
ANNUAL REPORT
CLIQ
DIGITAL
2016

CLIQ

About CLIQ Digital

CLIQ Digital is a leading sales and marketing organization for digital products with its own payment platform. The core business of the Group is the direct marketing and billing of its products to end-customers via online- and mobile-marketing channels. CLIQ Digital offers its customers attractive products and is a valuable strategic business partner for networks, developers, publishers and advertisers. The Group, based in Dusseldorf, employs approximately 101 staff and is listed at the Frankfurt Stock Exchange (ISIN DE000A0HHJR3).
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to our shareholders

LETTER TO OUR SHAREHOLDERS

Dear Shareholders,

Hard work and perseverance pay off. This applies to real life as well as the stock exchange. It is particularly true of the performance of CLIQ Digital AG. Once again, we have proved that we are working profitably and achieving sustainable growth – in a challenging market environment.

Double-digit growth rates again in 2016

2016 was another successful year for CLIQ Digital AG. We managed to build on the sound foundations that we put in place in 2015 with sustainable growth and more favourable refinancing terms. What is more, we again achieved double-digit growth rates with revenue of EUR 65.3 million (up 17.2%, 2015: EUR 55.7 million) and earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 26.1 million (up 30.5%, 2015: EUR 20.0 million) in the last financial year. In 2016, net income rose to EUR 2.7 million as against EUR 1.4 million in 2015. Liabilities to banks fell by 29% from EUR 14.9 million at the end of 2015 to EUR 10.6 million as at 31 December 2016. As at the 2016 balance-sheet date, the equity ratio stood at 69% compared with 65% in the previous year. CLIQ Digital AG will thus be able to keep on pursuing its ambitious expansion targets with the necessary financial foundations in place.

Our KPIs also developed positively in the last financial year. We increased our spending on marketing once again, to a total of EUR 21.6 million. This represents a 23.4% increase compared with 2015 (EUR 17.5 million). The number of sales transactions rose to 2,599,389 in the reporting year versus 2,263,852 in the previous year – this equates to a growth of 14.8%. The CLIQ factor, which we calculate by dividing average net revenue per customer in the first six months by the costs per acquired customer, rose slightly to 1.41 in 2016 from 1.40 in 2015. The higher the figure, the sooner we are recovering our marketing spend. A revenue per customer of EUR 11.73 in 2016 (previous year: EUR 10.80) as well as a higher CLIQ factor did further increase the profitability of the Group as a whole. At the same time, there was also an increase in the customer base value, an important figure for estimating the expected cash inflow on the basis of the current customer base. The customer base value amounted to EUR 20.9 million at the end of 2016 compared to EUR 19.2 million at the end of 2015, thus climbing by 8.9% in 2016.

Innovative, user-friendly, popular - the products of CLIQ Digital

Our financial performance confirms our strategy and shows that our products are innovative, user-friendly and popular. Our strategy is to provide mobile consumers worldwide with entertai-

ning, meaningful products that enhances their lives anytime, anywere. At the same time, we aim to impress our customers with a state-of-the-art payment and billing platform, making it easier for them to pay and use our services.

Since CLIQ Digital was founded in 2005, we have gained a vast wealth of experience in digitisation, social media and communication. We are currently active in more than 34 countries, and reach more than 2.2 billion potential customers. Practical and properly solution-oriented approaches to matters involving regulations, compliance and customer consumption patterns are our main strength. The sustained growth of CLIQ Digital over many years demonstrates our expertise in these important core areas.

Last year, we managed to bolster our strong position on the European market. In Europe, we posted much stronger growth than in previous years. We also benefited from higher margins in this region. At the end of 2016, the revenue share of the European market stood at 82% compared with 69% in 2015. We continued to tap into this geographical market. In South Africa our dating app „XS2Date“ is in particular enjoying popularity. This dating app is so successful because it is accessible on all web browsers and mobile access channels, as well as having a high level of usability.

We are currently onto another strong new trend: emojis, small images that express feelings by means of symbols on chat applications via smartphone or tablet PC. With our CLIQMOJI, we aim to give customers the opportunity to use personalised emojis (of their favourite stars). We are currently working with the Dutch musician/rapper Lil‘ Kleine (Jorik Scholten), who now also has a growing fan base in Germany. Furthermore, we signed with German pop star and former member of the renowned girl group Monrose, Senna Gammour. CLIQMOJI is another proof of CLIQ being successful in extending its services also in Social Media.

Outlook: Further opportunities in the growth market

A growing level of digitisation means that this will continue to change our world. Although there‘s obviously nothing new about this trend, lots of opportunities still remain.

Digital applications will increasingly reach into our customers‘ everyday lives. For example, in a survey conducted by a UK polling firm, 34% of female respondents aged 50 or over said that they preferred searching for a new partner via singles platforms on the internet. This puts this method of searching for partners third on the list of favourites behind „circle of friends“ and „events/parties/concerts“ (multiple answers were allowed). It is interesting to note here that this

customer group is not one of the digital natives, i.e. not a group that has a high level of online affinity as such.

Here is another example: in February 2016, the social network Facebook started introducing emojis as a reaction to posts for its 1.7 billion users. In a Google search for Facebook, the fourth result in the list is „smileys“, a synonym for „emojis“. This shows how developments in the digital world are changing human communication itself from words to symbols.

A third example proves that games in the form of apps on mobile devices remain popular. According to industry analysts „ www.appannie.com „, revenue from mobile apps totalled USD 41 billion as at 2015. The experts expect the figure to break the USD 100 billion barrier by as early as 2020, reaching USD 101.1 billion. This would amount to growth of 250% within this period.

These are three examples of how mobile software applications, mobile payment and communication via smartphone and tablet PC remain a growth market. We are therefore optimistic about the future of our company. Last year showed that CLIQ Digital AG is in a solid position. The recognition level of our products is growing, liabilities to banks are falling and we are represented in a widespread geographical market and thus reducing its depency on only a few markets. This foundation and the result of passionate and forward-looking work, has met with increasing interest from investors. Within a year, CLIQ Digital‘s share price has risen by more than 139% to EUR 5.12 as per December 31, 2016 (EUR 2.14 as per 31 December 2015).

At the beginning of March CLIQ Digital shifted to the new stock market segment Scale. Scale is stronger regulated in admission and follow-up duties than the previous open market Entry Standard segment. Due to increased transparency and quality requirements, companies with a proven business model, such as CLIQ Digital, are becoming even more attractive to investors. In

addition we expect to benefit from the Deutsche Börse network and services such as Deutsche Börse Capital Market Partners and Research Reports. We are convinced, that with the move to Scale, CLIQ Digital is now listed in a market segment that can reflect its share price performance adequately. In the first quarter of 2017 the share price of CLIQ Digital increased by further 31.2% from EUR 5.20 to EUR 6.82. This corresponds to a market capitalization of EUR 42.2 million as at 31 March 2017.

We regard this as a huge vote of confidence and a reward for our work for our shareholders. At the same time, we would like to thank our employees, without whom none of this great success would have been possible and will not be possible in future.

Our task for the year ahead is to keep on posting sustainable, profitable growth.

Dusseldorf, April 2017

The Management Board of CLIQ Digital AG

Luc Voncken Ben Bos

REPORT OF SUPERVISORY BOARD

Dear shareholders,

The following report of the Supervisory Board informs about its activities in the fiscal year 2016 and the results of the audit of the annual and consolidated financial statements 2016.

During the past reporting year 2016 the Supervisory Board of CLIQ Digital AG thoroughly fulfilled the tasks incumbent to the law, the company's articles of incorporation, and its rules of business procedure. The Supervisory Board continuously supervised the Management Board and advised the board on the strategic orientation and management of the company. The Supervisory Board was involved timely in all decisions that were of fundamental importance for the CLIQ Digital Group.

The Supervisory Board held a total of 4 regular meetings in 2016. The Supervisory Board was informed regularly by the Management Board about the company's situation and development, as well as about important business transactions. The mandatory reporting requirements pursuant to § 90 of the German Stock Corporation Act (AktG) were complied with in this context. The ordinary meetings in 2016 were held on 12 April, 29 June, 26 August and 9 December. At all Supervisory Board meetings the members were present in the minimum number required for passing Supervisory Board resolutions pursuant to the articles of incorporation. As a consequence, at all times the Supervisory Board was able to act and take decisions, and to comply with the duties incumbent upon it according to the articles of incorporation and the law.

Additionally, outside the scope of these Supervisory Board meetings a regular and trusting dialogue between the Management and Supervisory Board occurred over the course of the 2016 financial year, mostly by telephone (conference) calls. The Management Board has complied with its obligations arising by law and the rules of business procedure and provided the Supervisory Board or its chairman regularly, in detail and promptly in both written and verbal form about all measures and events of relevance for the company. As a consequence, the Supervisory Board was constantly informed about the company's business position and business trends, its intended business policy, short- and medium-term business planning, including investment, financial and personal planning, as well as about the company's profitability, organizational 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 2016.

Focal points of the supervisory activity

At the 4 ordinary meetings the Supervisory Board conducted in-depth discussions of the reports with the Management Board members, and discussed commonly the company's position, revenue and earnings trends, as well as the financial position of the Group. Deviations from the plans and targets were explained by the Management Board and approved by the Supervisory Board.

In the 2016 financial year, the following significant items were also covered / approved during Supervisory Board meetings:

- Business planning, budgets and Group strategy, financial guidance
- Quarterly- and half-year figures 2016
- Financial status and financing of the company
- The agenda and date of the Annual General Meeting 2016
- Approval and adoption of the single entity financial statements for the 2015 financial year
- Approval of the consolidated financial statements for the 2015 financial year
- Alternative opportunities in Mexico and finalizing its agreement with CLIQ's former Service Provider
- Decide on the incorporation, acquisition and liquidation of several entities of the Group.

Personal matters and composition of the Supervisory Board

The Supervisory Board of CLIQ Digital AG consist of Dr. Mathias Schlichting (Chairman), Karel Gustaaf Tempelaar and Niels Walboomers. There have been no changes during 2016 in the composition of the Supervisory Board.

Single-entity and consolidated financial statements for 2016

The single-entity and consolidated financial statements as of 31 December 2016, as well as the group management report for the 2016 financial year were prepared by the Management Board and audited by the independent auditor Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft (Certified Accounting Firm), who was appointed by the Annual General Meeting and each received an unqualified audit opinion.

The Supervisory Board examined the single-entity and consolidated financial statements as of 31 December 2016 as well as the group management report for the 2016 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 members before the meeting.

At the Supervisory Board's meeting held on 6 April 2017, the Management Board explained the single-entity and consolidated financial statements as of 31 December 2016, the group management report for the 2016 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 6 April 2017: The single entity financial statements as of 31 December 2016 as well as the consolidated financial statements as of 31 December 2016 are approved and as a consequence the single entity financial statements of CLIQ Digital AG are hereby, pursuant to § 172 of the German Stock Corporation Act (AktG), adopted.

The Supervisory Board concurred with the Management Board's proposal concerning the application of non-appropriated retained earnings of CLIQ Digital AG – to be carried forward to a new account.

Thanks and recognition

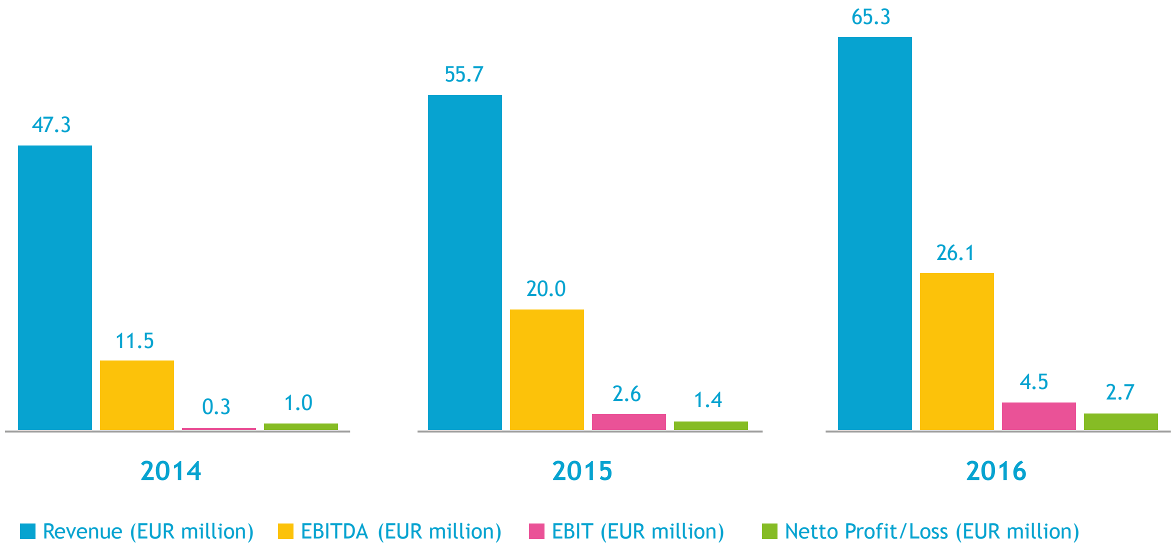
The Supervisory Boards thanks the Management Board as well as all employees for their continued good work in the past financial year. The Supervisory Board would like to thank the shareholders for their interest and confidence in CLIQ Digital.

Dusseldorf, 6 April 2017

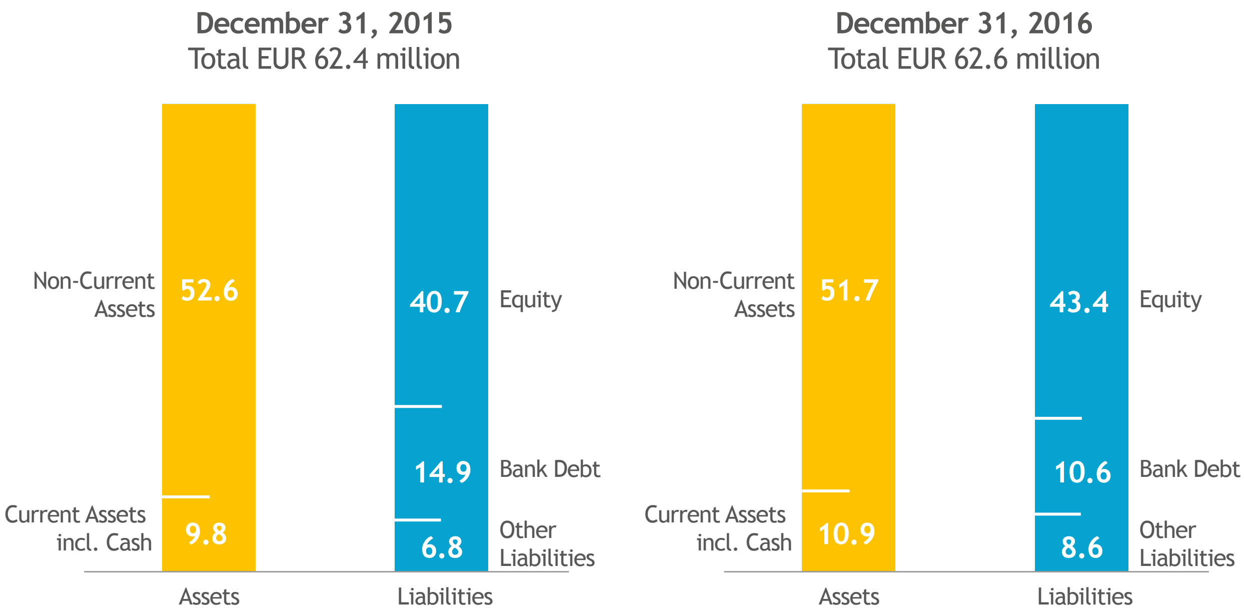
Dr. Mathias Schlichting
Chairman of the Supervisory Board

KEY FIGURES

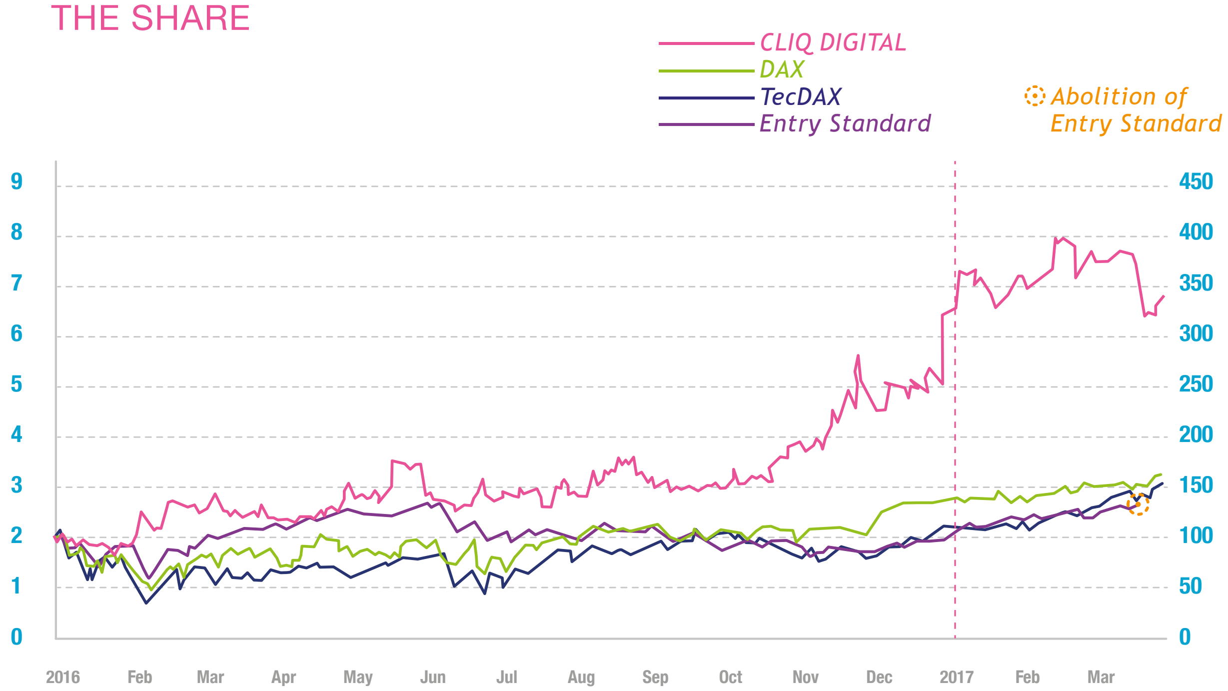
PROFIT & LOSS



BALANCE SHEET



THE SHARE



The German DAX benchmark index gained 9.5% in 2016. In the first six months, the German stock market was characterised by poor economic data and a sustained fail in oil prices. Trends on the international stock markets were marked by pronounced volatility in the first half of 2016. The stock markets in the USA and the emerging nations were exceptions to this. Key influencing factors for the stock markets picked up again in the third quarter of 2016. Widespread worries on the stock markets over a new recession at the start of the year receded as 2016 progressed. In the emerging nations, the situation improved following a recovery in commodity prices, while early indicators in the industrialised nations also suggested an economic upturn. The data from Germany was particularly positive. Along with the general economic situation, company profits were also more positive in than expected in most cases.

In the reporting year, the MDAX index of medium-sized companies rose by 7.5%, and the German SDAX small-cap index gained 5.3%. By contrast, the TecDAX technology index fell by 0.4%, and the Entry Standard Index, in which the CLIQ Digital share was listed until the beginning of March 2017, dropped by 0.1%.

