Unaudited Interim Financial Report 2019

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Management Report

1. General

CLIQ Digital (www.cliqdigital.com) is a leading digital lifestyle company, providing consumers worldwide with entertaining digital products anytime, anywhere. The core business of the Group is the direct marketing of its digital entertainment products to consumers via mobile and online marketing channels using its own payment and distribution platform. CLIQ Digital, based in Dusseldorf, is a valuable strategic business partner for networks, content owners, publishers and brands. 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 interim 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 towards 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.

2. The Group's business model

For over 10 years, CLIQ Digital has been marketing and selling its products and services in multiple countries. 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 a result of targeted efforts and close cooperation between CLIQ Digital's product team and external content providers CLIQ Digital is able to provide the hottest products to consumers via its sales and marketing teams. The current product range comprises movies, music, games, books, sports, fitness and software. CLIQ Digital product range is predominantly licensed.

The sales and marketing teams of CLIQ Digital are primarily offering its products to consumers via the subscription model, in which customers can enjoy unlimited access for a weekly or monthly subscription fee. Depending on the country, payments can be made through premium SMS (PSMS), direct carrier billing (DCB), credit card, app store billing and other options. CLIQ Digital is working together with external partners on connections to mobile network operators and other billing partners on implementing various payment methods for end-customers.

3. Structure of the CLIQ Digital Group

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 and structuring it simpler and more effective, the organization is able to exploit synergies and realize cost savings.

A complete overview of all the subsidiaries which are part of the CLIQ Digital Group are presented in note 4 to the Interim Financial Report. In the first half year of 2019 there have been no changes to the Group structure.

4. Operational Income Statement

Management has prepared the below operational income statement which excludes incidental or non-operational items because it believes this provides a better understanding of the operational and financial performance of the CLIQ Digital Group continuing core activities.

INCOME STATEMENT in EUR million	HY1 2019	HY1 2018	∆%
Gross revenue	**28.2**	**30.6**	**-8%**
Share third parties	-8.6	-10.1	
Net revenue	**19.6**	**20.5**	**-4%**
Other cost of sales	-11.7	-12.1	
Gross Margin	**7.9**	**8.4**	**-6%**
% of Revenue	*28%*	*27%*	
Personnel expenses	-3.5	-4.8	
Other operating expenses	-1.8	-1.9	
Impairment on trade receivables and contract assets	-0.2	-	
Total OPEX	-5.6	-6.7	
Operational EBITDA	**2.4**	**1.7**	**+40%**
Depreciation, amortization and impairment charges applied to intangible and tangible assets	-0.5	-0.5	
Net financial result	-0.3	-0.2	
Operational Result before taxes	**1.6**	**1.0**	
Taxes on income	-0.2	-0.3	
Operational consolidated net result for the period	**1.4**	**0.7**	**+70%**
Adjustments for (net of taxes):			
Fair value movements retained considerations	-0.1	0.8	
Fair value movements share options	-0.0	0.3	
Redundancy costs	-0.5	-	
Prior year tax adjustments and tax impact on adjustments	0.8	-	
Profit for the period	**1.5**	**1.8**	**-17%**

4.1 Gross margin

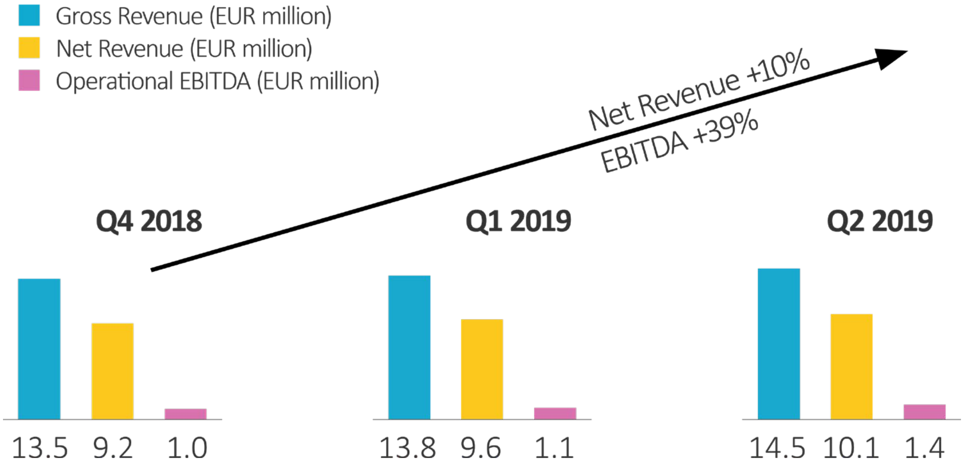
The CLIQ Digital Group generated gross revenues of EUR 28.2 million in HY1 2019, compared to EUR 30.6 million in HY1 2018. This decrease is mainly attributable to the lower customer base value by the end of the year 2018 which amounted to EUR 24.0 million (Dec 2017: 26.0 million). The customer base value is an important indicator for estimating the expected net revenues based on existing customers.

