



Making life easier,
safer and more
beautiful

COLOFON

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CM.COM AT A GLANCE

CM.com is a listed company (Euronext Amsterdam: CMCOM) as of 21 February 2020, that provides Conversational Commerce services from its cloud platform that connects enterprises and brands to the mobile phones of billions of consumers worldwide. Conversational Commerce is the convergence of messaging and payments. CM.com provides messaging channels and voice solutions such as SMS, Over The Top (OTT) (e.g. WhatsApp Business, Apple Business Chat, Google RCS, Facebook Messenger, and Viber), Voice API, and SIP.

These messaging channels can be combined with cloud platform features like Ticketing, eSignature, Customer Contact, identity services and a Customer Data Platform. CM.com is a licensed Payment Service Provider (PSP) offering card payments, domestic payment methods and integrated payment methods like Apple Pay and WeChat Pay.

The platform of CM.com delivers fully integrated solutions based on privately owned cloud software that was developed 100% in-house. CM.com can guarantee scalability, time to market, global redundancy and delivery.

CM.com’s customer base is spread over 118 countries and includes Tier 1 enterprises, government agencies, as well as small and medium sized enterprises. These customers are supported by teams based in one of our offices around the world.

CONTENT

CM.com at a glance	5
2019 Highlights	8
2019 Key figures	10
Interview with the CEO, Jeroen van Glabbeek	14
Management Board report	
Mission and vision	21
Strategy and objectives	22
<i>Gilbert Gooijers, Lowlands case</i>	26
The world of Conversational Commerce	32
2019 Business overview	35
<i>Judith Wouters, Dutch Grand Prix case</i>	42
Our people and culture	48
<i>Wendy Schilder, Cordaid case</i>	54
Sustainability	60
Risk Management	63
<i>Michiel Mikx, Takeaway.com case</i>	70
Governance	
Management Board	76
Supervisory Board	76
Corporate governance	77
Supervisory Board report	82
<i>Jan San, BMW group case</i>	86
Financial Statements	
Consolidated Financial Statements	97
Corporate Financial Statements	135

The financial statements, as included in this annual review, are derived from the audited 2019 annual accounts of CM.com B.V.

2019 HIGHLIGHTS

In 2019 CM.com attracted several large companies such as Chronopost, Easypark, ING, and Société General

APRIL

The WhatsApp Business API became available via CM.com as the company became an authorized distributor of the WhatsApp Business solution. With over 1.5 billion WhatsApp users across 180 countries, the WhatsApp Business solution opens up a world of opportunities for companies to communicate with their customers. It can significantly reduce the pressure on customer service and minimizes friction on the path to purchase.



MAY

CM.com introduced the "Cascading" function to boost ticket sales for the Dutch Grand Prix. This is an innovative ticketing solution that enables event organizers to define and optimize their map lay-out helping increase sales revenues. With an enormous interest in the 200,000+ available tickets, the Dutch Grand Prix used a pre-registration process to make the most of sales. Pre-registration applied to all tickets, including day tickets for next year and 3-day passe-partouts for the next 3 years.

Apple Business Chat was added to our Conversational Commerce offering. Apple Business Chat offers a powerful, engaging new way for businesses to connect with their customers wherever they are and whenever they want using the Messages app on Apple devices.



AUGUST

During the 27th edition of music festival Lowlands, organizer Mojo Concerts B.V. and CM.com introduced a new way of paying for festival visitors called "Mobile Order". With CM.com's Mobile Order, visitors can order drinks and food via the Lowlands app.



SEPTEMBER

For the Dutch Cancer Society (KWF), CM.com facilitated an easier way to fundraise by using QR codes. Collectors were given a collection box with a personalized QR code so that donors could simply scan the code and enter a secure payment environment where they could determine the donation amount.

NOVEMBER

CM.com announced its partnership with Google for Google's new SMS security solution: "Verified SMS". With this verification method, businesses can eliminate or reduce number spoofing and abuse of their company brand.