Share-price performance in 2016

In the reporting year, the CLIQ Digital AG share rose sharply by 139.3%, outperforming the German share indices with successful company performance as well as more capital-market communication. Having ended 2015 at EUR 2.14 the share started 2016 unchanged at a price of EUR 2.14 on 4 January. In a generally weak market environment, the CLIQ Digital share soon reached its low of EUR 1.92 on 26 January 2016. Subsequently, the CLIQ Digital share bucked the general negative trend and consistently rose in value. The CLIQ Digital share reached its annual high of EUR 5.37 on 29 November 2016. It ended the trading year on 30 December 2016 at a price of EUR 5.12. The market capitalisation of CLIQ Digital AG increased to EUR 31.7 million as at the 2016 balance-sheet date on the basis of 6,188,714 shares in circulation. On the 2015 reporting date, the stock-market value stood at EUR 13.2 million with the same number of shares and a year-end price of EUR 2.14 (all figures based on Xetra prices). The average daily trading volume of CLIQ Digital shares in the last financial year on all German stock exchanges amounted to 9,526 shares compared with 10,688 shares in the previous year.

Investor relations

In 2016, CLIQ Digital again communicated transparently and continuously with institutional investors, private investors and analysts on its current business development and events of importance to the company's share-price performance above its statutory and stock-market obligations. In addition, the management team presented the company at the Oddo Seydler Small and Mid-Cap Conference in February 2016, the DVFA Spring Conference in May 2016 in Frankfurt and the Munich Capital Market Conference (MKK) in December 2016 as well as roadshows. The CLIQ Digital AG Management also actively engaged with the financial and business press to portray the company to the capital market. In 2017, CLIQ Digital will further intensify its transparent and continuous communication with capital-market players in order to present the CLIQ Digital AG share as an attractive investment to a wider range of investors.

The CLIQ Digital AG share belonged to the Entry Standard market segment in the open market of the Frankfurt Stock Exchange until the end of March 2017, as this segment was abolished by the Deutsche Börse. CLIQ Digital then decided to enter the newly founded Scale segment of the Deutsche Boerse. Since Scale is stronger regulated in admission and follow-up duties than the previous open market Entry Standard segment we expect to become even more attractive to investors. In addition, we will benefit from Deutsche Börse's network and services such as Deutsche Börse Capital Market Partners and Research Reports.

Oddo Seydler Bank AG and Lang & Schwarz Broker GmbH act as designated sponsors, ensuring appropriate liquidity and corresponding tradability of the CLIQ share in the provision of binding ask and bid prices.

Annual General Meeting

At the Annual General Meeting in Düsseldorf on 26 August 2016, the CLIQ Digital AG Management Board reported to the shareholders on the 2015 financial year and answered their questions. 75.09% of the share capital was represented in the voting. The shareholders expressed their satisfaction with the company's performance and approved the actions of the Management Board and Supervisory Board. In all agenda items, the proposals of the management were accepted almost unanimously. The voting results of the Annual General Meeting can be viewed at https://www.cliqdigital.com/front-IR/annual-general-meeting-2016/

Shareholder structure

The shareholder structure of CLIQ Digital AG did not change significantly in the reporting period. The members of the Management Board and Supervisory Board directly hold 26% of the voting rights. As at 31 December 2016, the free float as defined by Deutsche Börse with voting rights of under 5% we estimate still over 40% of the share capital.

Share-price performance in the first quarter of 2017

In the first quarter of 2017, the CLIQ Digital AG share performed extremely positively, gaining more than 31.2%. The share started the year on 2 January at a price of EUR 5.20 and ended the first quarter of 2017 on 31 March at a price of EUR 6.82. The stock-market value of CLIQ Digital amounted to EUR 42.2 million at the end of the first quarter of 2017.

Research coverage

Warburg Research GmbH, a renowned research firm, analyses and assesses the CLIQ Digital share. In the most recent research update on 16 February 2017, analyst Felix Ellmann reiterated the buy recommendation for the CLIQ Digital share, increasing the target price to EUR 9.60. Current analyses and evaluations are being performed on basis of the figures published in this annual report, and will be published on the company's website on receipt. Due to the change to the new market segment Scale, CLIQ Digital will also be covered in future by two further renowned research houses, such as Edison Research and Morning Star. Interested investors can view information on the Investor Relations page of the homepage https://www.cliqdigital.com/ir/. You can also contact us by e-mail on (sh@crossalliance.de) and telephone (+49 (0) 89 898 27-227).

Key Data CLIQ Digital Share (as of December 31, 2016)

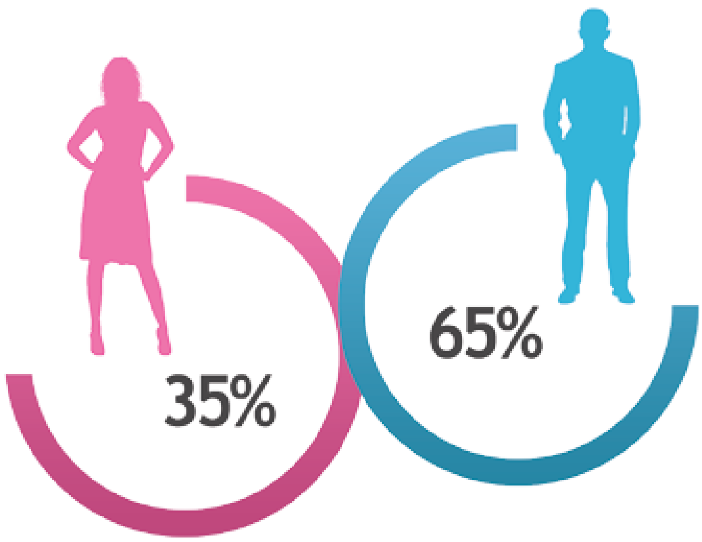
WKN	A0HHJR
ISIN	DE000A0HHJR3
Bloomberg ticker	CLIQ
Number and class of shares	6,188,714 no-par bearer shares
amount of share capital	EUR 6,188,714.00
Market segment	Scale
Designated sponsor	Lang & Schwarz AG Oddo Seydler Bank AG
Capital market partner	Lang & Schwarz Broker GmbH
End of the financial year	December 31

CLIQ at a glance

101
total number of employees

34
average age

27
number of nationalities



2 GROUP MANAGEMENT REPORT

group management report

I. FUNDAMENTAL INFORMATION ABOUT THE GROUP

A. The group's business model

CLIQ Digital is a leading sales and marketing organization for digital products with its own payment platform. The core business of the Group is the direct marketing and billing of its products to end-customers via online- and mobile-marketing channels. CLIQ Digital offers its customers attractive products and is a valuable strategic business partner for networks, developers, publishers and advertisers. CLIQ Digital group employs 101 people (31 December 2016). CLIQ Digital AG, the parent company of the group, has its legal seat in Düsseldorf and is listed in the Scale segment of the Frankfurt Stock Exchange (ISIN DE000A0HHJR3).

From its business activities in the past and its continuous market analysis CLIQ Digital concluded, that monetizing digital products by direct response marketing is for CLIQ Digital, the most effective type of marketing (as compared to, for instance, brand marketing or viral marketing), although currently tests are done with online social (viral) marketing. Direct response marketing comprises the placing of advertisements on (mobile) Internet websites, which aim at triggering a direct purchasing decision. For CLIQ Digital, it will continue to be the most dominant marketing method going forward. The largest part of CLIQ Digital's sales numbers is achieved via affiliate marketing, whereby the affiliate partner is rewarded for each customer that signs up for a CLIQ Digital service. Besides affiliate marketing, a growing number of customers is acquired via in-house media buying, whereby CLIQ Digital is responsible for the acquisition of internet traffic and conversion from visitor to customer.

As a result of targeted efforts, the product team at CLIQ Digital is able to provide its sales and marketing teams the latest and hottest products. In turn, sales and marketing sell the products directly, and highly efficiently, to consumers. The current product range breaks down into six groups:

ENTERTAINMENT

With the help of country-specific portals, the "Entertainment" product group sells digital premium products and services that provide consumers with local content, entertainment and information services. These include, for example, themed live streaming video portals, infotainment, images and more. CLIQ Digital rapidly responds to customers' changing preferences with new and innovative digital entertainment products.

The products are promoted through Internet banners. When customers click on a banner, they are redirected to the campaign landing page, where they can subscribe and access the content fulfilment portal. Each country has one or more customized content fulfilment portals.

GAMES

The "Games" group generates an important share of CLIQ Digital's revenue. The Games portfolio includes a range of high quality HTML5 games and special games for basic mobile phones. In addition, the games offering includes games as apps for iOS and Android devices. Overall consumers can be entertained on a variety of different devices. The "Games" products are offered in a similar way to the "Entertainment" products. In addition, "Games" are also offered via game portals and third-party digital shops. CLIQ Digital strengthened her portfolio in the product group "Games" by signing new distributor agreements with leading game publishers, including Softgames, Unacell LLC and Anuman Interactive SA.

APPS

CLIQ Digital buys its “Apps” offerings for Android as well as iOS devices worldwide with its own licensing team. These apps are available to consumers in different packages and individually. The “Apps” product group focuses on “fun” and applications that can only be downloaded on smartphones. The apps cover a wide range of genres, such as entertainment, dating, discovery, productivity, lifestyle, travel, sports and social media. CLIQ Digital strengthened her portfolio in the product group “APPS” by signing new distributor agreements for Emoji apps.

SOFTWARE

The “Software” product group comprises premium quality functional software applications for smartphones, laptops and desktops. The software applications were developed by co-operation partners, who partnered with CLIQ Digital to benefit from its specialized marketing abilities and to gain more customers in multiple markets. Examples of software applications in this category include security products, such as AVG, Kaspersky, Bullguard, iolo System Mechanic, Mc Secure and VIP Security.

DATING

CLIQ Digital offers various dating products to the world’s single community, accessible on mobile, desktop and via apps. In partnership with an experienced dating company, CLIQ has set up its very own HTML-based Dating platform, which helps customers to find the perfect match from an ever growing user database. This multi-platform service supports desktop and mobile devices is being maintained under two brands, targeting a general as well as a more adult male audience. Additionally CLIQ has developed various mobile friend finder services inhouse, for instant Social Messengers such as WhatsApp or Snapchat. These unique HTML-based services make it possible to find like-minded people and to connect with them through WhatsApp and Snapchat

EMOJI

The „Cliqmoji“ group offers a turnkey full-service solution for brands‘, in order to monetize the brands social audience by engaging their social following with innovative Emoji Apps & Keyboards. CLIQ Digital delivers to brands a fully customized Emoji App for iOS & Android, including app store publishing, marketing and Emoji designs. Each App comes with hundreds of unique brand specific Emoji, which can be shared with others through any Instant Messenger, such as WhatsApp, Twitter, Instagram and Facebook Messenger. The first artist who got his own Emoji App from CLIQ Digital is the Dutch rapper Lil Kleine. Apart from brands, CLIQ Digital has also developed its own Emoji App, named „MojiMania“. It comes with over 1.000 new Emoji and is available as native App for iOS & Android as well as HTML content portal.

Furthermore, we are also in ongoing negotiations with German Pop Star and former member of the renowned Girl group Monrose, Senna Gammour. CLIQMOJI is another proof of CLIQ being successful in extending its services also in Social Media.

For all product groups CLIQ Digital is primarily offering her products to consumers via the subscription model, in which customers can enjoy unlimited access for a daily, weekly or monthly subscription fee. Only in exceptional cases CLIQ Digital is offering products for a one-off fee. Depending on the country, payments can be made through premium SMS (PSMS), direct carrier billing (DCB), appstore billing, credit card or PayPal.

For over 10 years, CLIQ Group has been marketing and selling its products and services in multiple countries on every continent. Before entering a new market, CLIQ Group analyses the market conditions as well as the legal environment of the relevant country. Furthermore, it repeatedly investigates the change of customers’ preferences, changes in the legal situation and all other developments on such markets. In doing so, CLIQ Group has gained knowledge and strong experience in these countries, including in-depth knowledge of the local regulatory environment of online and mobile advertising and mobile payments. CLIQ Group therefore believes that, based on such knowledge and experience, it is in a good position to successfully compete with its competitors and to sustainably expand its business in these markets.

CLIQ Digital is developing core technology in-house to advertise, deliver and invoice its products. The company is working together with external partners on connections to mobile network operators and on implementing various invoicing methods. Product development (mobile services and games) occurs almost completely externally, partially commissioned by CLIQ Digital. Completed and almost completed products are predominately purchased and licensed.

The members of the Management Board Luc Voncken and Ben Bos indirectly hold approximately 9% of shares in CLIQ Digital AG as per December 31, 2016.

The Supervisory Board of CLIQ Digital AG consist of Dr. Mathias Schlichting (Chairman), Karel Gustaaf Tempelaar and Niels Walboomers. There have been no changes during 2016 in the composition of the Supervisory Board.

B. Structure of the CLIQ Digital Group and Participations

The parent company of the group is CLIQ Digital AG, Dusseldorf, Germany. All the company's holding activities are managed from Dusseldorf. By centralizing the Group, the organization is able to exploit synergies within the entities as well as structure the group of companies more simply and effectively.

In 2016 the Irish entity Blinck Mobile Ltd, Dublin, Ireland, was terminated. During 2016 three Dutch enties (CPay B.V., VIPMOB B.V. and CMind B.V.) were incorporated and one German entity (Claus Mobi GmbH) was acquired. All four entities were added to the group.

For more detailed information regarding the consolidation of entities see the section Consolidation Scope in the General Information of the Notes to the financial statements.

PARTICIPATIONS

	Equity interest in %
CLIQ Digital AG, Dusseldorf, Germany	
C Formats GmbH (former Bob Mobile Deutschland GmbH), Dusseldorf, Germany	100.00
Bob Mobile Hellas S.A., Attiki, Greece	100.00
Cructiq AG, Baar, Switzerland	100.00
Rheinkraft Production GmbH, Dusseldorf, Germany	100.00
Just A Game Hellas S.A., Attiki, Greece	100.00
Bluetiq GmbH (former Just A Game GmbH), Dusseldorf, Germany	100.00
Guerilla Mobile Asia Pacific Pte. Ltd, Singapore	100.00
CLIQ B.V., Amsterdam, The Netherlands	100.00
Artiq Mobile B.V., Amsterdam, The Netherlands	100.00
TMG Singapore PTE Ltd., Singapore	100.00
The Mobile Generation Americas Inc., Toronto, Ontario, Canada	100.00
GIM Global Investments Munich GmbH, Munich, Germany	100.00
iDNA B.V., Amsterdam, The Netherlands	100.00
Grumbl Media B.V., Amsterdam, The Netherlands	100.00
CMind B.V., Amsterdam, The Netherlands	66.67
CPay B.V., Amsterdam, The Netherlands	100.00
Claus Mobi GmbH, Dusseldorf, Germany	100.00
VIPMOB B.V., Amsterdam, The Netherlands	80.00

II. REPORT ON ECONOMIC POSITION

A. Economic environment

1. MACRO-ECONOMIC TRENDS

According to forecasts by the International Monetary Fund (IMF), the global economy continued to show moderate development in 2016 with growth of 3.1%. The reduction in the forecast for economic development in 2016 and 2017 by 0.1 percentage points compared to the forecast in April 2016 reflects a more modest outlook for advanced economies. This was due to Britain's exit from the EU (Brexit) and weaker-than-anticipated growth in the United States. Although the capital markets have stabilised again following the surprise of the Brexit, the effects on the institutional environment and trade agreements between the United Kingdom and the European Union remain uncertain. These developments are having a negative impact on global interest rates, so monetary policy is expected to remain expansionary. Meanwhile, market participants' assessment of emerging economies improved again in anticipation of lower interest rates in advanced economies. This was also thanks to the stabilisation of commodity prices and of the Chinese economy. Nonetheless, emerging and developing countries are facing structural challenges in light of the low commodity prices. A slow recovery and an increase in global economic growth to 3.4% are expected in 2017.[1]

For the eurozone, the International Monetary Fund forecast economic growth of 1.7% in 2016. Domestic demand, especially investment, fell again in some of the largest economies of the eurozone in the second quarter of last year after several quarters of unexpectedly strong growth. For 2017, economic output in the eurozone is expected to increase by 1.6%, an upward correction of 0.1 percentage points to the October 2016 forecast. Inflation in the common currency area rose slowly in 2016 to 0.3%. For 2017, the International Monetary Fund forecasts an increase to 1.1%.[2]

According to the Federal Statistical Office (Destatis), economic output in Germany increased by 1,9% in 2016 and continued its moderate growth. The German economy was driven by private consumption and government spending. The state increased its expenditures significantly, the private households slightly. In addition, investment specifically in constructions developed positively. While exports of goods and services were 2.5% higher than in the previous year; Imports increased more strongly over the same period with 3.4%. As well as the employment market situation, the price development of energy products was largely responsible for the 2016 consumers' buying power. The inflation rate increased to 0.5% in 2016 compared to 0.3% in the previous year.[3][4] For the current year, the German Government expects an increase in GDP of 1.4 percent.[5]

According to the IMF, the economy in the USA developed with less momentum in 2016 than expected. In the reporting period, economic output in the USA increased by 1.6%, lower than the previous year's 2.6%. The greatest negative impact came from declining equipment investments in the energy sector and the strength of the dollar in the export-oriented industry. After a weak first half of 2016, activity rebounded strongly in the United States, and the economy is approaching full employment. In 2017, the IMF expects growth of only 2.3%, compared to a previous forecast of 2.2%, assuming a fiscal stimulus by the new administration.[6][7]

The economic output of the People's Republic of China grew by 6.7% in 2016 according to IMF forecasts, after 6.9% in the previous year. Supported by economic measures and increased borrowing, the growth was within the Chinese

[1] http://www.imf.org/external/pubs/ft/weo/2017/update/01/
[2] http://www.imf.org/external/pubs/ft/weo/2017/update/01/
[3] https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2017/01/PD17_003_611.html
[4] https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2017/01/PD17_037_132.html
[5] https://www.bundesregierung.de/Content/DE/Infodienst/2017/01/2017-01-26-jahreswirtschaftsbericht/2017-01-26-jahreswirtschaftsbericht-2017.html;jsessionid=45BA117ACCFDEF18AF26ACAAE74FC44D.s1t2
[6] http://www.imf.org/external/pubs/ft/weo/2016/02/pdf/c1.pdf
[7] http://www.imf.org/external/pubs/ft/weo/2017/update/01/

government's target range of 6.5% to 7.0%. Stable consumption and the shift of activity from industry to services demonstrate the continuation of the economic realignment. For this year, IMF experts are forecasting an increase in Chinese economic output of just 6.5%, an increase compared to the projections in October 2016 of 0.3 percentage points.[8 9]

2. TRENDS IN THE MOBILE CONTENT SECTOR

More and more people all over the world are using the internet. By the end of 2016, nearly 47% of people worldwide will use the internet — either through a personal computer or mobile device — a 6.8% increase over 2015 according to the market research firm eMarketer Inc. The number of internet users worldwide in the year under review was 3.4 billion up from 3.2 billion in 2015. By 2017, the penetration is expected to grow to 49% or 3.6 billion people. eMarketer estimates that internet adoption will surpass the halfway mark in 2018, when 51.1% of the world's population will go online, equating to 3.8 billion people.[10]

While the internet uptake in North America and Western Europe has reached maturity, consumers in developing countries across Asia-Pacific, Latin America, Central and Eastern Europe and the Middle East and Africa are going online for the first time via mobile broadband and smart devices.[11]