Net revenues, after the deduction of payment service provider costs (share third parties), decreased with 4% from EUR 20.5 million in HY 2018 to EUR 19.6 million in HY 2019. The decrease in net revenues is significantly lower compared to the decrease in gross revenues due to a shift in billing method which enabled CLIQ Digital to reduce the payment service provider costs. Net revenues compared to the second half year of 2018 (EUR 18.6 million) increased with EUR 1.0 million, which is an increase of 5%.

Marketing spend amounted to EUR 9.9 million for the first half year of 2019 which is in line with the same period in 2018, but a significant increase of EUR 1.0 million compared to the second half year of 2018. The CLIQ-factor for the first 6 months ended at 1.40 which is an increase compared to HY2 2018 (CLIQ-factor: 1.33) and HY1 2018 (CLIQ-factor: 1.38).

The customer base value as of 30 June 2019 was at EUR 24.5 million which is slightly higher than 31 December 2018 which amounted to EUR 24.0 million and slightly lower than 30 June 2018 (EUR 25.0 million).

4.1.2 Developments per quarter



Since the last quarter of 2018 the CLIQ Digital Group has realized a steady organic growth by improving its profitability through focusing on marketing spend with a higher CLIQ-factor. As a result the CLIQ Digital Group was able to increase its net revenues while marketing spend remained stable throughout the quarters. The increase in CLIQ-factor from 1.32 in Q4 2018 to 1.46 in Q2 2019 also had a positive impact on the customer value base which increased from EUR 24.0 million by the end of 2018 to EUR 24.5 million as of 30 June 2019.

	Q4 2018	Q1 2019	Q2 2019
CLIQ-factor	1.32	1.34	1.46
Marketing spend in EUR million	4.7	5.1	4.8
Customer value base in EUR million	24.0	24.0	24.5

Based on this trend management reconfirms the forecast to achieve a steady and organic growth in revenues for the full year 2019.

4.2 Operational expenses

Total operating expenses decreased with EUR 1.1 million which is largely attributable to the decrease in personnel expenses.

The decrease in personnel expenses of EUR 1.2 million, which is after adjusting for redundancy costs (EUR 0.5 million) and fair value movements in share option plan (EUR 0.3 million), is realized by a reduction in the number of employees (20 FTE) in the period.

4.3 Reconciliation operational net result

The profit for the period as presented in the IFRS income statement as presented on page 10 is adjusted for the non-operational and incidental items to compute the operational income statement which provides a better insight on the operational performance of the Group's core activities. The following adjustment have been made to prepare the operational income statement for HY1 2019.

4.3.1 Fair value movements retained considerations

The fair value movement in retained considerations reflects management best estimates on reporting date of the expected (future) cash outflow as a result of the earn-out arrangements when certain target are met. The movement in 2019 reflects the difference between the liability recognized as at 31 December 2018 and the final settlement in July 2019. The difference of EUR 0.1 million for the period is primarily caused by foreign currency changes.

4.3.2 Redundancy costs

In line with efforts initiated in 2018 the company continued to focus on optimizing its operational performance and minimizing operational expenses by integrating the processes and employees of acquired subsidiaries into the CLIQ Digital Group. During the first quarter of 2019 the Group identified several positions which became redundant and announced a reorganization and recognized a provision. In total EUR 0.5 million costs related to the restructuring were recognized in this period.

4.3.3 Prior year tax adjustments and tax impact on adjustments

During the reporting period the company filed several tax returns related to previous years. After receiving the tax declaration from the tax offices any differences between the tax amount on the tax declaration and recognized on the balance sheet will be corrected as tax results from previous years. Included in this item is the tax impact on the adjustment described in previous paragraphs.

5. Significant movements in the balance sheet

In this chapter the significant movements and events related to the balance sheet as presented in the interim financial report are explained. Reference is made to the consolidated balance sheet on page 13.

5.1 Bank borrowings and capitalized financing expenses

The CLIQ Digital Group reported bank borrowings of EUR 8.0 million (31 Dec 2018: EUR 8.1 million) which includes an amount of EUR 8.4 million (31 Dec 2018: EUR 8.1 million) for bank financing facilities and EUR 0.3 million (31 Dec 2018: EUR nil) for capitalized finance expenses. The capitalized finance expenses consist of fees directly attributable to obtain the new overdraft facility and are amortized and presented as interest expenses over the term of the new contract

The bank financing facility fully relates to the overdraft facility provided by the Commerzbank AG. The overdraft facility provided by the Commerzbank AG of in total EUR 13.0 million contains a borrowing base facility and a fixed credit line. The original maturity date of the bank financing facility was 28 February 2018 and has been extended till 15 October 2019.

On 21 May 2019 CLIQ Digital AG signed a new financing facility in the amount of EUR 13.5 million and a maturity until 31 March 2022 provided by a consortium consisting of Commerzbank AG and Postbank AG.

The new overdraft facility provided by Commerzbank AG and Postbank AG in the amount of EUR 13.5 million contains a borrowing base facility and a fixed credit facility. The borrowing base facility has an interest rate of 3M-Euribor plus 2.15% and the fixed credit facility has an interest of 3M-Euribor plus 2.9%. The maximum overdraft facility amounts to EUR 13.5 million. A commitment fee is applicable on the above facilities for which 35% of the interest margin is charged over the unused facility amount per quarter. At the date of this report conditions precedents needs to be completed.