DECEMBER

For charity fund Cordaid, CM.com developed a smart combination of SMS, mobile payments via iDEAL, and a chatbot for opt-ins to make it easier for people to make a donation. This improved accessibility, safety and was ultimately more successful in terms of fundraising. Additionally, it enabled Cordaid to start a conversation with donors, making it more personal.



CM.com came on board to help BMW Group enable communication with its cars anywhere in the world. CM.com will provide the infrastructure for sending automated SMS messages as part of the car manufacturer's Connected-Drive services globally. In the future it will be possible to expand this service to numerous others offered by the BMW Group.

Executing on its expansion plans, CM.com opened a regional hub in Singapore to increase its business in South-east Asia.

2019 KEY FIGURES

CPaaS net dollar
retention rate:

113.0%

Number of messages:

2.5
BILLION
(+29%)

Number of voice minutes

141.3
MILLION
(+27%)

Total payments
processed:

€ 625.4
MILLION
(+5%)

Core revenue:

€ 86.5
MILLION
(+21%)

Number of tickets sold:

1.9
MILLION
(+138%)

CM.com HQ

266 FTE at year-end 2019

Founded in 1999 in Breda, the Netherlands

15 locations world wide at year-end 2019

20 nationalities with **18** natively spoken languages

From a two-founder lead company to a listed company at Euronext Amsterdam (CMCOM)

LOCATION:
BREDA
THE NETHERLANDS



— Shaping the Future —

+

JEROEN VAN GLABBEK
CEO CM.COM

CM.com has been instrumental in shaping the future of conversational commerce. Within 20 years, the former start-up and scale-up has transformed into a listed multinational with offices worldwide and offering conversational commerce services to global brands like Takeaway.com, Accor Hotels, Booking.com, BMW group, and Ahold Delhaize. Its cloud platform connects enterprises and brands to the mobile phones of billions of consumers worldwide. The two founders have been visionaries in understanding that for consumers the smartphone has become the main tool to communicate with each other and companies. Chief Executive Officer (CEO) Jeroen van Glabbeek explains the rise of CM.com as the one-stop-shop solution for mobile customer engagement with a global reach, and why the best is yet to come.

CM.com headquarters are based in Breda, a city in the south of the Netherlands. Twenty-one years ago, this was where high school friends Jeroen van Glabbeek (CEO) and Gilbert Gooijers (COO) started combining their programming skills with their passion for music to kick-start their company Club Message. They introduced the new service Group SMS for clubs in the Netherlands and Belgium. Twenty years later, the CEO still likes to get up in the morning with at least one good idea, drive to the office and try to get it executed. "I have to convince my colleagues why it is a great thought. If they say it isn't, I will not pursue it any further. When you do what you really enjoy and are good at, work is not something you do between 9 and 5. You are always busy thinking; it is a passion. If you are in a flow doing the work you love, you forget all about time.

Twenty years ago, you could have chosen to work for corporate organizations.

"As entrepreneurial students, Gilbert and I had a can-do attitude. We really wanted to become good entrepreneurs, breaking the mold by creating a new type of business. During our study Technical & Business Engineering, we explored companies that were organized like factories and where employees weren't really happy. They just did what their boss told them to do. We were only 19 years old and this perspective put us off spending our entire career working for a company that didn't interest us. There were three things we agreed upon, which became the foundation of our company: only do work that makes you happy, only do what you are good at, and make sure the output benefits yourself, the company and society."

Twenty years ago, the mobile phone was still in its infancy, yet your business case is based on it.

"We both really had a good feeling about the future growth of the mobile phone. Back in 1999, only two million people in the Netherlands made phone calls on a mobile. Young people were starting to experiment with pre-paid subscriptions. Sending and receiving SMS messages was still in its infancy, but we saw the tremendous potential of SMS technology. This insight was part of our sales pitch. The thought that one day, everybody would communicate with each other via a mobile device was evident. Nowadays, consumers have absolutely no second thoughts about reaching for their smartphones and communicating directly with companies."