In 2016 over 72% of people worldwide who access the internet will do so from a mobile phone, up 11.9% points from 2015. Smartphone adoption is expected to have continued its double-digit growth in 2016 to reach 2.10 billion people or 28.7% of the global population. eMarketer predicts 47.4% of people with mobile phones worldwide will have a smartphone by the end of 2016, and that percentage will surpass 50% by 2017. The availability of inexpensive, low-end smartphones will help drive adoption over the next few years, especially in developing markets.[12] Accordingly, mobile data traffic will increase eightfold between 2015 and 2020, growing at a CAGR of 53% between 2015 and 2020 as the network company Cisco Systems states in its Visual Networking Index. Global mobile data traffic will grow almost three times as fast as fixed IP traffic from 2015 to 2020. By 2020 Smartphone traffic will exceed PC traffic with PCs accounting for only 29% of traffic. Smartphones will account for 30% of total traffic in 2020, up from 8% in 2015.[13] At the same time, the mobile content experience is taken to the next level by Google Accelerated Mobile Pages (AMP) improving the loading speed of mobile web pages, increased search engine visibility and a boost in website traffic. Publishers who transitioned to Google AMP experienced notable improvements in the performance of publishers' websites with an increased number of new unique visitors and visits per month, more time spent by users on websites, higher click-through rates on ads and search results.[14]

As mobile devices are already the primary means of accessing the internet across the world Zenithmedia expects mobile devices will become the main vehicle for internet advertising in 2017. In these means, mobile advertising will increase its share of global internet advertising to 52% in 2017 from 44% in 2016.[15] Furthermore, consumers shift their attention during the day from tablet to desktop to smartphone, sometimes while watching TV. Consumers increasingly tend to use the more specialist devices on very specific occasions, giving advertisers the opportunity to target these moments of their life with precision. Advertisers across the world will spend USD 99.3 billion on mobile internet advertising in 2017, compared to USD 97.4 billion on desktop internet advertising. Mobile advertising is forecast to grow by 46% in 2016, followed by 29%

8 http://www.imf.org/external/pubs/ft/weo/2016/02/pdf/c1.pdf
9 http://www.imf.org/external/pubs/ft/weo/2017/update/01/
10 https://www.emarketer.com/Article/Slowing-Growth-Ahead-Worldwide-Internet-Audience/1014045
11 https://www.emarketer.com/Article/Slowing-Growth-Ahead-Worldwide-Internet-Audience/1014045
12 https://www.emarketer.com/Article/Slowing-Growth-Ahead-Worldwide-Internet-Audience/1014045
13 http://www.cisco.com/c/en/us/solutions/collateral/service-provider/visual-networking-index-vni/vni-hyperconnectivity-wp.html
14 http://www.business2community.com/mobile-apps/future-mobile-content-google-amp-01735308#9obJSOc2iw8FQFvI.97
15 http://www.zenithmedia.com/mobile-forecasts-75-internet-use-will-mobile-2017/

growth in 2017.[16] Between 2015 and 2018 desktop advertising spend will shrink by USD 10.7 billion, more than newspapers with USD 9.6 billion and magazines with USD 4.4 billion. Meanwhile, mobile advertising spend will grow by USD 81.3 billion over the same period, seven times more than the combined growth of television with USD 7.3 billion, radio with USD 0.9 billion and cinema with USD 0.7 billion.[17] In total, mobile advertising is some way behind television and will remain so for at least the next few years: by 2018 mobile advertising expenditure is expected to total USD 127.8 billion compared to television's USD 192.2 billion.[18]

Traditional digital display advertising like banners will shrink 3.1% in 2016. The decline in the traditional displays is a result of the rapid transition to mobile advertising. Online video advertising will grow by 20.1% a year on average between 2015 and 2018 reaching USD 30.1 billion in 2018.[19] This will increase online video's share of digital display advertising spend to 31.3%, up from 26.7% in 2015. Banner ads are much less effective on mobile devices than on desktops – consumers find them more intrusive, and are more likely to click on them by accident than by design. Online video, by contrast, is benefiting from the increasing availability of high-quality content, and improvements to the mobile viewing experience, such as better displays and faster connections. And for many consumers, checking their mobile devices for social media devices has become a regular, ingrained habit, while social media ads blend seamlessly into their mobile app newsfeeds.[20] At the same, time mobile devices will overtake fixed devices to become the main platform for viewing online video. Consumers around the world will spend up 39% viewing mobile video. The rapid growth in mobile video consumption is driven by the growing popularity of mobile devices, particularly low-cost devices in lower-income countries; the development of better mobile displays; and the spread of high-speed data connections. Mobile video consumption will grow 33% in 2017.[21]

In 2016 publishers experienced a year of innovation and change with the most prominent challenges and trends being familiar, while new ones kept emerging. Adfraud still remains a big problem as revenues could mitigate to channels with a more inherent engagement and audience buy-in such as mobile apps and email. Meanwhile, publishers' awareness has led to supply-side changes, with publishers eliminating high-risk, potentially fraudulent inventory. As a result more industry-wide standards and incentives took place in 2016 than before. As in the previous years, analytics continue to be critical for the economic success of publishers. More than 92% of content providers collected information on customers or prospects in 2016 making data-driven marketing the industry standard. At the same time, the industry got stuck on data collection. Making data actionable at scale is still rudimentary and lacking progress in 2016. The main reasons were still the lack of internal function or operational experience related marketing software. This will change as marketing tools become more self-service and machine-learning capabilities will offer immediate applications of the customer data. As the customer journey has grown more complicated with more touchpoints and data software supporting marketers needs to be simplified. 2016 was also the start of geo-spatial data for a future in a post-mobile environment moving from traditional channels like email to more bleeding-edge platforms like AR, VR and 360-degree video, location data powers insights on how to best engage customers in a more personalized way through mobile. Pokémon Go with 55 million users in its first month pointed out that location-based data is the key to understanding customer context as mobile become the dominant screen.[22]

The global mobile content market for carrier billing is expected to reach USD 47 billion

[16] http://www.zenithmedia.com/mobile-internet-advertising/
[17] http://www.zenithmedia.com/global-ad-market-strengthens/
[18] http://www.zenithmedia.com/mobile-internet-advertising/
[19] http://www.zenithmedia.com/mobile-online-video/
[20] http://www.zenithmedia.com/mobile-internet-advertising/
[21] http://www.zenithmedia.com/mobile-online-video/
[22] http://www.econtentmag.com/Articles/Editorial/Industry-Insights/Five-Big-Trends-Marketers-Faced-in-2016-115132.htm

by 2020. According to Juniper Research, this equals more than four times the figures of 2015 with just under USD 11.3 billion.[23] Carrier billing offers content owners and merchants the ability to do business with consumers that do not own a credit or debit card by offering them a reliable and simplified payment mechanism. It uses the pre-existing, trusted billing relationship with mobile carriers that enables consumers to make purchases through the operator's billing system. Content producers that offer carrier billing as a payment method will win over consumers for the simplicity of the payment option and thereby drive revenues of carrier billing companies. As always connected consumers are looking for better payment options, more industry players in the digital services and digital content arena will choose carrier billing as their preferred payment method. This move will open their market to audiences who are tech-savvy, always-connected and have a low credit card penetration. Regarding to that, flexible and new subscription models are on the rise, such as one-off purchases and daily/weekly/monthly subscription plans that are charged directly to the customer's phone bill. Also, European regulations are going to open up new opportunities enabling companies to offer additional service transactions to take place via carrier billing. This includes online ticketing, donations via mobile phone, as well as loading of goods such as gift cards. With digital content and service carrier billing on the rise as one of the most popular payment methods, physical good carrier billing transactions are already on the horizon. With the use of direct carrier billing physical goods benefit among others from incremental revenues, larger addressable markets or superior conversion rates. As a variety of environmental factors have evolved over time, a trend is emerging with carriers becoming more competitive with their margins, and in some markets, the direct carrier billing margin is providing a better margin compared to certain alternative payment options. Even more, there is also an increased focus on direct carrier billing helping to advance financial inclusion. Direct carrier billing from its beginnings served to offer financial services in unbanked regions.[24] The market research institute Euromonitor expects in 2016, mobile-driven commerce to have reached USD 972 billion. By 2021 mobile-based payments are expected to reach USD 3 trillion equating to an estimated 11% of all consumer card payments, up from approximately 5% in 2016.[25] According to Stratistics MRC, the Global Mobile Payment Transaction Services market is growing at a CAGR of 39.6% during the forecast period 2015 to 2022.[26]

Gaming is expected to continue to account for the largest share of carrier billing digital content consumption, while Video on Demand (VoD) will experience significant growth in 2017 with consumers taking advantage of real-time acquisition and consumption of their entertainment whenever and wherever they are.[27]

In 2016 revenues in the global mobile games market continued to grow further up to around USD 37 billion according to the international market research and consulting firm Newzoo, resulting in a year-on-year growth on the level of the previous year of 24%. The global mobile games

[23] https://www.juniperresearch.com/press/press-releases/operators-eye-content-revenues-as-billing
[25] https://www.mobilepaymentstoday.com/blogs/5-trends-shaping-mobile-payments-worldwide-in-2016/
[26] http://www.strategymrc.com/report/mobile-payment-transaction-services-market
[27] http://www.dimoco.at/artikel/dimoco-unveils-top-trends-in-carrier-billing-for-2017.html

revenues are estimated to reach USD 43 billion in 2017, USD 47 billion in 2018, USD 53 billion in 2019. The computer screen is the most lucrative, with revenues of almost $32 billion. The personal screen, or smartphones, is the fastest growing with a YoY growth rate of 23.7% and by 2018 will take the lead globally. The floating screen (tablets & handheld consoles) remains the least important gaming screen, with revenues of USD 11.6 billion, as handheld revenues are expected to plummet another 24% in 2016. The games industry continuously shows signs of accelerated growth following global alignment of business models and platforms. The biggest driver going forward is the convergence of games and video on a global scale, with esports at the epicenter. This trend is transforming games into all-round entertainment franchises, opening up new ways of engagement and complementary revenue streams. This is good news for the games industry, which was already on a healthy growth curve through success on mobile.[28]

As the global games market approached USD 100 billion in 2016, Newzoo expects mobile to account for 37% of revenues, revealing that mobile gaming, for the first time, is expected to take a larger share than PC gaming with USD 37 billion in revenues in 2016, up 21.3% overall. The biggest driver of mobile content going forward is the convergence of games and video on a global scale. This trend is transforming games into all-round entertainment franchises, opening up new ways of engagement and complementary revenue streams. The Latin American mobile games market is still the fastest growing in the world, with 20% growth in 2016. The Western European mobile game market remains one of the slowest at 7% growth year-over-year.[29]

2. MARKET POSITION

The digital content market is characterized by a large number of different types of companies, each playing their own role in the digital content marketplace. Some companies focus on generating digital content, or mobile or online payment solutions, while other companies focus on the distribution of digital content, or, like CLIQ Digital, focus on the direct marketing of digital content. Compared to other companies involved in the direct marketing of digital content, CLIQ Digital considers itself one of the top players worldwide in this market; the main competitors are Buongiorno, Acotel Group, NeoMobile, Zed Worldwide, Freenet digital, Sam-Media Group, Crowd Mobile and TIM W.E. SGPS.

[28] https://newzoo.com/insights/articles/global-games-market-reaches-99-6-billion-2016-mobile-generating-37/
[29] https://newzoo.com/insights/articles/global-games-market-reaches-99-6-billion-2016-mobile-generating-37/

B. Course of Business

1. GENERAL DEVELOPMENT

The development of the results in 2016 compared to 2015 can be summarized as follows:

EUR million		2016	2015	2016 as % of 2015
Gross revenue		65.3	55.7	
Cost of Sales		-28.7	-27.2	
Gross Margin		**36.6**	**28.5**	**128%**
% of revenue		**56%**	**51%**	
Personnel expenses		-7.7	-6.3	
Other operating expenses		-2.8	-2.2	
Total operating expenses		**-10.5**	**-8.5**	
EBITDA		**26.1**	**20.0**	**131%**
Amortization and impairment charges applied to Customer acquisition costs	(1)	-21.0	-15.4	
Adjusted EBITDA		**5.1**	**4.6**	**111%**
Amortization and impairment charges applied to other intangible, tangible and current assets	(1)	-0.6	-2.0	
EBIT		**4.5**	**2.6**	**173%**
Net financial result		-0.9	-0.8	
Profit / loss before taxes		**3.6**	**1.8**	
Taxes on income		-0.9	-0.4	
Consolidated comprehensive income		**2.7**	**1.4**	
Profit / loss attributable to minority interest		0.0	-	
Profit / loss attributable to CLIQ Digital AG shareholders		**2.7**	**1.4**	**193%**

(1) Total of ‘Amortization and impairment charges applied to Customer acquisition costs’ and ‘Amortization and impairment charges applied to other intangible, tangible and current assets’ are presented in the consolidated statement of comprehensive income as total ‘Amortization and impairment charges applied to intangible, tangible and current assets’.

The year 2016 was successful year for CLIQ Digital, in which revenue, (Adjusted) EBITDA and EBIT for the year all showed a double-digit growth compared to the previous financial year. The net result 2016 even doubled compared to 2015. Driven by a substantial rise in the company's marketing spend (+23.4% compared to 2015), the CLIQ Digital Group generated revenue of EUR 65.3 million in 2016 (2015: EUR 55.7 million), an increase of 17.2%. The profitability of the Group as a whole was substantially increased thanks to higher-margin marketing campaigns and an increased focus on the European continent, where the ARPU (Average Revenue per User) is higher than in other continents

The EBITDA margin climbed from 35.9% in the previous year to 40.0% in the period under review. In the 2016 financial year, EBITDA amounted to EUR 26.1 million (2015: EUR 20.0 million), which corresponds to a year-on-year increase of 30.5%. Adjusted EBITDA (EBITDA adjusted for amortization and impairment charges to capitalized customer acquisition costs), an important indicator for the performance of CLIQ Digital, also increased significantly by about 11% to EUR 5.1 million compared to EUR 4.6 million in the prior year period.

EBIT showed an even greater increase of 73.1% to EUR 4.5 million (2015: EUR 2.6 million). This equates to an EBIT margin increase from 4.7% in the previous year to 6.9% in the period under review.

The net result after minority interests doubled to EUR 2.7 million in the reporting period as compared to EUR 1.4 million in the previous year (+92.9%).

The customer base value rose by 8.9% to EUR 20.9 million in 2016 versus EUR 19.2 million in the previous year. The customer base value is an important figure for estimating future revenue generated from current customers.

In addition, successful business performance in the 2016 financial year allowed the company to significantly reduce its debt with its financing institution to a greater extent than expected. Liabilities to banks amounted to EUR 10.6 million as at 31 December 2016, which thus equates to a decrease of 28.9% compared to the previous year's figure (31 December 2015: EUR 14.9 million).

C. REPORT ON RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

1) RESULTS OF OPERATIONS

(1) Revenue Development

The CLIQ Digital Group generated revenue of EUR 65.3 million in 2016 (2015: EUR 55.7 million), an increase in revenue of 17.2% compared to 2015. Due to a shift in sales focus to other, mainly European, markets, CLIQ Digital has realized a quarter over quarter growth in revenue since the second quarter of 2016.

The revenue per continent is shown hereunder:

Territory	Revenue 2016 EUR million	% of Gross Revenue	Revenue 2015 EUR million	% of Gross Revenue
Europe	53.5	82%	38.6	69%
Asia	3.9	6%	2.8	5%
Austra	2.8	4%	1.5	3%
Africa	4.9	8%	5.2	9%
South America	-	0%	0.4	1%
North America	0.2	0%	7.2	13%
TOTAL	**65.3**	**100%**	**55.7**	**100%**

For more information regarding exchange risks associated with the international character of the CLIQ Digital business, see the section Currency Risks in note (19) Reporting on financial instruments.

(2) Gross Margin

CLIQ Digital generated gross margin in 2016 of EUR 36.6 million (2015: EUR 28.5 million). The Gross Margin and Cost of Sales can be specified as follows:

EUR Million	2016	2015
Revenue	65.3	55.7
Marketing spend	-21.6	-17.5
Capitalized Marketing spend	21.1	17.2
Share third parties	-24.7	-23.9
Other COS	-3.5	-3.0
Gross Margin	**36.6**	**28.5**

Marketing spend and Capitalized Marketing spend

Efficient marketing is of great importance to CLIQ Digital. It comprises one of the most important variables for the acquisition of new customers and the efficiency of new customer acquisition and consequently for revenue growth and profitability within the Group. The utilization of mobile Internet advertising is becoming increasingly important. Available, efficient advertising volumes are becoming larger.

In 2016 CLIQ Digital realized again a substantial rise in the company's marketing spend (+23.4% compared to 2015) which directly resulted in the increase of revenue in 2016 compared to 2015.

The marketing spend for customer acquisition is accounted for as an intangible asset and amortized over the customer's revenue lifecycle with a maximum amortization period of 18 months. Because of the increased marketing spend in 2016 the capitalized marketing spend also increased compared to prior year.

Share third parties

Share third parties consists of the share for network operators and gateways that provide the technical connections with the network operators. The costs are almost completely variable and vary significantly between countries. The share of end-customer revenue that goes to the network operators and gateways ranges from approximately 25% in some markets to more than 70% in some other countries. In Europe the average network operators and gateway share was 37% in 2016 (2015: 39%), however for example in Asia the average network operators and gateway share was 54% in 2016 (2015: 51%). Due to the fact that CLIQ Digital generated a larger portion of her revenue in European countries (2016: 82%, 2015: 69%), with an opposite trend in North America (2016: 0%, 2015: 13%), a positive country mix effect resulted in a reduction of the Share third parties as a percentage of revenues in 2016 (37.8%) compared to 2015 (42.9%). However because of an increase of revenues the total costs in 2016 (EUR 24.7 million) increased compared to 2015 (EUR 23.9 million).

Other Cost of Sales (COS)

The Other Cost of sales consist mainly of costs for customer care, content costs and gateway- and payment costs. Most of the other cost of sales are variable and vary between countries.

Customer satisfaction forms the focus of interest in this area. In this context, the company generally shows a lot of flexibility and goodwill where reimbursements are concerned. It is particularly important to take customers' wishes into account and to consider these when developing and licensing new products.

The products that are marketed by CLIQ Digital are mainly licensed from third parties. Some products are developed in-house or by other companies commissioned by CLIQ Digital. A dedicated team within CLIQ Digital explores and investigates the digital mobile product market and is tasked with selecting and contracting parties who can deliver relevant mobile digital products for CLIQ Digital. As a result of licensing content as opposed to developing proprietary content, the licensing costs develop at the same pace as CLIQ Digital's revenue.

The total Other Cost of Sales increased in 2016 with EUR 0.5 million to EUR 3.5 million (2015: EUR 3.0 million). As a percentage of the revenues, other cost of sales in 2016 was at the same level as in 2015 (both 2016 and 2015 5.4%).

(3) Expenses, depreciation and amortization

Personnel expenses

Personnel expenses amounted to EUR 7.7 million in 2016 compared to EUR 6.3 million in 2015, thereby accounting for 73.3% of total operating costs (74.1% in 2015). Increased activities of the Group resulted also in an increase of FTE. The average number of employees amounted to 95 in 2016, compared to 85 in 2015.

Other operating expenses

Other operating expenses, which came in at EUR 2.8 million (EUR 2.2 million in 2015), contain the following items in particular:

EUR million	2016	2015
Premises costs	0.4	0.4
Travel costs	0.5	0.4
Professional Fees	1.3	1.0
Supervisory Board Comp.	0.1	0.1
IT costs	0.5	0.4
Other	-	-0.1
Other operating expenses	**2.8**	**2.2**

Amortization and impairment charges

Total depreciation and amortization increased in 2016 to EUR 21.6 million (EUR 17.4 million in 2015), most of which reflects the increased amortization of Customer acquisition costs amounting to EUR 21.0 million (EUR 15.4 million in 2015). The noticeable rise in amortization is a direct result of the increased Capitalized marketing spend in 2016 (EUR 21.1 million) compared to 2015 (EUR 17.2 million).

(4) Net Financial Result

The negative result from financial income and expenses amounted to EUR 0.9 million in 2016 (2015: EUR 0.8 million). The financial income and expenses consisted mainly of interest expenses (2016: EUR 0.4 million; 2015: EUR 0.5 million) and other financial expenses (2016: EUR 0.5 million; 2015 EUR 0.4 million).