5.2 Contingent consideration arrangement

The contingent considerations are related to the earn-out arrangements from previous acquisitions and amount to EUR 0.6 million (31 Dec 2018: 0.8 million). During the period the company made a total EUR 0.3 million of payments and recognized a fair value adjustment of EUR 0.1 million caused by foreign exchange differences. The CLIQ Digital Group made a final settlement payment for the outstanding liability during July 2019.

5.3 Corporate income taxes

5.3.1 Deferred income taxes

The deferred taxes amounting to EUR 1.7 million (31 Dec 2018: EUR 0.9 million) consist of carry forward losses (EUR 2.6 million) and temporary differences between commercial and fiscal valuation (EUR -0.9 million) which are mainly caused by the recognition of contract costs. The carry forward losses are primarily related to fiscal losses in Germany and the Netherlands. The movement during the period is mainly related to an increase in carry forward losses due to fiscal losses in the first 6 months of 2019 in Dutch companies and the recognition of additional carry forward losses in Germany.

5.3.2 Current Income taxes

The current income taxes amounting to EUR 0.5 million payable (31 Dec 2018: EUR 0.7 million payable) represents the Groups liability in relation to current income taxes payable. During the period the company paid EUR 0.5 million related to corporate income taxes and recognized an amount of 0.5 million for current income taxes payable. Additionally the company filed several tax returns related to previous years during the period, which after receiving the tax declaration from the tax offices, resulted in a reduction of EUR 0.2 million of the tax liability compared to the estimated amounts payable as of 31 December 2018.

6. Cash flow

The total cash position of the company, consisting of cash and cash equivalents and the credit facility, decreased from EUR 6.8 million negative to EUR 7.9 million negative. The decrease with EUR 1.1 million is caused by the negative free cash flow in the period which is explained below. The cash flow statement for the period is presented on page 15.

6.1 Cash flows from operating activities

The cash flow from operating activities amounts to EUR 0.1 million negative in HY1 2019 compared to EUR 1.2 million positive in HY1 2018. The difference can be largely explained by changes in working capital (EUR 1.3 million negative) which is the result of higher trade receivables (EUR 0.7 million) and a reduction of trade payables and other liabilities (EUR 0.4 million). For the second half year the company is expecting to see a significant improvement in the operational cash flow due to the focus on profitability of media spend and the reduction of the total operating expenses.

6.2 Cash flows from investing activities

In comparison to the first half year of 2018 the cash flow from investing activities is significantly lower (EUR +1.5 million) which relates to the acquisitions of Netacy Inc, Tornika SAS and the additional share in CMind BV in 2018. In the first half year of 2019 the cash flow from investing activities are limited to EUR -0.1 million and related to investments in content licenses.

6.3 Cash flows from financing activities

During 2019 the CLIQ Digital Group made a total of EUR 0.4 million (HY1 2018: EUR 2.0 million) in repayments from borrowings which is mainly related to payments for the retained considerations arising from the acquisition of the UK operations. In addition the company paid EUR 0.3 million (HY1 2018: nil) in transaction cost related to loans and bank borrowings for the new bank financing facility from the consortium of Commerzbank AG and Postbank AG. Together with the lease payments in the amount of EUR 0.1 million (HY1 2018: 0.1 million) the cash flow from financing activities amounted to EUR -0.8 million for the first half year 2019 compared to EUR -2.2 million for the same period 2018.

6.4 Free cash flow

The free cash flow increased with EUR 1.5 million from EUR 2.6 million negative in the first half year of 2018 to EUR 1.1 million negative in 2019. The lower free cash flow in the first half year of 2018 is largely related to the acquisition of Netacy Inc, Tornika SAS and CMind B.V. in 2018.

7. Key Performance Indicators (KPIs)

The main financial performance indicators used to manage the business performance of CLIQ Digital are the CLIQ-factor, marketing spend and the customer value base. The CLIQ-factor is the ratio between the average net revenue per user (ARPU) in the first six months and the cost per acquisition (CPA). The CLIQ-factor is a key indicator for measuring the profitability of new customers. The customer value base is the total net revenues that is expecting to be generated by the existing customers. The marketing spend is the total amount in EUR that has been spend during the period to obtain new customers together with the CLIQ-factor this determines the Customer value base.

Developments in the performance indicators:

	HY1 2019	Q2 2019	Q1 2019	HY2 2018	HY1 2018
CLIQ-factor	1.40	1.46	1.34	1.33	1.38
Marketing spend in EUR million	9.9	4.8	5.1	8.9	9.9
Customer value base in EUR million	24.5	24.5	24.0	24.0	25.0

All of the KPI’s improved in comparison to the second half year of 2018. In comparison to HY1 2018 the CLIQ-factor improved while the customer value base is slightly lower and marketing spend is stable. The lower customer value base is primarily caused by the relatively low marketing spend in the second half year of 2018.

The CLIQ-factor in the second quarter 2019 increased to 1.46 compared to 1.34 in the first quarter 2019 while marketing spend decreased slightly with EUR 0.3 million. Due to the improved CLIQ-factor the customer value base increased with EUR 0.5 million, despite the slightly lower marketing spend.

