CLIQ DIGITAL

Unaudited Interim Financial Report

2018

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Management explanation

1. General

CLIQ Digital AG is a leading direct marketing and sales organization for digital products with its own global payment and distribution 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 is a valuable strategic business partner for networks, content owners, publishers, and brands. CLIQ Digital, based in Dusseldorf, employs over 100 people. The shares of CLIQ Digital AG are listed in the Scale 30 segment at the Frankfurt Stock Exchange (ISIN DE000A0HHJR3).

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. The consolidated Interim Financial Report is prepared, to provide investors with additional financial information and to fulfill disclosure obligations to Deutsche Börse AG under the General Terms and Conditions of Deutsche Börse AG for the Scale Market segment of the Frankfurt Stock Exchange.

Since the company has no audit obligation for interim financial statements, the consolidated Interim Financial Report is unaudited.

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). 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. CLIQ Digital's sales numbers are achieved to a lesser extent via affiliate marketing and a greater extend via in-house media buying. For in-house media buying CLIQ Digital is responsible for the acquisition of internet traffic and conversion from visitor to customer. In affiliate marketing the affiliate partner is rewarded for each customer that subscribes to CLIQ Digital services.

In line with the company's strategy to deepen the Group's understanding of media buying and further strengthen the relationship with networks having access to media sources, CLIQ Digital is very pleased that AffiMobiz (Tornika SAS) has become part of the CLIQ Digital Group in the beginning of 2018. To realize the transaction, which also involved its existing subsidiaries CMind BV and Hype Ventures BV (former: Grumbl Media BV), an amount of EUR 500 thousand was invested after which the Group owns 80% of the shares in Hype Ventures BV which holds 100% of the shares in Tornika SAS and CMind BV. The Group is confident that this acquisition of Tornika will result in increased profitability by lowering the Group's marketing costs.

Next to its expansion in Europe the Group incorporated a company in the United States and at the same time acquired a license agreement to start it sales activities in the United States.

2. Income Statement

The development of the results in HY1 2018 compared to HY1 2017 can be summarized as follows:

INCOME STATEMENT in EUR million	HY1 2018	HY1 2017	Δ%
Gross revenue	30. 6	34.9	**-13%**
Cost of Sales	-13.8	-15.7	
Gross Margin	**16.8**	**19.2**	**-13%**
% of Revenue	*55%*	*55%*	
Personnel expenses	-4.5	-4.5	
Other non-operating expenses	-1.9	-1.9	
Total OPEX	**-6.4**	**-6.4**	
EBITDA	**10.4**	**12.8**	
Amortization and impairment charges applied to Customer acquisition costs	-8.4	-10.3	
Adjusted EBITDA	**2.0**	**2.5**	**-21%**
Amortization and impairment charges applied to other intangible and tangible fixed assets	-0.5	-0.2	
EBIT	**1.5**	**2.4**	
Net financial result	0.6	-0.4	
Result before taxes	**2.1**	**2.0**	
Taxes on income	-0.3	-0.5	
Consolidated net result for the period	**1.8**	**1.5**	**+19%**
Attributable to:			
Shareholders of the company	1.4	1.5	
Non-controlling interest	0.4	-	

The CLIQ Digital Group generated revenue of EUR 30.6 million in HY1 2018, compared to EUR 34.9 million in HY1 2017. In general the decrease in revenues can be related to the lower marketing spend of last year which were caused by delays in new product launches. These delays have been resolved in the reporting period resulting in an increasing marketing spend compared to second half of 2017.

The decrease of 13% in gross margin from 19.2 million in HY1 2017 to 16.8 million in HY1 2018 is in line with the decrease in revenues. The Cost of Sales primarily consists of expenses for network operators and gateways that provide the technical connections which are needed to deliver content and invoice the end-consumer for which these parties obtain a (third party) share. These shares are almost completely variable but may significantly vary between countries.

Personnel expenses and other non-operating expenses are stable and amount in total to EUR 6.4 million for both HY1 2018 and HY1 2017.

Adjusted EBITDA (EBITDA -/- Amortization and Impairment of Capitalized Customer Acquisition Costs) is a measure for CLIQ Digital's performance. The adjusted EBITDA decreased from EUR 2.5 million in HY1 2017 to EUR 2.0 million in HY1

2018. The decrease is primarily caused by the lower revenues. This decrease is partly off-set by the effect of lower amortized customer acquisition costs (EUR 1.8 million) due to the lower marketing spend in 2017 and in particular the last quarter of that year.

The amortization and depreciation on other (in)tangible fixed assets increased due to the adoption of IFRS 16 after which a right-of-use asset and corresponding lease liability is recognized for operational lease agreements and then will be depreciated instead of expensed. The impact of this change in accounting policies amounts to EUR 0.1 million. Additionality in 2017 a reversal on an impairment on current assets was recognized whereas in 2018 the Group was required to provide an additional amount for its receivables resulting in a movement of EUR 0.2 million.