(5) Taxes on income

The effective tax rate is impacted by the different national tax regulations of the countries in which CLIQ Digital's subsidiaries are located. Furthermore, the effective tax rate is impacted by tax loss carry forwards. Overall, the effective tax rate for 2016 amounts to 23.6% (2015: 21.9%). For a detailed analysis of the tax situation, see note (7) of the Financial Statements.

In 2016 the Dutch tax authorities finalized the corporation and VAT-tax audit regarding the fiscal year 2013 on the Dutch fiscal entities. This audit resulted in an adjustment for the years 2011-2013 of the reclaimed Witholding Taxes (WHT) which were deducted by the gateways on the outpayments to several Dutch Cliq entities. The effect of this adjustment for the years 2011-2013, but also for the years after up to 2015, is fully included in the financial year 2016 under depreciation current assets in the profit and loss account and amounts EUR 0.5 million. The WHT which was deducted by the gateways on the outpayments to several Dutch Cliq entities has been the only finding, no other discrepancies were detected by the Dutch tax authorities. In 2016 the German fiscal authorities finalized the wage tax audit regarding all German entities regarding the fiscal years 2013 and 2014. No discrepancies were detected by the German fiscal authorities.

2) NET ASSETS

(1) Intangible Assets

CLIQ Digital reported intangible assets of EUR 49.5 million as of 31 December 2016 (EUR 49.6 million in 2015). The most important component of intangible assets was goodwill (EUR 43.2 million), which was confirmed by an impairment test and remained unchanged from the previous year.

The other intangible assets specifically relating to marketing spend for customer acquisition amounted to EUR 5.9 million as at 31 December 2016 (2015: EUR 5.8 million).

Intangible assets created by the company itself decreased from EUR 0.5 million at 31 December 2015 to EUR 0.4 million at 31 December 2016.

(2) Tangible Assets

The CLIQ Digital Group reported tangible fixed assets of EUR 0.4 million as of 31 December 2016 (EUR 0.5 million in 2015). These particularly comprise IT equipment. In the reporting year EUR 80 thousand was invested in tangible assets (EUR 33 thousand in 2015).

(3) Deferred Tax Assets

At the 2016 balance sheet date, the deferred tax assets of CLIQ Digital amounted to EUR 1.8 million compared with EUR 2.5 million at 31 December 2015. The value of deferred tax was subjected to further detailed analysis in 2016. The analysis clarified the fact that the capitalized deferred tax can be utilized in the future. No deferred tax assets were formed based on tax losses for which carry forwards are uncertain.

(4) Short-term receivables and other assets

Trade receivables increased to EUR 5.2 million as of 31 December 2016 compared to EUR 4.7 million in the previous year as a result of the increased revenues. Therefore also receivables arising from services that have not yet been invoiced increased to EUR 5.3 million (2015: EUR 3.9 million). Other assets with maturities of less than one year, which include receivables arising from services that have not yet been invoiced, totaled EUR 5.7 million at 31 December 2016 (2015: EUR 5.1 million). Advance payments increased to EUR 0.3 million (2015: EUR 0.2 million).

(5) Cash and cash equivalents

Cash in hand and cash at banks amounted to EUR 49 thousand as of 31 December 2016 (2015: EUR 66 thousand).

3) FINANCIAL POSITION

(1) Principles and Objectives of Financial Management

The financial management of CLIQ is organized centrally at group level. The company pursues value-oriented financial principles in order to secure liquidity at all times and to be able to minimize any financial risks. CLIQ Digital also aims for a balanced profile in terms of due dates and maturities. Financing requirements are calculated using budgets and cash flow plans and are continually adjusted on the basis of current figures. Activities at CLIQ Digital currently focus on investments in growth and the core competencies.

(2) Cashflow

In 2016 CLIQ Digital generated a cash flow from its operating business of EUR 25.9 million (EUR 18.2 million in 2015). The increase in cash flow from operating activities is mainly caused by an increased EBITDA and an increase in working capital. Cash flow from investing activities in 2016 amounted to EUR -21.2 million (EUR -17.3 million in 2015). This is primarily attributable to the increase in investments in intangible assets as a result of an increase in marketing spend for customer acquisition, which is reported as an intangible asset. The cash flow from financing activities in 2016 amounted to EUR -4.1 million (EUR -4.8 million in 2015) and is the result of repayments of financial loans to Commerzbank and the related paid interest.

The positive net cash flow for the year 2016 amounted to EUR 0.5 million (EUR -3.9 million in 2015). In the same period the utilized overdraft facility decreased by EUR 0.6 million.

(3) Equity

CLIQ Digital reported consolidated equity of EUR 43.4 million as of 31 December 2016 (EUR 40.7 million in 2015). The company's share capital amounts to EUR 6,188,714.00, which consists of 6,188,714 listed shares.

The company held 4,000 treasury shares as of 31 December 2016 (previous year: 4,000 shares). The capital reserves as of December 2016 stand at EUR 46.6 million (2015: EUR 46.6 million).

The negative consolidated retained earnings of EUR 12.1 million as of 31 December 2015 decreased to EUR 9.3 million as of 31 December 2016 as a result of the consolidated profit of EUR 2.7 million generated in 2016. No dividend was paid for the 2015 financial year. The dividend was waived due to increased marketing spend and debt repayments.

(4) Bank Borrowings

Bank borrowings reported on 31 December 2016 correspond fully the overdraft facility of the Commerzbank AG since the loan agreement started in March 2016, with an original amount of EUR 3.0 million and an applicable interest rate of 1M-Euribor plus 2.85% has been fully repaid in 2016.

The overdraft facility provided by Commerzbank AG contains (1) a borrowing base financing with an interest rate of 3M-Euribor plus 2.1%. and(2) a maximum fixed amount of EUR 7.0 million with an interest rate of 3M-Euribor plus 3.3%. The fixed amount of EUR 7.0 million will be lowered with 12 monthly parts of each EUR 167 thousand starting in January 2017 resulting in a fixed amount of EUR 5.0 million in December 2017. The total overdraft facility of (1) and (2) of Commerzbank AG is EUR 13.0 million.

Per 31 December 2016 the overdraft facility was utilized for an amount of EUR 10.6 million. The financing agreements with Commerzbank contain financial covenants of a minimum equity ratio, an interest cover ratio and a net debt ratio. For the financial year 2016 all covenants are met.

(5) Other liabilities

Trade payables increased from EUR 2.4 million as per 31 December 2015 to EUR 2.9 million as per 31 December 2016 as a result of the increased activities in 2016. Other liabilities amount to EUR 4.2 million (2015: EUR 3.4 million) and primarily consist of accruals for marketing costs and other COS which both increased in 2016.

(6) Investments in Intangible and Tangible Fixed Assets

The net financing requirement in the investment area of intangible fixed assets amounted to EUR 21.2 million in 2016 (EUR 17.3 million in 2015). This almost completely comprised of the marketing spend for customer acquisition totaled EUR 21.1 million in 2016 (2015: EUR 17.2 million).

An amount of EUR 28.4 thousand was invested in software for the provision and invoicing of services (intangible assets created by the company itself, amounting to EUR 82.1 thousand in 2015).

The investments in tangible fixed assets amounted EUR 80.2 thousand in 2016 (2015: EUR 33.3 thousand) and related mainly to hardware investments.

D. Financial and non-financial key performance indicators

CLIQ Digital is using both financial and non-financial indicators to monitor and manage its business. Financial and non-financial performance indicators are measured continually and are part of the monthly reports to the Management Board. These reports include an analysis of actual figures and their variances from planned figures by country. Additional specific analyses are performed on an event-driven basis.

The financial performance indicators used to manage the business performance of CLIQ Digital are revenue and marketing spend. Furthermore, the average net revenue per user in the first six months (ARPU), the costs per acquisition (CPA), the ratio of ARPU to CPA (so-called CLIQ factor) and the customer base value (Net revenue that will be generated by the existing customers) are the most important KPIs. ARPU and CPA are the determining factors in the decision-making process as to whether to invest in certain products/markets. In the year under review CLIQ Digital increased its focus on high revenue countries and ARPU has risen to EUR 11.73 compared with EUR 10.80 in 2015, an increase of 8.6%. The CPA increased by 7.5% in the same period. As a result the ratio of ARPU to CPA (CLIQ factor) increased from 1.40 in 2015 to 1.41 in 2016, indicating an increase in customer profitability. The customer base value increased from EUR 19.2 million as of 31 December 2015 to EUR 20.9 million as of 31 December 2016.

Changes in important performance indicators in 2016

	2016	2015
Number of Sales	2,599,389	2,263,852
ARPU (net-revenue per user for the first 6 months) in EUR	11.73	10.80
CPA (costs per acquisition) in EUR	8.32	7.74
ARPU/CPA (CLIQ-factor)	1.41	1.40
Marketing spend in EUR million	21.6	17.5
Customer value base in EUR million	20.9	19.2
Revenue in EUR million	65.3	55.7

III REPORT ON EXPECTED DEVELOPMENTS AND ON OPPORTUNITIES AND RISKS

A. Report on expected developments

The Group is planning another substantial increase in marketing spend in the current financial year. As a result, CLIQ Digital is expecting a double-digit rise in its sales figures and double-digit percentage growth in revenue compared with the previous year. Because of a different expected country-mix CLIQ Digital expects that both ARPU and CPA will decrease, whereby the ratio between ARPU and CPA (CLIQ factor) can be kept at least at the 2016 level.

	2016	Target 2017
Number of Sales	2,599,389	Double-digit growth
ARPU (net-revenue per user for the first 6 months) in EUR	11.73	(Slight) decrease
CPA (costs per acquisition) in EUR	8.32	(Slight) decrease
ARPU/CPA (CLIQ-factor)	1.41	Stable
Marketing spend in EUR million	21.6	Double-digit growth
Customer value base in EUR million	20.9	Double-digit growth
Revenue in EUR million	65.3	Double-digit growth

B. Report on opportunities

USAGE OF SMARTPHONES

The market for mobile content is largely influenced by the technical capabilities of handsets/smartphones, the increase of the available bandwidth, and the ability for more and more people on the globe to be always online. As smartphones play an increasing role in many people's lives it is a huge opportunity for CLIQ Digital as a marketer and distributor of content and functional software for smartphones. CLIQ Digital pursues a strategy to obtain content from third-parties instead of being limited by a development team of its own. This enables CLIQ Digital to expand quickly and flexibly its product portfolio with a minimal time to market and without the need to build up in-depth knowledge required to develop successful products in new segments. The experience CLIQ Digital has in licensing third-party content makes CLIQ Digital a well-positioned party to enter a large variety of new areas.

AVAILABILITY OF CONTENT

CLIQ Digital's heterogeneous target market requires that CLIQ Digital offers a wide variety of products. Instead of building up a large creative and product development department, CLIQ Digital focuses on marketing and selling licensed content, and to a lesser extent on purchased content. A dedicated team within CLIQ Digital continuously explores and investigates the digital product market and is tasked to select and contract parties who can deliver relevant digital products for CLIQ Digital.

Especially due to the growing penetration of smartphones and increased mobile operator networks such as 4G and 5G, CLIQ Digital expects an increased supply and demand for functional software applications for mobile devices. Therefore CLIQ Digital will, in its efforts to select and license the right content for its customers, increase its focus on this segment of the digital mobile products market.

In the last years, CLIQ Digital has gained a broad experience in successfully expanding to new markets. CLIQ Digital has developed well-established methods and instruments to reliably target, analyze and successfully enter new markets. It will continue to use its experience to expand its business to other countries, which have a promising customer base for considerable profits.

In the last years, CLIQ Digital has gained a broad experience in successfully expanding to new markets. CLIQ Digital has developed well-established methods and instruments to reliably target, analyze, and successfully enter new markets. It will continue to use its experience to expand its business to other countries, which have a promising customer base for considerable profits.

Overall, CLIQ Digital sees sufficient opportunities for the profitable direct marketing of digital products in multiple geographical markets.

DIRECT MEDIA BUY

CLIQ Digital expects an increase in the gross margin and a stronger grip on the value chain by shifting to Direct Media Buying and own CLIQ Affiliate Marketing via its subsidiary Grumbl. By taking out third party affiliation, CLIQ aims at a better control of marketing efforts.

BUSINESS TO BUSINESS (BTB)

CLIQ started to expand its services into the Business to Business segment by opening its infrastructure to third parties. In that means, CLIQ can offer content providers and distributors the opportunity to use CLIQ as a payment platform but also using other Cliq services and know how on distributing & promoting digital content & services.

C. Risks

MORE INTENSE COMPETITIVE ENVIRONMENT

The economic environment in the market of digital mobile products is highly competitive. CLIQ Digital faces various competitors in its entire business. It is exposed to the risk of increased competition by other companies who are currently active in associated markets and/or decide to expand to directly market digital mobile products due to the expected high growth rates of this market. It is possible that some of CLIQ Digital‘s competitors have significantly greater financial resources, better financing opportunities or higher technical resources and are therefore able to win market share from CLIQ Digital. In addition, it is possible that competitors source, develop and offer products or services which are superior to CLIQ Digital‘s products and services, or which may achieve greater market acceptance. Some competitors may also have more experience in marketing their products.

Furthermore, the barriers to entering the market of digital mobile products are low, since sourcing, developing and offering such products do not necessarily require voluminous investments or a complex technical infrastructure.

DEPENDENCY ON TECHNICAL DEVELOPMENTS

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

DEPENDENCY ON NETWORK OPERATORS, TECHNICAL SERVICE-PROVIDERS AND INVOICING PARTNERS

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

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

Besides mobile network providers, CLIQ Digital uses other payment methods and payment partners, e.g. PayPal, which also entail risks in connection with revenue losses or liability risks, for example due to settlement failures, hacker attacks or any failure of the service providers to meet their financial commitments towards CLIQ Digital.

TIGHTER LEGAL REQUIREMENTS AND REGULATION

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

DEPENDENCY ON END-CONSUMERS AND TRENDS

End-consumers, particularly young people, like to follow new trends. In other words, customers may no longer accept products that are popular today. This can have a negative effect on media efficiencies (e.g. the costs per new customer), price sensitivity, cancellation rates, prepaid credits, sales 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 a widening of the financial crisis, or a collapse in consumer confidence, can have a negative effect on the company‘s revenue and profitability. The company can come under pressure due to a decline in customers‘ (potential) purchasing power. Consumers can also switch to other products or offerings due to technology convergence.

DEPENDENCY ON CONTENT PROVIDERS

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

DEPENDENCY ON MARKETING COMPANIES

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

DEPENDENCY ON SOFTWARE, IT-SYSTEMS AND NETWORKS

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

DEPENDENCY ON MANAGERS AND STAFF

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

RISKS RELATING TO ACQUISITIONS

CLIQ Digital intends to grow also by further acquisitions of businesses, companies and equity interests in companies. Such transactions, in particular the acquisition of entire enterprises, bear the risk that CLIQ Digital — despite a thorough due diligence exercise — overestimates the potential yield and synergies, but underestimates the transaction risks and, as a consequence, pays an excessive purchase price.

CASH FLOW RISK

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

RECEIVABLES DEFAULTS

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

FINANCING WORKING CAPITAL THROUGH PREPAYMENTS

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

FOREIGN EXCHANGE RISKS

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

BANK FINANCING

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

DEPENDENCY ON MACRO DEVELOPMENTS

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

YOUNG MARKETS

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

RISKS RELATING TO RIGHTS OF THIRD PARTIES

CLIQ Digital markets digital products for mobile devices, which are mostly developed by external persons and enterprises. Since CLIQ Digital in most cases does not directly participate in the development process, its ability to prevent violations of third parties‘ intellectual property rights is limited. This concerns patents, copyrights and trademarks in particular, as well as any other intellectual property rights.

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

RISKS RELATING TO VAT, TRADE TAX AND CORPORATION TAX LOSS CARRIED FORWARDS

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

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

Deferred tax income can also result from recognizing tax loss carry-forwards as an asset in the consolidated balance sheet.

HOLDING COMPANYAND LIABILITY RISK

CLIQ Digital AG is liable for C Formats GmbH on the basis of a profit-and-loss-transfer agreement. Artiq Mobile B.V., Bluetiq GmbH, Guerilla Mobile Asia Pacific Pte. Ltd., Bob Mobile Hellas S.A., C Formats GmbH, Claus Mobi GmbH, CLIQ B.V., CMind B.V.(66,67%), CPay B.V., TMG Singapore PTE Ltd., The Mobile Generation Americas Inc., Cructiq AG, Just A Game Hellas S.A., Rheinkraft Production GmbH, GIM Global Investments Munich GmbH, iDNA B.V. VIPMOB B.V.(80%) and Grumbl Media B.V. comprise wholly-owned subsidiaries (except for the mentioned entities for which the equity interest is mentioned). CLIQ Digital AG acts as a supplier to these companies, and, in some cases — such as in the case of international master agreements with service providers — as the main contractual partner. As the parent company, CLIQ Digital AG partially assumes liability and guarantees, as well as the adoption of losses. CLIQ Digital AG‘s business also entails various liability risks. Liability risks can arise, for example, through customers and partners as the result of products, which are not received, which are defective, as well as through viruses. License providers, rights administrators, content sellers, content producers and brand owners can also give rise to risks as the result of licenses and rights that have not been acquired legally, or which have not been clarified. Media companies, network operators and other partners can give rise to risks as the result of erroneous invoices, system breakdowns, non-compliance with media or other regulations and/or agreements. Liability situations can also arise from regulators and consumer associations.

Above risks are frequently monitored via CLIQ Digital‘s risk management system and monthly reporting system. CLIQ Digital foresees an increasing impact of tighter legal requirements and regulations. Special attention is given to this subject to mitigate this risk.

Overall, it can be assumed that the risks have no implications for the going concern of CLIQ Digital.

IV. REPORT ON POST BALANCE SHEET DATE EVENTS

No events have occurred after the balance sheet date, 31 December 2016, which are of essential importance to the CLIQ Digital Group and could lead to a reassessment of the company.