The main reason for these developments in KPI’s is the renewed focus on profitability throughout the entire CLIQ Digital Group resulting in an increasing CLIQ-Factor and a reduction of less profitable media spend which in the end result in a higher customer value base.

Management expects that the positive trend of 2019 will continue and shall result in a further increase in the year to date CLIQ-factor for the year 2019 and a higher customer base value improving the future profitability of the CLIQ Digital Group and strengthen the Group’s financial position.

Interim Financial Report

unaudited consolidated statement of profit and loss

for the period from 1 January to June 30

in EUR thousand	Note	HY1 2019	HY1 2018
Gross revenue	7	28,226.2	30,552.4
Cost of sales	8	-20,316.3	-22,159.3
Gross margin		**7,909.9**	**8,393.1**
Personnel expenses	9	-4,051.7	-4,470.7
Other operating expenses		-1,846.3	-1,902.5
Impairment losses and gains on trade receivables and contract assets		-179.5	-
Total operating expenses		**-6,077.5**	**-6,373.2**
EBITDA		**1,832.4**	**2,019.9**
Depreciation, amortization and impairment charges applied to intangible, tangible and other current assets	10	-452.9	-524.5
EBIT		**1,379.5**	**1,495.4**
Financial income and financial expenses	11	-432.3	554.8
Result for the period from continuing operations		**947.2**	**2,050.2**
Income taxes	12	557.0	-242.8
Result for the period		**1,504.2**	**1,807.4**
Attributable to:			
Shareholders of the company		477.2	1,412.7
Non-controlling interest		1,027.0	394.7
Result for the period		**1,504.2**	**1,807.4**

Earnings per share			
Number of shares for calculation of basic earnings per share (in thousands)		6,188.7	6,188.7
Number of shares for calculation of diluted earnings per share (in thousands)		-	154.3
Basic earnings per share (in EUR)		0.08	0.23
Diluted earnings per share (in EUR)		0.08	0.22

unaudited consolidated statement of comprehensive income

for the period from 1 January to 30 June 30

in EUR thousand	Note	HY1 2019	HY1 2018
Result for the period		**1,504.2**	**1,807.4**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	13	-1.7	7.0
Comprehensive income for the year		**1,502.5**	**1,814.4**
Attributable to:			
Shareholders of the company		475.5	1,419.7
Non-controlling interest		1,027.0	394.7
Comprehensive income for the year		**1,502.5**	**1,814.4**

unaudited consolidated balance sheet

as of June 30, 2019

ASSETS in EUR thousand	Note	30 Jun 2019	31 Dec 2018
Non-current assets			
Goodwill	13	47,880.3	47,877.7
Other intangible assets	14	793.5	906.7
Plant, operating and office equipment	15	838.3	1,286.4
Contract costs		1,022.0	969.2
Deferred tax assets		3,043.0	1,758.9
Total non-current assets		**53,577.1**	**52,798.9**
Current assets			
Trade receivables		7,216.8	6,518.1
Contract costs		4,088.2	3,876.8
Income tax receivables		309.9	439.8
Other assets		569.0	760.9
Cash and cash equivalents		465.8	1,332.3
Total current assets		**12,649.7**	**12,927.9**
Total assets		**66,226.8**	**65,726.8**

unaudited consolidated balance sheet

as of 30 June 2019

EQUITY AND LIABILITIES in EUR thousand	Note	30 Jun 2019	31 Dec 2018
Equity			
Issued capital		6,188.7	6,188.7
Share premium		46,635.8	46,635.8
Retained earnings		-5,131.0	-5,608.2
Other reserves		-289.3	-241.7
Equity attributable to the shareholders		**47.404,2**	**46.974,6**
Non-controlling interest		1,836.3	809.2
Total equity		**49,240.5**	**47,783.8**
Liabilities			
Non-current liabilities			
Deferred tax liabilities		1,302.7	894.6
Bank borrowings	13	8,029.6	-
Other financial liabilities	16	415.8	886.0
Other liabilities		83.2	48.6
Total non-current liabilities		**9,831.3**	**1,829.2**
Current liabilities			
Bank borrowings	17	-	8,090.1
Other financial liabilities	16	925.5	1,116.3
Provisions		78.0	13.0
Trade payables		2,115.7	2,272.9
Income tax liabilities	12	828.2	1,160.5
Other liabilities		3,207.6	3,461.0
Total current liabilities		**7,155.0**	**16,113.8**
Total liabilities		**16,986.3**	**17,943.1**
Total equity and liabilities		**66,226.8**	**65,726.8**

unaudited consolidated statement of changes in equity

as of 30 June 2019

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 31 December 2018	**6,188.7**	**46,635.8**	**-5,608.2**	**-241.7**	**46,974.6**	**809.2**	**47,783.8**
Net profit/loss for the period	-	-	477.2	-	477.2	1,027.1	1.504.3
Other comprehensive income	-	-	-	-1.7	-1.7	-	-1.7
Currency translation differences	-	-	-	-37.1	-37.1	-	-37.1
Acquisitions	-	-	-	-	-	-	-
Other movements	-	-	-	-8.8	-8.8	-	-8.8
Balance as of 30 June 2019	**6,188.7**	**46,635.8**	**-5,131.0**	**-289.3**	**47,404.2**	**1,836.3**	**49,240.5**

