growth

In 2022, our business strongly grew quarter by quarter and our growth path was supported by 35 new hires. All relevant financial and operational metrics improved, which enabled us to surpass both our top- and bottom-line targets and further markedly outperform the digital media market growth.

We invested a significant amount of our profits back into our company for further growth: more marketing means more members, which means more sales. At the end of 2022, we registered 1.9 million paid memberships – a strong increase of 45% year-on-year. Top-line, our sales in 2022 grew by 84% to €276 million, EBITDA increased by 60% to €44 million and €15 million operating free cash flow was generated. Bottom-line, EPS came in at €4.47, which allows us to propose a dividend of €1.79 to our next Annual General Meeting on 6 April, which corresponds to a dividend yield of 7.1% on the year-end close share price.

Focus on content

We added more new and attractive content to our streaming services as well as to our bundled content flagship streaming service, cliq.de. New multi-year agreements were signed with reputable content partners such as New Regency, Wild Bunch, LEONINE, Palatin, Mediatoon, High View, Sport1 and SPIEGEL. In addition, we introduced live concert recordings and karaoke to our content library in 2022 to also enhance the fun factor for our members. New content is key to attracting new members and plays a major role in increasing customer loyalty.

Important strategic decisions

In July, we secured the Group's financing of further organic and inorganic growth with a credit facility extension from previously €13.5 million to €37.5 million, with a further top-up option of €20 million, for an initial 3-year period.

For the first time in our company's history, a woman has been appointed to our Supervisory Board. With Nathalie Lam, the Group will be supervised by a highly experienced manager, who has won multiple global awards with the marketing campaigns she has led. She is listed amongst "The Colourful 50", a list of 50 people of colour, who have impact in the global marketing industry and ranks 49th on the list of the 100 most impactful marketers in The Netherlands.

Furthermore, our quarterly financial reporting has further improved its timeliness and scope, which looks to match that of companies with significantly larger operations and greater market capitalisation. Going forward, we will build a consistent and transparent sustainability reporting system, which will meet the legal and additional requirements of our stakeholders.

Strong outlook

We achieved a lot in 2022, even though it was a challenging year for many streaming consumers and providers. Yet there is still much to be done and we are convinced that we will become stronger and more relevant.

In 2023, we expect to exceed €345 million in sales and generate an EBITDA of at least €50 million. The underlying marketing spend is thereby predicted to be above €120 million.

Our outlook is based on the assumption of stable exchange rates and no further adjustments to the portfolio.

Level up together

Our motto for 2023 is to "level up together". Consequently, our task now is to build on the momentum of last year and improve as well as deliver results. We are focused on achieving our ambitious financial and nonfinancial business objectives and will pursue our growth course in the coming years.

We would like to thank you, our shareholders, on behalf of the entire CLIQ team. Thank you for your continued loyalty and support. We are doing everything in our power to justify your trust and promise to level up together!

Best,

Luc & Ben

MANAGEMENT BOARD

Luc Voncken (*1970)

CEO

Areas of responsibility

Communications, Human Resources, Licencing, Marketing, Operations.

Profile

Luc has been CEO of CLIQ Digital AG since 20 November 2012 and has been appointed to that position until 31 May 2024. 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 that could be played on the Internet as well as on mobile phones. He was shareholder of Golden Bytes (aggregator of mobile connectivity and market leader in The Netherlands) and initiated the first SMS TV voting for the Big Brother show in The Netherlands. In 2003, Luc co-founded Blinck International B.V. and held the position of CEO. In 2010, Blinck merged with TMG into CLIQ B.V. where Luc held the position of non-executive Board member. In 2012, CLIQ B.V. merged with Bob Mobile AG to form CLIQ Digital AG. Luc's strength is his power to innovate combined with operational excellence. Luc has a Master of Science in Business Economics (Amsterdam, The Netherlands).

Ben Bos (*1962)

MEMBER OF THE MANAGEMENT BOARD

Areas of responsibility

Finance, M&A, Legal, Corporate Development, Capital Markets.

Profile

Ben was appointed member of the Management Board of CLIQ Digital AG on 11 July 2014. His current appointment as a member of the Management Board runs until 31 May 2024. From 1993 to 1997, Ben held several positions at Arcade Entertainment B.V. (amongst others interim managing director of its German subsidiary). Arcade operated 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, and 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 joined CLIQ Digital AG. During this time, he (amongst others) structured the merger of two predecessors of CLIQ Digital AG.

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 a lawyer and business mediator at LPJ in Hamburg. Besides CLIQ Digital AG, Mathias is engaged in other supervisory assignments, amongst others in a company which is dealing with renewable energy.

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.

Nathalie Lam

Nathalie Lam is currently the Global Head of Sponsorship as well as Lead Inclusion and Diversity marketing transformation at Philips in Amsterdam. Nathalie has led brand marketing, sponsorship and inclusion & diversity communication programmes for numerous companies such as Red Bull, Heineken, Philips, KLM, Transavia, Rijksmuseum, SNS bank as well as for several broadcasters. Next to her brand role, she is leading a programme to enhance the Philips marketing representation by making the 360 communication touchpoints more diverse and inclusive. Nathalie has won multiple global awards with the campaigns she led: 2 Cannes Lions, 2 WOMMY, SAN, WPP and the Gold SponsorRing Award. She is listed amongst "The Colourful 50" (http://www.dekleurrijke50.nl/), a list of 50 people of colour, who have impact in the global marketing industry and ranks 49th on the list of the 100 most impactful marketers in The Netherlands.

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 2022 and the results of the audit of the annual and financial statements 2022.

During the past reporting year 2022, 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 Group.

Focal points of the work of the Supervisory Board

The Supervisory Board convened a total of six times in 2022. 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 2022 were held on 28 January, 28 February, 14 April, 5 July, 26 October and 9 December. The average attendance rate at the meetings of the Supervisory Board held in 2022 was 100 per cent.

At the six regular meetings, the Supervisory Board conducted in depth discussions on the reports from 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 2022 financial year the following significant items were the subject of the regular Supervisory Board meetings:

- Business planning, budget and Group strategy
- Quarterly- and half-year figures
- Financial status and (re-)financing of the Group
- Approval and adoption of the standalone financial statements 2021
- Approval of the consolidated financial statements 2021
- Approval of the proposal for profit appropriation for the year 2021 (€1.10 dividend per share)
- Remuneration of the Management Board
- Approvals regarding internal restructuring activities within the Group
- Review and approval of amendments to the Rules of Procedure for both the Supervisory Board and Management Board
- Approval of the convocation of the Annual General Meeting as a virtual meeting
- Reflection on the 2022 Annual General Meeting of CLIQ Digital AG.

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

- the approval of amendments to the Service Agreements (Dienstvertrag) of the Management Board for the year 2022
- the approval of an amendment and restatement to the existing credit facility with Commerzbank and Deutsche Bank
- the issuance of option rights for new shares in the Company to the Management Board within the framework of Stock Option Plan 2022
- the approval of an investment of in total 24.98% in Dreamspark SAS through subsidiary Cliq UK Holding B.V.
- the approval of the incorporation of Cliq Games B.V. with Cliq UK Holding B.V. as a majority shareholder and Blacknut SAS as a minority shareholder, and the appointment of directors to the (supervisory) board of Cliq Games B.V. and entering into shareholders' and service agreements in relation to the newly incorporated entity
- the approval of the sale of the Company's interest in Hippo Investments LLC

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 2022, 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 2022.

Personnel matters and composition of the Supervisory Board

The Supervisory Board of CLIQ Digital AG consists of Dr Mathias Schlichting (Chairman), Karel Tempelaar and Nathalie Lam. Niels Walboomers resigned from office with effect from 19 October 2022 due to personal reasons. Mr Walboomers was a member of the Supervisory Board since 28 July 2015 and during his term of office, he advised on, reviewed and supported key decisions regarding the strategic and business development of the CLIQ Digital Group. The Supervisory Board would like to thank Mr Walboomers for his valuable and trusted contribution to the Company over many years and wish him all the best for the future.

Nathalie Lam has been appointed by the local court (Amtsgericht) of Düsseldorf as successor to Niels Walboomers on 20 October 2022 in accordance with the German Stock Corporation Act (AktG). The Supervisory Board intends to propose to the Company's 2023 Annual General Meeting, which is expected to be held on 6 April 2023, the election of Nathalie Lam as member of the Supervisory Board for the period following the 2023 Annual General Meeting. The Supervisory Board is delighted that Nathalie Lam accepted the open position within the Supervisory Board after the resignation of Niels Walboomers.

Approval of single-entity and consolidated financial statements for 2022

The single-entity and consolidated financial statements as of 31 December 2022, as well as the Group management report for the 2022 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. Both reports received an unqualified audit opinion.

The Supervisory Board examined the single-entity and consolidated financial statements as of 31 December 2022 as well as the Group management report for the 2022 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 20 February 2023, the Management Board explained the single-entity and consolidated financial statements as of 31 December 2022, the Group Management Report for the 2022 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 20 February 2023: The single-entity financial statements as of 31 December 2022 as well as the consolidated financial statements as of 31 December 2022 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 Management Board's proposal to distribute from the Company's retained earnings of €16.245 thousand a dividend of €1.79 per dividend-bearing share and to carry forward the remainder.

Thanks and recognition

The Supervisory Board thanks the Management Board as well as all employees for their dedication and good work in 2022. The Supervisory Board would also like to thank the shareholders for their trust and support in CLIQ Digital.

Düsseldorf, 20 February 2023

For the Supervisory Board

Dr Mathias Schlichting
Chairman of the Supervisory Board

INVESTOR INFORMATION

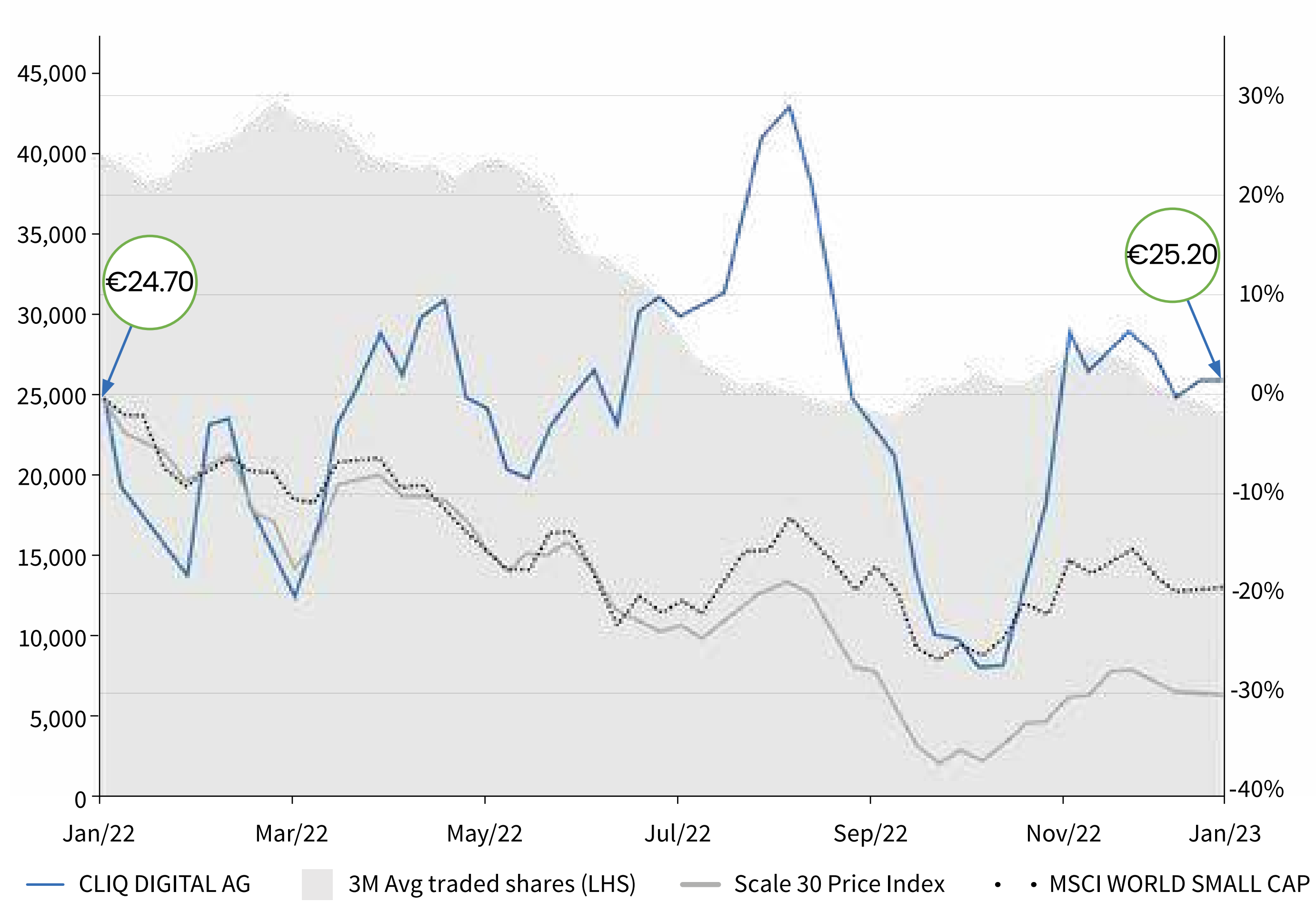
Volatile capital markets

2022 was a difficult year for capital markets. The Russian war of aggression in Ukraine, soaring inflation and the historic rise in yields on the 10-year US Treasury in response to the US Federal Reserve's interest rate hikes made for a disastrous performance in the global equity and bond markets in 2022. Both tech sector companies and small- and mid-cap companies were particularly negatively affected.

Higher inflation puts greater value on margins and equity investors in small- and mid-cap companies are transitioning from a cycle focusing purely on top-line growth to a cycle where they focus increasingly on profitability and margins. Moreover, with the risks of recession and the increase in cost of capital, investors want profitable companies, with good ROE, little leverage, high margins, and stable growth. Maintaining higher margins will be difficult for some small- and mid-cap stocks at these levels with higher input costs from raw materials, energy prices, higher wages, supply chain disruptions, regulatory costs, de-globalisation, ESG and potentially even higher taxes to repay government debt.

Share price performance

In light of the turbulent stock market development seen in 2022, the CLIQ Digital Group shares performed exceptionally and very resiliently in relative terms with the performance of both the tech sector and the Group’s benchmark indices.



At the beginning of the year, the price of CLIQ shares rose from €24.70 to a high of €32.70 on 8 August. The share price then retreated to €16.82 on 13 October and subsequently recovered, closing at €25.20 on 30 December: +2.02% higher year-on-year, a sector untypical increase which also included the €1.10 dividend per share paid in May.

10-year total shareholder return

An investment in CLIQ at €4.80 at the end of 2012 would have resulted in a price gain of 425% by the end of 2022. Whereby the reinvestment of the dividend payouts (without interest) would have further resulted in a gain of 463%.

CLIQ Digital share data

	2022	2021	2020
Number of shares	6,508,714	6,508,714	6,188,714
Year-end price[1]	€25.20	€24.70	€16.60
Market capitalisation (31/12)	€164.0m	€160.8m	€102.7m
52W High[1]	€32.70	€41.30	€19.40
52W Low[1]	€16.82	€15.20	€2.10
Average daily trading volume	29,178	63,980	49,655
Earnings per share (basic)	€4.47	€2.74	€1.16
Dividend per share	€1.79[2]	€1.10	€0.46
Dividend yield based on year-end price[1]	7.1%[2]	4.5%	2.8%
Total dividend paid	€11.7m[2]	€7.2m	€3.3m

Benchmark index outperformance

CLIQ Digital's share price development in 2022 (+2%) outperformed all relevant benchmark indices, namely Scale 30 Index (-31%), Scale All Share Index (-36%) and MSCI World Small Cap Index (-20%) as well as SDAX (-27%) and TecDAX (-26%).

Of the 50 constituent shares of the Scale All Share Index, CLIQ Digital's performance in 2022 ranked 6th, after ranking seventeenth in the previous year.

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

Trading volume

In 2022, CLIQ shares traded in the SME segment Scale with a turnover of €176 million (PY: €417 million), of which €132 million were traded on Xetra and in Frankfurt – making CLIQ's the third highest overall trading turnover in Scale in 2022.

1 Xetra closing price
2 Proposal to the Annual General Meeting on 6 April 2023

In absolute terms, the average daily trading volume of the CLIQ Digital shares across all relevant stock exchanges amounted to 29,178 shares and was 54% lower compared to the previous year (PY: 63,980). Moreover, total Xetra trading was down by almost 2% in 2022 with an order book turnover value of €1.528 trillion in 2022 (2021: €1.555 trillion).