Did you have any investors?

"There was no investment money, so we developed our own software for making outbound calls to servers. During the week, we studied; at night we were programming software; and in the weekends, we went to clubs selling our Club Message service. A lucky coincidence was that competitors with funding money took an active interest in acquiring our software. This sideline of business provided us with great insights. The year 2010 was instrumental in our future growth. At that point, the overall market sentiment for SMS was plummeting due to the rise in popularity of WhatsApp – framed as free SMS. This strengthened our corporate position. Our data showed that even though consumers were using less SMS, companies were increasing their spending on SMS messaging. Everybody else was convinced that SMS was dead. We decided to change our strategy and successfully took over 21 competitors in the Netherlands and Belgium, Germany, and in the UK. They were a bargain."

A recent IBM study showed that worldwide, a large majority of consumers shop during hundreds of split-second "micro-moments", checking their phones during the day and acting immediately on quick information bursts. Mobiles have become an extension of our lives.

"At CM.com, we are still convinced that 'one day the market for mobile phones will be huge.' You can easily make the comparison with the Internet back in 1999. In 2020, the same applies to the mobile business. For example, in the Netherlands, just about every consumer has installed WhatsApp on their mobile. Companies are just starting to realize that their customers are keen to reach them via WhatsApp, not by phone or email. Businesses need new software to train people and use artificial intelligence to develop new insights. Two years ago, you couldn't send WhatsApp messages directly to companies. Up till 2019, financial institutions and investors had been hesitant about long-term investments in conversational commerce: 'What if SMS is abandoned?' We managed to counter this paradigm. The overall market for SMS is declining, but communication between companies and consumers is still growing. Think of your reminders for the dentist or hairdresser, TAN codes sent by your bank, or two-step authentication codes. Last year, we also started working directly with Apple, WhatsApp, Facebook and WeChat. Right now, CM.com is one of the three companies globally that can offer enterprises access to Apple Business Chat, Google RCS and WhatsApp Business via a single platform through which they can communicate directly with their customers. WhatsApp has boomed in the Netherlands; the same applies to WeChat in China, Viber in Russia and Apple Business Chat in the United States for example."



What is the next step in messaging?

“Messages are starting to become more interactive and richer in content. You can add photos, videos and make payments. We are able to create complete conversations for millions of consumers that lead to sales. What makes CM.com stand out from the crowd is that, apart from supporting conversations, we are an officially recognized Payment Service Provider. That means we can aggregate payment methods like Apple Pay, Alipay, WeChat Pay, Google Pay, iDEAL and all types of credit cards. We connect payments to messaging channels, and that is why we are convinced of the business case of conversational commerce. Brands should start taking conversational commerce seriously, focusing on marketing, service and sales. Conversations supported by people, bots, artificial intelligence and computers will lead to commerce.”

Please explain

“We know for a fact that an SMS message from your favorite brand with a beautifully designed page containing a personal message will be read by almost 100% of the recipients. Also convenience is the biggest driver of sales. Making a payment should therefore be easy as pie. The consumer is ready. Every time we test our assumptions, consumers embrace our innovations. The average consumer doesn’t want to stand in line to place an order. In our office, we have more than 120 programmers who can fix the need for frictionless commerce. The only thing that needs to happen is that businesses fully embrace the mobile phone and redesign their business processes.”

And service?

“A lot of companies receive various types of questions on a daily basis. More and more consumers send requests through their handheld devices. You have to address them. We notice that for many saturated markets the product is standardized, and the price is optimized. You can still make a distinction with a service proposition. Please do it with a smile.”

CM.com needs capital to grow faster. What is the main reason?