unaudited cash flow statement

for the period from January 1 to June 30, 2018

	Note	HY1 2019	HY1 2018
Cash flow from operating activities			
Result for the year		1,504.2	1,807.4
Adjustments for:			
Income tax expense recognized in profit or loss		-557.0	242.8
Finance costs recognized in profit or loss		331.1	231.8
Net (gain)/loss arising on financial liabilities designated as at fair value through profit and loss	16	101.2	-786.6
Depreciation and amortization of non-current assets	10	452.9	364.0
		1,933.6	**1,859.4**
Changes in working capital		-1.253,4	1,004.2
Cash generated from operations		**579.0**	**2,863.6**
Income taxes (paid)/received		-519.3	-1,368.0
Interest (paid)/received		-206.6	-280.7
Net cash generated by operating activities		**-146.9**	**1,214.9**
Cash flow from investing activities			
Payments for property, plant and equipment	15	-6.6	-12.6
Payments for intangible fixed assets	13	-132.7	-1.377.3
Net cash (outflow)/inflow on acquisition of subsidiaries	12	-	-291.6
Net cash (used in)/generated by investing activities		**-139.3**	**-1,681.5**
Cash flow from financing activities			
Repayment from borrowings	16	-382.8	-2,025.9
Lease installments paid		-147.2	-135.4
Transaction costs related to loans and borrowings		-260.4	-
Net cash used in financing activities		**-790.4**	**-2,161.3**
Free cash flow		**-1,076.6**	**-2,627.9**
Cash and cash equivalents at the beginning of the year		**-6,757.8**	**-5,505.8**
Free cash flow		-1,076.6	-2,627.9
Effects of exchange rate changes on the balance of cash held in foreign currencies		-56,2	7.2
Cash and cash equivalents at the end of the year		**-7,890.6**	**-8,126.4**
Cash and bank balances		465.8	277.1
Bank borrowing overdraft facility	17	-8,356.4	-8,353.5
Cash and cash equivalents in cash flow statement		**-7,890.6**	**-8,126.4**

Notes

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 period for the Group‘s Interim Financial Report starts on January 1 and ends on June 30 of each calendar year. This consolidated interim financial report is 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. Significant events during the reporting period

2.1 Bank borrowings

On 21 May 2019 CLIQ Digital AG signed a new financing facility in the amount of EUR 13.5 million and a maturity until 31 March 2022 provided by a consortium consisting of Commerzbank AG and Postbank AG. At the date of this report conditions precedents needs to be completed. For further information reference is made to Note 17.

2.2 Redundancy

During the first quarter of 2019 the Group identified several positions which became redundant and announced a reorganization for which a provision was recognized in the first quarter of 2019. As of 30 June 2019 the remaining redundancy provision amounts to EUR 65 thousand. In total EUR 503 thousand in redundancy costs were recognized in this period. The company expects to fully complete the redundancy in the second half year of 2019.

3. Basis of preparation and changes to the Group’s accounting policies

The Interim Financial Report for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2018 (‘last annual financial statements’). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

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 the last annual financial statements.

4. Consolidation scope

Consolidation scope as of 30 June 2019:

	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
TGITT Limited, Witney, United Kingdom	100.0
Universal Mobile Enterprises Limited, Witney, United Kingdom	100.0
Moonlight Mobile Limited, Witney, United Kingdom	100.0
Red27 Mobile Limited, Witney, 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., Paris, France	80.0
VIPMOB B.V., Amsterdam, The Netherlands	80.0
Netacy Inc., Dover, USA	100.0

5. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

5.1 Impact of the UK giving notice to withdraw from the EU

On 29 March 2017, the UK government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the EU. There is an initial two-year timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship, although this timeframe can be extended. At this stage, there is significant uncertainty about the withdrawal process, its timeframe and the outcome of the negotiations about the future arrangements between the UK and the EU.

Management applied its judgement in determining impact of this uncertainty on carrying amounts of assets and liabilities in these interim financial report. As a result of the assessment, the Group has not identified any impairment triggers at its UK subsidiary as of 30 June 2019.

5.2 Fair value measurements of financial instruments

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. The Finance Director is responsible for the preparation of the fair value calculations of the concerning financial assets and financial liabilities required for financial reporting purposes. The Finance Director reports directly to the Board every quarter, in line with the Group quarterly reporting dates, to explain the cause of fluctuations in the fair value of the assets and liabilities.

6. Changes in comparison financial number

The comparative figures of the profit and loss and cash flow statement for the first half year of 2018 have been adjusted to reflect the application of IFRS 15 as this has been presented in the financial statements 2018 for the full year. The Group's accounting policies for its revenue streams are disclosed in the financial statements

2018. The amount of adjustment for each financial statement line item affected by the application of IFRS 15 is illustrated below.