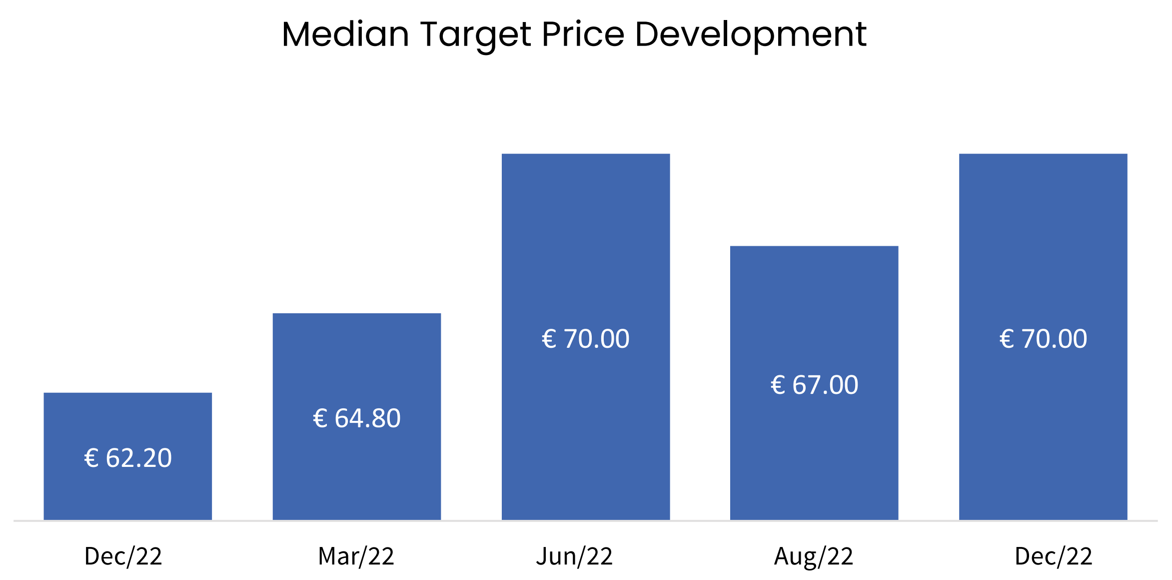
CLIQ Digital shares are listed in the Scale segment. Scale is the Deutsche Börse's segment for small and midsized companies offering access to investors and efficient equity financing. It is a formally registered SME Growth Market according to EU standards. This segment of the Open Market serves as an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

Dividend & 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 €1.79 per share for 2022 (2021: €1.10 per share). Based on the closing price at the year-end of 2022, the dividend yield is 7.1%.

Analysts' recommendations

Seven analysts from domestic and foreign investment banks and brokerage firms publish studies on CLIQ Digital stock on a regular basis. Of the analyst recommendations published as at the end of 2022, five were positive, one was neutral and one does not issue a rating. At the 2022 year-end close, the median target price was €70.00 (31/12/2021: €62.20), whereby the highest share price target was €80.00 (31/12/2021: €75.00), and the lowest estimate was €26.50 (31/12/2021: €29.00).

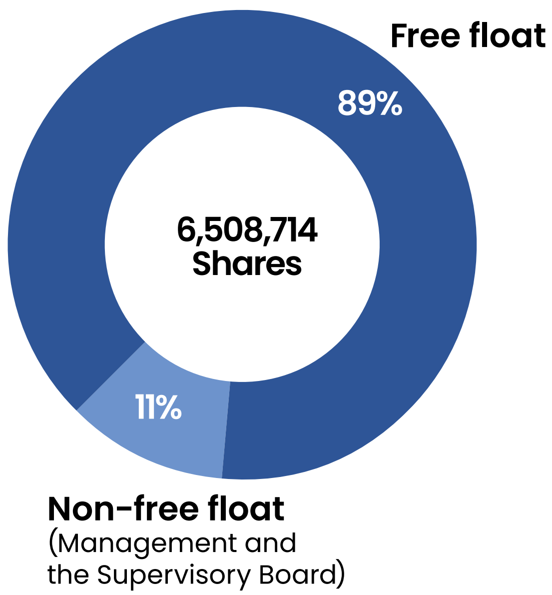


As at 31 December 2022:

Rating	Broker	Analyst	Target price / Fair value (FV)	Target market cap / FV market cap
BUY	HAUCK & AUFHÄUSER	Marie-Thérèse Grübner	€70.00	€456m
	montega	Tim Kruse	€70.00	€456m
	Pareto	Mark Josefson	€72.00	€469m
	QUIRIN PRIVATBANK	Ralf Marinoni	€80.00	€521m
	Warburg Research	Felix Ellmann	€68.00	€443m
HOLD	Kepler Cheuvreux	Antoine Lensel	€26.50	€173m
n/a	EDISON	Fiona Orford-Williams	€60.20	€392m
	MEDIAN		**€70.00**	**€456m**

Ownership structure

As at 31 December 2022, members of the Management Board and the Supervisory Board jointly held 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. Internationally they are mainly held by investors from continental Europe, the United Kingdom and North America.

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.

Investor relations activities

In 2022, despite the risk-off investment setting where many investors reduced their investment and meeting activity, CLIQ Digital conducted 6 non-deal-related roadshows (PY: 11, all virtual) and presented at 21 investment conferences (PY: 24, mostly virtual), which provided a broad range of national and international investors access to the Group's management.

8 Feb	CF&B Frankfurt Midcap Event
9 Feb	Dr Kalliwoda Capital Markets cConference
30 Mar	Pareto TechIT Conference
4 Apr	CF&B SmallCap Event, Paris
5 Apr	Investor Access Event, Paris
6 Apr	Metzler MicroCap Days 2022
4 May	MKK – Münchner Kapitalmarkt Konferenz
16 May	CF&B Copenhagen Midcap Event
18 May	PLATOW EURO FINANCE Small Cap Konferenz
23-24 May	German Spring Conference
2 Jun	Quirin Champions-Konferenz
8 Jun	Dr Kalliwoda Warsaw conference
23 Jun	CF&B Spring Midcap Event, Paris
27 Aug	Riverboat Cruise event, Heidelberg
5-6 Sep	German Autumn Conference, Frankfurt
19 Sep	Berenberg & Goldman Sachs GCC 2022
6 Oct	Investor Access Event
19 Oct	Prior Conference, Frankfurt
16 Nov	CF&B Madrid Midcap Event
29-30 Nov	Deutsches Eigenkapitalforum 2022
1-2 Dec	CF&B Geneva Midcap Event

The conferences and roadshows focused mainly on Germany and Europe and were mostly conducted by Ben Bos, member of the Management Board.

Annual General Meeting

The 2022 Annual General Meeting of CLIQ Digital AG was held virtually on 14 April and around 35% of the total voting share capital was present (PY: 35%).

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 €1.10 (PY: €0.46) per share. Furthermore, all capital measures and the share buyback programme were resolved, and the actions of the Management Board and the Supervisory Board in the business year 2022 were approved.

ESG investing

In 2022, the capital market's focus moved slightly away from sustainability issues and was dominated by financial performance and operational target-setting. Nevertheless, several sustainability-related topics and questions were raised during the year by investors and rating agencies underscoring the importance of the subject matter. CLIQ's focus on its sustainability strategy and non-financial Group targets and the role they play in Company management will continue to increase going forward.

SUSTAINABILITY STRATEGIES AND INITIATIVES

General strategy

During 2023, the CLIQ Digital Group will develop a materiality assessment to identify sustainability strategies related to its streaming services, geographical areas of influence and relationship with stakeholders. CLIQ will engage in a dialogue with its most relevant stakeholders around sustainability issues to define both the financial and non-financial materiality of the business model. The materiality assessment will be conducted on the basis of a due diligence process as identified in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

As a result, potential and actual sustainability impact of CLIQ's business model will be identified. In a further analysis, the risks and opportunities presented in the General Management Report will be extended to include those material impacts. The renewed scope will yield potential financial impacts attached to social and environmental conditions in the short-, medium- and long-term. This information will be a fundamental input to define and continuously update the CLIQ Digital Group's sustainable growth strategy.

Additionally, the materiality analysis will provide the starting point to develop targeted environmental, social and governance policies and actions.

As a global streaming service provider, the CLIQ Digital Group has limited impact in the wind-, water-, solid mass- and temperature-related climate hazards when compared with other sectors like agriculture or mining.

ENVIRONMENTAL

TARGET:

The CLIQ Digital Group will align its climate change mitigation or adaptation plans to achieve carbon neutrality, i.e. net zero carbon dioxide emissions, by the end of 2029.

During 2023, the Group will perform the measurements of the organisational carbon footprint to determine the amount of greenhouse gases (GHG) – emitted via its direct and indirect operations as well as those emitted along its value chain,otherwise known as scope 1, 2 and 3, respectively. Additionally, the Group will engage in active co-operation with its business partners to further identify potential reuse, repurpose and recycle sources along CLIQ's value chain (circular economy). This information will lay out the foundation to assess at a later stage the environmental footprint of CLIQ's streaming services.

The footprint baselines will be the reference points to measure the impact of a resource management policy and the implementation of environmental actions in CLIQ's business model that support the decarbonisation of the (European) economy.

SOCIAL

TARGET:

The CLIQ Digital Group is committed to achieving management gender parity by the end of 2029.

The CLIQ Digital Group identifies in its workforce its greatest asset. The Group has progressed towards promoting inclusivity and diversity in the workforce, hiring employees from 37 countries. Furthermore, CLIQ has taken steps to promote fairness, work-life balance, health and safety, training and development, and to encourage a social dialogue between management and the Group's workforce.

During 2023, the Group will consolidate its activities into policies that address the identification, assessment, management and/or remediation of material impacts on CLIQ's workforce. At the same time, CLIQ will engage with its business partners to identify potential social impacts along its value chain.

Additionally, the CLIQ Digital Group will continuously review its already stringent rules safeguarding customer privacy and its data security. The group performs annual privacy and data security tests with the purpose of evaluating if and how the CLIQ's business model is creating, exacerbating or mitigating significant material impacts to its members. These tests are performed following legal requirements and additional in-house guidelines.

GOVERNANCE

TARGET:

The CLIQ Digital Group is committed to be accountable for its actions, including its approach to corporate governance and policies. The Group will continue to meet the highest ethical standards and comply with all applicable laws, rules and regulations.

The CLIQ Digital Group endeavours to increase the organisational control of its processes and procedures as well as the performance of its business conduct.

During 2023, CLIQ will continue to strengthen policies to support transparent and sustainable business practices for the benefit of all stakeholders. The Group will focus on strengthening policies around improving relationships with its suppliers, avoiding corruption and bribery, protecting whistleblowers and promoting a best corporate culture.
Additionally, the Group is analysing the suitability of the German Code of Conduct with the aim of potentially adopting it into policy.

Sustainability Initiatives

The CLIQ Digital Group has implemented initiatives in its day-to-day operations that "*meets the needs of the present without compromising the ability of future generations*"[3]. The following is a condensed update of the previously reported initiatives.

ENVIRONMENTAL

Conserving energy and resources: CLIQ's offices are developed around an open and modern design concept that reflects an innovative mindset and the Group's corporate design. To achieve this in an energy-efficient way, CLIQ renovated or adapted working spaces in all of its office locations. The Group collaborated with its business partners to install green spaces – vertical gardens -, renew electrical installations to meet the newest energy-saving standards and implemented heating management systems in each office location.

Through our business partner, the CLIQ Digital Group makes use of a state-of-the-art cloud server infrastructure. Currently, our partner is on its way to achieve 100% renewable energy use by 2025. This achievement will be a meaningful contribution towards CLIQ achieving carbon neutrality in 2029.

Considering the environmental impact generated from the use and disposal of technological devices, the Group procures equipment from partners that offer sustainable value chains. Once computing devices are acquired, CLIQ can accurately assess the environmental footprint of its devices. The information will be used to report CLIQ's corporate environmental footprint. Furthermore, the programme is guided by circular economy principles and provides resources for the repair, recovery and reuse of technological equipment.

During 2023, further resource and energy-saving initiatives will be developed and implemented based on the results of the materiality analysis. Further detail in terms of policies, actions, targets and metrics will be included.

Green mobility policy: The CLIQ Digital Group has a no-company-car policy in place. For commutes from home to the office, the Group encourages its employees to use public transport and/or bikes. Furthermore, CLIQ has partnered with Van Moof bikes in Amsterdam to provide its employees with an e-bike.

Supporting green vendors: The Group actively seeks office suppliers that have embedded green standard in the procurement of their production line. Coffee, tea and snacks are mostly sustainably sourced from certified partners across the Group's office locations.

SOCIAL

Corporate culture & Employee satisfaction: For CLIQ, it is important that its workforce is comprised of individuals with a range of characteristics, such as gender, religion, age, ethnicity, education and other attributes to reflect the company's inherent diversity. As of 31 of December, the Group employs 164 employees worldwide from 37 different nationalities.

CLIQ's Human Resource management activities are geared towards being a fair employer and furthermore, have a positive impact in the welfare of those who contribute to the Group's success. CLIQ's workplace is an inclusive environment that provides equal rights, compensation and opportunities for all employees, regardless of their gender, age, colour, physical ability and religious beliefs.

Following an extensive employee survey performed during 2022, the HR team will update and adjust some of its practices to better match the desired culture with the employees' perceived culture. The results indicate that CLIQ's workforce feels safe, appreciates the given opportunities and feels autonomous performing their daily tasks. Overall, employees felt heard by their managers with their ideas, requests and suggestions.

Health & safety: Next to providing a safe work environment, that les workplace prevention and emergency response systems, CLIQ Digital Group wants to promote a holistic approach to achieve a healthy work/life balance.

CLIQ's employees have access to:

- healthy snacks and fruit made available every day
- discounts on gym subscriptions for all offices
- a free gym in the Amsterdam office
- tax benefits for bike plans
- active company events such as participation in sports clinics and participation in running contests
- in- and external confidants
- assistance in personal financial advice on request

Talent management: The CLIQ Group provides generalised and targeted continuous educations strategies to its workforce. Every CLIQ employee has unlimited access to LinkedIn Learning Furthermore, teams have access to attend external seminar, trainings and workshops that further complements their technical ability to face the Group growth challenges.

The Group also promotes soft-skills formation. The different departments are encouraged to participating in (inter)departmental workshops for technical subjects, as well as workshops to promote team building.

During 2023, CLIQ will further invest in an extensive learning & leadership programme with the support of a specialist partner.

GOVERNANCE

Code of conduct: The Group follows recognised best practices to guide its business conduct. During 2023, CLIQ will analyse the suitability of adopting the German Code of Conduct within its business practices. This Code of Conduct would further guide CLIQ's daily actions and provide guidance for ethical and moral standards to which the Group is aiming.

3 Brundtland Report. 1987

Reporting system: significant steps have been taken to increase the reporting scope, quality and timeliness of quarterly financial statements beyond the Group's statutory obligations. Furthermore, CLIQ presents its quarterly financial results in a conference call format along with its respective unaudited financial statements. Finally, CLIQ produces short-format videos to improve its relationships with interested stakeholders about its quarterly financial highlights.

Transparent procedures and practices: The Group is mapping procedures and practices throughout the organisation with the purpose of outlining the teams' touchpoints. The mapping will identify cross-functional core processes and thus contribute to the Group's overall efficiency.

Privacy and data protection: CLIQ's technology department actively tries and succeeds to prevent 3rd party fraudulent activities.

Segregation of duties principle: it is a preventive control in which certain procedural steps, work processes and procedures, task, decisions, actions might only be carried out by identical decision of at least two persons. The aim of the segregation of duties principles is to reduce the risk of error and misuse.

Whistle-blower policy: During 2023, CLIQ will assess the strengthening of its whistleblowing policies to protect those that might inform on others, or make public disclosure of corruption, wrongdoing, problems or secret information. The Group reaffirms its commitment to investigate allegations of improper business conduct and/or ethical challenges. The Group is committed to deal with reported incidents swiftly and objectively.

Furthermore, the Group will assess its currents policies against the anti-bribery and anti-corruption guidelines of the United Nations Conventions against Corruption. Finally, CLIQ Digital Group will perform a Group-wide business conduct training to inform its workforce of an updated anti-corruption and anti-bribery policies on a regular basis.