3 April 2017

The Management Board

Luc Voncken

Ben Bos

3 CONSOLIDATED FINANCIAL STATEMENTS

consolidated balance sheet

ACCORDING TO IFRS AS OF DECEMBER 31, 2016

ASSETS in EUR thousand	Note	31/12/2016	31/12/2015
NON-CURRENT ASSETS			
Intangible assets		**49,498.8**	**49,573.8**
Internally generated intangible assets	9	357.3	525.0
Customer Acquision Costs	9	5,924.9	5,832.2
Goodwill	9	43,216.6	43,216.6
Tangible assets		**379.4**	**497.1**
Plant, operating and office equipment	10	379.4	497.1
Deferred tax assets	11	**1,795.9**	**2,514.3**
Total non-current assets		**51,674.1**	**52,585.2**
CURRENT ASSETS			
Receivables		**5,152.0**	**4,679.9**
Trade receivables	12	5,152.0	4,679.9
Miscellaneous receivables and other assets	13	**5,730.4**	**5,112.7**
Other assets (if residual term < 1 year)		5,730.4	5,112.7
Cash and cash equivalents	14	**49.4**	**65.9**
Total current assets		**10,931.8**	**9,858.5**
Total assets		**62,605.9**	**62,443,7**

EQUITY AND LIABILITIES in EUR thousand	Note	31/12/2016	31/12/2015
Equity			
SUBSCRIBED CAPITAL	15	**6,188.7**	**6,188.7**
Less: treasury shares	15	-4.0	-4.0
Total subscribed capital	15	6,184.7	6,184.7
Capital reserve	15	46,556.4	46,639.8
Consolidated equity generated by the parent company	15	-9,320.9	-12,076.7
Minority interest	15	6.4	-
Total equity		**43,426.6**	**40,747.8**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	11	459.0	92.2
Bank borrowings (if residual term > 1 year)	18	5,000.0	7,000.0
Provisions		315.8	-
Other liabilites (if residual term > 1 year)	18	9.3	46.5
Total non-current liabilities		**5,784.1**	**7,138.7**
Current liabilities			
Other provisions	17	724.0	823.1
Bank borrowings (if residual term < 1 year)	18	5,638.0	7,920.8
Trade payables	18	2,851.5	2,392.2
Other liabilities (if residual term < 1 year)	18	4,181.7	3,421.1
Total current liabilities		**13,395.2**	**14,557.2**
Total liabilities		**19,179.3**	**21,695.9**
Total equity and liabilities		**62,605.9**	**62,443.7**

consolidated statement of comprehensive income

ACCORDING TO IFRS FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2016

in EUR thousand	Note	2016	2015
Gross Revenue	1	65,295.9	55,707.9
Cost of Sales	2	-28,659.5	-27,171.9
Gross Margin		**36,636.4**	**28,536.0**
Personnel expenses	3	-7,686.1	-6,355.8
Other operating expenses	4	-2,823.8	-2,194.1
Total operating expenses	2	-10,509.9	-8,549.9
EBITDA		**26,126.5**	**19,986.1**
Amortization and impairment charges applied to intangible, tangible and current assets	5	-21,643.3	-17,391.3
Amortization and impairment charges applied to intangible assets	5	-21,233.8	-15,746.0
Depreciation and impairment charges applied to tangible assets	5	-197.9	-213.7
Depreciation, amortization and impairment charges applied to current assets	5	-211.6	-1,431.6
EBIT		**4,483.2**	**2,594.8**
Other interest and similar income		-	15.9
Interest payments and similar expenses		-880.8	-878.6
Financial income and financial expenses	6	-880.8	-862.7
Profit / loss on ordinary business activities		**3,602.4**	**1,732.1**
Income tax expense	7	-850.2	-379.0
Consolidated comprehensive income		**2,752.2**	**1,353.1**
Profit / loss attributable to minority interest		6.4	-
Profit / loss attributable to Cliq Digital AG shareholders		**2,745.8**	**1,353.1**
Number of shares for calculation of basic earnings per share (in thousands)		6,188.7	6,188.7
Number of shares for calculation of diluted earnings per share (in thousands)		163.6	175.1
Basic earnings per share (in EUR)	8	0.44	0.22
Diluted earnings per share (in EUR)	8	0.43	0.21

cash flow statement

ACCORDING TO IFRS FOR THE FINANCIAL YEAR FROM JANUARY 1 TO DECEMBER 31, 2016

in EUR thousand		2016	2015
1.	Net profit / loss for the period (including earnings attributable to non-controlling shareholders)	2,745.8	1,353.1
2.	+ Depreciation and amortization	21,431.7	15,959.7
3.	+ Increase in provisions	-99.1	-504,7
4.	- Other non-cash income	1,317.7	111.0
5.	+/- Decrease/increase in trade receivables and other assets not attributable to investment or financing activities	-1,089.8	-245.8
6.	-/+ Decrease/increase in trade payables and other liabilities not attributable to investing or financing activities	1,219.9	1,034.0
7.	+/- Interest expense / Interest income	364.9	474.5
8.	**= Cash flow from operating activities**	**25,891.1**	**18,181.8**
9.	+ Payments received from sale of tangible assets	-	0.3
10.	- Payments for investments tangible assets	-80.2	-33.3
11.	- Payments received from disposals of intangible assets	-0.9	18.5
12.	- Payments for investments in intangible assets	-21,158.0	-17,295.9
13.	**= Cash flow from investing activities**	**-21,239.1**	**-17,310.4**
14.	+ Proceeds from additions to equity	16.4	62.4
15.	+ Proceeds from drawing down on financial loans	-	-
16.	- Payments for the repayment of financial loans	-3,756.0	-4,352.5
17.	- Interest Paid	-364.9	-474.5
18.	**= Cash flow from financing activities**	**-4,104.5**	**-4,764.6**
19.	**Net change in cash and cash equivalents**	**547.5**	**-3,893.2**
20.	+ Cash and cash equivalents at the start of the period *	-11,136.1	-7.242.9
21.	**= Cash and cash equivalents at the end of the period ***	**-10,588.6**	**-11,136.1**

* Cash and cash equivalents include the overdraft facility for an amount of EUR 10,638.0 thousand (2015: EUR 11,202.0 thousand)

statement of changes in equity

ACCORDING TO IFRS AS OF DECEMBER 31, 2016

	Parent Company		
in EUR thousand	Subscribed capital ordinary shares	Capital reserve	Retained earningsl
Balance as of January 1. 2015	**6,188.7**	**46,528.8**	**-13,492.2**
Issue of shares	-	-	-
Personnel expenses due to stock options	-	111.0	-
Miscellaneous changes	-	-	62.4
Net profit / loss for the period	-	-	1,353.1
Balance as of December 31. 2015	**6,188.7**	**46,639.8**	**-12,076.7**
Issue of shares	-	-	-
Personnel expenses due to stock options	-	-83.4	-
Miscellaneous changes	-	-	10.0
Net profit / loss for the period	-	-	2,745.8
Balance as of December 31. 2016	**6,188.7**	**46,556.4**	**-9,320.9**

		Parent Company	Non-controlling shareholders	
Equity	Treasury shares not designated for withdrawel	Equity as per consolidated balance sheet	Minority interests	Consolidated equity
39,225.3	**-4.0**	**39,221.3**	**-**	**39,221.3**
-	-	-	-	-
111.0	-	111.0	-	111.0
62.4	-	62.4	-	62.4
1,353.1	-	1,353.1	-	1,353.1
40,751.8	**-4.0**	**40,747.8**	**-**	**40,747.8**
-	-	-	-	-
-83.4	-	-83.4	-	-83.4
10.0	-	10.0	-	10.0
2,745.8	-	2,745.8	6.4	2,752.2
43,424.2	**-4.0**	**43,420.2**	**6.4**	**43,426.6**

4 NOTES

notes to the financial statements

GENERAL INFORMATION

CLIQ Digital is a leading sales and marketing organization for digital products with its own payment platform. The core business of the Group is the direct marketing and billing of its products to end-customers via online- and mobile-marketing channels. CLIQ Digital offers its customers attractive products and is a valuable strategic business partner for networks, developers, publishers and advertisers.

The Group conducts its development activities in multiple countries.

The Group parent company is CLIQ Digital Aktiengesellschaft (hereinafter referred to as “CLIQ Digital”), which is headquartered at Immermannstrasse 13, 40210 Dusseldorf, Germany. The company is entered in the commercial register of the Amtsgericht Dusseldorf (Commercial Register Sheet 69068). The shares of CLIQ Digital AG are listed on the Frankfurt Stock Exchange in the Open Market segment, forming part of the Scale Segment of the Deutsche Börse AG. Pursuant to Section 2 (5) of the German Securities Trading Act (WpHG), the Open Market does not comprise an organized or regulated market. The guidelines for Deutsche Börse AG‘s regulated unofficial market form the basis for including securities in the Open Market). As a consequence, CLIQ Digital AG is not a capital market-oriented company pursuant to Section 264d of the German Commercial Code (HGB), and is also not obligated pursuant to Section 315a of the German Commercial Code (HGB) to prepare consolidated financial statements on the basis of International Financial Accounting Standards (IFRS). Due to characteristics relating to size, CLIQ Digital AG overall is not statutorily obligated to prepare consolidated financial statements, whether it be on the basis of German accounting standards, or IFRS. These consolidated IFRS financial statements are prepared voluntarily, to provide investors with additional financial information in line with capital markets expectations and to fulfill disclosure obligations to Deutsche Börse AG under the General Terms and Conditions of Deutsche Börse AG for the Open Market of the Frankfurt Stock Exchange.

The Group‘s financial year starts on January 1 and ends on December 31 of each calendar year.

CLIQ Digital AG's functional currency and reporting currency is the Euro. These consolidated financial statements are prepared in Euros since this is the currency in which most of the Group's transactions are realized. Reporting is in thousands of Euros (EUR thousand), unless stated otherwise.

In order to improve the clarity of presentation, various items in the consolidated balance sheet and consolidated statement of comprehensive income are reported on a summarized basis. These items are presented and explained separately in the notes to the consolidated financial statements. The statement of comprehensive income is presented according to the nature of expense method. The structure of the consolidated statement of comprehensive income has been changed compared to last year to realize a better understanding of the business. The structure now also fits with internal management reporting. The major change is a cleavage of the "Cost of Sales" from the "Other operating expenses" (2016: TEUR 28,659.5 and 2015: TEUR 27,171.9).

Application of international financial reporting standards (IFRS)

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

CLIQ Digital prepared its consolidated financial statements as of December 31, 2016 according to full IFRS. In these consolidated financial statements all IFRSs were applied which were relevant, and which were approved by the European Commission as of December 31, 2016 as part of the "endorsement" process relating to mandatory application that was envisaged for this purpose.

The following standards and revisions of standards by the IASB, which were approved by the IASB in the current reporting period or in previous reporting periods, did not yet require mandatory application for the current reporting period, and were also not take into consideration in the 2016 financial year:

Standard – Interpre- tation	Content of the amendment
IFRS 9	Financial Instruments: Removes the multiple classification and measurement models for financial fixed assets required by AS 39 and introduces a model that has only two classification categories: amortized cost and fair value.
IFRS 15	Revenue from Contracts with Customers: IFRS 15 replaces IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of interpretations related to sales.
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: Consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business.
IFRS 9 *	Financial Instruments: Amended guidance for the classification and measurement of financial assets.
IFRS 16	Leases: New standard of lease accounting. IFRS 16 replaces the previous leases standard, IAS 17, and its related interpretations.
IAS 7	Statement of Cash Flows: Mandatory disclosure of a reconciliation of liabilities for which cash flows arise or could arise from financing activities.
IAS 12	Income Taxes: The amendments clarify that unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference.
IFRS 2	Share-based Payment: IFRS 2 clarifies the following aspects: Consideration of vesting conditions for the accounting of cash-settled share-based payments. Classification of share-based payment transactions with net settlement features free of withholding tax. Accounting for modifications of share-based payment transactions from cash-settled to equity-settled

We intend to take into account in our annual consolidated financial statements the standards, interpretations and amendments presented in the table above if they require mandatory obligation pursuant to European Union regulations. At the time when the notes to these consolidated financial statements were prepared, we anticipate no effects on the consolidated financial statements of CLIQ Digital AG from the regulations that have not yet been applied early.

Publication by the IASB	Mandatory application	Adoption by the EU	Prospective effects on CLIQ Digital
11/2013	1/1/2018	No	No
5/2014	1/1/2018	Yes	No
9/2014	postponed for an indefinite period.	No	No
7/2014	1/1/2018	No	No
1/2016	1/1/2017	Yes	Not substantial
9/2014	1/1/2016	No	Not substantial
1/2016	1/1/2017	Yes	No
6/2016	1/1/2018	Yes	Not substantial

Consolidation methods

CONSOLIDATION SCOPE

The Group financial statements as of December 31, 2016 include subsidiaries. Subsidiaries are all entities (including structured entities) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

In the fiscal year 2016 the Group of consolidated companies changed as a result of the following:

- Blinck Mobile Ltd., Dublin, Ireland, was liquidated on 5 August 2016
- The following entities were incorporated and acquired and added to the group during 2016:

Name and head office	Equity interest in %	Date of incorporation	Date of acquisition
Claus Mobi GmbH, Dusseldorf, Germany	100,00		14-1-2016
CPay B.V., Amsterdam, The Netherlands	100,00	11-2-2016	
VIPMOB B.V., Amsterdam, The Netherlands	80,00	27-6-2016	
CMind B.V., Amsterdam, The Netherlands	66,67	10-10-2016	

The number of consolidated companies in fiscal year 2016 changed as follows:

	Germany	The Netherlands	Other Countries	Total
January 1	4	4	7	**15**
Acquisition	1	-	-	**1**
Establish	-	3	-	**3**
Liquidation	-	-	-1	**-1**
December 31	**5**	**7**	**6**	**18**

Please refer to Note 24 in these notes to the consolidated financial statements for the listing of the Group‘s shareholdings pursuant to Section 313 (2) of the German Commercial Code (HGB).

CONSOLIDATION PRINCIPLES

These consolidated financial statements are based on uniform Group regulations as of December 31, 2016, and the annual financial statements of the companies included in the Group for the comparable period as of December 31, 2015.

Business Combinations are applied in accordance with IFRS 3. According to IFRS 3, business combinations are to be accounted for using the purchase method, whereby the acquired assets, liabilities and contingent liabilities are recognized at fair value. The positive difference between the purchase costs of the corporate merger and the interest in the fair value of the recognized assets, liabilities and contingent liabilities is reported as goodwill.

In the case of mergers arising from January 1, 2010 (transition date IFRS), minority interests are also calculated as the fair values of the assets, liabilities and contingent liabilities (full goodwill method).

Mutual receivables and liabilities between the companies included in the financial statements, intragroup income and expenses, and intragroup profits and losses arising from intragroup deliveries, are eliminated. Deferred taxes were recognized for earnings-effective consolidation transactions where required.

CURRENCY TRANSLATION

In the separate financial statements of consolidated companies prepared in local currency, foreign-currency transactions are reported with the cash rates prevailing on the transaction date. Monetary items denominated in foreign currencies (cash and cash equivalents, receivables and liabilities) are measured at the cash mid-rate prevailing on the balance sheet date. Exchange-rate gains and losses arising from the measurement or unwinding of the monetary items are reported in the statement of comprehensive income. Non-monetary items are recognized at historic rates.

Pursuant to IAS 21, annual financial statements prepared in foreign currencies are translated into euros according to the functional currency concept. The functional currency is the currency in which a foreign company predominantly generates its cash inflows, and makes payments. Since the Group companies operate their businesses independently from a financial, economic and organizational perspective, the functional currencies are generally identical with the respective national currencies. The respective national currency of the subsidiaries included in the consolidated financial statements of CLIQ Digital AG is the euro. As a consequence, the euro is utilized as the functional currency for CLIQ Digital AG and the subsidiaries included in the consolidated financial statements.

General accounting and measurement principles

The consolidated financial statements are prepared on the basis of standard Group accounting and measurement methods. The accounting and valuation principles have been retained unchanged compared to the previous year.

Assets and liabilities have been valued at historical acquisition/production cost, with the exception as far as relevant of financial instruments classified as “financial asset or financial liabilities at fair value through profit or loss” and derivatives, which have been included at their fair value.

ASSUMPTIONS AND ESTIMATES

When preparing the consolidated financial statements, assumptions and estimates are made that affect the level and recognition of the recognized assets and liabilities, income and expenses, and contingent liabilities.

These assumptions mainly relate to the standard Group determination of the economic useful lives of intangible assets, and of property, plant and equipment.

The estimates which are applied significantly affect the calculation of discounted cash flows as part of impairment tests, other provisions, and the extent to which future tax reliefs can be realized.

Estimates are based on empirical values and assumptions which are valid as of the balance sheet date, and which are regarded as appropriate under the given circumstances. They are based on the future business trend that is deemed to be the most likely. Developments among banks and providers of similar services, as well as the corporate environment, are also taken into account. The estimates and the underlying assumptions are reviewed continuously. Nevertheless, the actual values can diverge from the assumptions and estimates in individual cases if the aforementioned general circumstances differ on the balance sheet date compared to how they were expected to develop. Changes are carried through profit and loss on the date when better information is gained, and the assumptions are adjusted accordingly.

Concerning the assumptions that are made, and the estimates that are applied, please refer to further remarks in this section, as well as to the further reaching comments relating to the statement of comprehensive income and the balance sheet, as well as those relating to other information.

Revenue

Revenue from the transfer of utilization rights for mobile applications is reported as soon as the inflow of an economic benefit arising from the sale is sufficiently likely, and the level of revenue can be determined reliably. No revenue is reported if significant risks exist relating to the receipt of the consideration, or if the customer is unable to realize the utilization right for reasons for which the customer does not bear responsibility.

If the transfer of utilization rights comprises a determinable partial amount for several or consecutive payments (multi-component agreements), the assignable revenue is deferred, and released through profit and loss over the duration of the utilization right. Such releases are generally performed in line with the rendering of services.

Revenues are generally reported at the fair value of the consideration received, or to be received, after deducting VAT and other taxes, as well as after deducting sales reductions such as bonuses or rebates.

Research and development costs

Pursuant to IAS 38, research costs cannot be capitalized. Development costs must be capitalized if certain and precisely designated preconditions exist. Accordingly, capitalization is always required if the development work is sufficiently likely to result in a future inflow of financial resources which also cover the corresponding development costs above and beyond normal costs. Various criteria set out in IAS 38.57 must be cumulatively satisfied with regard to the development project, the application to be developed, and platform components be developed. Development costs for applications or platform components are recognized at cost if the assignable expenditures can be measured reliably, and both technical feasibility and successful marketing are ensured. It must also be sufficiently likely that the development work will generate future economic benefit. Capitalized development costs include all costs directly attributable to the development process including development-related overhead costs. Capitalized development costs are generally amortized from the production start across the expected product life-cycle, generally comprising 3 to 5 years.

A significant portion of development costs within the Group comprises further developments and improvements of already existing applications and platform components, which fail to satisfy the criteria for separate capitalization as development costs pursuant IAS 38. In addition, individual development projects are frequently subject to approval and certification procedures so that the conditions for capitalization of costs arising before approval are frequently not satisfied.

Borrowing costs

Borrowing costs are expensed on the date when they are incurred. The direct allocation of borrowing costs to the purchase or manufacturing of a qualified intangible asset, which could accordingly generate purchase or manufacturing costs, is not performed.

Taxes

Taxes on income comprise both current and deferred taxes. Such taxes are reported in the statement of comprehensive income, unless they relate to items that are reported directly in equity. In such instances, the corresponding taxes are carried directly to equity.

Current taxes on income comprise the taxes expected to be paid for the year based on the tax rates prevailing in the respective year, as well as any corrections to prior years‘ taxes.

Deferred tax is recognized for temporary differences between the tax values of assets and liabilities, and their amounts as recognized in the consolidated financial statements. Deferred tax assets are also recognized for the future utilization of tax loss carryforwards. Deferred tax assets on temporary differences and loss carryforwards are recognized at the level at which it is likely that sufficient taxable income will be available in future in order to utilize them. Deferred taxes are recognized at the tax rates which are currently valid for the period or applicable in the future in the individual countries as of the balance sheet date, and on which the temporary differences will prospectively be reversed, or on which the loss carryforwards will prospectively be utilized.

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

Intangible assets

Intangible assets are recognized at cost and, since the useful lives can be categorized as limited (except goodwill), they are amortized straight-line over their respective useful lives. This does not apply to the customer base and customer acquisition costs for subscriptions; these are amortized based on the customer's revenue life-cycle, which means that the amortization is proportional to the expected realization of the average customer's revenue per comparable customer group over the lifetime of the customer (in average 18 months). Where indications exist that intangible assets are impaired, and an impairment test is subsequently performed, an impairment loss is reported if required. If the reasons for the impairments no longer apply, corresponding reversals of impairment losses are carried through profit and loss up to a maximum of the amortized cost.

The maximum duration of amortization for industrial property rights and licenses is five years.

Amortization and impairment losses applied to intangible assets are reported in the consolidated statement of comprehensive income under the "Amortization and impairment charges applied to intangible assets" item.

As in the previous year, no reversals were made to impairment losses applied to intangible assets No borrowing costs were capitalized for intangible assets in the financial year elapsed.

In accordance with IFRS 3, amortization is not applied to goodwill to be recognized in the case of this and future corporate mergers. Instead, only impairment losses are applied if determined. It should be noted already that any impairment losses incurred on goodwill cannot be reversed in subsequent reporting periods.