As a consequence of the above movements the EBIT (earnings before interests and taxes) for HY1 2018 decreased from EUR 2.4 million in HY1 2017 to EUR 1.5 million in HY1 2018.

The financial result for HY1 2018 ended at EUR 0.6 million positive compared to EUR 0.4 negative in HY1 2017. The main reason for the positive financial result is the fair value movement in the Group's contingent consideration arrangements. This fair value movement reflects management best estimates on reporting date of the expected (future) cash being received from the revenue in base originating before acquisition and other earn-out arrangements which are payable when certain targets are realized.

The result before taxes amounts to EUR 2.1 million in HY1 2018 and 2.0 million in HY1 2017. The effective tax-rate in HY1 2018 decreased from 25% in HY1 2017 to 12% in HY1 2018. The decrease in the effective tax rate is caused by different tax rates in which the Group's subsidiaries operate and the fair value movements in contingent considerations from acquired businesses which are non-tax deductible. As an increasing portion of the fiscal results are realized in the United Kingdom the effective tax rate is decreasing. Resulting in net profit of EUR 1.8 million for HY1 2018 compared to EUR 1.5 million for HY1 2017 which is an increase of 19%.

Of the total result of the period an amount of EUR 1.4 million is attributable to the shareholders of the company and an amount of EUR 0.4 million is related to the non-controlling interest in the Group's subsidiaries Red27 Mobile (49%), Hype Ventures (20%) and VIPMOB (20%).

3. Balance sheet

Reference is made to the consolidated balance sheet on page 9.

3.1 Non-current assets

The CLIQ Digital Group reported EUR 53.6 million of intangible assets (Dec 31, 2017: EUR 52.6 million), EUR 1.4 million of tangible assets (Dec 31, 2017: EUR 0.3 million) and EUR 2.2 million of deferred tax assets (Dec 31, 2017: EUR 2.1 million).

3.1.2 Intangible fixed assets

The most important components of intangible assets are goodwill of EUR 47.4 million (Dec 31, 2017: EUR 47.3 million), customer acquisition costs of EUR 4.7 million (Dec 31, 2017: EUR 5.0 million) and licenses of EUR 1.2 million (Dec 31, 2017: nil).

3.1.2.1 Goodwill

Goodwill arising on acquisitions exists as a result of the merger with CLIQ B.V. and the acquisition of UME in 2017. The addition of the year of EUR 0.1 million relates to the acquisition of Tornika SAS.

3.1.2.2 Licenses

Licenses comprise the licensing contract related to the Group's activities in the United states for an amount of EUR 1.1 million and other licenses signed for digital content in the amount of EUR 0.1 million. The licenses are amortized based on the expected useful life.

3.1.2.3 Deferred tax asset

The valuation of deferred tax asset of EUR 2.2 million (Dec 31, 2017: EUR 2.1 million) relates mainly to carry forward losses in Germany and the United Kingdom and some smaller temporary differences. No deferred tax assets were formed for the tax losses of which carry forwards are uncertain.

3.2 Current assets

The CLIQ Digital Group reported EUR 3.3 million of trade receivables (Dec 31, 2017: EUR 5.1 million), EUR 6.6 million of miscellaneous receivables and other assets (which include amongst others income not yet invoiced) (Dec 31, 2017: EUR 5.8 million) and EUR 227 thousand of cash and cash equivalents (Dec 31, 2017: EUR 169 thousand). The decrease in trade receivables is mainly the result of lower marketing spend in prior year resulting in reduced revenues which have been invoiced. The increased other assets are the result of higher income not yet invoiced related to sales activities deployed in Italy for which it takes longer before the gateway statements are received and revenues are invoiced.

3.3 Equity

The CLIQ Digital Group reported EUR 47.9 million of equity as of June 30, 2018 (Dec 31, 2017: EUR 46.6 million). The Company's share capital amounts to EUR 6,188,714.00, which consists of 6,188,714 listed shares. The company holds 4,000 treasury shares as of June 30, 2018 (Dec 31, 2017: 4,000 shares).

The major movements in equity are related to the result for the period in the amount of 1.8 million and the increase of the Group's interest in CMind from 66.7% to 80.0% resulting in a reduction of the non-controlling interest and retained consideration of EUR 0.5 million.

3.4 Liabilities

3.4.2 Bank borrowings

The CLIQ Digital Group reported bank borrowings of EUR 8.4 million (Dec 31, 2017: EUR 5.7 million) which corresponds fully to the overdraft facility of the Commerzbank AG. Bank borrowings reported on 31 December 2017 corresponds fully to the overdraft facility of the Commerzbank AG. The movements in the bank borrowing can be explained by the following non-operating cash flows acquisition of Tornika and CMind (EUR 0.5 million), obtaining the license agreement in the United States (EUR 1.1 million), earn-out payments (EUR 2.0 million).