Investment case

01 Growth company with a proven successful and profitable business model

Experienced team of industry professionals in streaming services and online advertising

03 Strong track record with own online advertising team and creating all-in-one streaming services

Highly scalable and resilient business addressing a fast-growing mass market globally

05 Uniquely positioned as an all-in-one streaming service with a clear competitive advantages

Proprietary marketing and business know-how based on in-house data intelligence systems

07 Solid balance sheet, debt-free and a strong positive cash flow, enabling the company to have an attractive 40% dividend payout policy

Contents

1 FUNDAMENTAL INFORMATION ABOUT THE GROUP

1.1 Group Profile

The CLIQ Digital Group (hereafter, "the Group" or "CLIQ") sells subscription-based streaming services that bundle movies & series, music, audiobooks, sports and games to consumers globally.

The CLIQ Digital Group operates in over 30 countries and employed 164 staff from 37 different nationalities as at 31 December 2022. The Group is headquartered in Düsseldorf and has offices in Amsterdam, Paris, London and Toronto.

1.2 Business Model

The Group licences streaming content from partners across multiple categories, bundles it and sells the content through numerous streaming services by sparking interest via online advertising.

The Group has a long and successful corporate history in online advertising and creating streaming services that are advertised towards specific consumer groups. The Group's online advertising expertise enables it to achieve an above-market standard conversion rate. As well as its experience related to streaming services, the Group's knowledge base is key and a core competency of CLIQ.

At the year-end close, the Group's subscription-based service offered two product lines:

1) bundled content services such as 'cliq.de' and 'vimovigo.com'
2) single-content services such as 'Screamstream.com' and 'Hoerbie.com'

The bundled content services offer a wide-ranging entertainment bundle for the whole family whereas the single-content services target specific audiences, for example audiobooks and music content specifically for kids, or scary movie content for horror fans.

New members are targeted via online advertising campaigns and can subscribe online to dynamically priced streaming services. Payment for these services is concluded by different payment means, predominantly credit card payments.

The online advertising campaigns are driven by the Group's proprietary business intelligence gathered over many years, which provides in-depth target customer behaviour insight and focuses on achieving profitable 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 licenced and not owned nor self-produced by the Group, which also enables the Group to charge competitive prices to its members. Providing customer satisfaction and a good entertainment experience rank high in the Group.

1.3 Group Structure

The parent company of the CLIQ Digital Group is CLIQ Digital AG located in Düsseldorf, Germany. The shares of CLIQ Digital AG are listed in the Scale market segment of the Frankfurt Stock Exchange (ISIN DE000A0HHJR3) and CLIQ Digital AG is a constituent of the Scale30, Scale All Share and MSCI World Micro Cap indices.

Until August 2022 the Group's activities could be divided into digital entertainment services and (ad-funded) digital marketing services. Following a strategic realignment, the business activities relating to the (ad-funded) digital marketing services were discontinued as of mid-August 2022. The strategic realignment prescribes greater focus on selling the subscription-based, bundled content streaming services and better linking the operations and processes to the Group's goals and overall business strategy.

Other Group structure changes

In June 2022, CLIQ Games B.V. was incorporated, in which the CLIQ UK Holding B.V. holds a controlling interest of 60% and Blacknut S.A.S. of 40%. CLIQ Games B.V. was founded to combine Blacknut's growth-driving cloud gaming product with CLIQ's expert advertising and distribution channels for a single-content service proposition.

In June 2022, CLIQ UK Holding B.V. invested in a minority stake in Dreamspark S.A.S., a recently founded, Paris-based creative and production studio specialising in selling and producing unscripted entertainment for television and streaming services.

On 28 June 2022, the dormant company Hypecode S.A.S. was renamed to Bunkr Technologies S.A.S. and a 20% interest share was sold.

All of the above companies contributed limited to no business activities during the reporting period.

Corporate restructuring project

As at the reporting date, the Group is reviewing the Group company structure to reorganise and streamline the number of non-essential subsidiaries with the purpose of optimising the Group's structure to support its current business model. It is expected that the total number of Group companies will be reduced by liquidating or merging dormant companies. As part of the corporate restructuring project started in the fourth quarter of 2022, the dormant companies Vipmob B.V., Guerilla Mobile Asia Pacific Pte. Ltd and TMG Singapore PTE Ltd. are in the process of being liquidated. GIM Global Investments Munich GmbH has merged into Rheinkraft Production GmbH during the fourth quarter of 2022. During the first quarter of 2023 Hype Ventures B.V. will be merged with CLIQ UK Holding B.V..

1.4 Group Strategy

At CLIQ, we want to cater to our members' needs by providing them with entertainment variety across multiple content categories in one simple membership and keep them entertained.

CLIQ Digital Group's corporate strategy focuses on creating additional value for its stakeholders with the objective to increase the value of the Group sustainably.

The Group develops innovative product solutions to address the digital entertainment needs of the mass market in its operating countries. The Group drives the operational performance of its business by advertising its product offerings directly to consumers and by optimising the content allocation to global as well as regional demands.

Customer strategy

The CLIQ Digital Group utilises direct to consumer (D2C) selling channels for its consumer streaming services. This Group-wide customer strategy endeavours to foster better customer relationships by providing a smooth and consistent user experience – both technically and content-wise – across all channels.

One of the Group's aims is to increase customer retention and operates its content strategy to achieve more valuable and lasting relationships with its customers. All subscription-based streaming services offered include a free trial period as well as a no-nonsense cancellation policy. The Group operates an expert customer service team with email and telephone helplines as well as a live chat support for cliq.de to provide an experience that keeps members more engaged and promotes longer term loyalty.

In 2023, the Group will introduce a comprehensive "best of alles" (best of everything) brand marketing campaign to further support the sales and marketing of the CLIQ-branded bundled content service 'cliq.de' in Germany. This nationwide campaign reflects the brand's positioning as simple and affordable, in particular to attract value-orientated consumers currently burdened by high energy and household prices. The campaign will increase the outreach to the target audiences via the channels TV and Out-of-home advertising and improve the service's and the Group's visibility in the German market with native mobile apps (IOS and Android) and TV apps (FireTV and AndroidTV).

The Group is closely monitoring market developments for online advertising platforms, especially with regard to new channels and platforms.

Product strategy

The Group owns and operates numerous dynamically priced, predominantly white-labelled streaming services in all operating countries. These services provide both single- and bundled content streaming entertainment services. The bundled content services constitute by far the majority of the Group's sales.

For the first time ever, the Group launched in 2022 a branded service, which bears the name of the Group: on 15 December 2022, the flagship streaming service: 'cliq.de', an upscaled bundled content service with new features and content, was launched on the web and native apps (mobile and TV) in Germany. At a virtual event on 15 June 2022, Management showcased the new service with its monthly membership fee of €6.99.

In addition, the Group is examining the possibilities of extending its service range to include a complimentary ad-funded subscription service. This service could be operated to initially harness further customer interest with the intention of securing a longer-term customer relationship on a paid membership service basis.

Content strategy

The Group's bundled content proposition is targeted to the entire family and comprises continuously updated international as well as localised content. The Group currently licences all its content and endeavours to further improve the quality and quantity of its content offering.

In 2022, new content was licenced for the movies & series, music and sports verticals. The Group entered into content agreements amongst others with LEONINE, Wild Bunch, New Regency, SPIEGEL TV, Sportdigital, Sport1 and High View. High-quality and award-winning movies starring world-famous Hollywood actors as well popular documentaries, history and science channels were added to the Group's content catalogue. In addition, new multi-genre music TV channels, live concert recordings and karaoke were included, and the new broader sports content includes live match streams from domestic and international football leagues, darts, US-sports, motorsports, eSports and many other sports.

In future, the Group will strategically focus on bolstering and growing its content offering with attractive family entertainment across all verticals and include differentiating specialised niche content.

Marketing strategy

The Group sells its streaming services predominantly by using online advertising. Online advertising requires the use of multiple categorised marketing URLs to secure the different offers are placed with the right publishers and target audience. In order to protect against a broad range of competitors in media buying, the Group does not disclose these URLs, as this would lead to increased pricing and lower conversions as more advertisers would target the same advertising space as the Group uses.

The Group's marketing strategy for its online advertising is to fundamentally grow the Group's business by addressing potential members and advertising its services on the best possible platforms with the most effective outreach and profitable conversion rates.

The Group's marketing strategy for its brand marketing is to visualise the CLIQ-branded, bundled content services via TV commercials, out-of-home advertisements and paid partnerships for example, with the objective to capture new audiences, improve customer stickiness and strengthen the Group's visibility and awareness.

► For more information about the Group's marketing activities, see examples of its advertising campaigns at **https://cliqdigital.com/campaigns.**

Expansion strategy

In the third quarter 2022, the Group reported new market entries into Latin America and generated its first sales there.

Organically, the Group's growth strategy into new regions always starts with feasibility studies that look at the demographics of the mass market. The availability of licenced content in the local language is important, as well as payment service providers for member payments (according to local customs) and an existing advertising space with a wide outreach. Following a successful operational test phase with continuous measurement of the business development and growth potential, more content is added, the online advertising campaigns are ramped up and the sales density is increased. In 2022, the Group entered Latin America and generated revenue to the amount of €3.4 million.

Going forward, the Group aims to improve its sales densities in current operating countries and continue to enter new markets where the Group sees distinct and meaningful profitable growth opportunities.

Inorganically, the Group assumes an opportunistic approach towards corporate action and has a dedicated M&A team searching for and evaluating all potential mergers and acquisitions. The Group's M&A strategy is to pursue deals that are aligned with the corporate strategy, an extension to the Group's growth plan and generate both long-term value and resilience.

In 2022, the Group acquired a minority shareholding in Dreamspark S.A.S., The partnership entails the development of unscripted exclusive content for the German market to fortify CLIQ's bundled content offering in the German market under the brand 'cliq.de'.

Personnel strategy

At the end of 2022, the Group had 164 employees from 37 different nationalities working in a successful hybrid model for office working and working-from-home at all its international offices.

The personnel strategy aims to create intercultural synergies within the Group. To achieve this, the Group provides equal opportunities to all employees and candidates, as well as promotes an environment where unity in diversity is fostered through an inclusive workplace across all offices, departments and teams. The diversity of the workforce facilitates cultural and linguistic variety on all hierarchical levels.

Going forward, the Group will continue to grow its multicultural workforce to meet the Group's expansion plans, endeavour to attract highly qualified and talented employees and make the CLIQ Digital Group an attractive employer.

Communications strategy

The Group's communications strategy has the goal to strengthen relations to its stakeholders, including employees, investors, content partners, advertising platforms, the press and other interested parties, under principles of transparency and accountability.

In 2022, the Group's financial reporting has become more transparent and granular by providing more guidance, more insight into the operations and more colour on the underlying numbers and key performance indicators, including the number of paid memberships, revenue breakdowns and the average lifetime value of members amongst others. The quarterly financial reporting has become faster and the reports are published in the same comprehensive scope.

Furthermore, CLIQ has developed 3 innovative ways to communicate the Group's culture and to invite stakeholders to browse and learn about the Group's performance. The Group implemented a company blog, where interested parties can learn about the CLIQ culture and the Group's employees. Furthermore, the Group uses LinkedIn to promote special events and increase engagement. Finally, the Group produces quarterly videos to present its key financial highlights at a glance. These videos have proven to be very popular with over 2 million views during the year.

1.5 Corporate Governance

Governing bodies

As a German 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), Nathalie Lam and Karel Tempelaar. Nathalie Lam was appointed by the local court (Amtsgericht) of Düsseldorf as successor to Niels Walboomers on 20 October 2022 in accordance with the German Stock Corporation Act (AktG). The Supervisory Board intends to propose to CLIQ Digital AG's 2023 Annual General Meeting, which is to be held on 6 April 2023, the election of Nathalie Lam as member of the Supervisory Board for the period following the 2023 Annual General Meeting.

Karel Tempelaar, Luc Voncken and Ben Bos hold together approximately 11% of the share capital of CLIQ Digital AG as per 31 December 2022.

Control system

CLIQ 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 focus of the CLIQ Digital 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.

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

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

Paid memberships are completed memberships that are active at the end of the reporting period, i.e. the member has access to one of the streaming services and pays for the services.

The **Lifetime Value of Customer Base** is the future revenue expected to be generated by the existing members over their estimated individual remaining lifetime at the reporting date.

The **Profitability Index** 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 members. The profitability index is the determining factor in the decision-making process as to whether to invest in certain services or markets.

2 ECONOMIC REPORT

2.1 Economic Environment

Macroeconomic trends

Since spring 2022, the development of the global economy has been exposed to considerable challenges as a result of the Russia-Ukraine war. Since then, the focus has been on high energy prices, persistently high inflation with the associated loss of consumer purchasing power, and a more restrictive monetary policy. Inflation and economic uncertainties have led to a loss of purchasing power and a restrained propensity to consume among consumers.

In its latest World Economic Outlook of October 2022, the IMF expects the global economy to grow by 2.7% in 2023. While the USA is forecasted to grow by 1.0%, the Eurozone is expected to grow by 0.5%. This forecast represents a reduction of 1.8 percentage points compared with the IMF's April 2022 outlook for the Eurozone.[1]

For the German economy, the IMF forecasts a reduction of 0.3% in 2023 for the economic output. Accordingly, the weakening global economy and tighter monetary policy are having a negative impact on German exports and on investment activities in Germany.

The IMF also expects inflation in advanced economies to remain high at 3.1% in 2023. For the emerging economies on average, inflation is forecasted at a high level of 6.1% for 2023.

Market position

The pandemic has changed consumer behaviour in connection with entertainment and accelerated the trend toward media consumption via digital platforms. Increasing global availability and increasing speed of Internet connections continue to drive stable growth in demand for all types of digital media.

Increasing adoption and improvement of Artificial Intelligence technology and adoption of cloud-based solutions are positively impacting the market growth. Artificial intelligence can be used to suggest suitable recommendation to users based on past consumer behaviour. User behaviour can be better understood and predicted. At the same time, user demands for video quality, performance and security of digital media are increasing, which providers must meet with new technological advances.

With many different traditional media companies entering the digital entertainment market, competition is very challenging. Competition has led to fragmentation of content and the development of niche markets. Some providers have recently increased prices significantly after entering the market with a low-price strategy.

According to Statista's latest Digital Media Report, global digital media market revenues are expected to reach USD 376 billion in 2023, rising to USD 493 billion by 2027. This corresponds to a compound annual growth rate (CAGR) of 8%.[2]

Comparing the three major markets for digital media - the U.S., China, and Europe - the U.S. is the largest market with USD 104 billion in revenue in 2022. Despite a relatively low compound annual growth rate of 7.4%, the U.S. market is expected to exceed USD 149 billion in revenue by 2027. The second largest market for digital media is China, with a market volume of USD 67.3 billion in 2022, and with annual growth rates of 10%, revenues will be USD 108.4 billion in 2027, accounting for half of all revenues generated in Asia. The market in Europe is worth USD 53.7 billion in 2022, with video games being the largest segment. Revenues are expected to grow at a CAGR of 8.9% through 2027, when they will reach USD 82.1 billion.[3]

The global content streaming market, which includes video and audio content, grew 17.2% to USD 122.4 billion in 2022. The Russia-Ukraine war has slowed growth somewhat, as 18% was initially expected. The market is expected to reach USD 204.3 billion in 2026 at a CAGR of 13.7%. This represents a slight downward revision of the last estimate.[4]

The global video streaming market size was estimated at USD 80.8 billion in 2022. It is expected to grow at a CAGR of 15.6% from 2022 to 2027.[5]

The Management Board believes that the business model is robust, future-proof and highly scalable, and that CLIQ Group is well positioned to benefit from the ever-growing entertainment market for streaming services. CLIQ addresses the mass market in over 30 countries with its attractive range of bundled content services as well as single-content services, which in turn address niche markets.[6]

2.2 Market Development

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

Ad market

Following a strong recovery of the global advertising market in 2021, sales also reached a new record level in 2022. In 2022, global advertising spending increased by 9.2% to USD 816 billion. Spending on digital advertising accounts for a 65% share of the advertising market at USD 534 billion. In 2022, this area grew by 12.5%.

In 2023, total advertising spend is forecasted to grow steadily in both the European region (+5.8%) and North America (+5.7%). The Asian region will grow most strongly at 7.4%.