- **Tangible assets**

Tangible assets are recognized at cost less depreciation and impairment losses. Tangible assets were not re-measured in line with the IAS 16 option.

Where indications exist that tangible assets are impaired, and an impairment test is subsequently performed, an impairment loss is reported if required. If the reasons for the impairments no longer apply, corresponding reversals of impairment losses are carried through profit and loss up to a maximum of the amortized cost.

Cost comprises the purchase price, incidental purchase costs, and subsequent purchase costs less any purchase price reductions received.

Other plant, operating and office equipment is predominantly depreciated over a period of between three and five years. Straight-line depreciation is applied to tangible assets in line with the economic useful life.

Current year depreciation and impairment losses are reported in the "Depreciation and impairment charges applied to tangible assets" item in the statement of comprehensive income.

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

As in the previous year, no reversals of impairment losses applied to tangible assets were performed in the year under review. No borrowing costs were capitalized for tangible assets in the financial year elapsed.

Impairment

With the exception of deferred tax assets (see taxes), and financial assets (see financial instruments), the carrying amounts of the Group‘s assets are examined as of the balance sheet date as to whether indications of impairment exist as per IAS 36. If such indications exist, the recoverable amount of the asset is estimated, and impairment losses, if required, are expensed.

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 (2016 EUR 43,216.6 thousand; 2015 EUR 43,216.6 thousand) is tested with an annual impairment test on the balance sheet date which is based on assumptions pertaining to the future. The impairment test is based on determining the Recoverable Amounts of cash-generating units (‘CGU’) in comparison of their Carrying Amounts as part of the annual impairment test. 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.

For the purpose of impairment testing, goodwill is allocated to each of the CGU’s, or groups of CGU’s, that is 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. Within CLIQ Digital we have defined the following CGU’s:

- “CLIQ AG” (formerly Bob Mobile AG group activities): covering the German language countries (Germany, Austria, and Switzerland (DACH));
- “CLIQ B.V.” (formerly Cliq BV group activities): covering the remaining countries with Mexico, France, Poland and the Netherlands as the main countries.

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

Value Driver	2018-2024	Terminal Value Period
Gross Revenue (growth rate)	0.0%	0.0%
Sales Third Parties	2018 % of Gross Revenues	
Marketing Spend	2017 % of Net Revenues	
Staff Expenses	2018 % of Net Revenues	
Other OpEx	2018 % of Net Revenues	
Corporate Income Tax Rate	CLIQ A.G.: 29.7% CLIQ B.V.: 27.2%	
Net Working Capital	2018 % of Net Revenues (10.7%)	
Other D&A - Other OpEx	2018 % of Net Revenues (other OpEx and other D&A set equal to 136,000 annually on a considerated level)	
WAAC	CLIQ A.G.: 8.0% CLIQ B.V.: 9.0%	

The cash flow projections are discounted following the Discounted Cash Flow (DCF) method at pre-tax interest rates ('WACC') as stated in the table above (8.0% for the CGU "CLIQ A.G." and 9.0% for the CGU "CLIQ B.V.").

- **Fair value measurement**

In accordance with IFRS 13 Fair Value Measurement, for financial instruments which are measured at fair value, the valuation method should be disclosed. The different levels within IFRS 13 have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Finance Director is responsible for the valuations of the concerning assets and liabilities required for financial reporting purposes. The Finance Director reports directly to the Management Board. Discussions of valuation processes and results are held between the Finance Director and the Management Board at least once every quarter, in line with the group's quarterly reporting dates.

Leasing

According to IAS 17, a lease is an agreement where the lessor transfers to the lessee the right to utilize an asset for an agreed period in return for payment, or a series of payments. A differentiation is made between finance leases and operating leases. Finance leases comprise leases where the lessee essentially bears all risks and opportunities connected with the ownership of the asset. All other leases are designated as operating leases.

In the case of an operating lease, CLIQ Digital expenses the lease installment to be paid as lessee.

If CLIQ Digital is a lessee in a finance lease, the lower of the fair value and the present value of the minimum lease payments at the start of the lease is capitalized on the balance sheet, and the liability is recognized under bank borrowings at the same time. The minimum lease components primarily comprise financing costs and the repayment share of the residual liability. The leased object is depreciated over the estimated useful life or the contractual duration, whichever is shorter. The lease installments repaid are split into a repayment component and interest expenses according to the effective interest method.

All leases are classified as operating leases at the time of the transition to IFRS and subsequently.

Other receivables and liabilities

Non-financial assets and liabilities, as well as deferred and accrued items, and prepayments, are recognized at amortized cost.

Financial instruments

Basic principles

Financial assets are reported if CLIQ Digital is entitled to a contractual right to receive cash, cash equivalents, or other financial assets from another party. Financial liabilities are reported as soon as CLIQ Digital is obligated to transfer to a third party cash, cash equivalents, or other financial assets. Normal market purchases and sales of financial assets are generally recognized on the settlement date. By contrast, purchases and sales of securities are recognized with the bank's invoicing price on the trade date, and derivative transactions at cost on the trade date.

Financial assets and liabilities are initially measured at fair value. The carrying amount of financial instruments that are not subsequently measured at fair value through profit and loss also includes directly attributable transaction costs.

Subsequent measurement of financial instruments recognized within the Group is performed using the measurement categories defined in IAS 39 Financial Instruments: Recognition and Measurement:

- Financial assets and liabilities measured at fair value through profit and loss (FVTPL) and held for trading (HfT): fair value
- Held to maturity investments (HtM)): amortized cost
- Loans and Receivables (LaR): amortized cost
- Available-for-Sale financial assets (AfS): fair value
- Financial liabilities at cost (FLAC): amortized cost

No transfers occurred between the IAS 39 measurement categories, either in the year under review (2016), or in the comparable year (2015).

Financial assets and financial liabilities are not netted with each other.

Pursuant to IAS 39, in cases where substantial objective indications point to an impairment of financial assets, corresponding impairment losses are applied. This entails reviewing the carrying amounts of individual financial assets that are not measured at fair value through profit and loss with respect to the need for valuation adjustments to reflect impairment. Examples of objective indications include significant financial difficulties on the part of the debtor, the discontinuation of an active market, as well as significant changes to the technological, market-related, economic or legal environment. In the case of equity instruments, a significant or long-lasting reduction in fair value comprises an objective indication of value impairment. Impairment losses are reported in the statement of comprehensive income within the “Other operating expenses” item. All identifiable default risks were taken into sufficient account through corresponding risk provisions. The theoretically maximum remaining default risk from financial assets corresponds to their amounts as entered in the balance sheet.

Financial assets are derecognized if the contractual rights to payments arising from the financial assets expire, or if the financial assets are transferred with all significant opportunities and risks. Financial liabilities are derecognized as soon as the contractual obligations are settled, cancelled or expire.

Information about risk management can be found both under Note 19 and also in the section of the Group management report devoted to risk reporting.

Financial assets

The regulations of IAS 39 divide financial instruments into “financial assets measured at fair value through profit and loss”, “financial investments held to maturity”, “financial assets available for sale” or “loans and receivables”. Equity participating interests whose fair value can be reliably determined are classified as “financial assets measured at fair value through profit and loss”. If fair value cannot be determined reliably, equity participating interests are classified as “financial assets available for sale”, and are measured at cost.

Receivables and other assets

Receivables and other assets are divided into “trade receivables”, “receivables from companies in which the company has a participating interest” and “miscellaneous receivables and other assets”.

On initial recognition, “trade receivables” are recognized at fair value while taking into account directly attributable transaction costs. They are measured at amortized cost in subsequent periods due to their classification as “loans and receivables”.

Both non-financial assets and financial assets are reported under the item “miscellaneous receivables and other assets”. With the exception of derivative financial instruments, financial assets are allocated to the “loans and receivables” IAS 39 measurement category, are recognized on the first recognition date at fair value while taking into account directly attributable transaction costs, and are measured in subsequent periods at amortized cost while applying the effective interest method. Non-financial assets are measured according to the respectively applicable standards.

Cash and cash equivalents

Cash in hand and cash at banks is reported under this item. Cash in hand and cash at banks is allocated to the IAS 39 “loans and receivables” measurement category, is recognized on the first recognition date at fair value while taking into account directly attributable transaction costs, and is measured in subsequent periods at amortized cost while applying the effective interest method. Foreign currency positions are measured at the mid-rate prevailing on the balance sheet date. Cash at banks carries a residual term of up to three months on acquisition.

Financial liabilities

Primary financial instruments comprise bank borrowings, trade payables, and other non-derivative financial liabilities. Trade payables and other non-derivative financial liabilities include liabilities existing as of the balance sheet date for invoices that have not yet been settled, loan obligations, liabilities to employees, and related obligations. Pursuant to IAS 39, primary financial liabilities are initially recognized at fair value. In this context directly assignable transaction costs are taken into account. They are measured at amortized cost in subsequent periods.

Provisions for employee benefits

The Group has no pension plan for the German entities, only one plan with a Dutch entity for employees working in The Netherlands. The Dutch plan is financed through contributions to pension providers such as insurance companies. The pension obligations 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.

Other provisions

Other provisions are recognized for legal or notional obligations to third parties arising from past events, as well as for agreements containing charges if the outflow of funds to settle the obligations is likely and can be reliably estimated.

Other provisions are measured according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Provisions are measured based on best possible estimates in this context. No interest is applied due to the short-term nature of these provisions. Compensation claims against third parties are capitalized separately from provisions if their realization is almost certain.

- **Share-based compensation transactions**

Stock options, in other words, share-based compensation transactions that are settled with equity instruments, are measured at fair value on the vesting date. The fair value of the obligation is reported as personnel expenditure within equity over the entitlement period. The stock options' fair value is calculated using the internationally recognized Black-Scholes-Merton formula.

The share-based program for Management Board and employee compensation includes an option for CLIQ Digital AG to satisfy the options in either cash or CLIQ Digital AG ordinary shares. As of the balance sheet date, the company does not intend to satisfy share-based compensation in cash.

SUPPLEMENTARY INFORMATION ABOUT ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME, THE BALANCE SHEET, THE CASH FLOW STATEMENT, AND THE STATEMENT OF CHANGES IN EQUITY

(1) Revenue

All revenue is generated from mobile value-added services. The distribution of revenue per continent can be found in Chapter C.1 of the Group Management Report.

(2) Cost of Sales

in EUR thousand	2016	2015
Marketing spend	21,624.9	17,537.1
Capitalized Marketing spend	-21,129.6	-17,191.0
Shared third parties	24,664.9	23,947.9
Other COS	3,499.3	2,877.9
Total	**28,659.5**	**27,171.9**

(3) Personnel expenses

Personnel expenses include obligations to salaried employees. In both fiscal years 2016 and 2015 no development costs have been capitalized.

The personnel expenses are composed as follows:

In EUR thousand	2016	2015
Wages and salaries	6,957.9	5,744.2
Pension contributions	21.8	30.1
Social security contributions	706.4	581.5
Total	**7,686.1**	**6,355.8**

(4) Other operating expenses

Other operating expenses include the following expenses:

In EUR thousand	2016	2015
Premises costs	393.1	387.9
Travel costs	500.1	454.7
Professional Fees	1,317.0	1,037.8
Supervisory Board Compensation	52.0	52.0
IT costs	469.4	389.3
Other	92.2	-127.7
Total	**2,823.8**	**2,194.1**

(5) Amortization and impairment charges applied to intangible, tangible and current assets

For more information about depreciation, amortization and impairment charges applied to intangible assets and tangible assets please refer to the remarks on intangible assets (note 9) and tangible assets (note 10).

Depreciations current assets include mainly the write off of the receivable for Withholding taxes as a result of the tax audit performed in 2016 by the Dutch fiscal authorities (reference is also made to note 7) and a reversal of partly booked depreciations current assets in 2015 concerning the Saudi Arabia.

(6) Financial income and financial expenses

Financial income and financial expenses are composed as follows:

In EUR thousand	2016	2015
Financial income		
Interest income	-	15.9
Other financial income	-	-
	-	**15.9**
Financial expenses		
Interest expenses	-364.9	-490.4
Other financial expenses	-515.9	-388.2
	-880.8	**-878.6**
Total	**-880.8**	**-862.7**

(7) Income tax expense

In EUR thousand	2016	2015
Currrent taxes on income - Germany		
Corporation taxes	110.1	46.3
	110.1	**46.3**
Currrent taxes on income - The Netherlands		
Corporation taxes	-333.8	4.6
	-333.8	**4.6**
Currrent taxes on income - Abroad	**-10.9**	**67.6**
Total Currrent taxes on income	**-234.6**	**118.5**
Total Deferred taxes on income	**1,084.8**	**260.5**
Total Taxes on income	**850.2**	**379.0**

The reported current taxes on income in Germany and The Netherlands comprise taxes on income for the 2016 financial year, and income from the partial release of tax provisions formed in the previous year. This also applies to current taxes on income for subsidiaries based abroad (i.e. not Germany or The Netherlands), which are calculated according to the national tax regulations relevant for the individual companies.

The deferred taxes arise from the different timing of the valuations between the individual companies' tax accounts and the valuations in the consolidated balance sheet in line with the liability method, as well as from tax loss carryforwards. Decisive for the assessment of the value-retention of deferred tax assets is the assessment of the likelihood of the reversal of the valuation differences, and the extent to which loss carry forwards that have resulted in the deferred tax assets can be utilized. This depends on the generation of future taxable earnings during the period in which the tax valuation differences reverse, and in which tax loss carryforwards can be asserted. Due to past experience, and the expected tax income situation, CLIQ Digital assumes that a part of the corresponding benefits can be realized from the deferred tax assets. As a consequence, deferred tax items are recognized to the extent to which the application of the tax losses is likely over the next years. Tax loss carry forwards of EUR 9,007 thousand were available as of December 31, 2016 (2015: EUR 10,151 thousand), and temporary differences resulting in deferred tax assets of EUR 1,304 thousand (2015: EUR 2,363 thousand) and temporary differences resulting in deferred tax liabilities of EUR 6,078 thousand (2015: EUR 3,988 thousand). No deferred tax assets were formed for the tax losses of which carry forwards are uncertain. The tax loss carry forwards that were not taken into account for this reason amount to EUR 33 thousand.

As of December 31, 2016, all German and Dutch deferred taxes on temporary differences were calculated, as in the previous year, on the basis of a combined rounded 30% tax rate (for Germany) and 25% tax rate (for The Netherlands), and of between 20% and 25% for other foreign (i.e. not Germany or The Netherlands) deferred taxes. As in the previous year, the recognition of deferred taxes on German tax loss carry forwards were based throughout on tax rates of 14% for trade tax, and 16% for corporation tax and the Solidarity Surcharge.

In 2016 the Dutch tax authorities finalized the corporation and VAT-tax audit regarding the fiscal year 2013 on the Dutch fiscal entities. This audit resulted in an adjustement for the years 2011-2013 of the reclaimed Withholding Taxes (WHT) which were deducted by the gateways on the outpayments to several Dutch Cliq entities. The effect of this adjustment for the years 2011-2013, but also for the years after up to 2015, is fully included in the financial year 2016 under depreciation current assets in the profit and loss account and amounts EUR 0.5 million. The WHT which was deducted by the gateways on the outpayments to several Dutch Cliq entities has been the only finding, no other discrepancies were detected by the Dutch tax authorities. In 2016 the German fiscal authorities finalized the wage tax audit regarding all German entities regarding the fiscal years 2013 and 2014. No discrepancies were detected by the German fiscal authorities.

The following table shows the reconciliation between the expected tax expense and the actual tax expense:

In EUR thousand	2016	2015
Profit (+) / Loss (-) on ordinary business activity	3,602.4	1,732.1
Expected tax expense (+) / Income (-) given a 30% tax rate	1,080.7	519.6
Deviations from the expected tax expense		
a. Capitalized losses carried forward	-24.0	-
b. Taxes for prior years (current)	-456.6	-113.9
c. Taxes for prior years (deferred)	107.8	46.3
d. Taxes for prior years (deferred Valuation difference)	278.1	130.1
e. Taxation differences between domestic and foreign operations	-123.3	-29.0
f. Tax effect of non taxable income and non tax deductable costs	-0.3	-117.1
g. Others	-12.3	-57.0
Total adjustments	-230.5	-140.6
Actual tax expense	**850.2**	**379.0**

The effective tax rate amounts to 23.6% (2015: 21.9% relating to the amounts of the loss).

The tax deferrals are allocated to the following balance sheet items:

	2016		2015	
In EUR thousand	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	384.4	1,674.8	639.6	1,181.9
Tax loss carry forwards	2,627.3	-	2,964.4	-
	3,011.7	**1,674.8**	**3,604.0**	**1,181.9**
Netting of deferred tax assets and liabilities	**1,795.9**	**459.0**	**2,514.3**	**92.2**

(8) 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 all shares that can potentially be issued due to the stock option program (Note 15).

In EUR thousand	2016	2015
Profit/loss attributable to Cliq Digital AG shareholders	2,745.8	1,353.1
Number of shares in circulation as of January 1	6,188,714	6,188,714
Number of shares in circulation as of December 31	6,188,714	6,188,714
Weighted average number of shares in issue	6,188,714	6,188,714
Basic earnings per share (in EUR)	**0.44**	**0.22**
Number of potentially dilutive ordinary shares	163,550	175,050
Weighted average number of shares for the calculation of diluted earnings per share	6,352,264	6,363,764
Diluted earnings per share (in EUR)	**0.43**	**0.21**
Number of shares in circulation as of December 31	6,188,714	6,188,714
Basic earnings per share (in EUR) devided by the number of shares as per year end	**0.44**	**0.22**
Number of potentially dilutive ordinary shares as per year end	163,550	175,050
Number of shares for the calculation of diluted earnings per share as per year end	6,352,264	6,363,764
Diluted earnings per share (in EUR) devided by the number of shares as per year end	**0.43**	**0.21**

(9) Intangible assets

Intangible assets reported the following changes:

in EUR thousand	Internally generated intangible assets	Customer base	Customer Acquisition Costs	Other intangible assets	Prepayments rendered and other intangible assets	Goodwill	Total
Cost							
January 1, 2015	**3,626.0**	**11,720.8**	**13,366.9**	**243.2**	**-**	**43,322.2**	**72,279.1**
Additions	82.1	-	17,213.8	-	-	-	17,295.9
Disposals	1,871.1	-	-7,306.1	243.2	-	-	-5,678.2
December 31, 2015	**5,579.2**	**11,720.8**	**23,274.6**	**-**	**-**	**43,322.2**	**83,896.8**
January 1, 2016	**5,579.2**	**11,720.8**	**23,274.6**	**-**	**-**	**43,322.2**	**83,896.8**
Additions	28.4	-	21,129.6	-	-	-	21,158.0
Disposals	0.1	-11,720.8	-15,063.9	-	-	-	-26,784.6
December 31, 2016	**5,607.7**	**-**	**29,340.3**	**-**	**-**	**43,322.2**	**78,270.2**
Amortization and impairment losses							
January 1, 2015	**2,921.3**	**11,629.4**	**9,337.2**	**243.2**	**-**	**105.6**	**24,236.7**
Amortization in the financial year	261.9	91.4	15,392.7	-	-	-	15,746.0
Impairment	-	-	-	-	-	-	-
Disposals	1,871.0	-	-7,287.5	-243.2	-	-	-5,659.7
December 31, 2015	**5,054.2**	**11,720.8**	**17,442.4**	**-**	**-**	**105.6**	**34,323.0**
January 1, 2016	**5,054.2**	**11,720.8**	**17,442.4**	**-**	**-**	**105.6**	**34,323.0**
Amortization in the financial year	196.1	-	21,037.7	-	-	-	21,233.8
Impairment	-	-	-	-	-	-	-
Disposals	0,1	-11,720.8	-15,064.7	-	-	-	-26,785.4
December 31, 2016	**5,250,4**	**-**	**23,415.4**	**-**	**-**	**105.6**	**28,771.4**
Carrying amount December 31, 2015	**525.0**	**-**	**5,832.2**	**-**	**-**	**43,216.6**	**49,573.8**
Carrying amount December 31, 2016	**357.3**	**-**	**5,924,9**	**-**	**-**	**43,216.6**	**49,498.8**

The goodwill and customer base arose through the acquisition of Cliq B.V. In the financial year, no events have occurred that would require separate reporting under IFRS 3.B67d.