As the original end date of the contract with Commerzbank has been extended till the October 15, 2018 the loan amount has been presented short-term. The relative short short-term extension is because CLIQ Digital is in negotiations with Commerzbank and others to increase the debt facilities to support the non-organic growth ambitions of CLIQ Digital. At the time of writing this report, CLIQ Digital AG has received (initial) offers from Commerzbank AG and other banks to extend and increase the current credit facility. Considering the offers received and the positive meetings that have occurred with numerous banks, CLIQ Digital is convinced that it will be able to increase and extend the current credit facility and does not foresee a direct threat for the Group's operations or going concern of the Group.

3.4.3 Financial liabilities

The financial liabilities comprise mainly the lease liability (EUR 1.1 million) and contingent consideration arrangements (EUR 1.3 million) resulting from the acquisitions. The lease liability corresponds to the right of use asset and represent the present value of future (contractual) agreed lease payments. The contingent considerations are related to the earn-out arrangements from previous acquisitions.

3.4.4 Trade payables

The decrease in trade payables from EUR 2.1 million to EUR 1.9 million is related to the acquisition of Tornika SAS as this was a significant media partner (EUR 0.6 million) for the group with significant outstanding balances at year-end which are now being eliminated at consolidated level. This effect is partly off-set due to improved media spend compared to the last quarter last year.

3.4.5 Other liabilities

The Other Liabilities amount to EUR 4.1 million (Dec 31, 2017: EUR 3.4 million) which is a slight increase.

4. Cash flow

Reference is made to the cash flow statement on page 12.

4.1.2 Cash flows from operating activities

The cash flow from operating activities amounts to EUR 9.4 million in HY1 2018 compared to EUR 12.1 million in HY1 2017. The difference can be largely explained by a higher (EUR 1.1 million) amount of corporate income taxes paid in the period as well as a decrease of EUR 2.4 million in gross margin for the period.

4.1.3 Cash flows from investing activities

In total the Group paid an amount of EUR 0.5 million for the transaction with Tornika SAS and CMind BV and obtained an amount of EUR 0.2 million in cash at acquisition date resulting in cash outflow of EUR 0.3 million from acquisition. In addition investments in the amount of EUR 9.5 million, including EUR 1.2 million for obtaining the US licensing agreement, were made for intangible and tangible fixed assets, resulting in a negative cash flow from investing activities amounting to EUR 9.8 million for the period. Compared to HY1 2017 this is a decrease of EUR 4.4 million which is the result of the acquisition of the UK operations for which the purchase price of GBP 5.0 million had been paid in July resulting in a positive cash inflow for the half year period ending.

4.1.4 Cash flows from financing activities

The main cash flows from financing activities in the amount of EUR 2.0 million are related to the contingent considerations arrangement from previous acquisitions. Additionally lease payments have been made in an amount of EUR 0.1 million after which the negative cash flow from financing activities amounts to EUR 2.1 million. Compared to the same period prior year this is a decrease of EUR 2.0 million which is caused by the earn-out payments made in 2018 for the retained considerations related to previous acquisitions.

4.1.5 Free cash flow

Although the cash flow from operations resulted in a positive cash flow from EUR 9.3 million, the negative cash flow resulting from the financing (EUR 2.1 million) and investing activities (EUR 9.8 million) resulted in a negative free cash flow of EUR 2.6 million.

5. Key Performance Indicators (KPIs)

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.

Developments in the performance indicators:

	HY1 2018	FY 2017
ARPU/CPA (CLIQ factor)	1.38	1.47
Marketing spend in EUR million	10.6	18.6
Customer value base in EUR million	25.0	26.0

The indicator of Customer Profitability, the ratio of ARPU to CPA, decreased from 1.47 in FY 2017 to 1.38 during HY1 2018, mainly caused by the change in country-mix. The customer base value decreased in HY1 2018 from EUR 26.0 million as of 31 December 2017 to EUR 25.0 million as of 30 June 2018.