Significantly disproportionate growth is expected in the area of digital advertising spend relative to overall advertising spend growth. Globally, spending in this area is expected to grow by 10.8%, while revenues in the traditional area will decline by 2.3%. In the digital space, the video segment will grow the fastest at 15.5% in 2023 followed by the social and search segments. Apple targeting restrictions are hitting the social advertising segment, slowing growth in this area. Due to economic uncertainties, growth in 2022 was slightly below expectations at the beginning of the year.[7]

Digital ad prices have seen large increases in recent years, stabilising in 2022 due to economic uncertainties and increasing caution among advertisers.[8]

The U.S. market remains the largest advertising market with USD 342 billion in total advertising spend, followed by the Asian region with USD 255 billion. Europe makes up the smallest of the three markets with USD 196 billion.[9]

1 IMF World Economic Outlook Update, October 2022
2 Statista Digital Media Report 2022
3 Statista Digital Media Report 2022
4 https://www.thebusinessresearchcompany.com/report/content-streaming-global-market-report
5 Statista Digital Media Report 2022
6 Statista Digital Media Report 2022
7 https://magnaglobal.com/magna-advertising-forecasts-june-2022/
8 https://www.digitalinformationworld.com/2022/11/ad-prices-finally-stabilize-and-reach.html
9 https://magnaglobal.com/magna-advertising-forecasts-june-2022/

Content category: Films & Series

Compared to linear TV, the advantages of video-on-demand (VoD) offerings continue to convince consumers, so that the market could reach a size of USD 94.9 billion in 2022. The segment thus accounts for 28.6% of the digital media market. In 2023, the market is expected to grow by 17.3%. By 2027, the growth rate is expected to average 10.7%, with the market value reaching USD 157.9 billion. Video streaming (SVoD) accounts for the largest share of the market segment, accounting for 85% of VoD revenue.

The USA accounts for the largest sales market with a market value of USD 38 billion (40% market share). The Chinese market is smaller at USD 19.5 billion but is growing faster than the US market at 11.4% per year. The smallest and fastest-growing market is Europe, with a market value of USD 13.5 billion in 2022 and a CAGR of 12.4% through 2027.[10]

Box office revenues suffered a huge decline during the Corona pandemic, while the global streaming market benefited. PwC expects a strong recovery in cinema revenues beyond past levels in the coming years.[11] In the past, however, movie theatres could be considered more of a competitor to pay TV. While pay TV subscribers are expected to stagnate[12] over the next few years, revenues in this market are expected to decline significantly. After USD 153 billion in 2022, only USD 136 billion is expected to be generated in 2027. This would make the VoD market more important than the pay TV market in terms of size from 2027.[13]

Content category: Music

The music industry, now segmented into streaming and downloads, has had to fight hard against piracy and file sharing in recent decades. However, after years of decline and stagnation, the industry is on the rise again and today generates 95% of revenues from music streaming. Global revenues are expected to reach a record USD 15.1 billion in 2022. That's a 4.5% share of the digital media market. By 2027, the market is expected to reach a size of USD 20.1 billion, of which USD 18.9 billion will come from streaming. Accordingly, while the overall market will grow at 5.9% per year until 2027, the music streaming market will expand by an average of 6.7% per year.

Growth in the U.S. will be slightly lower at a CAGR of 5.3% through 2027, compared to 5.6% in Europe and 7.3% in China. While China has the highest number of streaming users, it makes up the smallest of the three markets in terms of revenue. In the U.S., users spend an average of USD 44 on streaming. In Europe and China, revenue per user is USD 28 and USD 7.[14]

Content category: Sports

Similar to the trend away from linear TV towards SVoD, there is also a movement in sports that reflects a shift away from classic TV formats towards more flexibility and the integration of online and streaming formats, also for live events. By 2022, 65.5 million Americans are already expected to have watched live sports competitions over the Internet. This number is expected to increase to over 90 million per year within the next 3 years.[15]

Global TV subscriptions were down 9% since 2019. At the same time, streaming subscriptions had a 41% increase. The global sports livestreaming market is expected to grow at a compound annual growth rate of 21.5% through 2027.[16]

In recent years, an increasing fragmentation of sports content across different platforms is developing, which is to the detriment of consumers. Interested parties of one sport currently need more and more different subscriptions to be able to watch all events live.[17]

Content category: Audiobooks

Audiobooks experienced a boom as a result of the pandemic. In 2022, the number of users and the amount of time people spend listening to audiobooks continued to rise. After 97 minutes of average listening time in the USA in 2021, the mark of 100 minutes a day was exceeded in 2022. This is an increase of 3.1%. For 2023, another 2.6% increase is expected. This means that in USA more time is already spent on digital audio platforms than listening to traditional radio.[18]

The audiobook market is estimated to be worth USD 5.1 billion in 2022. Until 2030, the market is expected to grow at a CAGR of 26.5% on average, reaching a value of USD 33.5 billion.[19]

The eBook market was worth 13.6 USD billion in 2022. The total ePublishing market, including ePapers and eMagazines, amounted to 24.9 USD billion. Until 2027, the total ePublishing market is expected to grow at a CAGR of 4 %, while the eBook sector will grow at 3.4 %. Among other things, this growth will be driven by improved eReaders. The growth will also be driven primarily by the European and Chinese markets with growth of 4.7 % and 7.1 %.[20]

Content category: Games

Video games account for the largest segment of the digital media market with a market volume of USD 197 billion in 2022. This corresponds to a share of 59.4% of the total digital media market. A CAGR of 7.7% is expected until 2027. The U.S., China, and Europe account for USD 120.7 billion, or 61.3% of video game revenue. The U.S. accounts for the largest share of the market at USD 51.3 billion and is growing at 7%. The Chinese market is growing the fastest at 9.6% but could be slowed by government restrictions. The European market accounts for the smallest of the three major markets at USD 26.2 billion and is growing at 7.4% annually through 2027.[21] PwC estimates the video game market to be worth USD 236 billion in 2022 and is expected to reach USD 321 billion in 2026, representing a CAGR of 8%.[22]

According to a Statista survey, the smartphone dominates as a platform for video games by a wide margin, followed by classic PCs and laptops as well as stationary game consoles. Mobile consoles are used by the fewest respondents.[23]

Major trends and drivers within the video games market are the areas of eSports and live streaming of video games. In addition to classic devices such as consoles, PCs and, above all, smartphones one technology is also growing rapidly in the gaming industry: cloud gaming (or gaming as a service) offers the possibility of playing a variety of games on different devices. Grand View Research expects the global cloud gaming market to grow at a CAGR of 45.8% by 2030.[24] Cloud gaming no longer requires expensive hardware on the part of the user. The ever-increasing speed of broadband connections is accelerating the trend of this technology.

Consolidation in the gaming market has been evident in recent years. An example of this in 2022 was the 60 billion US dollar takeover move of the largest gaming company Activision Blizzard by Microsoft. As a result, M&A transactions reached a record level as early as March, having already risen sharply in recent years.[25] Private equity investors are also showing increasing interest in the gaming industry.[26]

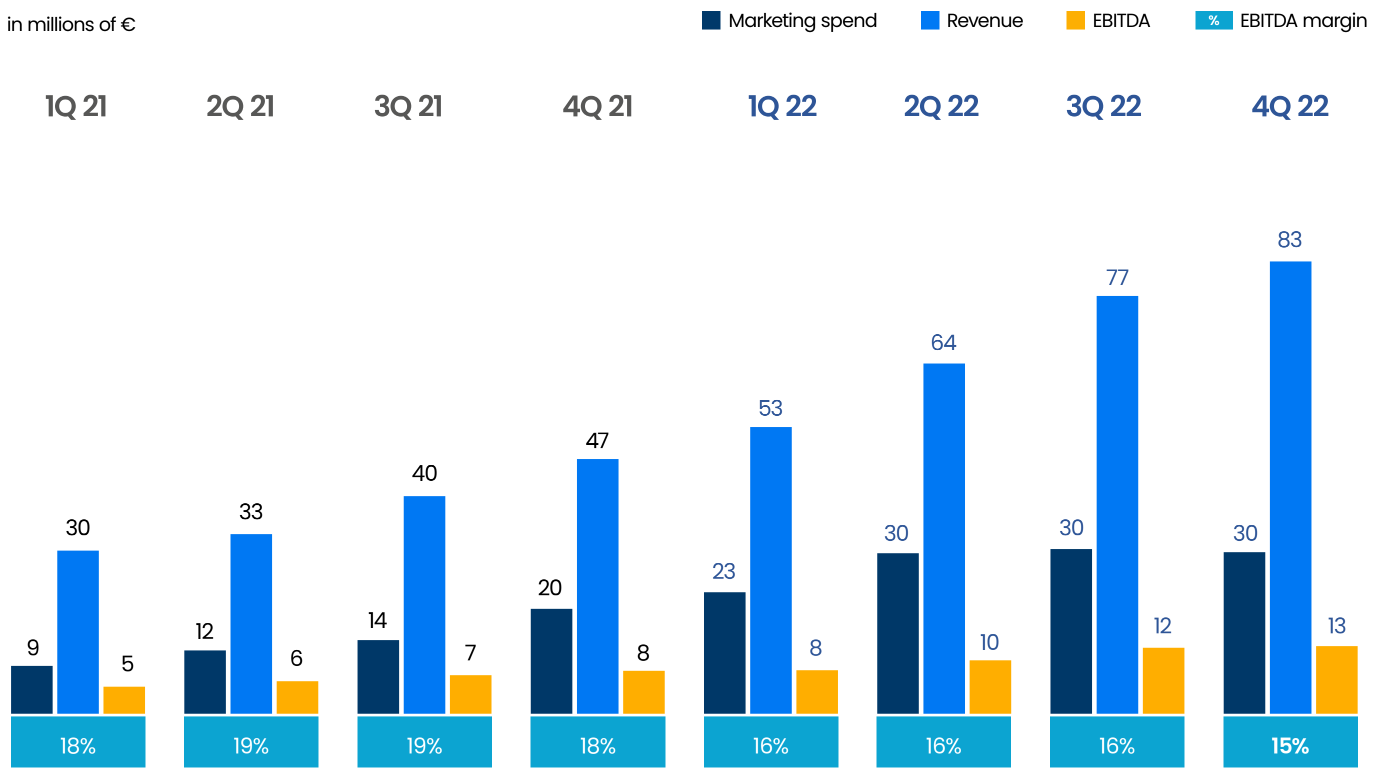
10 Statista Digital Media Report 2022
11 https://www.pwc.com/gx/en/industries/tmt/media/outlook/outlook-perspectives.html
12 https://www.statista.com/statistics/250373/number-of-pay-tv-subscribers-worldwide/
13 https://www.statista.com/statistics/251543/global-pay-tv-revenue/
14 Statista Digital Media Report 2022
15 https://www.statista.com/statistics/1127341/live-sport-viewership/
16 https://www.globalmarketestimates.com/market-report/online-live-video-sports-streaming-market-3794#:~:text=recent%20market%20numbers-,Global%20Online%20Live%20Video%20Sports%20Streaming%20Market%20Size,21.5%25%20from%202022%20to%202027.

17 https://www.insiderintelligence.com/content/future-of-live-sports-streaming
18 https://www.insiderintelligence.com/content/digital-audio-takes-up-increasing-share-of-us-digital-media-time
19 https://www.globenewswire.com/news-release/2022/07/26/2486464/0/en/Audiobooks-Market-Size-is-expected-to-Reach-at-USD-33-538-Million-by-2030-Registering-a-CAGR-of-26-5-Owing-to-Increasing-Number-of-Younger-and-Adult-Listeners.html
20 Statista Digital Media Report 2022
21 Statista Digital Media Report 2022
22 https://www.pwc.com/gx/en/industries/tmt/media/outlook/outlook-perspectives.html
23 Statista Digital Media Report 2022
24 https://www.grandviewresearch.com/industry-analysis/cloud-gaming-market
25 https://www.spglobal.com/marketintelligence/en/news-insights/blog/2022-already-record-year-for-video-game-ma
26 https://www.finance-magazin.de/deals/ma/lets-play-ma-markt-im-gaming-fieber-116877/

3 FINANCIAL POSITION OF THE GROUP

3.1 Business Development

The financial year 2022 was another year of record growth for CLIQ Digital Group and the Group exceeded its financial outlook as well as market expectations due to its strong business development and despite the more challenging market environment.



The most important growth driver in 2022 was the increase in paid memberships for the bundled content streaming services, which grew sustainably across all major regions thanks to more successful and stronger-than-ever advertising campaigns as well as an improved content catalogue. The investments made during the year into increasing the advertising volume and new content licencing deals led to the constantly growing number of memberships reported.

Group revenue continued to grow quarter by quarter to a record breaking €276.1 million for the full year 2022 (2021: €150.0 million). In 2022, the Group's marketing spend to acquire new members stabilised at around €30 million per quarter, which resulted in a total marketing spend for the year of €112.3 million (2021: €54.4 million).

EBITDA increased by 60% to €43.5 million (2021: €27.2 million) generating a margin of 16% (2021: 18%). Bottom line, EPS in 2022 rose by 63% to €4.47 (2021: €2.74) on the back of an underlying profit for the period of €29.0 million (2021: €18.2 million).

3.2 Key Performance Indicators

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

in millions of €	2022a	2022e (outlook)	2021a
Revenue	276	>250	150
Marketing spend	112	>90	54
EBITDA	44	>38	27
Paid memberships (in millions per 31/12)	1.9	>2.0	1.3
Lifetime Value of Customer Base (per 31/12)	141	>110	87
Profitability Index	1.45x	~1.51x	1.59x

Except for the Profitability Index, all key performance indicators in 2022 showed a significant improvement against the previous year and the Group was able to outperform most of its set targets.

The number of **paid memberships** increased by 45% to 1.9 million in 2022 (2021: 1.3 million), due to the increases in successful advertising campaigns and attractive content.

The **Lifetime Value of Customer Base** (LTVCB) as at 31 December 2022 grew to €141.0 million, which is an increase of €54 million (2021: €87.0 million) compared to last year. The higher LTVCB was the result of the increase in the number of paid memberships and the higher proportion of bundled-content streaming services within total Group revenue.

The six months' **Profitability Index** was 1.45x compared to 1.59x in 2021. The year-on-year decrease was related to a general increase in the customer acquisition costs across all regions, including the new market entry into Latin America.

3.3 Income Statement

Revenue

The Group generated revenue in FY 2022 of €276.1 million (2021: €150.0 million). This corresponds to an increase of 84% compared to the previous year.

The revenue breakdown by service was:

in millions of €	2022	in % of total revenue	2021	in % of total revenue	Y/Y Δ
Bundled content	242.4	88%	108.0	72%	125%
Single-content	26.0	9%	31.3	21%	-17%
Ad-funded digital marketing services	7.7	3%	10.7	7%	-28%
Total	**276.1**		**150.0**		**84%**

Revenue growth was mainly driven by an increase in the number of paid memberships resulting from advertising campaigns predominantly for bundled content streaming services.

Following a strategic realignment, the business activities relating to the (ad-funded) digital marketing services was discontinued as of mid-August 2022. The strategic realignment prescribes greater focus on the subscription-based, bundled content streaming services and better linking the operations and processes to the Group's goals and overall business strategy.

The revenue breakdown by geography was:

in millions of €	2022	in % of total revenue	2021	in % of total revenue	Y/Y Δ
North America	157.9	57%	74.7	50%	111%
Europe	101.6	37%	62.6	42%	62%
Latin America	3.4	1%	0	0%	
ROW	13.2	5%	12.7	8%	4%
Total	**276.1**		**150.0**		**84%**

Revenue in North America grew by 111% in 2022 mainly due to an increase in paid memberships resulting from greater and more effective advertising campaigns promoting bundled content services in particular. European sales grew over the course of 2022 thanks also to the further roll-out of the Group's own direct media buying activities across the region as well as to the significant increase in content and totalled €101.6million (2021: €62.6 million). Revenues in the new region Latin America commenced from the third quarter on and in the region Rest of the World, revenues were driven by more effective advertising campaigns in the Middle East in particular.

Customer acquisition costs (marketing costs)

Efficient advertising is paramount to the Group. It impacts two of the most important performance indicators of the Group being the marketing spend and the Profitability Index, representing the profitability of new members in the first six months of their customer lifecycle.

In accordance with IFRS 15, CLIQ 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. These capitalised assets, or so-called contract costs, are an investment in the Lifetime Value of Customer Base, which represents expected future sales.

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 2022 amounted to €89.8 million (2021: €44.9 million), which as a percentage of revenue was 33% (2021: 30%).

in millions of €	2022	2021	Y/Y Δ
Marketing spend	-112.3	-54.4	106%
Capitalised marketing spend	107.5	47.0	129%
Amortised contract costs	-85.0	-37.5	127%
Total marketing costs	**-89.8**	**-44.9**	**100%**
in % of revenue	33%	30%	

The marketing spend reflects the costs incurred in the reporting period for acquiring new members and subsequently for revenue growth. Marketing spend directly attributable to new members to our subscription services was capitalised at €107.5 million (2021: €47.0 million).