6.1 Impact of the application of IFRS 15 on the consolidated statement of profit and loss for the period 1 January to June 30 2018

For the period ended 30 June 2018 In EUR thousand	As restated	Adjustments	As previously reported
Cost of sales	-22,159.3	-8,362.2	-13,797.1
Gross Margin	**8,393.1**	**-8,362.2**	**16,755.3**
EBITDA	**2,019.9**	**-8,362.2**	**10,382.1**
Depreciation, amortization and impairment charges applied to intangible, tangible and other current assets	-524.5	8,362.2	-8.886,7
Result for the period	**1,807.4**	**-**	**1,807.4**

6.2 Impact of the application of IFRS 15 on the consolidated cash flow statement for the period 1 January to June 30 2018

For the period ended 30 June 2018 In EUR thousand	As restated	Adjustments	As previously reported
Depreciation and amortization of non-current assets	364.0	-8,424.7	8,788.7
Changes in working capital	1,004.2	377.6	626.6
Net cash generated by operating activities	**1,214.9**	**-8,145.2**	**9,360.2**
Payments from intangible fixed assets	1,377.3	8,145.2	-9,522.5
Net cash (used in)/generated by investing activities	**-1,681.5**	**-**	**-9,826.7**
Net cash used in financing activities	**-2,161.3**	**-**	**-2,161.3**
Free cash flow	**-2,627.9**	**-**	**-2,627.9**

7. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group derives revenues from services at a point in time for the following services:

in EUR thousand	HY1 2019	HY1 2018
Services		
Digital entertainment services	25,367.4	27,243.1
Digital marketing services	2,758.6	3,303.4
All other income	100.2	5.9
Total gross revenue	**28,226.2**	**30,552.4**
Timing of revenues		
Point in time	28,226.2	30,552.4
Over time	-	-
Total gross revenue	**28,226.2**	**30,552.4**

8. Cost of Sales

Other operating expenses include the following expenses:

in EUR thousand	HY1 2019	HY1 2018
Marketing spend	9.847,9	9,958.6
Capitalized contract costs	-8.705,1	-8,145.2
Amortized contract costs	8.424,7	8.362.2
Share third parties	8.592,9	10,062.6
Other COS	2.155,9	1,921.1
Total cost of sales	**20,316.3**	**22,159.3**

9. Personnel expenses

The personnel expenses comprise the following costs:

in EUR thousand	HY1 2019	HY1 2018
Wages and salaries	2,476.8	3,439.4
Pension contributions	14.0	21.9
Social security contributions	376.2	404.0
Share-based payments	34.6	-330.0
Hired staff and related costs	587.9	886.4
Redundancy costs	503.3	-
Other	58.9	49.0
Total personnel expenses	**4,051.7**	**4,470.7**

10. Depreciation, amortization and impairment expenses

in EUR thousand	HY1 2019	HY1 2018
Internally generated intangible assets and software	72.5	102.6
Licenses	168.5	121.0
Total intangible assets	**241.0**	**223.6**
Plant, property and office equipment	70.1	66.6
Right of use assets	141.8	136.2
Total tangible assets	**211.9**	**202.8**
Impairment of current assets	-	98.1
Total impairments	**-**	**98.1**
Total	**452.9**	**524.5**

11. Financial income and financial expenses

in EUR thousand	HY1 2019	HY1 2018
Fair value movements on financial liabilities designated as FVTPL	-101.2	786.6
Interest expenses on bank overdrafts and loans	-106.2	-90.3
Amortization capitalized finance expenses	-9.9	-
Interest expense on lease liabilities	-18.9	-24.9
Exchange results	-23.2	-65.7
Other financial expenses	-172.9	-50.9
Total financial income and financial expenses	**-432.3**	**554.8**

12. Corporate income taxes

All deferred taxes on temporary differences were calculated, as in the previous year, on the basis of a combined 31.2% 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.

The corporate income taxes in the profit and loss account can be specified as follows:

In EUR thousand	DE	NL	UK	Other	HY1 2019	HY1 2018
Income tax current year	-	-98.8	-228.7	-131.9	-459.4	-203.4
Adjustments for prior years	207.9	-44.4	-	-2.7	160.8	-
Current income taxes	**207.9**	**-143.2**	**-228.7**	**-134.6**	**-298.6**	**-203.4**
Origination and reversal of temporary differences	166.0	429.0	-235.3	-7.4	352.3	-39.4
Adjustment for prior years	465.3	38.0	-	-	503.3	-
Total deferred taxes	**631.3**	**467.0**	**-235.3**	**-7.4**	**855.6**	**-39.4**
Total income taxes	**839.2**	**323.8**	**-464.0**	**-142.0**	**557.0**	**-242.8**