unaudited consolidated statement of profit and loss

for the period from January 1 to June 30, 2018

PROFIT AND LOSS in EUR thousand	Note	HY1 2018	HY1 2017
Gross revenue		30,552.4	34,919.4
Cost of sales	5	-13,797.1	-15,737.2
Gross margin		**16,755.3**	**19,182.2**
Personnel expenses		-4,470.7	-4,477.0
Other operating expenses		-1,902.5	-1,960.3
Total operating expenses		**-6,373.2**	**-6,437.3**
EBITDA		**10,382.1**	**12,744.9**
Depreciations, amortization and impairment charges applied to intangible, tangible and current assets	6	-8,886.7	-10,355.1
EBIT		**1,495.4**	**2,389.8**
Financial income and financial expenses	7	554.8	-349.5
Result for the period from continuing operations		**2,050.2**	**2,040.3**
Income taxes	8	-242.8	-515.5
Result for the period		**1,807.4**	**1,524.8**
Attributable to:			
Shareholders of the company		1,412.7	1,471.9
Non-controlling interest		394.7	52.9
		1,807.4	**1,524.8**
Earnings per share			
Profit/Loss attributable to CLIQ Digital shareholders (in EUR thousand)		1,412.7	1,471.9
Number of shares in circulation as of January 1		6,188,714	6,188,714
Number of shares in circulation as of June 30		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)		**0.23**	**0.24**
Number of potentially dilutive ordinary shares (in number of shares)		154,335	121,500
Weighted average number of shares for the calculation of diluted earnings per share		6,310,214	6,310,214
Diluted earnings per share (in EUR)		**0.22**	**0.23**

unaudited consolidated statement of comprehensive income

for the period from January 1 to June 30, 2018

COMPREHENSIVE INCOME in EUR thousand	Note	HY1 2018	HY1 2017
Result for the period		**1,807.4**	**1,524.8**
Items that may be reclassified subsequently to profit or loss:		**7.0**	**-**
Exchange differences on translating foreign operations	10	7.0	-
Total comprehensive income for the year		**1,814.4**	**1,524.8**
Attributable to:			
Shareholders of the company		1,419.7	1,471.9
Non-controlling interest		394.7	52.9
		1,814.4	**1,524.8**

unaudited consolidated balance sheet

as of June 30, 2018

ASSETS in EUR thousand	Note	Jun 30, 2018	Dec 31, 2017
Non-current assets			
Intangible assets	10	**53,578.1**	**52,554.5**
Internally generated intangible assets		228.3	237.1
Licenses		1,164.5	-
Customer Acquisition Costs		4,749.3	4,968.4
Goodwill		47,436.0	47,349.0
Tangible assets	11	**1,396.1**	**289.5**
Plant, operating and office equipment		238.3	289.5
Right of use assets		1,157.8	-
Deferred tax assets	8	**2,182.9**	**2,072.2**
Total non-current assets		**57,157.1**	**54,916.2**
Current assets			
Receivables		**9,974.0**	**10,969.9**
Trade receivables		3,326.9	5,124.4
Other assets		6,647.1	5,845.5
Cash and cash equivalents		**227.1**	**168.5**
Total current assets		**10,201.1**	**11,138.4**
Total assets		**67,358.2**	**66,054.6**

unaudited consolidated balance sheet

as of June 30, 2018

EQUITY AND LIABILITIES in EUR thousand	Note	Jun 30, 2018	Dec 31, 2017
Equity			
Issued capital		6,188.7	6,188.7
Share premium		46,635.8	46,635.8
Retained earnings		-5,165.4	-6,208.7
Other reserves		-151.4	-153.3
Equity attributable to the shareholders		**47,507.7**	**46.462,5**
Non-controlling interest		401.4	94.1
Total equity		**47,909.1**	**46,556.6**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	8	563.4	431.8
Financial liabilities	12	1,274.3	705.6
Other liabilities		-	519.7
Total non-current liabilities		**1,837.7**	**1,657.1**
Current liabilities			
Provisions		13.0	20.0
Bank borrowings	13	8,353.5	5,674.3
Trade payables		1,945.6	2,124.9
Financial liabilities	12	1,177.1	3,468.7
Income tax liabilities	8	2,055.1	3,185.1
Other liabilities		4,067.1	3,367.9
Total current liabilities		**17,611.4**	**17,840.9**
Total liabilities		**19,449.1**	**19,498.0**
Total equity and liabilities		**67,358.2**	**66,054.6**

unaudited consolidated statement of changes in equity

as of June 30, 2018

EQUITY in EUR thousand	Issued capital	Share premium	Retained earnings	Other reserves	Equity attributable to the share-holders	Non-controlling interests	Total equity
Balance as of December 31, 2017	**6,188.7**	**46,635.8**	**-6,208.7**	**-153.3**	**46,462.5**	**94.1**	**46,556.6**
Net profit/loss for the period	-	-	1,412.7	-	1,412.7	394.7	1,807.4
Other comprehensive income	-	-	-	7.0	7.0	-	7.0
Acquisitions	-	-	-369.4	-	-369.4	-87.4	-456.8
Other movements	-	-	-	-5.1	-5.1	-	-5.1
Balance as of June 30, 2018	**6,188.7**	**46,635.8**	**-5,165.4**	**-151.4**	**47,507.7**	**401.4**	**47,909.1**