The **contract costs** are released to the income statement over the member's revenue lifecycle with a maximum amortisation period of 18 months. When a member unsubscribes to the services the corresponding capitalised contract costs are fully amortised in the same period. As the marketing costs related to the revenue for the period are recognised in line with the duration of the expected membership this shows an accurate and fair view of the Group's earnings. During the financial year 2022 the total amortised contract costs recognised in the cost of sales amounted to €85.0 million (2021: €37.5 million).

Cost of third parties

The cost of third parties comprises the costs that the 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.

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, to 21% in 2021 and to 17% in 2022.

Other cost of sales
The other cost of sales mainly consists of connectivity, transaction, administrative, platform and other costs for payment service providers as well as costs for licenced content and customer care. Most of the other cost of sales are variable and vary between countries.

The overall increase in other cost of sales is attributable to the growing member base and increased number of transactions in 2022, resulting in higher transaction-related costs. Additionally, costs have been incurred during the period to safeguard a secure and solid payment infrastructure that is suitable to process a continuous growing number of transactions. Furthermore, the investments in the improved content offering have resulted in an increase in content costs.

Personnel expenses
Personnel expenses in 2022 increased by 15% to €20.7 million (2021: €18.0 million) and constituted 66% of total operating costs (2021: 75%). The increase was largely related to the 30% higher headcount number (full-time equivalent) and an increased number of bonus beneficiaries triggered by the Group's excellent business performance and growing number of employees.

Other operating expenses
Other operating expenses mainly consist of IT costs, professional services and sales and travel costs. Total other operating expenses increased by €3.9 million to €9.6 million (2021: €5.7 million). The increase in other operating expenses is mainly due to higher IT costs caused by increased traffic volumes and higher demands on computer processing power for transcoding the increased content portfolio as well as higher general sales and travel expenses.

Impairment on trade receivables
During the financial year the CLIQ Group recognised a total impairment loss of €1.0 million (2021: €0.3 million) in expected (future) credit losses. The higher credit losses recognised are mainly due to the increased revenues for the period.

Group result
In 2022, earnings before interest and taxes (**EBIT**) grew by 60% to €42.1 million (2021: €26.3 million) and the EBIT margin amounted to 15.2% (2021: 17.5%).

The effective **income tax** rate in 2022 remained stable compared to prior year and came in at 29% (2021: 28%).

In 2022, **profit for the year** amounted to €29.0 million (2021: €18.2 million). The basic **earnings per share (EPS)** were €4.47 in 2022 (2021: €2.74) and the diluted EPS totalled €4.45 (2021: €2.71).

3.4 Asset and Financial Positions

Goodwill
As at 31/12/2022, **goodwill** amounted to €47.4 million (2021: €48.2 million) and the annual impairment test performed on the goodwill did not result in any impairments to be recognised. Following the strategic realignment, an amount of €0.6 million in Goodwill related to the (ad-funded) digital marketing services has been disposed of during the year.

Other intangibles
The increase in **other intangible assets** from €2.6 million to €8.4 million was mainly due to newly licenced content for the subscription-based streaming services (€3.7 million) and platform development (€5.2 million). The investment in platform development and content are largely related to the upscaled bundled content service 'cliq.de' that was launched on the web and all platforms with a native app (mobile and TV) in Germany.

Leased property
During the year new lease agreements were signed for the Amsterdam and Paris office. These new lease agreements resulted in an increase in the right of use asset (€1.6 million) and lease liability (€1.6 million) as included under the balance sheet items property, operating and office equipment and financial liabilities.

Other non-current assets
A small additional investment (€0.1 million) was made to avoid dilution in Blacknut S.A.S., a leading cloud gaming service distributed both directly to consumers and B2B. In June 2022, the Group invested (€0.4 million) in a minority stake in Dreamspark S.A.S., a recently founded, Paris-based creative and production studio specialising in selling and producing unscripted entertainment for television and streaming services.

Working capital
The **contract costs** were €39.6 million as at 31 December 2022 (2021: €17.1 million) and consisted of customer 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 €22.5 million (2021: €9.6 million) was due to the higher marketing spend in 2022, which was directly related to subscription-based streaming services.

The **trade receivables** at the year-end closing 2022 amounted to €13.6 million (2021: €12.5 million). The total outstanding receivables increased by 9% (2021: 38%), which resulted from the growth in revenue, especially from the 4th quarter.

The increase in trade payables to €9.5 million (2021: €7.9 million) was mainly due to higher marketing spend at the end of the fourth quarter in particular. Other liabilities increased to €17.9 million (2021: €13.4 million) was mainly due to additional liability for potential refunds related to the significantly higher revenues for the year and increased costs of sales.

Tax position
The income tax position as at 31 December 2022 was a liability of €2.6 million payable (2021: €1.2 million). The net deferred tax liability position increased from €1.5 million to €8.9 million at 31 December 2022. The movement in the net deferred tax position is largely attributable to the increased temporary fiscal differences related to the contract costs, which is the result of the increased marketing spend in the reporting period that is not capitalised for tax purposes but expensed immediately. Additionally, the tax asset recognised from tax losses carried forward reduced to €1.3 million as at 31 December 2022 (2021: €1.6 million) mainly due to prior year tax audit adjustments.

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.

Financing and financial management

The financial management of CLIQ Digital Group is organised centrally at Group level. The Group always pursues value-orientated financial principles to secure liquidity 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 July 2022 a new financing facility was secured with a consortium consisting of Commerzbank AG and Deutsche Bank AG. The new credit facility of €57.5 million, which includes a €20 million optional facility and will be available for a period of three years plus two one-year extension options. CLIQ Digital Group plans to use the facility to fund its strong growth perspective as well as potential acquisition opportunities and general corporate purposes. The facility comes with customary covenants for the size and type of CLIQ Digital Group's business.

If the financing facilities are used, the interest rate is 3M-Euribor plus a respective margin. Depending on certain performance indicators, the margin on the overdraft facility can vary between 2.35% and 2.95%, on the borrowing base facility between 1.85% and 2.15% and on the acquisition facility between 3.00% and 3.75%.

Net cash position and bank borrowings

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

in millions of €	2022	2021	Y/Y Δ
Cash and cash equivalents	16.8	7.3	9.5
Bank borrowings	-6.9	-5.0	1.9
Net cash position	**9.9**	**2.3**	**7.6**

As at 31 December 2022, the maximum available consortium credit facility was €37.5 million (2021: €13.5 million), of which an amount of €6.9 million (2021: €5.0 million) was drawn down upon. The improvement in the net cash position of €7.6 million was primarily related to the strong positive operating cash flow generated during 2022 and a decrease in in cashflow from finance activities.

Cash flow

The consolidated statement of cash flows shows the sources and uses of cash flows during the fiscal year. The full consolidated statement of cash flows is presented on page 62 as part of the consolidated financial statements. Cash and cash equivalents reported in the consolidated statement of cash flows correspond to cash and cash equivalents shown in net cash position.

in millions of €	2022	2021	Y/Y Δ
EBITDA	**43.5**	**27.2**	**60%**
Δ Contract costs	-22.5	-9.5	137%
Δ Other working capital	4.5	8.3	-46%
Taxes, financial results & others	-1.7	-5.2	-67%
Cash flow from operating activities	23.8	20.8	14%
Cash flow from investing activities	-8.4	-4.8	75%
Operating free cash flow	**15.4**	**16.0**	**-4%**
Cash flow from financing activities	-7.8	-14.6	-47%
Total cash flow	**7.7**	**1.4**	**450%**

In 2022, the **operating free cash flow** decreased slightly by €0.6 million to €15.4 million (2021: €16.0 million, adjusted for €1.5 million due to the reclassification of cash flows from other investments from financing activities to investments activities).

The growth in the operating free cash flow was driven by the higher operational cash flow of €23.8 million (2021: €20.8 million). Despite the cash outflow from the higher marketing spend to attract new members in the period, the Group realised a growth in the operating cash flow of €3.0 million. The marketing spend has a negative impact on the cash flow as this is payable on short notice whereas the corresponding membership fees are collected in smaller amounts in the months following. The growth is caused by the increased number of memberships and collected membership fees.

The cash outflow from investing activities amounted to €8.4 million compared to €4.8 million in 2021. The outflow from investing activities is largely related to investments in platform development (€5.2 million) and in newly licenced content (€3.7 million) for the subscription-based streaming services. A net cash inflow of €1.5 million has been in realised during the year in relation to the sale and acquisition of other investments. This includes a cash inflow from the discontinuation of the (ad-funded) digital marketing services.

The cash outflow from financing activities during 2022 was €7.8 million (2021: €14.6 million) and included €7.2 million dividend distribution (2021: €3.3 million).

Overall, the Management Board is very satisfied with the course of business.

4 FORECAST REPORT

In 2023, CLIQ expects strong organic growth in revenue, EBITDA and marketing spend due to increased demand for streaming services.

Based on stable exchange rates, no adjustments to the Group's portfolio and despite tough comparables, the Management Board is confident that CLIQ will be able to generate in 2023 more than €345 million in revenue, realise an EBITDA of at least €50 million with a total marketing spend exceeding €120 million.

in millions of €	FY 2023e	FY 2022	FY 2021
Revenue	>345	276.1	150.0
Marketing spend	>120	112.3	54.4
EBITDA	>50	43.5	27.2

From 2023 on, Management has decided to refrain from forecasting the number of paid memberships and the Lifetime Value of Customer Base per year-end close as the Group sells streaming services with a wide range of price points across all its operating countries, which makes the economic impact differ according to the members' location. Also, the forecast for the Profitability Index for the full year will no longer be provided as the Group's future marketing activities will no longer solely centre on performance marketing. However, the performance marketing team will still manage the sales development based upon the Profitability Index.

5 OPPORTUNITIES AND RISK REPORT

5.1 Opportunities

Economic slowdown

The global economic slowdown is putting pressure on household budgets as food and utility prices increase. Against this backdrop, it is therefore not unlikely that consumers with lower disposable monthly income will re-evaluate their spending behaviour and search for better value-for-money alternatives also for their streaming entertainment services. The CLIQ Digital Group stands to benefit from this development with its value-for-money bundled streaming service proposition for the entire family.

Expansion

The Group has developed well-established methods and instruments to reliably target, analyse and successfully enter into 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 Asia could be very promising for CLIQ's future business development.

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

Competitive advantage

The digital market the Group is operating in is highly competitive and market entry barriers thereto are low. Therefore, CLIQ focuses on deploying online advertising to sell its unique bundled content offerings. Primarily, the Group pursues a strategy to licence content from third parties, which enables CLIQ 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 can offer its members, the Group is actively seeking co-operations with strong content suppliers to further improve, broaden and deepen its offering.

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 expects an increased supply and demand for subscription-based streaming services for internet-enabled devices. As a marketer and distributor of digital entertainment, CLIQ considers this a significant opportunity for further growth.

Brand marketing

In 2023, the Group will market the brand CLIQ for the first time ever, which marks a new strategic step for CLIQ to break new ground for its visibility and awareness. The brand marketing campaign will promote the bundled content service 'cliq.de' in Germany via TV commercials and Out-Of-Home advertising campaigns. By making the brand more visible and prominent, the Group expects to build brand equity with potential members, investors and other important stakeholders.

5.2 Risks

Market risks

More intense competitive environment

The economic environment for the market of streaming entertainment services 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 services due to the expected high growth rates of this market. It is possible that some of CLIQ's competitors have significantly greater financial resources, better financing opportunities or better technical resources and are therefore able to win market share from the Group. In addition, it is possible that competitors source, develop and offer products or services, which are superior to the Group's products and services, or which may achieve greater market acceptance. Some competitors may also have more experience in advertising 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 the Group 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 member demands, and especially to attract and retain a considerable number of members, who are willing to pay for the products offered by CLIQ. For this purpose, CLIQ has to spend significant resources on market research and analysis, as well as on advertising 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. The Group'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 is dependent on developers and the quality of their products and their willingness and ability to continuously improve them.

Dependency on macroeconomic developments

CLIQ 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 the Group's business.

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.

Operational risks

Dependency on external service providers organising billing, collection and technical fulfilment of the streaming entertainment services

The reliance on external service providers poses a significant risk to CLIQ's business operations. External service providers play a crucial role in the billing and fulfilment of the company's subscription-based streaming entertainment services, including the invoicing of services through credit cards, telephone bills, and prepaid accounts. If these service providers change the technical framework or financial terms to the disadvantage of CLIQ, the company may not be able to pass on these disadvantages to its customers, which could harm its business or reputation. Additionally, contractual penalties, non-compliance with laws and regulations, failures of platforms and systems, security incidents as well as hacker attacks, and the solvency of the payment service providers themselves pose additional risks to the company's ability to receive payments.

A concentration risk exists in relation to the collection of income from digital entertainment services through a single service provider, which presents a challenge as a substantial portion of the company's revenue and cash flow is reliant on this single partnership. In addition, the Group's ability to collect customer payments depends on the solvency of that particular service provider. This could bring CLIQ's financial stability at risk in the event of any disruptions to the service provider's operations. In the short-term, this might result in a substantial loss of customer payments with a negative impact on the Group cash position. In the short-term and mid-term, it is probable that revenue expectations and earnings levels will be considerably reduced. Management is aware of the concentration risk and is currently working on the establishment of the following mitigating activities:

- increasing the frequency of payments collected
- diversifying income sources through new partnerships with other external service providers
- strengthening its relationship with the existing service provider to ensure a smooth payment process
- developing a contingency plan that includes alternative methods of payment

Despite these efforts, the company will remain vigilant in monitoring the concentration risk and taking further action as necessary to minimise any potential impact on its financial performance.

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 licences, 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 the Group's members via the technical platforms of the content supplier. For these content offerings, the availability and performance of the subscription-based streaming services are dependent on the content supplier.

Dependency on advertising companies

The co-operation with advertising 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 the Group. Legal or factual changes in the availability of media and advertising space (including through programming, broadcasters' orientation, regulation) could adversely influence CLIQ's business. Also, the Group must rely on the use of the advertising 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 the Group 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'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 the Group 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 the Group'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 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.

Financial risks

Risks relating to acquisitions

Such transactions, in particular, the acquisition of entire enterprises, bear the risk that the Group – 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 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 the Group in reinvesting sufficient funds into advertising, which could impact the growth potential of the Group.

Receivables defaults

Most of the Group'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 subscription-based streaming entertainment services, the Group has to make significant investments in advertising, 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'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 the Group.

Interest rate risks

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

Compliance Risks

Evolving legal requirements and regulation

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

Also, as the Group collects and processes personal data about users as they interact with the Groups' 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.

Risks relating to rights of third parties

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

Since the Group 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 subscription-based streaming services, CLIQ often utilises and distributes digital content licenced from third parties. By using third-party copyright-protected materials, the Group 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

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

Liability risks

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. Licence providers, rights administrators, content sellers, content producers and brand owners can also give rise to risks as the result of licences 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 subscription-based streaming 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 Group.