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

12.1 Reconciliation of the effective tax rate

In EUR thousand	DE	NL	UK	Other	HY1 2019	HY1 2018
Profit before tax	**-653.2**	**-1,329.1**	**2,441.8**	**487.7**	**947.2**	**2,050.2**
Nominal tax rate	31.2%	25.0%	19.0%	28.5%	31.2%	30.0%
Income tax calculated	**204.0**	**332.3**	**-463.9**	**-139.0**	**-295.8**	**-615.1**
Acquisition costs that are non-deductible	-	-2.3	-	-	-2.3	-32.5
Expenses share option plan which are non-deductible	-1.4	-	-	-	-1.4	10.9
Effects of different tax rates of subsidiaries operating in other jurisdictions					229.2	179.4
Deferred tax assets not recognized	-	-	-	-	-	-1.6
Fair value movements related to contingent considerations arrangements from acquisitions	-31.6	-	-	-	-31.6	236.0
Tax results from previous years	673.2	-6.4	-	-2.7	664.1	-
Other	-5.0	0.2	-0.1	-0.3	-5.2	-19.9
Income tax expenses in profit or loss account (effective)	**839.2**	**323.8**	**-464.0**	**-142.0**	**557.0**	**-242.8**
Effective tax rate	-128.5%	-24.4%	-19.0%	-29.1%	58.8%	-11.8%

13. Goodwill

in EUR thousand	30 Jun 2019
Cost	47,985.9
Accumulated impairment losses	-105.6
Carrying amount goodwill	**47,880.3**

The movement during the period can be specified as follows:

in EUR thousand	Goodwill
Costs	
31 December	**47,983.3**
Acquisition through business combination	-
Effect of foreign currency	2.6
30 June	**47,985.9**
Accumulated impairment losses	
31 December	**-105.6**
Acquisition through business combination	-
Effect of foreign currency	-
30 June	**-105.6**
Carrying amount 31 December	**47,877.7**
Carrying amount 30 June	**47,880.3**

14. Other Intangible assets

The other intangible assets consist of the following assets as at 30 June 2019:

In EUR thousand	Licenses and trademarks	Internally generated intangible assets	Other intangible assets
Cost	1,072.0	5,779.7	6,851.7
Accumulated amortization and impairment losses	-445,1	-5,613.1	-6,058.2
Carrying amount	**626.9**	**166.6**	**793.5**

The following movement occurred during the period related to the other intangible assets:

In EUR thousand	Licenses and trademarks	Internally generated intangible assets	Other intangible assets
Cost			
31 December	**923.4**	**5,778.6**	**6,702.0**
Additions	132.7	-	132.7
Disposals	10.9	-	-56.7
Acquisition	-	-	-
Effect of currency exchange differences	5.0	1.1	6.1
30 June	**1,072.0**	**5.779,7**	**6,851.7**
Amortization and impairment losses			
31 December	**254.4**	**5,540.9**	**5,795.3**
Amortization	168.6	72.5	241.1
Disposals	22.0	-	22.0
Effect of currency exchange differences	0.1	-0.3	-.2
30 June	**445.1**	**5.613.1**	**6.058.2**
Carrying amount 31 December	**669.0**	**237.7**	**906.7**
Carrying amount 30 June	**626.9**	**166.6**	**793.5**

15. Property, plant and equipment

The property, plant and equipment consist of the following assets as at 30 June 2019:

In EUR thousand	Property, plant and equipment	Right of use assets	Total
Cost	2,661.7	1,057.5	3,717.0
Accumulated amortization and impairment losses	-2,528.9	-352.0	-1,286.4
Carrying amount	**132.8**	**705.5**	**838.3**

The movement of property, plant and equipment during the period can be specified as follows:

In EUR thousand	Property, plant and equipment	Right of use assets	Total
Cost			
31 December	**2,653.7**	**1,389.5**	**4,043.2**
Acquisition	-	-	-
Additions	6.6	-	6.6
Disposals	-0.8	-332.0	-332.8
Effect of currency exchange differences	2.2	-	2.2
30 June 2019	**2,661.7**	**1,057.5**	**3,719.2**
31 December	**2,452.2**	**304.6**	**2,756.8**
Depreciation	70.1	141.0	211.1
Disposals	4.5	-93.2	-88.7
Effect of currency exchange differences	2.1	-0.4	1.7
30 June 2019	**2,528.9**	**352.0**	**2,880.9**
Carrying amount 31 December	**201.5**	**1,084.9**	**1,286.4**
Carrying amount 30 June	**132.8**	**705.5**	**838.3**

15.1 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. During the period the Group cancelled one floor of the rental agreement related to the Amsterdam office.

16. Other financial liabilities

in EUR thousand	30 Jun 2019	31 Dec 2018
Non-current liabilities		
Lease liability	415.8	700.8
Contingent considerations resulting from acquisition	-	185.2
	415.8	**886.0**
Current liabilities		
Lease liability	312.5	407.0
Contingent considerations resulting from acquisition	613.0	644.8
Other	-	64.5
	925.5	**1,116.3**
Total other financial liabilities	**1,341.3**	**2,002.3**

16.1 Lease liability

Due to the reorganization that was executed in the first half year of 2019 and the reduced number of employees working at the Amsterdam office the Group terminated one floor of the rental agreement. The termination of the rental agreement resulted in a decrease of future lease payments reducing the lease liability with 251.6 thousand euro.

A maturity analysis of the lease payments as of reporting date is presented below:

in EUR thousand	30 Jun 2019	31 Dec 2018
Not later than 1 year	312.5	407.0
Later than 1 year and not later than 5 years	415.8	700.8
Later than 5 years	-	-
Total lease payments	**728.3**	**1.107.8**

16.2 Contingent considerations

The movement during the period are related to payments, interest and fair value movements. A final settlement payment was executed in July 2019 for the total amount recognized as of 30 June 2019.