“In my opinion CM.com used to be too much of a technology company with superior technology catering for a global market. During the past 5 years, we’ve made the transition from just a technology platform to a more sales and marketing oriented organization. Now is the time to sell the products we’ve created. Marketing will leverage our brand awareness, but for sales you need people. This means we need more budget for sales and marketing. We already have over 300 employees working in more than 15 offices worldwide. In a few years’ time, another 300 people will have joined our company. Two thirds of them will be employed in sales and marketing disciplines. We have the product; we need people to go out and sell it. Our platform economy will work better when we manage to sell a suite of products to our customers. We have a fixed cost base to run our platform 24 hours a day, seven days a week, with employees who work in shifts. For our core business, we expect to grow more than 30% every year. In 2019, we welcomed a number of major enterprise customers like Société Generale and BMW group. It took us months to close those deals. Efforts well spent to start a long-term relationship that will last 10 years or more. During the past 12 years,

“Do what you like, what you’re good at, and contribute.”

opening up offices worldwide has played a big role in our success. CM.com is more successful when we are near customers, speak the native language and understand the culture of a country or region.

Customers who are active on an international scale appreciate our global vision. In 2019 for example, Accor Hotels chose our platform to perform their marketing SMS campaigns. Our worldwide offering helps them to accommodate all their global chains, such as Novotel. They want a supplier who can support them in every market and can demonstrate that it invests in new technology, such as WhatsApp and Apple Pay. We are lucky that our existing portfolio of enterprise customers grows by 13 percent organically. The number of customers that leave us or use us considerably less is only 4 percent on a yearly basis.

The market of software as a service (SaaS) for campaigns, ticketing and customer contact is extremely profitable with a profit margin of almost 100%. In this area we want to grow faster. We own all our infrastructure. Our programmers make sure software is available in the cloud to all our customers worldwide. We want to create more value in the mix for our clients and add value by designing smart solutions. We invest more in building software infrastructure than our competitors. All our customers use the same platform. That makes CM.com very efficient to run and our business scalable.”

You sound like you are just as hungry as when you and Gilbert Gooijers started out back in 1999.

“We don’t just want to be the best company in the domestic markets we operate, we simply want to be the best in the global market of conversational commerce. Just as an athlete or musician who participates in a competition, you don’t put all the sweat into making deals to settle for an average result. You want to be ahead and finish first. Growth in turnover and profit will be the most logical outcome.”



Gilbert Gooijers (left) and Jeroen van Glabbeek (right)

“Personally, I never have any cash on me. For me, my mobile is everything I need”

PERSONAL QUESTIONS

How is technology changing the way we live and work?

“As a consumer you have the latest technology all around you. Only at your workplace you often still use obsolete technology, complex software and old-fashioned processes. One day soon, people will rebel against this contrast. They also want to have a customer experience in the office with smooth and frictionless processes. A key advantage of a data-driven organization, like ours, is that you make better informed decisions. Companies shouldn’t try to compete with computers but trust them to make better decisions. A lot of companies still ask their employees to remember things, make calculations or follow instructions. That is inefficient. People should be allowed to be creative and use their empathy to work with other people on projects.”

JEROEN’S THOUGHTS ON THE FUTURE

- Planet “I am positive about the idea that we can solve the current problems regarding climate change and the outside environment. Technology will help us solve complex issues involving global warming and pollution. Mother nature is very resilient and often finds wonderful ways to solve problems mankind has created.”
- People “Technology will help people to make the right decisions in life. Convenience is an important motive; technology will support this drive. I also believe that technology should be more user-friendly.”
- Cashless Society “Personally, I never have any cash on me. For me, my mobile is everything I need. I don’t need bank cards anymore. That’s my situation in the Dutch context. In German-speaking countries, you still experience that the cashless society is an unknown phenomenon. The cashless society is still very much regional and not global. There are a few fallacies that are widely accepted as true. One is that you still need cash because older people care to carry cash. I don’t agree. Elderly people also use tele-banking and have a smartphone. Another untruth is that you need cash because it gives better insight into your spending pattern and is better for budget management. The truth is that it is better to spend money using your debit card; it gives a much better insight than carrying money in your wallet.”