20 February 2023

The Management Board

Luc Voncken Ben Bos

3

CONSOLIDATED FINANCIAL STATEMENTS

Contents

1 CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

in '000 €	Note	**2022**	2021
Revenue	6	276,065	149,983
Cost of sales	7	-201,309	-98,769
Gross profit		**74,756**	**51,214**
Personnel expenses	8	-20,688	-18,014
Other operating expenses	9	-9,614	-5,732
Impairment losses and gains on trade receivables and contract costs		-952	-281
Total operating expenses		**-31,253**	**-24,027**
EBITDA		**43,503**	**27,186**
Depreciation, amortisation and impairment charges applied to intangible, tangible and other current assets	10	-1,421	-906
EBIT		**42,082**	**26,281**
Financial income and financial expenses	11	-1,221	-942
Profit before tax		**40,861**	**25,338**
Income taxes	12	-11,908	-7,104
Profit for the year		**28,953**	**18,234**
Attributable to:			
Owners of the Company		29,047	17,823
Non-controlling interest		-94	412
Profit for the year		**28,953**	**18,234**
Earnings per share			
Basic earnings per share (in €)	13	4.47	2.74
Diluted earnings per share (in €)	13	4.45	2.71

2 CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

in '000 €	Note	**2022**	2021
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-231	320
Total other comprehensive income for the year		**-231**	**320**
Total profit for the year		**28,953**	**18,234**
Total comprehensive income for the year		**28,721**	**18,555**
Attributable to:			
Shareholders of the company		28,816	18,143
Non-controlling interest		-94	412
Total comprehensive income for the year		**28,721**	**18,555**

3 CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31 DECEMBER 2022

in '000 €	Note	2022	2021
Non-current assets			
Goodwill	14	47,435	48,161
Other intangible assets	15	8,401	2,559
Property, operating and office equipment	16	4,957	3,808
Contract costs	18	707	776
Other non-current assets	19	1,972	1,500
Deferred tax assets	12	1,583	2,580
Total non-current assets		**65,055**	**59,384**
Current assets			
Trade receivables	20	13,618	12,508
Contract costs	18	38,857	16,339
Other current assets	21	769	741
Cash and cash equivalents	22	16,804	7,301
Total current assets		**70,046**	**36,889**
Total assets		**135,101**	**96,273**

in '000 €	Note	2022	2021
Equity			
Issued capital	23	6,509	6,509
Share premium	23	58,053	58,053
Retained earnings	24	16,375	-5,516
Other reserves	25	435	487
Equity attributable to the shareholders		**81,372**	**59,533**
Non-controlling interest	30	-65	29
Total equity		**81,307**	**59,561**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	12	10,503	4,100
Borrowings	26	6,562	-
Other financial liabilities	27	4,137	3,830
Other liabilities	28	1,376	1,510
Total non-current liabilities		**22,578**	**9,439**
Current liabilities			
Borrowings	26	-	4,955
Other financial liabilities	27	2,178	888
Provisions		375	375
Trade payables	28	9,531	7,918
Income tax liabilities		2,613	1,195
Other liabilities	28	16,519	11,942
Total current liabilities		**31,216**	**27,273**
Total liabilities		**53,794**	**36,712**
Total equity and liabilities		**135,101**	**96,273**

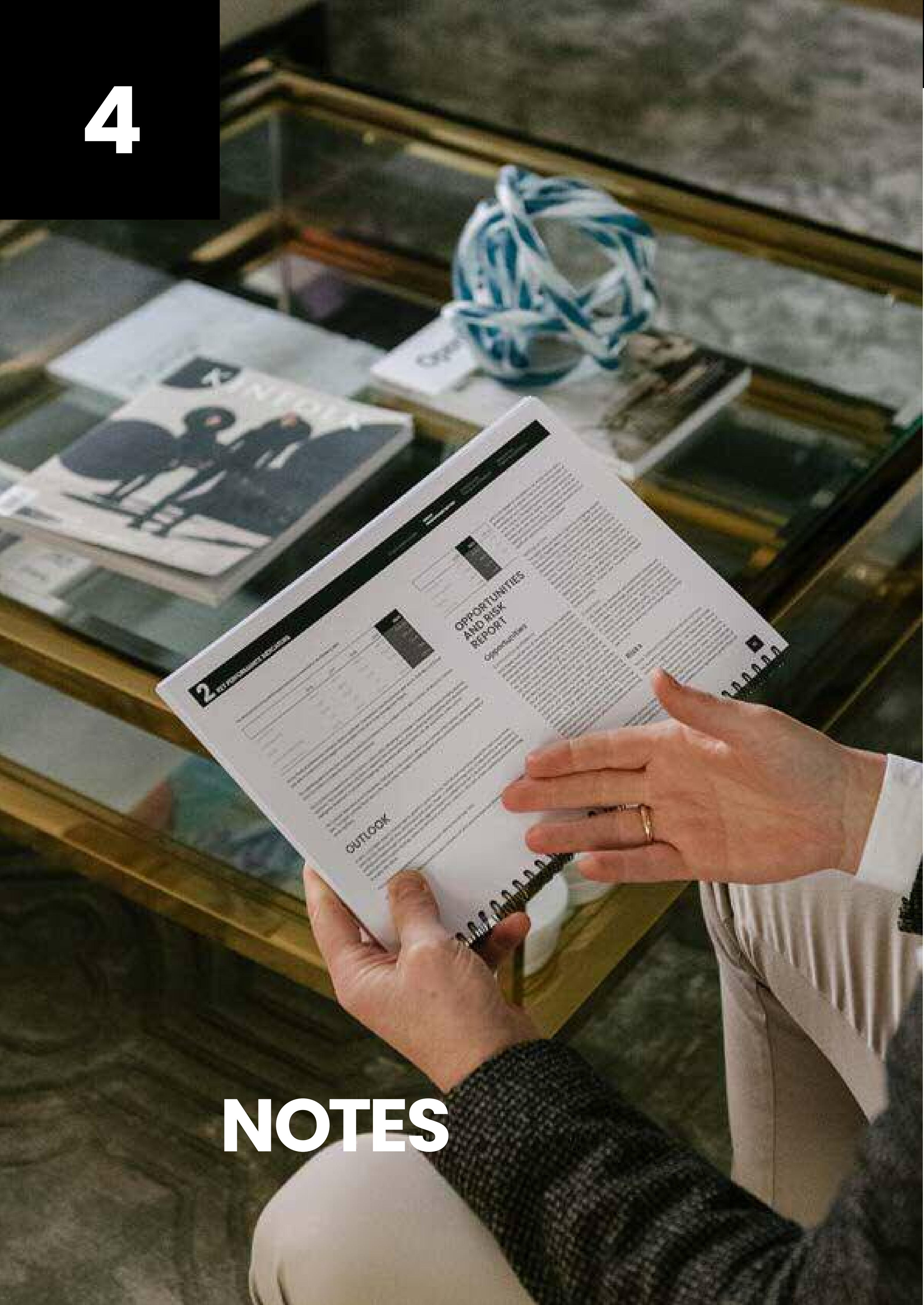
4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 2022

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 2021		**6,189**	**46,636**	**-2,820**	**806**	**50,810**	**4,839**	**55,650**
Net profit for the period		-	-	17,823	-	17,823	412	18,234
Other comprehensive income		-	-	-	625	625	57	682
Dividend distributions		-	-	-2,845	-	-2,845	-463	-3,308
Equity-settled share-based payments	25	-	-	-1,032	-944	-1,976	-	-1,976
Acquisition of NCI		320	11,418	-16,642	-	-4,904	-4,816	-8,720
Balance as of 31 December 2021		**6,509**	**58,053**	**-5,516**	**487**	**59,533**	**29**	**59,561**
Net profit for the period		-	-	29,047	-	29,047	-94	28,953
Other comprehensive income		-	-	-	-417	-417	-	-417
Dividend distributions		-	-	-7,155	-	-7,155	-	-7,155
Equity-settled share-based payments	25	-	-	-	365	365	-	365
Acquisition of NCI		-	-	-	-	-	1	1
Balance as of 31 December 2022		**6,509**	**58,053**	**16,375**	**435**	**81,372**	**-65**	**81,307**

5 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR 2022

in '000 €	Note	2022	2021
Cash flow from operating activities			
Profit before tax		40,861	25,338
Net (gain)/loss arising on financial liabilities designated as at fair value through profit and loss		110	-298
Gain on disposal of discontinued operations		-1,222	-
Financial income and expenses recognized in profit or loss	11	1,113	1,121
Equity-settled share based payment transactions		365	315
Depreciation and amortization of non-current assets	15, 16	4,085	1,439
		45,312	**27,915**
Changes in working capital			
(Increase)/decrease in contract costs		-22,541	-9,487
(Increase)/decrease in trade receivables and other current assets		-1,270	-3,270
Increase/(decrease) in current liabilities		5,731	11,548
Cash generated from operations		**27,232**	**26,706**
Income taxes (paid)/received		-3,050	-5,250
Interest (paid)/received		-379	-690
Net cash generated from operating activities		**23,803**	**20,766**
Cash flow from investing activities			
Payments for property, plant and equipment	16	-819	-702
Payments for intangible fixed assets	15	-8,746	-2,586
Acquisition of other investments		1,542	-1,500
Net cash (outflow)/inflow on acquisition of subsidiaries		-377	-
Net cash (used in)/generated from investing activities		**-8,400**	**-4,788**

in '000 €	Note	2022	2021
Cash flow from financing activities			
Borrowings received		50	-
Repayment of borrowings		-	-157
Transaction costs related to loans and borrowings		-426	-
Lease instalments paid		-173	-21
Acquisition of non-controlling interest		1	-8,825
Dividends paid		-7,155	-3,308
Share options		-	-2,291
Net cash used in financing activities		**-7,704**	**-14,601**
Total cash flow		**7,700**	**1,378**
Cash and cash equivalents at the beginning of the year		**2,301**	**908**
Net increase / (decrease) in cash and cash equivalents		7,700	1,378
Effects of exchange rate changes on the balance of cash held in foreign currencies		-101	15
Cash and cash equivalents at the end of the year		**9,900**	**2,301**
Cash and bank balances		16,804	7,301
Bank borrowing overdraft facility	26	-6,904	-5,000
Cash and cash equivalents in cash flow statement		**9,900**	**2,301**



4

NOTES

> **2022 was another fantastic year for CLIQ with record memberships, sales and earnings as well as the introduction of cliq. de – our new and most advanced streaming service tailored to the German market.**

Luc Voncken
CEO

Contents

1 GENERAL INFORMATION

The CLIQ Digital Group sells subscription-based streaming services that bundle movies & series, music, audiobooks, sports and games to consumers globally. The Group licences streaming content from partners, bundles it and sells the content through its numerous streaming services. Over the years, CLIQ has become a specialist in online advertising and creating streaming services that are advertised towards specific consumer groups. CLIQ operates in over 30 countries and employed 164 staff from 37 different nationalities as at 31 December 2022. The company is headquartered in Düsseldorf and has offices in Amsterdam, London, Paris and Toronto.

The holding company of the Group is CLIQ Digital AG, located in Grünstraße 8, 40212 Düsseldorf, Germany and 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 Scale segment for small and medium-sized companies, which is part of the Open Market segment (ISIN: DE000A0HHJR3, WKN: A0HHJR) and is a constituent of the MSCI World Micro Cap Index. 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.

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.

2 APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU").

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.

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 2022.

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 have 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 2022. 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 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

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 2023	Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	No
	Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies	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
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.

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 share-based payments (Note 29) and financial instrument measured at fair value through profit or loss (Note 30) that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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.

The Management Board has, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, these consolidated financial statements have been prepared on a going concern basis.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. The Group controls an investee if, and only if, it 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; and
- 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. In determining control over 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.

3.3 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 Employee Benefits 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.

3.4 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 3.3 above) less accumulated impairment losses, initially measured. 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.

3.5 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.
- Digital 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.

3.5.1 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.

3.5.2 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.

3.6 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.

3.7 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, operating and office equipment.

3.8 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 translated 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.

3.9 Employee benefits

3.9.1 Short-term employee benefits

Short-term employee benefits are benefits payable within one year of the end of the year in which the employee rendered the service. Within the CLIQ Digital 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).

3.9.2 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.

3.10 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.

3.11 Taxation

Income tax expense represents the sum of current and deferred tax expense.

3.11.1 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.

3.11.2 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.

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.

3.11.3 Current and deferred tax expenses

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.

3.12 Property, operating and office equipment

Property, 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.

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

An item of property, operating and office 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, operating and office 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, operating and office equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Property, operating and office equipment is predominantly depreciated over a period of three to five years.

3.13 Intangible assets

3.13.1 Intangible assets acquired separately

Intangible assets have 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.

3.13.2 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.

3.13.2.1 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.

3.13.2.2 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.

3.13.2.3 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.

3.14 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.

3.14.1 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.

3.15 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. The Group measures its trade receivables at initial recognition on the transaction price of the revenue recognised. Except for trade receivables, transaction costs that are directly attributable to the 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.

3.15.1 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.

3.15.1.1 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.

Measurement

3.15.1.2 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.

3.15.1.3 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.

3.15.1.4 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.

3.15.1.5 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.

3.15.1.6 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.

3.15.2 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.

3.15.3 Derecognition

3.15.3.1 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.

3.15.3.2 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.

3.15.4 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.

3.15.5 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.

3.16 Impairment

3.16.1 Non-derivative financial assets

3.16.1.1 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.

3.16.1.2 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.

3.16.2 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.

3.17 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

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

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

If there is objective evidence that the Group's net investment in an associate or joint venture is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or a joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or a joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or a joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 Investments in Associates and Joint Ventures (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

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 Group is 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 Group 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 as at 31 December 2022 was €47.4 million (31 December 2021: €48.2 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 Group 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 32.

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 €	2022	2021
Digital entertainment services	268,374	138,274
Digital marketing services	6,469	10,721
Other income	1,222	988
Total	**276,065**	**149,983**

The company realised a one-off profit of €1.2 million resulting from the discontinuation of the (ad-funded) digital marketing services as other income. Following a strategic realignment, the business activities relating to the (ad-funded) digital marketing services have been discontinued as of mid-August 2022. The strategic realignment prescribes greater focus on the subscription based, multi-content streaming services and better linking the operations and processes to the company's goals and overall business strategy.

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

In '000 €	2022	2021
Europe	101,603	62,602
North America	157,868	74,680
Latin America	3,409	-
Other	13,186	12,701
Total	**276,065**	**149,983**

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 €	2022	2021
Marketing spend	112,291	54,379
Capitalised marketing spend	-107,540	-46,986
Amortised contract costs	84,998	37,499
Marketing costs	**89,750**	**44,893**
Third party costs	47,843	31,160
Other COS	63,716	22,717
Total	**201,309**	**98,769**

8 PERSONNEL EXPENSES

The personnel expenses are composed as follows:

In '000 €	2022	2021
Wages and salaries	16,958	13,735
Pension contributions	35	108
Social security contributions	1,708	1,210
Share-based payments	1,664	1,985
Hired staff and related costs	461	746
Capitalized personnel expenses	-689	-155
Other	551	386
Total	**20,688**	**18,014**

8.1 Employees

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

	2022	2021
Germany	14.1	10.8
The Netherlands	103.4	69.7
United Kingdom	7.6	9.4
France	13.5	14.0
Other	4.2	5.0
Employees (FTE)	**142.8**	**108.9**

The average number of employees in the financial year was:

	2022	2021
Full-time employees	126	93
Part-time employees	21	20
Employees (Average Headcount)	**147**	**113**

9 OTHER OPERATING EXPENSES

In '000 €	2022	2021
Premises costs	722	326
General sales and travel expenses	2,167	1,034
Professional Fees	3,435	2,809
Supervisory Board Compensation	125	136
IT costs	3,029	1,336
Other	136	91
Total	**9,614**	**5,732**

9.1 Auditor's fees

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

In '000 €	2022	2021
For auditing of the financial statements	**320**	**304**
Mazars GmbH & Co, KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft	215	184
Other	104	120
For tax advice services	**394**	**374**
Mazars GmbH & Co, KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft	96	124
Other	298	250

10 DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSES

In '000 €	2022	2021
Licenses and trademarks	120	202
Other intangible assets	41	78
Right of use assets	924	439
Property, operating and office equipment	336	187
Total	**1,421**	**906**

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 €2,664 thousand (2021: €534 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 €	2022	2021
Financial income		
Fair value movements on financial liabilities designated as FVTPL	-	298
	-	**298**
Financial expenses		
Interest on bank overdrafts and loans	-324	-152
Amortisation capitalised finance expenses	-129	-182
Interest expense on lease liabilities	-196	-91
Exchange results	-108	-435
Bank costs	-289	-261
Other financial expenses	-66	-119
Fair value movements on financial liabilities designated as FVTPL	-110	-
	-1,221	**-1,240**
Total	**-1,221**	**-942**

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 2022, all deferred taxes on temporary differences were calculated on the basis of a combined rounded 31.2% tax rate for Germany (DE), 25.8% 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	2022	2021
Current income tax						
Income tax current year	-	-3,808	-718	-155	-4,681	-4,503
Adjustment for prior years	-689	185	147	10	-348	43
Total current income tax	**-689**	**-3,624**	**-571**	**-145**	**-5,029**	**-4,460**
Deferred income tax						
Deferred tax for the period	1,302	-6,821	162	92	-5,265	-1,191
Adjustment for prior years	5	-168	-7	1	-169	9
Recognition of previously unrecognized (derecognition of previously recognized) tax losses	-1,310	-	-	-126	-1,435	-1,462
Total deferred income tax	**-2**	**-6,989**	**155**	**-33**	**-6,869**	**-2,645**
Other taxes	**-**	**-**	**-**	**-11**	**-11**	**-**
Total income tax	**-692**	**-10,613**	**-415**	**-188**	**-11,908**	**-7,105**

12.2 Reconciliation of the effective tax rate

In '000 €	DE	NL	UK	Other	2022	2021
Profit before tax	**-3,792**	**40,744**	**3,132**	**777**	**40,861**	**25,338**
Nominal tax rate	31.2%	25.8%	19.0%	25.7%	31.2%	31.2%
Income tax calculated at nominal rate	**1,184**	**-10,489**	**-595**	**-200**	**-12,731**	**-7,912**
Effects of different tax rates of subsidiaries operating in other jurisdictions					2,631	1,841
Acquisition costs that are non deductible	-	-39	-	-	-39	-
Expenses share option plan which are not tax deductible	-135	-	-	-	-135	508
Participation exemption	45	-	-	-	45	-216
Recognition of previously unrecognized (derecognition of previously recognized) tax losses	-1,309	-	-	-126	-1,435	-1,475
Tax results from previous years	-684	17	140	11	-517	69
Fair value movements related to contingent considerations arrangements from acquisitions	-34	-	-	-	-34	93
Non-deducitble amortisation and depreciation expenses	220	-	-	-	220	-102
Research and development enhancements	-	-	114	-	114	137
Other	23	-103	-74	126	-27	-46
Income tax expense in profit or loss account (effective)	**-691**	**-10,613**	**-415**	**-188**	**-11,908**	**-7,104**
	-18.2%	**26.0%**	**13.3%**	**24.2%**	**29.1%**	**28.0%**

The effective income tax rate in 2022 of 29.1% is 1.1 percentage points higher than the 2021 effective income tax rate of 28.0%. 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 (25.8%) 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 517 thousand negative in the current year and 69 thousand positive in the 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 €	2022	2021
Intangible assets	-1,355	170
Contract costs	-10,126	-4,116
Trade receivables	104	120
Bank borrowings	22	-14
Other financial liabilities	441	142
Other liabilities (share option plan)	715	550
Tax loss carry forwards	1,280	1,629
Total of deferred tax assets and liabilities	**-8,920**	**-1,520**
Reflected in the financial statement of financial position as follows:		
Deferred tax assets	1,583	2,580
Deferred tax liabilities	-10,503	-4,100
Net deferred taxes	**-8,920**	**-1,520**

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.