17. Bank borrowings

in EUR thousand	30 Jun 2019	31 Dec 2018
Non-current liabilities		
Credit facility	8,356.4	-
Capitalized bank financing expenses	-326.8	-
	8,029.6	**-**
Current liabilities		
Credit facility	**-**	**8,090.1**
Total bank borrowings	**8,029.6**	**8,090.1**

The CLIQ Digital Group reported bank borrowings of EUR 8.4 million (31 Dec 2018: EUR 8.1 million) which corresponds fully to the overdraft facility of the Commerzbank AG and are disclosed as follows in the Interim Financial Report:

Bank borrowings in EUR thousand	< 1 year	1-5 years	> 5 years	Total
Credit facility	-	8,356.4	-	8,356.4
Total	**-**	**8,356.4**	**-**	**8,356.4**

The CLIQ Digital Group reported bank borrowings of EUR 8.0 million (31 Dec 2018: EUR 8.1 million) which includes an amount of EUR 8.4 million (31 Dec 2018: EUR 8.1 million) for bank financing facilities and EUR 0.3 million (31 Dec 2018: EUR nil) for capitalized finance expenses.

The bank financing facility fully relates to the overdraft facility provided by the Commerzbank AG. The overdraft facility provided by the Commerzbank AG of in total EUR 13.0 million contains a borrowing base facility and a fixed credit line. The borrowing base facility has an interest rate of 3M-Euribor plus 2.1% with a maximum of EUR 8.0 million. The fixed credit line has an interest rate of 3M-Euribor plus 3.3% and a maximum of EUR 5.0 million. The original maturity date of the bank financing facility was 28 February 2018 and has been extended till 15 October 2019.

On 21 May 2019 CLIQ Digital AG signed a new financing facility in the amount of EUR 13.5 million and a maturity until 31 March 2022 provided by a consortium consisting of Commerzbank AG and Postbank AG. At the date of this report conditions precedents needs to be completed.

The new overdraft facility provided by Commerzbank AG and Postbank AG in the amount of EUR 13.5 million contains a borrowing base facility and a fixed credit facility. The borrowing base facility has an interest rate of 3M-Euribor plus 2.15% and the fixed credit facility has an interest of 3M-Euribor plus 2.9%. The maximum overdraft facility amounts to EUR 13.5 million. A commitment fee is applicable on the above facilities for which 35% of the interest margin is charged over the unused facility amount per quarter.

17.1 Capitalized bank financing expenses

The capitalized financing expenses related to arrangement fees and other expenses which are directly related to obtaining the current credit facility. The capitalized financing expenses are released as financial expenses in a straight-line in accordance with the end term of the credit facility.

18. Share based payment arrangements

At 30 June 2019, the Group has the following share option and share appreciation right programs which are cash-settled.

	30 Jun 2019		31 Dec 2018	
in thousand	Number of instruments	Recognized liability	Number of instruments	Recognized liability
Stock option plan 2012 – January 2015	118.5	60.9	118.5	40.2
Share appreciation rights 2017	74.0	9.6	59.0	8.4
Share appreciation rights 2019	24.6	12.7	-	-
Total personnel expenses	**202.1**	**83.2**	**177.5**	**48.6**

18.1 Share appreciation rights 2019

On 2 January 2019 and 14 May 2019 the Group granted a total of 24,600 share appreciation rights (SARs) to employees that entitle them to a cash payment after 4 years of service. The share appreciation rights expire at the end of a 7 year period after grand date. A precondition for the exercise of the share appreciation rights is that the respective year performance target has been achieved within the four-year waiting period. The year performance target is based on the Group EBITDA in comparison to the Group budgeted EBITDA. The amount of cash payment is determined based on the increase in the share price of the Company between grant date and the time of exercise.

18.2 Measurement of fair values

The fair value of the SARs at reporting date is determined using the Black-Scholes model. The fair value of the liability, classified as liability for share based payment arrangements, is measured at each reporting date and at settlement date. The inputs used in the measurement of the fair values at measurement date of the SARs at reporting date were as follows:

Share based payment arrangements	Stock option plan 2012	Share appreciation rights 2018	Share appreciation rights 2019
Number of options issued	118,500	74,000	24,600
Fair value of the option on grant date	1.05	6.95	0.70
Exercise price of the option on grant date	1.92	7.20	2.00
Share price at measurement date	2.21	2.21	2.21
Expected volatility	60.00%	60.00%	60.00%
Duration of the option	7 years	7 years	7 years
Expected dividends	5.00%	5.00%	5.00%
Risk-free interest rate	0.00%	0.00%	0.00%
Turnover rate / barrier	0.00%	0.00%	0.00%

19. Commitments and contingencies

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

20. Events after the reporting period

No significant events have occurred after the reporting date, which are of essential importance to the CLIQ Digital Group.

Düsseldorf, 30 September 2019

CLIQ Digital AG

Luc Voncken and Ben Bos

(Vorstand)