Mission

Today, people all over the world are connected. All day, every day. We enable our customers to be part of people’s lives. Constantly searching for ways to better connect people with each other is what drives us. Our mission is to make life easier, safer and more beautiful. We firmly believe that technology exists to enhance people’s lives. We want to contribute to furthering technologies that benefit society.

Vision

We’re driven by the belief that all communication will shift to mobile in the near future. Consumers are already there. Businesses will follow suit, as they are looking for more efficient and customer-friendly ways to communicate with their customers through mobile channels. Mobile communication will result in mobile commerce. Therefore, we continuously develop our private cloud platform, shaping the future of Conversational Commerce.

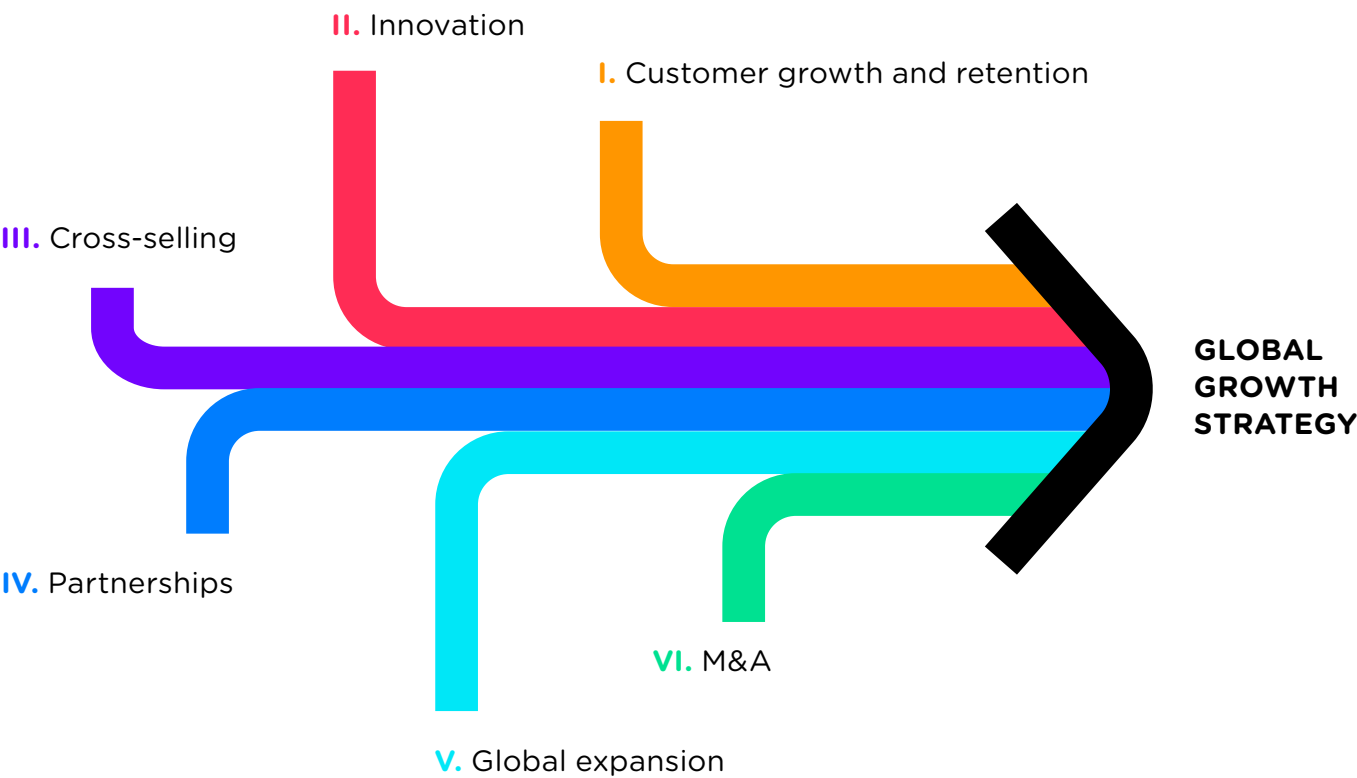
Strategy and objectives

STRATEGY

CM.com believes that the emergence of Conversational Commerce represents a new market with multiple touch points to people's everyday lives. Conversational Commerce enables them to communicate, interact and make payments with businesses worldwide. This will make people's lives better, easier, more enjoyable, and safer.