	2022		2021	
	Gross Amount	Tax effect	Gross Amount	Tax effect
Tax losses	**10,681**	**3,316**	**6,026**	**1,875**

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

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 '000 €/ Shares in '000	2022	2021
Profit attributable to CLIQ Digital AG shareholders (in €)	29,047	17,823
Number of shares in circulation as of 1 January	6,509	6,189
Effect of treasury shares held	-4	-4
Effect of shares issued (Note 30)	-	320.0
Number of shares in circulation as of 31 December	6,505	6,505
Weighted average number of shares in issue	6,505	6,505
Basic earnings per share (in €)	**4.47**	**2.74**
Number of potentially dilutive ordinary shares	30	63
Weighted average number of shares for the calculation of diluted earnings per share	6,534	6,568
Diluted earnings per share (in €)	**4.45**	**2.71**

14 GOODWILL

A reconciliation of the carrying amount is detailed below:

In '000 €	31 Dec 2022	31 Dec 2021
Cost	47,541	48,266
Accumulated impairment losses	-106	-106
	47,435	**48,161**

In '000 €	31 Dec 2022	31 Dec 2021
Cost		
1 January	48,266	47,946
Disposals	-564	-
Effect of foreign currency exchange differences	-161	320
31 December	47,541	48,266
Accumulated impairment losses		
1 January	-106	-106
Impairment	-	-
Effect of foreign currency exchange differences	-	-
31 December	-106	-106
Carrying amount	**47,435**	**48,161**

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 Tornika SAS.

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

In '000 €	31 Dec 2022	31 Dec 2021
CLIQ AG and CLIQ BV	43,217	43,217
UK operations	4,139	4,365
Other	79	579
Total goodwill	**47,435**	**48,161**

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 (2022: € 43.2 million; 2021: €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 2023 and 2024 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	2024's % of revenue	
Marketing spend	Decreasing ratio of Net revenues/CUSACQ based on KPI 2024	
Other cost of sales	2024's % of net revenue	
Staff expenses	2024's % of net revenue	
Other operational expenses	2024's % of net revenue	
Corporate income tax rate	CLIQ AG 30.0%	
	CLIQ B.V. 25.8%	
Net working capital	30.3% for Cliq AG and 14.4% for Cliq B.V. of Net revenue based on 2024	
Other CAPEX	Percentage of revenue levelling off at the level of the perpetual annuity	31.5% of revenue
Pre-tax WACC	CLIQ AG 13.4% CLIQ B.V. 12.8%	

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	2024's % of revenue	
Marketing spend	Marketing spend based on 2024: 25.7%, 2025- TV: 20.1%. Net revenue /CUSACQ	
Other cost of sales	2024's % of net revenue	
Staff expenses	2024's % of net revenue	
Other operational expenses	2024's % of net revenue	
Corporate income tax rate	19.0%	
Net working capital	13.5% of Net revenue based on 2024	
Pre-tax WACC	12.7%	

14.4 Other

As per 31 December 2022, the other goodwill is related to the operations of Tornika SAS. The goodwill for Netacy Inc. (2021: €0.6 million) has been derecognized in August 2022 as a result of the discontinuation of the ad-funded digital marketing services as part of the strategic realignment. Refer to note 6 for the description of the transaction.

15 OTHER INTANGIBLE ASSETS

In '000 €	Licenses and trademarks	Internally generated intangible assets	Total
Cost			
1 January 2021	**1,448**	**590**	**2,038**
Additions	1,932	654	2,586
Disposals	-492	-178	-671
Effect of foreign currency exchange differences	49	17	65
31 December 2021	**2,936**	**1,082**	**4,018**
Additions	3,564	5,182	8,746
Disposals	-1,958	-202	-2,160
Effect of foreign currency exchange differences	82	21	103
31 December 2022	**4,624**	**6,083**	**10,707**
Accumulated amortisation and impairment losses			
1 January 2021	**895**	**370**	**1,264**
Amortization in the financial year	736	78	814
Disposals	-492	-178	-671
Effect of foreign currency exchange differences	36	15	51
31 December 2021	**1,174**	**284**	**1,459**
Amortization in the financial year	2,784	41	2,825
Disposals	-1,870	-202	-2,071
Effect of foreign currency exchange differences	73	21	94
31 December 2022	**2,162**	**145**	**2,306**
Carrying amount 31 December 2021	**1,761**	**798**	**2,559**
Carrying amount 31 December 2022	**2,462**	**5,938**	**8,401**

16 PROPERTY, OPERATING AND OFFICE EQUIPMENT

In '000 €	Property, operating and office equipment	Right of Use Assets	Total
Cost			
1 January 2021	**944**	**1,980**	**2,924**
Additions	702	1,529	2,231
Disposals	-732	-	-732
Effect of foreign currency exchange differences	-1	-	-1
31 December 2021	**914**	**3,508**	**4,422**
Additions	819	1,590	2,409
Disposals	-	-267	-267
Effect of foreign currency exchange differences	1	-	1
31 December 2022	**1,733**	**4,832**	**6,565**
Amortisation and impairment losses			
1 January 2021	**731**	**-**	**731**
Amortization in the financial year	187	439	625
Disposals	-741	-	-741
Effect of foreign currency exchange differences	-1	-	-1
31 December 2021	**175**	**439**	**614**
Amortization in the financial year	336	924	1,260
Disposals	-	-267	-267
Effect of foreign currency exchange differences	1	-	1
31 December 2022	**512**	**1,096**	**1,608**
Carrying amount 31 December 2021	**738**	**3,069**	**3,808**
Carrying amount 31 December 2022	**1,221**	**3,736**	**4,957**

16.1 Right of use assets

During the period the Group signed new rental agreements for the Amsterdam and Paris offices. A right of use assets for the new rental agreements was recognised for €1,590 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 2022	31 Dec 2021
ADGOMO Limited (formerly: TGITT Limited)	Sales and Marketing of digital products	Witney, United Kingdom	100%	100%
Bob Mobile Hellas S.A.	Dormant	Attiki, Greece	100%	100%
Bunkr Technologies S.A.S. (formerly Hypecode S.A.S.)	Dormant	Vincennes, France	80%	80%
C Formats GmbH	Sales and Marketing of digital products	Düsseldorf, Germany	100%	100%
Claus Mobi GmbH	Sales and Marketing of digital products	Düsseldorf, Germany	100%	100%
CLIQ B.V.	Holding	Amsterdam, The Netherlands	100%	100%
Cliq Games B.V.	Dormant	Amsterdam, The Netherlands	60%	0%
Cliq GmbH	Dormant	Düsseldorf, Germany	100%	100%
CLIQ UK Holding B.V.	Holding	Amsterdam, The Netherlands	100%	100%
CMind B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	100%	100%
CPay B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	100%	100%
Cructiq AG	Sales and Marketing of digital products	Baar, Switzerland	100%	100%
GIM Global Investments Munich GmbH	Merged in Rheinkraft Production GmbH	Munich, Germany	100%	100%
Guerilla Mobile Asia Pacific Pte. Ltd	Dormant , in liquidation process	Singapore	100%	100%
Hype Ventures B.V.	Holding, in merger process	Amsterdam, The Netherlands	100%	100%
iDNA B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	100%	100%
Luboka Media Limited	Sales and Marketing of digital products	Witney, United Kingdom	100%	100%
Memtiq B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	100%	100%
Moonlight Mobile Limited	Sales and Marketing of digital products	Witney, United Kingdom	100%	100%
Netacy Inc.	Sales and Marketing of digital products (dormant as of 11 August 2022)	Dover, USA	100%	100%
Red27 Mobile Limited	Sales and Marketing of digital products	Witney, United Kingdom	100%	100%
Rheinkraft Production GmbH	Sales and Marketing of digital products	Düsseldorf, Germany	100%	100%
The Mobile Generation Americas Inc.	Payroll	Toronto, Canada	100%	100%
TMG Singapore PTE Ltd.	Dormant , in liquidation process	Singapore	100%	100%
Tornika Media B.V.	Sales and Marketing of digital products	Amsterdam, The Netherlands	100%	100%
Tornika S.A.S.	Sales and Marketing of digital products	Paris, France	100%	100%
Universal Mobile Enterprises Limited	Sales and Marketing of digital products	Witney, United Kingdom	100%	100%
VIPMOB B.V.	Dormant, in liquidation process	Amsterdam, The Netherlands	100%	100%
Zimiq GmbH	Sales and Marketing of digital products	Düsseldorf, Germany	100%	100%

The dormant company Hypecode S.A.S. has been renamed to Bunkr Technologies S.A.S. and a 20% interest share has been sold. In May 2022, CLIQ Games B.V. was incorporated, in which the Group holds a controlling interest of 60% and Blacknut S.A.S. of 40%. CLIQ Games B.V. was founded to combine Blacknut's growth-driving cloud gaming product with CLIQ's expert marketing and distribution channels for a single-content product proposition. Both companies have limited to no business activities at reporting date.

As at the reporting date, the Group is reviewing the Group company structure to reorganise and streamline the number of non-essential subsidiaries with the purpose of optimising the Group's structure to support its current business model. It is expected that the total number of Group companies will be reduced by liquidating or merging dormant companies. As part of the corporate restructuring project started in the fourth quarter of 2022, the dormant companies Vipmob B.V., Guerilla Mobile Asia Pacific Pte. Ltd and TMG Singapore PTE Ltd. are in the process of being liquidated. GIM Global Investments Munich GmbH has merged into Rheinkraft Production GmbH during the fourth quarter of 2022. During the first quarter of 2023 Hype Ventures B.V. will be merged with CLIQ UK Holding B.V..

18 CONTRACT COSTS

In '000 €	31 Dec 2022	31 Dec 2021
Current	38,857	16,339
Non-current	707	776
Total	**39,563**	**17,115**

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 OTHER NON-CURRENT ASSETS

In '000 €	31 Dec 2022	31 Dec 2021
Blacknut SAS	1,572	1,500
Dreamspark SAS	400	-
Total	**1,972**	**1,500**

20 TRADE RECEIVABLES

In '000 €	31 Dec 2022	31 Dec 2021
Trade receivables, gross	8,561	1,126
Receivables arising from services that have not yet been invoiced	4,763	11,107
Loss allowance	-2,095	-1,475
Rolling reserves	2,389	1,750
Total	**13,618**	**12,508**

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 Digital Group transferred part of its trade receivables to a consortium consisting of Commerzbank AG and Deutsche Bank AG 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 30.3.1. and 30.3.3. 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 2022	31 Dec 2021
Balance as at 1 January	-1,475	-1,330
Amounts written-off	366	-
Change in loss allowance due to changes in gross receivables	-1,044	-136
Foreign exchange result	58	-9
Balance loss allowance as at 31 December	**-2,095**	**-1,475**

21 OTHER CURRENT ASSETS

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

In '000 €	31 Dec 2022	31 Dec 2021
Deposits	138	118
Prepayments	531	603
Other assets	100	20
Total	**769**	**741**

22 CASH AND CASH EQUIVALENTS

This item contains cash at banks of €16,804 thousand in 2022 (2021: €7,301 thousand).

23 ISSUED SHARE CAPITAL

The issued share capital did not change during the financial year 2022. The issued share capital amounts to €6,508,714.00 per 31 December 2022. 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 2022 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 2022. 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 General Meeting held on 14 April 2022 resolved to authorise the Management Board to increase the Company's share capital with the approval of the supervisory board by up to €3,254,357.00 in the period up to 13 April 2027 by issuing up to 3,254,357 new no-par value bearer shares against contribution in cash and/or in kind on one or several occasions (Authorised Capital 2022).The shareholders' share subscription rights may be excluded in certain cases with the consent of the Supervisory Board. The Authorised Capital 2022 became effective upon registration with the commercial register on 13 June 2022. The Authorised Capital 2019 as at 31 December 2022 remains at its initial amount.

23.3 Contingent capital

23.3.1 Contingent Capital 2020 (stock options)

By virtue of the resolution adopted by the General Meeting on 21 August 2020 and on 14 April 2022, the Company's share capital was contingently increased by up to €210,000.00, divided into up to 210,000 new no-par value bearer shares with a pro rata amount of the share capital of €1.00 per share ("Contingent Capital 2020"). The reason of the restatement of the Contingent Capital 2020 (formerly registered as Contingent Capital 2017/II) by resolutions of the General Meeting on 21 August 2020 and on 14 April 2022 was the expiry of all option rights granted under the 2017 stock option program and the partial revocation of the 2020 stock option program to the extent, no option rights were issued already, for which the exercise goal has been reached. The Contingent Capital 2020 shall grant shares to holders of stock options under the 2020 stock option program stock option program in accordance with 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 2020 may only be granted for an exercise price per issue amount that meets the conditions of the authorisation granted by the General Meeting 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 2020 in its form as last amended by resolution of the General Meeting on 14 April 2022, became effective upon registration with the commercial register on 13 June 2022.

23.3.2 Contingent Capital 2022/I (conversion or option rights or conversion obligations of certain financial instruments)

By virtue of the resolutions adopted by the General Meeting on 19 May 2017, on 29 April 2021 and on 14 April 2022, the Company's share capital was contingently increased by up to €2,804,357.00, divided into up to 2,804,357 new no-par value bearer shares ("Contingent Capital 2022/I"). The reason for the restatement of the Contingent Capital 2022 (formerly registered as Contingent Capital 2021) 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 General Meeting on 14 April 2022. The Contingent Capital 2022/I is resolved only for the purpose to grant ordinary bearer shares to holders or creditors of conversion bonds, option bonds and/or profit participation bonds and/or profit participation rights (or combinations of these instruments) which have been issued in accordance with the authorizations adopted by the General Meeting on 29 April 2021 under agenda item 7 and by the General Meeting on 14 April 2022 under agenda item 9 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 2022/I may only be granted for a conversion or option price that meets the conditions of the authorization granted by the General Meeting on 29 April 2021 under agenda item 10 lit. a). 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 2022/II became effective upon registration with the commercial register on 13 June 2022.

The total conditional capital of the Company as of 31 December 2022 amounts to €3,254,357.00.

23.4 Contingent Capital 2022/II (stock options)

By virtue of the resolution adopted by the General Meeting on 14 April 2022, the Company's share capital was contingently increased by up to €240,000.00, divided into up to 240,000 new no-par value bearer shares with a pro rata amount of the share capital of €1.00 per share ("Contingent Capital 2022/II"). The Contingent Capital 2022/II shall grant shares to holders of stock options under the 2022 stock option program stock option program in accordance with the resolution of the General Meeting on 14 April 2022 regarding agenda item 10 lit. a), 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 2022/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 14 April 2022 under agenda item 10 lit. a). 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 2022/II became effective upon registration with the commercial register on 13 June 2022.