unaudited cash flow statement

for the period from January 1 to June 30, 2018

	Note	HY 1 2018	HY 1 2017
Cash flow from operating activities			
Result for the year		1,807.4	1,524.8
Adjustments for:			
Income tax expense recognized in profit or loss		242.8	515.5
Finance costs recognized in profit or loss		231.8	349.5
Net (gain)/loss arising on financial liabilities designated as at fair value through profit and loss	12	-786.6	-
Impairment loss/(gain) recognized on trade receivables and other current assets		98.1	-37.4
Depreciation and amortization of non-current assets	6	8,788.7	10,392.5
		10,382.2	**12,819.7**
Changes in working capital		626.6	-348.1
Cash generated from operations		**11,008.8**	**12,471.6**
Income taxes (paid)/received		-1,368.0	-247.4
Interest (paid)/received		-280.7	-117.5
Net cash generated by operating activities		**9,360.2**	**12,106.6**
Cash flow from investing activities			
Payments for property, plant and equipment	11	-12.6	-77.6
Payments for intangible fixed assets	10	-9,522.5	-9,349.5
Net cash (outflow)/inflow on acquisition of subsidiaries	8	-291.6	3,949.9
Net cash (used in)/generated by investing activities		**-9,826.7**	**-5,477.2**
Cash flow from financing activities			
Repayment from borrowings	12	-2,025.9	-70.1
Lease installments paid		-135.4	-19.5
Share options		-	-43.7
Net cash used in financing activities		**-2,161.3**	**-133.3**
Free cash flow		**-2,627.8**	**6,496.2**
Cash and cash equivalents at the beginning of the year		**-5,505.8**	**-10,588.6**
Free cash flow		-2,627.9	6,496.2
Effects of exchange rate changes on the balance of cash held in foreign currencies		7.2	5.1
Cash and cash equivalents at the end of the year		**-8,126.4**	**-4,087.3**
Cash and bank balances		277.1	4,338.6
Bank borrowing overdraft facility		-8,353.5	-8,425.9
Cash and cash equivalents in cash flow statement		**-8,126.4**	**-4,087.3**

Notes to the Consolidated Interim Financial Report

1. Corporate 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). According to characteristics relating to size, CLIQ Digital AG is not obligated to prepare consolidated financial statements, on the basis of German accounting standards. These consolidated IFRS financial statements are prepared voluntarily, to provide investors with additional financial information in line with capital markets expectations and to fulfil disclosure obligations to Deutsche Börse AG under the General Terms and Conditions of Deutsche Börse AG for the Open Market of the Frankfurt Stock Exchange.

The Group's financial half year starts on January 1 and ends on June 30 of each calendar year. These consolidated financial statements are prepared in Euros, which is the functional and reporting currency of CLIQ Digital. Reporting is in thousands of Euros (EUR thousand) unless stated otherwise.

2. Basis of preparation and changes to the Group's accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017. The adoption of the following new standards which are effective as of 1 January 2018 and or could be applied early had no material impact on the interim condensed consolidated financial statements:

- IFRS 15 Revenue from Contracts with Customers
  IFRS 15 provides a standard body of rules for all questions arising from the reporting of revenue from contracts with customers. The new model, which must be applied for reporting periods commencing on or after 1 January 2018, provides for a five-stage scheme. The adoption of this new standard did not result in significant changes for the revenue recognition of the Group.

- IFRS 9 Financial Instruments

  IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 did not resulted in significant adjustments to the amounts recognized in the financial statements. In accordance with the transitional provisions in IFRS 9 comparative figures have not been restated.

- IFRS 16 Leases

  Simultaneously with the adoption of IFRS 15 the Group decided to (early) adopt IFRS 17 as of January 1, 2018. The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities. It resulted in a decrease in other expenses (EUR 150 thousand) and an increase in depreciation (EUR 136 thousand) and amortization expense and in interest expenses (EUR 24 thousand). In accordance with the transitional provisions in IFRS 9 comparative figures have not been restated.

3. Significant events during the reporting period

3.1 Acquisition 80% interest Tornika SAS, 13,3% interest in CMind BV and sale of 20% interest in Grumbl Media B.V.

CLIQ Digital completed the acquisition of AffiMobiz (Tornika SAS) a media buying company by acquiring a share of 80% in the company. As part of the acquisition, CLIQ Digital increased its share in the subsidiary CMind B.V. from 67% to 80% and sold 20% of its shares in Hype Ventures BV (former: Grumbl Media BV). Total considerations transferred by CLIQ Digital for this transaction amounted to EUR 500 thousand. Reference is made to Note 9 for further details.

3.2 Incorporation of US company and acquiring licensing contract

The Company incorporated a United States company, Netacy Inc, and purchased a licensing agreement to deploy its sales activities in the United States for an amount of EUR 1.1 million. For further details reference is made to Note 10.

3.3 Bank borrowings

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 5.0 million with an interest rate of 3M-Euribor plus 3.3%. Bank borrowings reported on 31 December 2017 corresponds fully to the overdraft facility of the Commerzbank AG. As the original end date of the contract with Commerzbank has been extended till October 15, 2018 the loan amount has been presented short-term.