CM.com built a high-quality, scalable platform. With this platform, we offer a versatile basis for companies to create a genuine Conversational Commerce experience to their consumers.

Over the past 20 years, CM.com strengthened its position and expertise through development, geographical expansion and acquisitions.



Now it's time to start the next phase of growth by scaling up our operations at a faster pace. Our global growth strategy is based on the following six pillars:

I. Customer growth and retention

This strategic pillar is focused on protecting and growing our core service offering. We expect to increase revenue per customer by:

- maintaining strong existing customer relationships;
- further investing in sales capacity; and
- enhancing our pricing strategy.

By nurturing our existing customers, we expect to be able to grow the number of messages we send to them.

The worldwide expansion of local support teams aims to more adequately cater to customer needs. Next to the existing marketing efforts, CM.com will make additional investments in sales and marketing to support growth in new regions by:

- growing the current sales team structures;
- enhancing online sales capabilities; and
- increasing global marketing.

Additionally, the increase of the number of sales employees that we expect to hire in the coming years should contribute to an overall increase in the number of customers. It also means we will be able to better service customers through more personal contact. We're confident this will, in turn, make cross-selling and up-selling of different services to a single customer more successful.

Pricing is another important factor supporting customer growth and retention. Historically, CM.com has used a conventional pricing strategy, but we are currently designing a more sophisticated and flexible pricing model, similar to the existing SaaS pricing structures and tailored to suit local markets. Additionally, the cost-based pricing model will be converted to a value-based pricing model. Moreover, incentive plans to promote the cross-selling of services will be implemented and we will focus our efforts on securing recurring, long term contracts and subscriptions.

II. Innovation

We continuously seek ways to innovate. We aim to stay ahead of the curve and continuously introduce new and valuable services to our customers. We expect this to drive revenue per customer, as customers adopt more applications via our platform and increase the use of multiple services.

Messaging

The addition of Over The Top (OTT) channels, alongside the traditional SMS offering, enables chatbot-driven conversational messaging and rich interactive features. Where SMS is often used for one-time interactions (e.g. marketing and one-time passwords), OTT channels are used in more interactive two-way dialogue situations (e.g. customer support). Therefore, CPaaS is expected to result in increased revenue through enhanced engagement with the consumer. In addition, we aim to further develop and localize the CPaaS platform so that it fits the needs of businesses operating in different regions. This is expected to increase the use of our platform as the service becomes more tailored to customer needs.

Payments

Within Payments, CM.com is focusing on its web checkout solution, its processing and acquiring platform(s), and the further development of next-generation payment solutions like "In-Chat" and "Mobile Order Payment Solutions".

For its web checkout solutions, CM.com expects to improve the onboarding and customer service process through a new payment menu and API integrations that effectively increase the ease-of-use for companies and its consumers. Moreover, CM.com is in the process of obtaining acquirer status with Visa, which it currently has with MasterCard and American Express. This will improve our competitive position in the payments landscape and lower cost of sales. CM.com also expects to connect additional OEM/OTT payment methods once these become available. By adding these methods we expect to increase our payment capabilities. In the next generation payments area, innovations are underway to further develop the "Shop-And-Go" solution, improve Point-Of-Sale (POS) experience, and also the mobile payment solution in general. Finally, CM.com is in the midst of developing a recurring subscription payment solution.