(10) Tangible assets

Tangible assets reported the following change:

in EUR thousand	Plant, operating and office equipment
Cost	
January 1, 2015	**1,751.9**
Additions	33.3
Disposals	644.2
December 31, 2015	**2,429.4**
January 1, 2016	**2,429.4**
Additions	80.2
Disposals	-2.2
December 31, 2016	**2,507.4**
Depreciation and impairment losses	
January 1, 2015	**1,074.1**
Depreciation in the financial year	213.7
Impairment	-
Disposals	644.5
December 31, 2015	**1,932.3**
January 1, 2016	**1,932.3**
Depreciation in the financial year	197.9
Impairment	-
Disposals	-2.2
December 31, 2016	**2,128.0**
Carrying amount December 31, 2015	**497.1**
Carrying amount December 31, 2015	**379.4**

Additions to property, plant and equipment amounted to EUR 80.2 thousand (2015: EUR 33.3 thousand). EUR 67.3 thousand of the additions relate to new hardware (2015: EUR 33.3).

(11) Deferred taxes

Taxes are deferred according to the liability method as per IAS 12 Income Taxes. Tax rates that are applicable, approved and published as of the balance sheet date are applied in this context.

The deferred tax assets of EUR 1,795.9 thousand (2015: EUR 2,514.3 thousand) arise predominantly from the probable future utilization of tax loss carry forwards. Note 7 “Taxes on income” contains further information about deferred taxes.

(12) Trade receivables

Trade receivables are composed as follows:

In EUR thousand	2016	2015
Trade receivables, gross	5,506.7	6,190.1
Less: Valuation adjustments	-354.7	-1,510.2
	5,152.0	**4,679.9**

The reported trade receivables carry a residual term of up to one year.

The reported valuation adjustments applied to trade receivables changed as follows:

In EUR thousand	Specific valuation adjustments		Portfolio valuation adjustments		Total	
	2016	2015	2016	2015	2016	2015
January 1	**1,510.2**	**452.6**	**-**	**-**	**1,510.2**	**452.6**
Changes to valuation adjustments carried through profit and loss	-6.5	1,057.6	-	-	-6.5	1,057.6
Changes to valuation adjustments used for write off	-1,149.0	-	-	-	-1,149.0	-
December 31	**354.7**	**1,510.2**	**-**	**-**	**354.7**	**1,510.2**

The following overdue, but unimpaired trade receivables were reported as of the balance sheet date:

In EUR thousand	Overdue by 1-30 days	Overdue by 30-180 days	Overdue by more than 180 days
December 31, 2016	4.7	66.5	158.6
December 31, 2015	1,406.8	467.7	56.2

As far as the receivables, which are not overdue and unimpaired, or which are overdue and unimpaired, are concerned, there are no indications that the customers are unable to fulfill their obligations based on their credit history and current credit ratings.

(13) Miscellaneous receivables and other assets

Miscellaneous receivables and other assets are composed as follows:

In EUR thousand	31/12/2015	31/12/2015
VAT	131.5	456.4
Receivables arising from services that have not yet been invoiced	5,252.5	3,904.2
Deposits	45.1	46.6
Prepayments and accrued income	276.7	241.4
Tax reimbursement claims from Greek tax authorities	-	19.0
Miscellaneous	24.6	445.1
Total	**5,730.4**	**5,112.7**

The reported miscellaneous receivables and other assets carry a residual term of up to one year.

(14) Cash and cash equivalents

This item contains cash at banks of EUR 48.8 thousand (2015: EUR 65.8 thousand), and cash in hand of EUR 0.6 thousand (2015: EUR 0.1 thousand).

(15) Consolidated equity

Consolidated equity and its individual components are reported separately in the "Statement of changes in equity".

Distributions

CLIQ Digital AG continues to pursue its dividend policy to date of only distributing earnings if they are not to be deployed for repayment of the debt and/or needed for further financing its business. CLIQ Digital AG decided to use its cash flow 2016 reducing its debt resulting mainly from the acquisition of Cliq B.V.

Capital management

CLIQ Digital AG generally pursues the objective of generating an appropriate return on its capital employed. The Group's balance sheet capital functions solely as a passive management criterion in this context. Revenue and adjusted EBITDA (EBITDA -/- Amortization and Impairment of Capitalized Customer Acquisition Costs) are utilized as active management metrics. CLIQ Digital AG is nevertheless a young company – in the way it currently is – that is still in its growth phase. It aims to realize a high level of investments in building up the Group, which to a not inconsiderable extent places a burden on the company's short-term profitability. These growth objectives mean that a focus is not always placed on classic return criteria during this growth phase. The related investments form the basis for the company's long-term success. CLIQ Digital AG's aim is to be a profitable group in both the short and long term.

Subscribed capital

The share capital did not change during the fiscal year 2016 and amounts to EUR 6,188,714.00 per December 31, 2016. The share capital consists of 6,188,714 non-par value bearer shares. All shares issued until December 31, 2016 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.

in EUR thousand	
January 1, 2016	6,188,714[1)]
Issue of new shares	
As a result of Capital increase	-
As a result of Conversion of Bond	-
December 31, 2016	**6,188,714**
Weighted average number of shares in the 2016 financial year	6,188,714

1) Including 4,000 treasury shares.

Treasury shares

By virtue of the resolution adopted by the Extraordinary General Meeting on 22 December 2011 the Management Board, in the period until 21 December 2016, is authorised to acquire own shares (treasury shares) of the Company. The authorization was not exercised in fiscal year 2016 and expired at the end of December 21, 2016.

The entire treasury share position amounted to 4,000 shares as of 31 December 2016. This corresponds to 0.06% of the share capital. The purchase costs of EUR 15.48 thousand (including incidental purchase costs of EUR 0.0 thousand) were deducted as a total from equity.

Authorized capital

The company's Annual General Meeting held on 28 August 2014 created authorised capital in the amount up to EUR 2,222,849.00 ("Authorised Capital 2014"). The Management Board was authorised, subject to the consent of the Supervisory Board, to increase the registered share capital through the issuance of new no-par value shares against cash and/or in-kind contributions once or several times by a total amount not exceeding EUR 2,222,849.00 by issuing up to 2,222,849 new no-par value bearer shares. However, this amount included the proportional share capital attributable to new shares issued following the convocation of the Annual General Meeting on 28 August 2014 on the basis of the Authorised Capital 2012 resolved by the Annual General Meeting of the company on 24 August 2012. The utilization of Authorised Capital 2012, which resulted in the issue of 1,480,349 new shares on 6 November 2014, served to reduce Authorised Capital 2014 by EUR 1,480,349.00. The remaining Authorized Capital 2014 amounts to EUR 742,500.00.

It was cancelled by resolution of the annual general meeting of 26 August 2016; the cancellation became effective upon registration with the commercial register on 6 October 2016.

The annual general meeting held on 26 August 2016 resolved to authorize the management board to increase the company's share capital with the approval of the supervisory board by up to EUR 1,547,178.00 in the period up to 25 August 2021 by issuing up to 1,547,178 new no-par value bearer shares against contribution in cash and/or in kind on one or several occasions (Authorized Capital 2016). The Authorized Capital 2016 became effective upon registration with the commercial register on 6 October 2016. The Authorized Capital 2016 was not exercised in the financial year 2016.

Conditional capital

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

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

By virtue of the resolution adopted by the Annual General Meeting on 28 August 2014, the Company's share capital was contingently increased by up to EUR 1,839,483.00, divided into up to 1,839,483 new no-par value bearer shares ("Contingent Capital 2014"). The Contingent Capital 2014 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 against cash contribution in accordance with the authorization adopted by the Annual General Meeting on 30 August

2013 and 28 August 2014 by the Company or its direct or indirect group companies inland or abroad and which grant a conversion or option right to no-par value shares of the Company or a conversion obligation.

The new no-par value shares from the Contingent Capital 2014 may only be granted for a conversion or option price that meets the conditions of the authorization granted by the Annual General Meeting on 30 August 2013 or the Annual General Meeting on 28 August 2014.

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

- **Authorization to issue warrant and/or conversion participation rights, warrant bonds, convertible bonds and/or profit participation bonds, and to exclude subscription rights**

The Annual General Meeting on 28 August 2014 resolved to authorise the Management Board, with the approval of the Supervisory Board, to issue limited or unlimited bearer convertible bonds, bearer bonds with warrants and/or bearer income bonds and/or profit participation rights (or combinations of these instruments) (referred to collectively as „debt instruments“) on one or more occasions up to and including 27 August 2019 up to a maximum total nominal amount of EUR 40,000,000.00, and to grant the bearers or holders of these debt instruments conversion rights or warrants to subscribe for up to 1,839,483 no-par value bearer shares with a total notional interest in the company‘s share capital of up to EUR 1,839,483.00 in accordance with the detailed conditions of the debt instruments and/or to include obligations to convert the respective debt instruments into such no-par value shares in the conditions of the debt instruments. The debt instruments may be issued in exchange for cash or non-cash contributions. As the issuance of certain debt instruments in 2014 under an older authorization was counted towards the limit of EUR 40,000,000.00, the remaining total nominal amount of the authorization is EUR 39,606,000.00.

The debt instruments shall, in principle, be offered to shareholders for subscription. They may also be transferred to one or several credit institution(s) or similar entities to pursuant to Sec. 186 para. 5 sentence 1 AktG subject to the stipulation that they will be offered to the shareholders for subscription. If the debt instruments are issued by a group company, the Company shall ensure that the shareholders of the Company are granted legal subscription rights as aforementioned.

Debt instruments can be issued one or several times, wholly or in part, or simultaneously in different tranches. The individual tranches may be divided into fractional bonds, each having identically ranking rights. Sec. 9 para. 1 AktG and Sec. 199 AktG remains unaffected.

Where bonds with warrants are issued, each partial bond is furnished with one or more warrants entitling the bearer to subscribe for no-par value shares of the company in accordance with the warrant conditions defined by the Management Board. However, the proportionate interest in the share capital attributable to the no-par value shares of the company to be issued for each partial bond may not exceed the nominal amount of the partial bond. Additionally, the term of the warrant may not exceed the term of the corresponding bond. It may also be agreed that any fractions may be combined and/or settled in cash. The same applies if profit participation rights or income bonds are furnished with warrants.

Where convertible bonds are issued, the bearers of the partial bonds shall be entitled to convert these bonds into no-par value bearer shares of the company in accordance with the detailed conditions of the convertible bonds as defined by the Management Board. The conversion ratio is calculated by dividing the nominal amount of a partial bond by the defined conversion price for one no-par value share of the company. If the issue price of a partial bond is lower, the conversion ratio may also be calculated by dividing the issue price by the defined conversion price for one no-par value share of the company. The conversion ratio may be rounded up or down to a whole number. It may be agreed that any fractions may be combined and/or settled in cash. The proportionate interest in the share capital attributable to the no-par value shares of the company to be issued on conversion may not exceed the nominal amount of the bond. The convertible bond conditions may also provide for a conversion obligation at or before the end of the bond term. The bond conditions may authorise the company to fully or partially settle in cash any difference between the nominal amount of the convertible bond and the product of the conversion price and the conversion ratio. These provisions apply accordingly to conversion rights or conversion obligations relating to profit participation rights or income bonds.

The conditions of the convertible bonds or bonds with warrants may authorise the company to grant new shares or treasury shares of the company to the holders of the bonds, either in part or in full, instead of a cash amount due. In this case, the value of the shares is defined in the detailed bond conditions as the volume-weighted average trading price of the same class of shares of the company in XETRA trading (or a functional successor to the XETRA system) on the Frankfurt Stock Exchange on the last ten trading days prior to the declaration of conversion or the exercise of the warrants, rounded up to the nearest full cent. The conditions of the convertible bonds or bonds with warrants may also authorise the company to pay the beneficiaries the cash price equivalent of the shares they would have been due instead of granting them shares of the company. The cash price equivalent per share is defined in the detailed bond conditions as the volume-weighted average trading price of the same class of shares of the company in XETRA trading (or a functional successor to the XETRA system) on the Frankfurt Stock Exchange on the last ten trading days prior to the declaration of conversion or the exercise of the warrants, rounded up to the nearest full cent.

Where debt instruments granting or embodying a conversion right, a conversion obligation and/or a warrant are issued, the respective warrant or conversion price - including where the conversion ratio or conversion price is variable - must correspond to either (i) at least 80% of the volume-weighted average trading price of the same class of shares of the company in XETRA trading (or a functional successor to the XETRA system) on the Frankfurt Stock Exchange on the last ten trading days prior to the date on which the Management Board resolves to issue the bonds with warrants or the convertible bonds, or (ii) – where subscription rights are granted – at least 80% of the volume-weighted average trading price of the same class of shares of the company in XETRA trading (or a functional successor to the XETRA system) on the Frankfurt Stock Exchange in the period from the start of the subscription period to the third day prior to the announcement of the final conditions in accordance with section 186 (2) sentence 2 of the German Stock Corporation Act (inclusive). Section 9 (1) and section 199 of the German Stock Corporation Act remain unaffected.

The authorization also encompasses the possibility of granting dilution protection or making adjustments in certain cases in accordance with the detailed bond conditions. In particular, this may be the case if, during the conversion or warrant exercise period, the company increases its share capital with shareholders‘ subscription rights granted or issues additional convertible bonds or bonds with warrants or grants or guarantees conversion rights or warrants to which the bearers of existing convertible bonds or bonds with warrants are not granted subscription rights as they would be as shareholders if they exercised their conversion rights or warrants or fulfilled their conversion obligations as shareholders, or if the share capital is increased by way of a capital increase from company funds. In such cases, the conditions of the convertible bonds or bonds with warrants may be formulated in such a way as to ensure that the economic value of the existing conversion rights or warrants remains unaffected by adjusting the conversion rights or warrants in order to preserve their value, to the extent that the adjustment is not already required by law. The adjustment may be performed in particular by granting subscription rights, changing or granting cash components or changing the conversion/warrant exercise price. These provisions apply accordingly in the case of capital reductions or other capitalization measures, share splits, restructuring, if control is obtained by a third party, or in the case of dividend payments or other similar measures that could dilute the value of the shares. Section 9 (1) and section 199 of the German Stock Corporation Act remain unaffected. In each case, the proportionate interest in the share capital attributable to the shares to be issued for each partial bond may not exceed the lower of the nominal amount of the partial bond or the issue price.

The Management Board is authorised, with the approval of the Supervisory Board, to determine the further details of the issue and features of the debt instruments, and in particular the interest rate, the type of interest payment, the issue price, the term, the denomination, the provisions on dilution protection, the restructuring options, the warrant exercise or conversion price, and the warrant exercise or conversion period, as well as the currency and the conversion arrangements. Where debt instruments are issued by Group companies, the Management Board must also reach an agreement with the executive bodies of the Group companies issuing the respective debt instruments. Section 9 (1) and section 199 of the German Stock Corporation Act remain unaffected.

Consolidated 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.

Stock option program

Stock Option Plan 2008
The company's Ordinary Shareholders' General Meeting passed a resolution on July 8, 2008 to authorize the Management Board, with Supervisory Board assent, to grant within five years after the entry of Conditional Capital II in the commercial register, once or on several occasions, subscription rights to a total of up to 133,633 ordinary bearer shares each with a notional interest in the share capital of EUR 1.00 per ordinary share of the company according to the following significant terms presented below ("Stock Option Plan 2008"):

The issuing of stock options to subscribe for the company shares and the issuing of the shares is performed in order to create an employee stock option model.

As part of the Stock Option Plan 2008, subscription rights were issued to members of the Management Board and employees of CLIQ Digital AG, as well as to members of the management and employees of companies associated, or associated in the future, with the company in the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG).

CLIQ Digital AG has set up three stock option programs (2009-2017) for managers since the 2009 financial year: in 2009, in January 2012 and in December 2012. Only for the option program of December 2012 there are still options outstanding as per 31 December 2016. The following terms are valid for this program:

The holding period of the options amounts to three years for one-third (1/3) and four years for two-thirds (2/3) of the pledged options. Each stock option entitles the holder to subscribe for one of the company's shares at the exercise price. In each case, the exercise price corresponds to 100% of the market value of the shares on the date of the resolution concerning the allocation of options on December 28, 2012 (EUR 5.11); distributions, especially dividend payments and any subscription rights or other special rights, are to be taken into consideration during the duration of the respective stock options in this context. The precondition for the binding purchase and exercise of the stock options is that the market value of the share of CLIQ Digital AG exceeds the basis price by at least 20% on the date when the subscription rights are exercised. To date, the performance targets have not been retrospectively reduced during the duration of the programs. Stock options for which the waiting period has been fulfilled, and which have not been exercised despite the attainment of the performance targets within an exercise window, can be exercised within a later exercise window. The stock options can generally only be exercised if the individual entitled to the subscription rights is in the permanent employment of CLIQ Digital AG or a company associated with it. The exercise terms also include the provision that the exercise of the stock options is permissible only in the following annual periods ("exercise periods"), which last for six weeks in each case: They start in each case on the third banking day after the publication of preliminary quarterly reports. The company can only redeem the options by allocating shares or through cash settlement. The duration of the stock option program amounts to five years, commencing from the pledging date. If the individuals entitled to the subscription rights to not exercise the stock options within the duration, the stock options expire worthless.

The 2012 December program expires in December 2017.

Stock Option Plan 2012
The Annual General Meeting of 24 August 2012 adopted the resolution to authorise the Management Board to issue, with the consent of the Supervisory Board, in the period until 23 August 2017 up to 250,000 stock options for bearer shares of the Company.

To cover the stock options granted under this authorisation, the Annual General Meeting also resolved to create a contingent capital of up to EUR 250,000.00, divided into 250,000 new no-par value bearer shares.

The basic details of the issuance of the stock options are as follows ("Stock Option Plan 2012"):

Stock options may only be issued to members of the Management Board of the Company, to members of the management of group companies and to employees of the Company and of group companies. The exact group of entitled persons and the extent of the stock options to be granted in each case, will be defined by the Management Board. If members of the Management Board of the Company are to receive stock options, their determination and the issue of stock options will be the sole responsibility of the Supervisory Board. The total number of stock options shall be allocated to the entitled groups as follows:

- members of the Management Board will be granted a maximum of in total 50,000 stock options;
- members of the management of group companies will be granted a maximum of in total 50,000 stock options;
- employees of the Company and of group companies will be granted a maximum of in total 150,000 stock options.

CLIQ Digital AG has granted one stock option program so far in January 2015. The following terms are valid for this program:

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. In each case, the exercise price corresponds with the average share price to 100% of the market value of the shares on the date of the resolution concerning the allocation of options on January 5, 2015 (EUR 1.92). In case of a share capital increase or any (special) other subscription right, the program can be adjusted with approval from the supervisory board.

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

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

The stock options can generally only be exercised if the individual entitled to the subscription rights is in the permanent employment of CLIQ Digital AG or a company associated with it.

The company can only redeem the options by allocating shares or through cash settlement. The duration of the stock option program amounts to seven years, commencing from the 31 December following the issuance of the stock option. If the individuals entitled to the subscription rights to not exercise the stock options within the duration, the stock options expire worthless.