The relative short short-term extension is because CLIQ Digital is in negotiations with Commerzbank and others to increase the debt facilities to support the non-organic growth ambitions of CLIQ Digital. At the time of writing this report, CLIQ Digital AG has received (initial) offers from Commerzbank AG and other banks to extend and increase the current credit facility.

Considering the offers received and the positive meetings that have occurred with numerous banks, CLIQ Digital is convinced that it will be able to increase and extend the current credit facility and does not foresee a direct threat for the Group's operations or going concern of the Group.

4. Consolidation scope

Consolidation scope as of June 30, 2018:

	Proportion of voting equity interest owned by the Group
CLIQ Digital AG, Dusseldorf, Germany	
C Formats GmbH, Dusseldorf, Germany	100.0
Bob Mobile Hellas S.A., Attiki, Greece	100.0
Cructiq AG, Baar, Switzerland	100.0
Rheinkraft Production GmbH, Dusseldorf, Germany	100.0
Bluetiq GmbH, Dusseldorf, Germany	100.0
Guerilla Mobile Asia Pacific Pte. Ltd, Singapore	100.0
CLIQ B.V., Amsterdam, The Netherlands	100.0
Artiq Mobile B.V., Amsterdam, The Netherlands	100.0
TMG Singapore PTE Ltd., Singapore	100.0
The Mobile Generation Americas Inc., Toronto, Ontario, Canada	100.0
GIM Global Investments Munich GmbH, Munich, Germany	100.0
iDNA B.V., Amsterdam, The Netherlands	100.0
CPay B.V., Amsterdam, The Netherlands	100.0
Claus Mobi GmbH, Dusseldorf, Germany	100.0
VIPMOB B.V., Amsterdam, The Netherlands	80.0
Universal Mobile Enterprises Limited, London, United Kingdom	100.0
Moonlight Mobile Limited, London, United Kingdom	100.0
Red27 Mobile Limited, London, United Kingdom	51.0
Hype Ventures B.V., Amsterdam, The Netherlands	80.0
CMind B.V., Amsterdam, The Netherlands	80.0
Tornika Media B.V., Amsterdam, The Netherlands	80.0
Tornika S.A.S., Voiron, France	80.0
Netacy Inc., Dover, USA	100.0

5. Cost of Sales

Other operating expenses include the following expenses:

in EUR thousand	HY 1 2018	HY 1 2017
Marketing spend	9,958.6	9,617.6
Capitalized Marketing spend	-8,145.2	-9,346.1
Share third parties	10,062.6	13,566.9
Other COS	1,921.1	1,898.8
Total	**13,797.1**	**15,737.2**

6. Depreciation, amortization and impairment expenses

in EUR thousand	HY 1 2018	HY 1 2017
Internally generated intangible assets and software	102.6	90.2
Customer acquisition costs	8,362.2	10,202.9
Licenses	121.0	-
Total intangible assets	**8,585.8**	**10,293.1**
Plant, property and office equipment	66.6	99.4
Right of use assets	136.2	-
Total tangible assets	**202.8**	**99.4**
Impairment of current assets	98.1	-37.4
Total impairments	**98.1**	**-37.4**
Total	**8,886.7**	**10,355.1**

7. Financial income and financial expenses

in EUR thousand	HY 1 2018	HY 1 2017
Financial income		
Interest income	0.3	0.6
Fair value movements on financial liabilities designated as FVTPL	786.6	-
	786.9	**0.6**
Financial expenses		
Interest expenses	-91.3	-118.1
Exchange results	-65.9	-
Other financial expenses	-74.9	-232.0
	-232.1	**-350.1**
Total	**554.8**	**-349.5**

8. Corporate income taxes

All deferred taxes on temporary differences were calculated, as in the previous year, on the basis of a combined rounded 30% tax rate for Germany, 25% tax rate for The Netherlands, 19% tax rate for the United Kingdom and the applicable tax rate for other foreign jurisdictions. As in the previous year, the recognition of deferred taxes on German tax loss carry forwards were based throughout on tax rates of 14% for trade tax, and 16% for corporation tax and the solidarity surcharge.