Platform features

CM.com offers a one-stop-shop for its platform features and therefore seeks to break into new markets such as ticketing, eSignature and Customer Data Storage. These services complete our Conversational Commerce offering and enable us to offer complementary, high-margin services. Moreover, CM.com expects to win customers more easily in these new markets, as we will be offering a whole suite of services meaning they do not need multiple vendors.

III. Cross-selling

Many of our customers use the platform for one or two products only. We want to encourage our customers to use our platform in the most optimal way. Therefore, we will be actively encouraging customers to engage in new service trials to discover unused platform capabilities relevant to their business. We also intend to further integrate current services to allow users a more seamless experience.

CM.com’s user-friendly, self-service platform means that the majority of new features can be easily integrated with its existing service portfolio. This is expected to enhance cross-selling. Moreover, CM.com is hiring additional Customer Success Managers in various sales teams across different geographical hubs. This should result in quicker adoption and increased use of our services.

IV. Partnerships

Another part of our growth will come from new partnerships. New partnership propositions will be developed by nurturing and expanding relationships across all service categories. Dedicated teams currently cover customers in each of these categories, with additional training expected to enhance effectiveness. Furthermore, we will introduce “Grey Labeling”, which visibly shows the CM.com logo next to the reseller’s logo, with automated invoicing to limit the administrative burden related to these resellers and their sub-consumers. There are four main categories of parties with whom we intend to deepen our relations and consequently grow our business:

- Independent software vendors: Also known as system integrators. They can add our features to their customers’ custom software without having to develop these features themselves.
- Advisory firms: They have access to and relationships with companies that are in need of

- messaging and payment solutions.
- Telecom operators: They can immediately enrich their Business-to-Business proposition with our CPaaS offerings. It would be a natural extension of their current proposition.
 - OTT partners: They are increasingly interested in accessing additional pockets of sales growth. To do so they need strategic partners to sell, deliver, implement and support channel access to enterprises. Our platform features can help them achieve this.

V. Global expansion

Our global expansion strategy is based on establishing a local presence by local and regional hubs. Every hub or office is a gateway to a number of surrounding countries.

Hub expansion and the roll-out of new hubs is based on CM.com market research concerning population, mobile (payments) penetration and regulation across different regions of the world. Over the last five years, CM.com expanded to eight countries by setting up local and regional hubs with an initial average of six employees per regional office and an expected growth to approximately 25 employees per location.

CM.com expects the existing Netherlands and Hong Kong hubs to grow in terms of new customers. In addition, CM.com plans to expand the France, Hong Kong, Middle East and Africa hubs by adding new countries to their coverage area. CM.com expects the coverage of the France hub to expand by Portugal and Italy; the Middle East is to include Saudi Arabia and Pakistan. In Africa we opened a hub in Kenya in February 2020. In December 2019 we opened a regional hub in Singapore for the South East Asia region (including in the coverage region: Singapore, India, Indonesia, Vietnam, Malaysia, Thailand and the Philippines). In the USA we opened an office in January 2020 to cover North America region (Canada and Mexico). In the medium term we expect to open hubs in Turkey, Scandinavia and Eastern Europe.

“Expand globally through enhancing local presence”

From time to time, mergers and acquisitions are used as a springboard to kickstart geographical expansion or expansions in existing geographies. We favor smaller international acquisitions to get a new location and local team up and running faster by instantly providing them with a larger existing customer base.

VI. M&A

The primary focus of our M&A strategy is acquiring customer bases rather than technology. We are consciously exploring opportunities to acquire companies with the aim to:

- expand our customer base and opening opportunities to cross-sell our products;
- leverage our platform to optimize the acquired business and cost base, and to build profitable businesses;
- gain access to new (geographical) markets and expand our global presence;
- hire highly skilled entrepreneurial employees with proven track records; and/or
- further diversification of our customer and risk base.

We consider potential acquisitions and strategic investments in businesses that we’re confident can strengthen our platform and product portfolio around Conversational Commerce. We are particularly interested in strategic partnerships with other businesses that can expand our product offering and platform. Such partnerships could lead to additional channels of distribution, or opportunities to invest in other companies that benefit our company.