Additional blocking periods for special reasons in exceptional justified cases may be stipulated by the Supervisory Board if the Management Board is involved and by the Management Board if the other entitled persons are involved. Advance information will be provided to the entitled person in due time. Under no circumstances, the waiting period may fall below the four-year waiting period and the end of the term may under no circumstances be exceeded.

The assumptions underlying the Stock Option Plans 2008 and 2012 are as follows:

	Stock option plan 2012	Stock option plan 2008
	January 2015 program	December 2012 program
Number of options issued	121,000	42,550
Fair value of the option on the issue date	EUR 0.95	EUR 2.40
Exercise price of the option on the issue date	EUR 1.92	EUR 5.11
Expected volatility	60%	60%
Duration of the option	7 years	5 years
Expected dividends	5.00%	5.00%
Risk-free interest rate	0.00%	0.00%
Turnover rate / Barrier	0.00%	0.00%

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 period 2012-2016.

The stock options performed as follows:

	2016		2015	
	Average exercise price		Average exercise price	
	Number	EUR	Number	EUR
January 1	175,050	2.72	44,050	5.11
Pledged	-	1.92	133,500	1.92
Stock options exercised	-	-	-	-
Stock options expired	-11,500	1.92	-2,500	1.92
December 31	163,550	2.75	175,050	2.72
Exercisable on December 31	42,550	-	-	-

Per 31 December 2016 the fair value of the options is disclosed as follows in the 2016 financial statements:

In EUR Thousand	Fair Value disclosed in capital reserves	Fair Value disclosed in Other Long-term Provisions	Total Fair Value
Stock Option Plan 2015	-	315.8	315.8
Stock Option Plan 2012	45.1	-	45.1
Total	**45.1**	**315.8**	**360.9**

(16) Benefit plans

CLIQ Digital does operate some employer‘s pension scheme. For the German entities no pension schemes are in place. Employees in Germany have the opportunity to arrange pensions based on direct insurance where the contributions are paid by the employees through salary conversion. The Dutch plans are financed through contributions to pension providers such as insurance companies. The foreign pension plans can be compared to how the Dutch pension system has been designed and functions. The pension obligations of both the Dutch and the foreign 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 2016 no pension receivables and no obligations existed for the group in addition to the payment of the annual contribution due to the pension provider.

(17) Other provisions

in EUR thousand	1/1/2016	Utilization	Release	Addition	Other	31/12/16
Other current provisions						
Taxes on income	508.4	-49.3	-33.7	201.4	-124.4	502.4
Costs for financial statements and auditing	85.6	-81.1	-4.5	121.6	-	121.6
Miscellaneous povisions	229.1	-	-129.1	315.8	-	415.8
Total other current provisions	**823.1**	**-130.4**	**-167.3**	**638.8**	**-124.4**	**1,039.8**

Pursuant to IAS 37, provisions are recognized for legal or notional obligations to third parties arising from past events, if the outflow of funds to settle the obligations is likely and can be reliably estimated.

Miscellaneous provisions include a long term provision for stock options for an amount of EUR 315.8 thousand (reference is made to note 15 ‘Stock option plan’).

(18) Liabilities

			Residual term		
in EUR thousand		Total	Up to 1 year	1 to 5 years	> 5 years
Bank borrowings	2015	10,638.0	5,638.0	5,000	-
	2014	14,920.8	7,920.8	7,000.0	-
Trade payables	2015	2,851.5	2,851.5	-	-
	2014	2,392.2	2,392.2	-	-
Other liabilities	2015	4,191.0	4,181.7	9.3	-
	2015	3,467.6	3,421.1	46.5	-
Total	**2015**	**17,680.5**	**12,671.2**	**5,009.3**	**-**
	2014	**20,780.6**	**13,734.1**	**7,046.5**	**-**

Bank borrowings

Bank borrowings reported on 31 December 2016 correspond fully the overdraft facility of the Commerzbank AG since the loan agreement started in March 2016, with an original amount of EUR 3.00 million and an applicable interest rate of 1M-Euribor plus 2.85% has been fully repaid in 2016.

The overdraft facility provided by Commerzbank AG of total EUR 13.00 million contains (1) a borrowing base financing with an interest rate of 3M-Euribor plus 2.1%. with a maximum of EUR 6.00 million with a possibility to increase to EUR 8.00 million starting in January 2017 and (2) a maximum fixed amount of EUR 7.00 million with an interest rate of 3M-Euribor plus 3.3%. The fixed amount of EUR 7.00 million will be lowered with 12 monthly parts of each EUR 163 thousand starting in January 2017 resulting in a fixed amount of EUR 5.00 million in December 2017. The total overdraft facility of Commerzbank AG will remain at EUR 13.00 million.

Per 31 December 2016 the overdraft facility was utilized for an amount of EUR 10.64 million and is disclosed as follows in the 2016 financial statements:

Bank borrowings (in EUR thousand)	< 1 year	> 1 year	Total
Credit facility	5,638.0	5,000.0	10,638.0
Total	**5,638.0**	**5,000.0**	**10,638.0**

Cliq Digital AG is obliged to comply with the covenants set out in the loan agreements with Commerzbank. For the financial year 2016 all covenants are met. In order to secure the credit facility, the Cliq Digital Group transferred its receivables to Commerzbank by way of global assignment.

Other liabilities

Other liabilities are composed as follows:

in EUR thousand		Total	Residual term: Up to 1 year	Residual term: 1 to 5 years	Residual term: > 5 years
Liabilities arising from other taxes	2015	239.6	239.6	-	-
	2014	510.1	510.1	-	-
Accrual marketing cost and other COS	2015	2,050.0	2,050.0	-	-
	2014	1,832.1	1,832.1	-	-
Miscellaneous	2015	1,854.9	1,854.9	-	-
	2014	1,039.8	1,039.8	-	-
Other non-financial liabilities	2015	4,144.5	4,144.5	-	-
	2014	3,382.0	3,382.0	-	-
Financial Lease	2015	46.5	37.2	9.3	-
	2014	85.6	39.1	46.5	-
Other financial liabilities	2015	46.5	37.2	9.3	-
	2014	85.6	39.1	46.5	-
Total	**2015**	**4,191.0**	**4,181.7**	**9.3**	-
	2014	**3,467.6**	**3,421.1**	**46.5**	**-**

Financial lease liabilities consist of two financial lease contracts for computer hardware with an original amount of EUR 83.3 thousand and an original amount of EUR 34.0 thousand. Both contracts have been provided in November 2014.

Note 21 includes further information about other financial liabilities.

(19) Reporting on financial instruments

Financial instruments are contractual agreements that include claims to cash and cash equivalents. Pursuant to IAS 32 and IAS 39, these include both primary and derivative financial instruments. Primary financial instruments include, in particular, cash and cash equivalents, receivables and trade payables, and borrowings and loans.

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. As the items of the balance sheet “Miscellaneous receivables and other assets” and “Other liabilities” include financial instruments as well as non-financial assets and liabilities, the column “Of which outside IFRS 7” provides this transition.

Carrying amounts, valuations and fair values by measurement categories as of December 31, 2016

in EUR thousand	IAS 39 measurement category	Carrying amount in balance sheet	Of which outside IFRS 7
Assets			
Cash and cash equivalents	LaR	49.4	-
Trade receivables	LaR	5,152.0	-
Receivables from companies in which the company has a participating interest	LaR	-	-
Other assets	LaR	5,730.4	-
Financial assets	LaR	-	-
Liabilities			
Trade payables	FLAC	-2,851.5	-
Liabilities due to companies where an interest is held	FLAC	-	-
Bank borrowings	FLAC	-10,638.0	-
Other liabilities	FLAC	-4,191.0	-
Aggregated according to IAS 39 measurement categories:			
Loans and receivables	LaR	8,080.3	-
Assets and liabilities measured at fair value through profit and loss (fair value option)	FVO	-	-
Financial assets measured at fair value through profit and loss (held for trading)	HfT	-	-
Financial liabilities measured at amortized cost	FLAC	-14,829.0	-

	Of which balance sheet valuation as per IAS 39				
	Amortized cost	Fair value carried directly to equity	Fair value through profit and loss	Of which valuation as per IAS 17	Fair value of financial instruments within IFRS 7
	49.4	-	-	-	49.4
	5,152.0	-	-	-	5,152.0
	-	-	-	-	-
	5,730.4	-	-	-	5,730.4
	-	-	-	-	-
	-2,851.5	-	-	-	-2,851.5
	-	-	-	-	-
	-10,638.0	-	-	-	-10,638.0
	-4,191.0	-	-	-	-4,191.0
	8,080.3	-	-	-	8,080.3
	-	-	-	-	-
	-	-	-	-	-
	-14,829.0	-	-	-	-14,829.0

Carrying amounts, valuations and fair values by measurement categories as of December 31, 2015

in EUR thousand	IAS 39 measurement category	Carrying amount in balance sheet	Of which outside IFRS 7
Assets			
Cash and cash equivalents	LaR	65.9	-
Trade receivables	LaR	4,679.9	-
Receivables from companies in which the company has a participating interest	LaR	-	-
Other assets	LaR	5,112.7	-
Financial assets	LaR	-	-
Liabilities			
Trade payables	FLAC	-2,392.2	-
Liabilities due to companies where an interest is held	FLAC	-	-
Bank borrowings	FLAC	-14,920.8	-
Other liabilities	FLAC	-3,467.6	-
Aggregated according to IAS 39 measurement categories:			
Loans and receivables	LaR	7,466.3	-
Assets and liabilities measured at fair value through profit and loss (fair value option)	FVO	-	-
Financial assets measured at fair value through profit and loss (held for trading)	HfT	-	-
Financial liabilities measured at amortized cost	FLAC	-18,388.4	-

Due to the short maturities of cash and cash equivalents, trade receivables and payables, as well as of other current receivables and liabilities, it is assumed that the respective fair value corresponds to the carrying amount. The fair values of non-current financial assets and liabilities are calculated

	Of which balance sheet valuation as per IAS 39			
Amortized cost	Fair value carried directly to equity	Fair value through profit and loss	Of which valuation as per IAS 17	Fair value of financial instruments within IFRS 7
65.9	-	-	-	65.9
4,679.9	-	-	-	4,679.9
-	-	-	-	-
5,112.7	-	-	-	5,112.7
-	-	-	-	-
-2,392.2	-	-	-	-2,392.2
-	-	-	-	-
-14,920.8	-	-	-	-14,920.8
-3,467.6	-	-	-	-3,467.6
7,466.3	-	-	-	7,466.3
-	-	-	-	-
-	-	-	-	-
-18,388.4	-	-	-	-18,388.4

as the present value of the expected future cash flows. Normal market interest rates relating to the corresponding maturities are utilized for discounting. The cash and cash equivalents, receivables from companies in which the company has a participating interest, and other assets and financial assets were neither overdue nor impaired as of the balance sheet date.

The net profit/losses on the financial instruments were as follows by IAS 39 measurement categories :

in EUR thousand	31/12/2016	31/12/2015
Financial Liabilities at Amortized cost (FLAC)	-880.8	-862.7
Total	**-880.8**	**-862.7**

The net profit/loss in the “financial liabilities at amortized cost” category is primarily composed of interest expenses for financial liabilities.

The total interest income and expenses for financial assets and liabilities, which are not measured at fair value through profit and loss, are as follows:

in EUR thousand	2016	2015
Total interest income	-	15.9
Total interest expense	-880.8	-878.6
Total	**-880.8**	**-862.7**

Risk arising from financial instruments

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.

CREDIT RISKS

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

LIQUIDITY RISKS

Operational liquidity management includes a cash controlling process which aggregates resources of cash and cash equivalents. This allows liquidity surpluses and requirements to be managed according to the needs of the Group as well as individual Group companies. Short- and medium-term liquidity management includes the maturities of financial assets and financial liabilities, as well as estimates of operating cash flows. Cash and cash equivalents totaling EUR 49.4 thousand (2015: EUR 65.9 thousand) are available to cover liquidity requirements. In addition, CLIQ Digital has, dependent on compliance with certain covenants („borrowing base"), access to total credit lines of EUR 2,362.0 thousand (2015: EUR 1,798.0 thousand), which have not yet been utilized. Overall, liquidity risk is categorized as low as a consequence.

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

in EUR thousand	Gross value December 31, 2016	Payments 2017	Payments 2018 to 2020	Payments from 2022
Trade payables	2,851.5	2,851.5	-	-
Bank borrowings[1)]	10,638.0	5,638.0	5,000.0	-
Other liabilities	4,191.0	4,181.7	9.3	-
Total	**17,680.5**	**12,671.2**	**5,009.3**	**-**

[1)] compare Note 18 Bank borrowings

in EUR thousand	Gross value December 31, 2015	Payments 2016	Payments 2017 to 2020	Payments from 2021
Trade payables	2,392.2	2,392.2	-	-
Bank borrowings[1)]	14,920.8	7,920.8	7,000.0	-
Other liabilities	3,467.6	3,421.1	46.5	-
Total	**20,780.6**	**13,734.1**	**7,046.5**	**-**

[1)] compare Note 18 Bank borrowings

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 Digital is exposed. Fluctuations in earnings, equity and cash flows can result from such risks.

The analysis presented below shows hypothetical and forward-looking information which can differ from actual events due to unforeseeable developments on financial markets. This analysis also excludes risks which are of a non-financial nature, or which cannot be quantified, such as business risks.

CURRENCY RISKS

The currency risk of (trade) receivables of significant revenues denominated in other foreign currencies than US dollar 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. Receivables of revenues in US dollars are generally not hedged since (future) income as well as expenses (primarily marketing expenses) are incurred in US dollars.

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 EUR 10,638.0 thousand, which created an inherent interest rate risk which can negatively impact financial results in the future. At year-end, outstanding debt consist of total long-term debt of EUR 5,000.0 thousand and total short-term debt of EUR 5,638.0 thousand.

(20) Contingencies

As of the balance sheet date, the Group was not exposed to contingencies arising from warranties (2015: EUR nil).

(21) Other financial liabilities arising from pending business

in EUR thousand		Total	Residual term: Up to 1 year	Residual term: 1 to 5 years	Residual term: > 5 years
Future payment obligations arising from:					
Leases for buildings	2016	1,636.1	247.9	1,169.0	219.2
	2015	580.0	303.0	277.0	-
Other leases	2016	46.5	37.2	9.3	-
	2015	85.6	39.1	46.5	-
Other non-financial liabilities	**2016**	**1,682.6**	**285.1**	**1,178.3**	**219.2**
	2015	**665.6**	**342.1**	**323.5**	**-**

The leases for buildings and other leases correspond to the minimum lease payments arising from operating leases pursuant to IAS 17. These agreements relate to the leasing of buildings, and of vehicles and IT hardware. Lease expenses amounted to EUR 256.6 thousand in the year under review (2015: EUR 340.1 thousand).

(22) Related parties

The associated companies of CLIQ Digital AG are presented in the consolidation scope (Note 24). 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 2016, the board of the CLIQ Digital AG consisted of the following members:

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

Management Board compensation is composed as follows:

in EUR thousand	2016	2015
Payments due in the short term (excluding share-based compensation)	800.0	600.0
Share- based compensation	165.0	95.0
Total compensation	**965.0**	**695.0**

As of December 31, 2016, the Management Board held a total of 100,000 stock options. (2015: 100,000 stock options). The Supervisory Board held no stock options as of December 31, 2015 (2015: nil). The stock options can be exercised in a four-year period, under the conditions that the agreed performance targets are reached.

Per 31 December 2016 the Supervisory Board consisted of the following members:

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

The Supervisory Board members received EUR 52.0 thousand to reimburse their expenses in the 2016 financial year (2015: EUR 52.0 thousand). A long-term compensation component has not been agreed for Supervisory Board members.

(23) Reconciliation of segment earnings with Group earnings

Pursuant to IFRS 8 Operating Segments, the Group‘s activities are demarcated by business segments as part of segment reporting. Internal reporting within the Group occurred until 2012 on the basis of the customer profiles of Mobile and Online Games; the areas of Mobile and Online Games have been defined as operating segments in accordance with IFRS 8.10 in the past. On the basis of the reporting system, the Management Board, as the main decision-making organ as per IFRS 8, assessed the performance of these two operating segments, and made decisions concerning the allocation of resources. In particular, the operating segments‘ performance was measured using the “revenue with external customers” and “EBITDA” metrics.

At the end of 2012 it has been decided to exit the Online Games activities and therefore the segment Mobile is the only left operating segment. Therefore no segment reporting is applicable anymore for 2013 onwards.

(24) Consolidation scope as of December 31, 2016

	Equity interest in %
CLIQ Digital AG, Dusseldorf, Germany	
C Formats GmbH (former Bob Mobile Deutschland GmbH), Dusseldorf, Germany	100.00
Bob Mobile Hellas S.A., Attiki, Greece	100.00
Cructiq AG, Baar, Switzerland	100.00
Rheinkraft Production GmbH, Dusseldorf, Germany	100.00
Just A Game Hellas S.A., Attiki, Greece	100.00
Bluetiq GmbH (vormals Just A Game GmbH), Dusseldorf, Germany	100.00
Guerilla Mobile Asia Pacific Pte. Ltd, Singapore	100.00
CLIQ B.V., Amsterdam, The Netherlands	100.00
Artiq Mobile B.V., Amsterdam, The Netherlands	100.00
TMG Singapore PTE Ltd., Singapore	100.00
The Mobile Generation Americas Inc., Toronto, Ontario, Canada	100.00
GIM Global Investments Munich GmbH, Munich, Germany	100.00
iDNA B.V., Amsterdam, The Netherlands	100.00
Grumbl Media B.V., Amsterdam, The Netherlands	100.00
CMind B.V., Amsterdam, The Netherlands	66.67
CPay B.V., Amsterdam, The Netherlands	100.00
Claus Mobi GmbH, Dusseldorf, Germany	100.00
VIPMOB B.V., Amsterdam, The Netherlands	80.00

(25) Fee for auditor's services

The following fees were expensed in the 2015 and 2014 financial years for services rendered by MAZARS GmbH Wirtschaftsprüfungsgesellschaft (Group Auditor):

in EUR thousand	2016	2015
For auditing of the financial statements	**194.3**	**180.6**
MAZARS (Group Auditor)	189.2	180.6
Other	**5.1**	-
For tax advice services	**172.6**	**149.5**
MAZARS (Group Auditor)	167.0	149.5
Other	5.6	-

(26) Number of employees

The average number of employees in the 2015 financial year was as follows:

	2016	2015
Full-time employees	**79**	**67**
Germany	4	3
The Netherlands	75	64
Abroad	-	-
Part-time employees	**16**	**18**
Germany	1	2
The Netherlands	15	16
Abroad	-	-
Total	**95**	**85**
Germany	5	5
The Netherlands	90	80
Abroad	-	-

(27) Events after the balance sheet date

No other events have occurred after the balance sheet date, 31 December 2016, which are of essential importance to the CLIQ Digital Group and could lead to a reassessment of the company.

Dusseldorf, 3 April 2017

CLIQ Digital AG

Luc Voncken
Ben Bos

auditor's report

We have audited the consolidated financial statements prepared by Cliq Digital AG, Dusseldorf – comprising the consolidated statement of earnings, the consolidated balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements – together with the group management report for the business year from 1 January to 31 December 2016. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a sec. 1 HGB [Handelsgesetzbuch – German Commercial Code] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) [Institute of Public Auditors in Germany]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable accounting standards and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in the consolidation, the determination of entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the complies with legal requirements, and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a sec. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the group. The group management report is consistent with the consolidated financial statements, complies with legal requirements, and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of its future development.

Berlin, 3 April 2017

MAZARS GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Kleinmann Wirtschaftsprüfer [German Public Auditor]	Kaufhold Wirtschaftsprüferin [German Public Auditor]

imprint

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