8.1 Reconciliation of the effective tax rate

In EUR thousand	DE	NL	UK	Other	Total HY1 2018	Total HY1 2017
Profit before tax	**431.3**	**139.1**	**1,573.7**	**-93.9**	**2,050.2**	**2,040.3**
Nominal tax rate	30.0%	25.5%	19.0%	30.0%	30.0%	30.0%
Income tax calculated	**129.4**	**35.5**	**299.0**	**-28.2**	**615.1**	**612.1**
Acquisition costs that are non-deductible	32.5	-	-	-	32.5	55.5
Expenses share option plan which are non-deductible	-10.9	-	-	-	-10.9	40.8
Taxable profits which cannot be utilized in current year	-	-	-	-	-	-
Tax results from previous years	-	-	-	-		-
Effects of different tax rates of subsidiaries operating in other jurisdictions					-179.4	-180.2
Deferred tax assets not recognized	1.6	-	-	-	1.6	-1.4
Fair value movements related to contingent considerations arrangements from acquisitions	-236.0	-	-	-	-236.0	-
Other	8.7	-3.3	-	14.5	19.9	-14.1
Income tax expenses in profit or loss account (effective)	**-74.7**	**32.2**	**299.0**	**-13.7**	**242.8**	**515.5**
Effective tax rate	-17.3%	23.1%	19.0%	14.6%	11.8%	25.3%

8.2 Corporate income taxes on the balance sheet

The balance position related to corporate income taxes can be specified as follows:

In EUR thousand	DE	NL	UK	Other	Jun 30, 2018	Dec 31, 2017
Income tax current year	-14.1	9.1	-217.4	5.1	-217.3	-1,894.3
Adjustments for prior years	-63.8	-1,149.7	-627.4	3.1	-1,837.8	-1,290.8
Current income taxes	**-77.9**	**-1,140.6**	**-844.8**	**8.2**	**-2,055.1**	**-3,185.1**
Deferred tax assets	2,263.9	177.4	280.7	-539.1	2,182.9	2,072.2
Deferred tax liabilities	-187.5	-623.3	-377.6	625.0	-563.4	-431.8
Total deferred taxes	**2,076.4**	**-445.9**	**-96.9**	**85.9**	**1,619.5**	**1,640.4**
Total income taxes	**1,998.5**	**-1,586.5**	**-941.7**	**94.1**	**-435.6**	**1,544.7**

9. Business combinations and changes in subsidiaries interest

During the period the Group acquired a new subsidiary, Tornika SAS, by obtaining an interest share of 80%. In this transaction the Group increased its existing interest in CMind BV from 66.7% to 80.0% and sold 20% of its interest in Hype Ventures B.V.

9.1 Subsidiaries acquired

The following subsidiaries has been newly acquired:

Entity name and head office	Principal activity	Date of acquisition	Proportion of voting equity interest acquired
Tornika S.A.S., Voiron, France	Media buying	15-2-2018	80%

9.2 Considerations transferred

The acquisition of Tornika SAS was included in one transaction involving the existing subsidiaries Hype Ventures BV and CMind BV. The total considerations transferred amounted to EUR 500 thousand and has been allocated as follows:

In EUR thousand	Hype Ventures BV	CMind BV	Tornika SAS	Total
Cash	-	450.0	50.0	500.0
Carrying amount June 30, 2018	**-**	**450.0**	**50.0**	**500.0**

9.3 Net assets acquired

In EUR thousand	Tornika SAS
Current cash	**1,095.0**
Cash and cash equivalents	208.4
Trade and other receivables	854.6
Other assets	32.0
Non-current assets	**19.2**
Deferred taxes	16.5
Plant, property and office equipment	2.7
Current liabilities	**1,151.0**
Trade payables	-137,4
Other liabilities	-1,013.6
Non-current liabilities	-
Net assets acquired	**-36.8**

The receivables acquired (which principally comprised trade receivables and accrued revenues) with a fair value of EUR 855 thousand and a gross contractual amount of EUR 855 thousand respectively. The best estimate at acquisition date of the contractual cash flows not expected to be collected are nil.

9.4 Non-controlling interest

The non-controlling interest of 20% recognized at acquisition date was measured by reference to the noncontrolling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets proportionate and amounted to EUR 7 thousand.

9.5 Goodwill arising on acquisition

In EUR thousand	Tornika SAS
Considerations transferred	50.0
Plus: non-controlling interest	-7.4
Less: fair value of identifiable net assets acquired	36.8
Goodwill	**79.4**

9.6 Impact of acquisition on the result of the group

Included in the profit for the year is EUR 117 thousand attributable to the additional business generated by Tornika SAS. Third party revenues generated by Tornika SAS for the period amounted to EUR 358 thousand.

9.7 Changes in subsidiaries interest

The total considerations transferred by the Group amounted to EUR 500 thousand of which 50 thousand had been allocated to Tornika SAS. The remaining amount of 450 thousand has been allocated to CMind BV and has been accounted for as an equity transaction as there is no change in control over the subsidiary.