The total conditional capital of the Company as of 31 December 2022 amounts to €3,254,357.00.

24 RETAINED EARNINGS

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

In accordance with the resolution of the annual general meeting of 14 April 2022 a dividend of €7,155 thousand (€1.10 per no-par share) has been paid out to the shareholders of the company from the previous year net profit (2021: €2,845 thousand, €0.46 per no-par share).

The Supervisory Board agreed with the Management Board's proposal to distribute from the Company's retained earnings of € 16.245 thousand a dividend of 1.79 per dividend-bearing share and to carry forward the remainder.

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 2021	**1,100**	**-345**	**51**	**806**
Other comprehensive income	-	320	-	320
Equity-settled share-based payments	-944	-	-	-944
Currency translation difference	-	-	304	304
Balance as of 31 December 2021	**156**	**-25**	**355**	**487**
Other comprehensive income	-	-231	-	-231
Equity-settled share-based payments	365	-	-	365
Currency translation difference	-	-	-186	-186
Balance as of 31 December 2022	**522**	**-256**	**169**	**435**

26 BORROWINGS

Bank borrowings reported on 31 December 2022 correspond to overdraft facility provided by a consortium consisting of Commerzbank AG and Deutsche Bank AG.

In '000 €	31 Dec 2022	31 Dec 2021
Credit facility	6,000	-
Borrowing base facility	904	5,000
Total secured bank loans	**6,904**	**5,000**
Capitalised finance expenses	-342	-45
Total	**6,562**	**4,955**

On 6 July 2022 CLIQ Digital Group and a consortium consisting of Commerzbank AG and Deutsche Bank AG entered into a new financing facility for a total amount of € 37.5 million with an optional increase to € 57.5 million. The financing facility has a duration of 3 years and can

be extended to a maximum of 5 years. Per 31/12/2022 the total facility available amounted to € 37.5 million (31 Dec 2021: € 13.5 million) of which an amount of € 6.9 million (31 Dec 2021: € 5.0 million) was drawn down.

The financing facility consists of an overdraft facility (€ 7.5 million), a borrowing base facility (€ 15.0 million) and an acquisition facility (€ 15.0 million). If the financing facilities are used, the interest rate is 3M-Euribor plus a respective margin. Depending on certain performance indicators, the margin on the overdraft facility can vary between 2.35% and 2.95%, on the borrowing base facility between 1.85% and 2.15% and on the acquisition facility between 3.00% and 3.75%.

CLIQ is obliged to comply with the covenants set out in the loan agreements with Commerzbank. For the financial year 2022, all covenants are met. In order to secure the credit facility, the CLIQ Digital 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 2022	31 Dec 2021
Non-current liabilities		
Lease liabilities	4,137	3,073
Contingent considerations resulting from acquisitions	-	757
	4,137	**3,830**
Current liabilities		
Lease liabilities	1,054	505
Contingent considerations resulting from acquisitions	857	368
Forward exchange contracts	17	15
Other	250	-
	2,178	**888**
Total	**6,315**	**4,718**

27.1 Lease liability

The Group leases several office spaces. The average remaining lease term is 3.1 years (2021: 4.3 years).

A maturity analysis of lease payments is presented below:

In '000 €	31 Dec 2022	31 Dec 2021
No later than 1 year	1,054	505
Later than 1 year and not later than 5 years	3,888	2,076
Later than 5 years	249	997
Total	**5,191**	**3,578**

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 2022 relate to an earn-out arrangement from the acquisition of the remaining 20% in Hype Ventures B.V..

The change in fair value which is recognised in profit and loss during the period amounted to €110 thousand negative (2021: €298 thousand positive). The cumulative change in fair value for the at reporting date amounts to €110 thousand positive.

As at 31 December 2022, it is highly probable that the consideration will be paid. The fair value of the contingent consideration determined at 31 December 2022 reflects this development. Reference is made to note 30.2.2 for the contingent considerations regarding the fair value determination.

28 TRADE PAYABLES AND OTHER LIABILITIES

In '000 €	31 Dec 2022	31 Dec 2021
Trade payables	9,531	7,918
Other liabilities	17,895	13,452
Total	**27,427**	**21,369**

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 2022	31 Dec 2021
Share-based payments	1,376	1,510
Total non-current	**1,376**	**1,510**
Accrual marketing spend	1,502	1,170
Accrual other cost of sales	1,380	864
VAT and other taxes	525	881
Refund liabilities	5,114	1,359
Employee benefits	4,544	4,314
Share-based payments	1,240	593
Other liabilities	2,216	2,762
Total current	**16,519**	**11,942**
Total	**17,895**	**13,452**

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. A movement schedule of the liability for share based payments is disclosed in Note 29.

In '000 €	31 Dec 2022	31 Dec 2021
Non-current liability for share-based payments	1,376	1,510
Current liability for share-based payments	1,240	593
Total liability for share-based payments	**2,616**	**2,103**

29 SHARE-BASED PAYMENTS ARRANGEMENTS

29.1 Description of share based payment arrangements

At 31 December 2022, the Group had the following share-based payment arrangements. The movement of the liability for cash-settled share-based payments is disclosed in Note 30.2.3.

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 one 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.

29.1.7 Share appreciation rights 2022

During the year 2022 the Group granted a total of 44,000 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.

	SAR 2017	Stock option plan 2017	SAR 2019	SAR 2020	SAR 2021	SAR 2022
Number of share options / appreciation rights issued	74,000	67,500	34,600	63,250	59,250	44,000
Fair value of the option on the grant date	€2.52	€1.46	€0.65	€2.61	€7.27	€7.89
Fair value of the option on measurement date	€18.36	€23.00	€22.58	€18.36	€10.23	€ 9.94
Exercise price of the option on the issue date	€6.84	€1.00	€2.35	€7.15	€21.19	€22.67
Expected volatility	65%	65%	60%	60%	60%	60%
Duration of the option	7 yrs	7 yrs	7 yrs	7 yrs	7 yrs	7 yrs
Expected dividends	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Risk-free interest rate	-0.6%	-0.5%	-0.5%	-0.5%	-0.4%	-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 stock option plans were as follows.

	Stock option plan 2020
Number of options issued	94,500
Fair value of the option on the grant date	€18.39
Share price at grant date	€23.70
Exercise price of the option on grant date	€1.00
Expected volatility	61%
Duration of the option	7 yrs
Expected dividends	5.0%
Risk-free interest rate	1%

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:

	2022 Average exercise price		2021 Average exercise price	
	Number	EUR	Number	EUR
1 January	**275,600**	**6.71**	**329,350**	**3.64**
Granted during the period	86,000	13.63	111,750	11.70
Exercised during the period	-29,000	2.31	-147,500	3.28
Forfeited during the year	-	-	-18,000	9.55
31 December	**332,600**	**8.49**	**275,600**	**6.71**
Exercisable on 31 December	2,000	6.84	8,500	6.84

The options outstanding at 31 December 2022 had an exercise price in the range of €1.00 to €32.32 (2021: €1.00 to €32.32) and a weighted-average contractual life of 7.1 years (2021: 5.2 years). The weighted-average share price at the date of exercise for share options exercised in 2022 was €29.38 (2021: €25.33).

30 REPORTING ON FINANCIAL INSTRUMENTS

30.1 Accounting classifications and fair values

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

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

30.2 Carrying amounts, valuations and fair values by measurement categories as of 31 December 2022

		Carrying amounts					Fair value			
in '000 €	Note	Fair value through profit and loss	Fair value through OCI	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value		**-**	**1,572**	**-**	**-**	**1,572**	**-**	**-**	**1,572**	**1,572**
Forward exchange contracts		-	-	-	-	-	-	-	-	-
Blacknut SAS		-	1,572	-	-	1,572	-	-	1,572	1,572
Financial assets not measured at fair value		**-**	**-**	**31,190**	**-**	**31,190**	**-**	**31,190**	**-**	**31,190**
Trade receivables	20	-	-	13,618	-	13,618	-	13,618	-	13,618
Cash and cash equivalents	22	-	-	16,804	-	16,804	-	16,804	-	16,804
Other assets	21	-	-	769	-	769	-	769	-	769
Financial liabilities measured at fair value		**-17**	**-**	**-**	**-3,473**	**-3,489**	**-17**	**-**	**-3,473**	**-3,489**
Liability for share-based payments	28	-	-	-	-2,616	-2,616	-	-	-2,616	-2,616
Contingent considerations	27.2	-	-	-	-857	-857	-	-	-857	-857
Forward exchange contracts		-17	-	-	-	-17	-17	-	-	-17
Financial liabilities not measured at fair value		**-**	**-**	**-**	**-37,156**	**-37,156**	**-**	**-37,156**	**-**	**-37,156**
Bank borrowings	26	-	-	-	-6,904	-6,904	-	-6,904	-	-6,904
Lease liabilities	27.1	-	-	-	-5,191	-5,191	-	-5,191	-	-5,191
Trade and other liabilities	28	-	-	-	-24,811	-24,811	-	-24,811	-	-24,811
Other financial liabilities	27	-	-	-	-250	-250	-	-250	-	-250

30.2.1 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	Financial assets at amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value		**-**	**1,500**	**-**	**-**	**-**	**-**	**-**	**1,500**	**1,500**
Forward exchange contracts		-	-	-	-	-	-	-	-	-
Blacknut SAS		-	1,500	-	-	-	-	-	1,500	1,500
Financial assets not measured at fair value		**-**	**-**	**20,550**	**-**	**20,550**	**-**	**20,550**	**-**	**20,550**
Trade receivables		-	-	12,508	-	12,508	-	12,508	-	12,508
Cash and cash equivalents		-	-	7,301	-	7,301	-	7,301	-	7,301
Other assets		-	-	741	-	741	-	741	-	741
Financial liabilities measured at fair value		**-15**	**-**	**-**	**-3,227**	**-3,242**	**-15**	**-**	**-3,227**	**-3,242**
Liability for share-based payments	28	-	-	-	-2,103	-2,103	-	-	-2,103	-2,103
Contingent considerations	27.2	-	-	-	-1,124	-1,124	-	-	-1,124	-1,124
Forward exchange contracts		-15	-	-	-	-15	-15	-	-	-15
Financial liabilities not measured at fair value		**-**	**-**	**-**	**-27,845**	**-27,845**	**-**	**-27,845**	**-**	**-27,845**
Bank borrowings		-	-	-	-5,000	-5,000	-	-5,000	-	-5,000
Lease liabilities	27	-	-	-	-3,578	-3,578	-	-3,578	-	-3,578
Trade and other liabilities	28	-	-	-	-19,267	-19,267	-	-19,267	-	-19,267

30.2.2 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	The income approach will be applied to calculate the value of Blacknut. The income approach will be based on a discounted cash flow analysis and an exit-multiple to determine the Terminal Value.	Income Discounted cashflows	In the valuation of Blacknut the future cashflows are based on and adjusted business plan in which a conservative approach is taken to determine the IRR. Additionally an IRR calculation has been performed at transaction date and balance sheet date which shows a range which did not impact the valuation per 31 December 2022.
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: +€15.000 Historic volatility -10% impact on liability: -€15.000
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: €85.750 Forecasted revenue -10% impact on consideration: -€85.750

30.2.3 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 2021	**1,123**	**730**	**-**
Assumed in Equity transaction	-	849	-
Purchase	-	-	1,500
Payment	-676	-157	-
Change in fair value (OCI)	-	-	-
Change in fair value (P&L)	1,655	-298	-
Balance at 31 December 2021	**2,102**	**1,124**	**1,500**
Balance at 1 January 2022	**2,102**	**1,124**	**1,500**
Assumed in Equity transaction (Note 30)	-	-	-
Purchase	-	-	472
Payments	-785	-377	-
Change in fair value (OCI)	-	-	-
Change in fair value (P&L)	1,299	111	-
Balance at 31 December 2022	**2,616**	**858**	**1,972**

30.2.4 Capital management

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

The capital structure of the Group consists of net debt (borrowings as detailed in Note 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.

30.3 Financial risk management

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

30.3.1 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 2022. The weighted average loss allowance is 3.6% higher in 2022 compared to 2021. This is due the higher portion of individually credit rated customers.

	2022			2021		
In '000 €	Trade reveivables	Loss allowance	Weighted average loss rate	Trade reveivables	Loss allowance	Weighted average loss rate
Low credit risk	30	-	1.4%	1,200	-14	1.2%
Normal credit risk	11,535	-392	3.4%	9,604	-446	4.6%
Increased credit risk	46	-39	85.3%	52	-39	75.0%
Individually credit risk	1,713	-1,664	97.1%	1,379	-975	70.7%
Total	**13,324**	**-2,095**	**15.7%**	**12,233**	**-1,475**	**12.1%**

30.3.2 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 €16,804 thousand (2021: €7,300.9 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 2022	Payments 2023	Payments 2023 to 2027	Payments from 2027
Trade payables	9,531	9,531	-	-
Bank borrowings (Note 26)	6,904	-	6,904	-
Financial liabilities (Note 27)	6,315	2,178	3,888	249
Other liabilities (Note 28)	17,895	16,519	1,376	-
Total	**40,646**	**28,229**	**12,168**	**249**

In '000 €	Gross value 31 December 2021	Payments 2022	Payments 2022 to 2026	Payments from 2026
Trade payables	7,918	7,918	-	-
Bank borrowings (Note 26)	4,955	4,955	-	-
Financial liabilities	4,718	888	2,833	997
Other liabilities	13,452	11,942	1,510	-
Total	**31,042**	**25,703**	**4,342**	**997**

30.3.3 Market risks

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

30.3.4 Foreign currency risks

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

30.3.5 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 €6,904 thousand (2021: €5,000.0 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 overdraft facility can vary between 2.35% - 2.95%, on the borrowing base facility between 1.85% - 2.15% and on the acquisition facility between 3.00% - 3.75%.. An increase or decrease of 100 basepoints in Euribor will lead to a deviation of €69 thousand and is of minor importance for the Group for the reporting periods.

31 RELATED PARTIES

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

In 2022, 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

31.1 Remuneration for members of the Management Board

Management Board compensation is composed as follows:

In '000 €	2022	2021
Payments due in the short term (excluding share-based compensation)	5,652	4,860
Share-based compensation	1,456	1,931
Total compensation	**7,107**	**6,792**

As of 31 December 2022, the Management Board held a total of 139,500 stock options (2021: 120,000 stock options). The stock options can be exercised in a four-year period, under the conditions that the agreed performance targets are reached.

31.2 Remuneration for members of the supervisory board

Per 31 December 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
Lam	Nathalie	Global Head of Sponsorship	Amsterdam, The Netherlands	Full Member

The Supervisory Board members received €125 thousand to reimburse their expenses in the financial year (2021: €120 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 2022 (2021: nil).

Nathalie Lam has been appointed by the local court (Amtsgericht) of Düsseldorf as successor to Niels Walboomers on 20 October 2022 in accordance with the German Stock Corporation Act (AktG). The Supervisory Board intends to propose to the company's 2023 Annual General Meeting, which is expected to be held in early April 2023, the election of Nathalie Lam as member of the Supervisory Board for the period following the 2023 Annual General Meeting.

32 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As of the balance sheet date, the Group was not exposed to contingencies (2021: €nil), except for those disclosed in Note 27.2 related to the acquisition of the remaining interest in Hype Ventures B.V.

33 COMMITMENT FOR EXPENDITURE

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

34 EVENTS AFTER THE BALANCE SHEET DATE

There were no events between the balance sheet date and 20 February 2023 that could have a material effect.

20 February 2023

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 2022.

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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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 legal representatives are responsible for the other information. The other information comprises the other information and chapters of the annual report 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, 20 February 2023

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Heiko Wittig	Corinna Kaufhold
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

FINANCIAL CALENDAR

6 April	Annual General Meeting 2023
4 May	1Q 2023 Financial Statement & Telephone Conference
3 August	2Q/6M 2023 Financial Statement & Telephone Conference
2 November	3Q/9M 2023 Financial Statement & Telephone Conference

IMPRINT

cliqdigital.com/investors

investors@cliqdigital.com

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
Julián Palacios
j.palacios@cliqdigital.com, +49 151 18476600

Media relations

Daniela Münster
daniela.muenster@h-advisors.global, +49 174 3358111

Publication Date

Tuesday, 21 February 2023