10. Intangible assets

Intangible assets reported the following changes:

In EUR thousand	Internally generated intangible assets	Licenses	Customer acquisition costs	Goodwill	Total
Cost					
December 31, 2017	5,604.4	-	28,853.4	47,454.6	81,912.4
Additions	91.7	1,285.6	8,145.2	80.0	9,602.5
Disposals	-	-	-	-	-
Acquisition	0.2	-	-	-	0.2
Effect of currency exchange differences	-	-	-19.1	7.0	-12.1
June 30, 2018	**5,696.3**	**1,285.6**	**36,979.5**	**47,541.6**	**91,503.0**
Amortization and impairment losses					
December 31, 2017	5,367.3	-	23,885.0	105.6	29,357.9
Amortization	102.7	121.0	8,362.2	-	8,585.9
Disposals	-2.0	0.1	-	-	-1.9
Effect of currency exchange differences	-	-	-17.0	-	-17.0
June 30, 2018	**5,468.0**	**121.1**	**32,230.2**	**105.6**	**37,924.9**
Carrying amount December 31, 2017	237.1	-	4,968.4	47,349.0	52,554.5
Carrying amount June 30, 2018	**228.3**	**1,164.5**	**4,749.3**	**47,436.0**	**53,578.1**

10.1 Licenses

Licenses comprise the licensing contract related to the Group's activities in the United states for an amount of EUR 1,088 thousand and licenses signed for digital content in the amount of EUR 77 thousand. The licenses are amortized based on the expected useful life.

10.2 Goodwill

The additional goodwill in the amount of 80 thousand is the result of the acquisition of Tornika SAS.

11. Tangible fixed assets

In EUR thousand	Property, plant and equipment	Right of use assets	Total
Cost			
December 31, 2017	2,607.6	-	2,607.6
Acquisition	2.7	-	2.7
Adoption IFRS 16	-	1,294.0	1,294.0
Additions	12.6	-	12.6
Disposals	-	-	-
June 30, 2018	**2,622.9**	**1,294.0**	**3,916.9**
Amortization and impairment losses			
December 31, 2017	2,318.1	-	2,318.1
Depreciation	66.6	136.2	202.8
Disposals	-0.1	-	-0.1
June 30, 2018	**2,384.6**	**136.2**	**2,520.8**
Carrying amount December 31, 2017	289.5	-	289.5
Carrying amount June 30, 2018	**238.3**	**1,157.8**	**1,396.1**

11.1 Right of use assets

The right of use asset relates to the rental agreements signed by the Group. The right of use asset is depreciated using the straight-line method and based on the contractual term of the rental agreement.

12. Financial liabilities

In EUR thousand	Lease liabilities	Contingent consideration arrangements	Total
Carrying amount January 1, 2018	**9.3**	**4,165.0**	**4,174.3**
Payments	-159.3	-2,025.9	-2,185.2
Interest	23.9	-	23.9
Adoption IFRS 16	1,225.0	-	1,225.0
Fair value movements	-	-786.6	-786.6
Carrying amount June 30, 2018	**1,098.9**	**1,352.5**	**2,451.4**

12.1 Lease liability

The lease liabilities are corresponding to the right of use assets and comprise the present value of the lease payments which have been contractual committed between the Group and the lessors. A discount factor of 4.0% has been applied in calculation the present value.

12.2 Contingent considerations

The fair value adjustments are reflecting management best estimates on reporting date in relation to the contingent considerations arrangements which are based on a percentage of (future) cash being received from the revenue in base originating before acquisition date and a second earn-out which is payable when certain targets are realized.

13. Bank borrowings

The CLIQ Digital Group reported bank borrowings of EUR 8.4 million (Dec 31, 2017: EUR 5.7 million) which corresponds fully to the overdraft facility of the Commerzbank AG are disclosed as follows in the Interim Financial Report:

Bank borrowings in EUR thousand	< 1 year	> 1 year	Total
Credit facility	8,353.5	-	**8,353.5**
Total	**8,353.5**	**-**	**8,353.5**

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 5.0 million with an interest rate of 3M-Euribor plus 3.3%. As the original end date of the contract with Commerzbank has been extended till the October 15, 2018 the loan amount has been presented short-term.

The relative short short-term extension is because CLIQ Digital is in negotiations with Commerzbank and others to increase the debt facilities to support the non-organic growth ambitions of CLIQ Digital. At the time of writing this report, CLIQ Digital AG has received (initial) offers from Commerzbank AG and other banks to extend and increase the current credit facility.

Considering the offers received and the positive meetings that have occurred with numerous banks, CLIQ Digital is convinced that it will be able to increase and extend the current credit facility and does not foresee a direct threat for the Group's operations or going concern of the Group.

The Commerzbank financing agreements contain financial covenants of a minimum equity ratio, an interest cover ratio and a net debt ratio. For HY1 2018 all covenants are met.

14. Commitments and contingencies

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

15. Events after the reporting period

No significant events have occurred after the reporting date, which are of essential importance to the CLIQ Digital Group and could lead to a reassessment of the company.

Düsseldorf, 28 September 2018

CLIQ Digital AG

Luc Voncken and Ben Bos

(Vorstand)