We enjoy a strong negotiation position given the large pool of available potential targets, our knowledge from past transactions, and our qualified M&A team. This is reinforced by the fact that we can acquire companies in a large variety of segments (e.g. ticketing, payments and data). This gives CM.com an additional negotiation tool as we do not need to acquire a target in a specific segment but can instead choose from a range.

We believe that future strategic acquisitions will enable organic growth, creating strong synergies across the company and ensuring we stay ahead in the market.

OBJECTIVES

Growth in all strategic pillars will be driven and supported by increased marketing efforts, an expansion of our global salesforce, and continued investments in research and development. In the coming years, we aim to triple the number of sales and marketing employees, double the number of research and development employees, and increase our general staff.

For the near, medium and long term, we have established several objectives:

- **Revenue growth:** CM.com targets an annual growth rate of over 30% over the medium term. To achieve this, we increase our sales, marketing and technology efforts globally;
- **Capital Expenditures:** In the near future, CM.com expects capital expenditure to be in line with historic levels. For the long term, CM.com aims to maintain a sustainable capital expenditure level of up to 5% of revenue;
- **Gross margin:** CM.com expects to increase gross margin as the revenue mix shifts to higher value-add services like platform features; and
- **EBITDA margin:** We aim to improve our EBITDA margin to levels above 20% in the long term as we expect to benefit from a change in business mix and operational leverage. In the near future, we expect the EBITDA margin to decrease due to increased investments to accelerate growth.



Future Proof



GILBERT GOOIJERS
COO CM.COM

While the innovation train continues to rumble at every level, CM.com founder Gilbert Gooijers finds his life mostly unchanged. By his own account, he is still that 7-year-old: curious and crazy about science fiction. “Every day, the same questions whirl through my brain: ‘Why are things the way they are’ and ‘What actually moves people and customers?’ ‘How can we improve the customer journey?’.” That way, he remains future proof, thinking up technological answers to societal needs. Like last summer at the Lowlands pop festival.



The Matrix

“At home, my wife, son, two daughters and I are living in a house with the newest technologies. Every room has been hung with smart devices. The entire family runs on Google Home, something we are all used to. My 3-year-old daughter immediately starts dancing as soon as I call, ‘Can you play some music’. And when we are on vacation, she is stumped if the hotel lacks voice activation. To her, the interaction between man and machine is totally normal. That inspires me. It holds tomorrow’s question how do people react to the latest technologies and how can technology improve people’s lives. That is what I have been working on all my life.

I am constantly amazed at the effects that technology has on people. Even at what it does to me. My most recent purchase is a heat camera. So here I am, wandering through our home with my son, feeling like Neo from The Matrix [Keanu Reeves – ed.]. Together, we discover that the fridge door is too cold because the freezer doesn’t shut properly. Or that there is a draft over our front window, even though we recently had a seam glued shut. Walking through your own home with such a device on your head sounds like nonsense, but what matters to me is the behavior that people and groups display because technology challenges them.

It starts with us, back home, and then it spreads, affecting thousands of other behaviors displayed by people across the world, who I meet and observe. I pile up all those experiences and keep asking myself, ‘Why do people do things?’ By means of my conclusions I crack codes in society, as it were, and I keep coming up with new ideas for products and services to improve customer journeys. Today for example everybody uses WhatsApp, WeChat, or other channels to communicate with family and friends. Why should companies not use these same channels to communicate with their customer? It’s their preferred way of communicating. Additionally nobody wants to queue up for tokens and wait for ages before getting your drink. How can we make this easier. Future proof is the motto. Every day.”

Discotheques

“By now, we are a listed company, with multiple offices on three continents, but essentially our way of thinking has not changed. How people react to new technological possibilities in the world and how you can deploy that technology to allow brands to communicate with people – that is how the CM.com story started. In Belgian discotheques, where young

partygoers, with 100 Belgian Francs in their pockets, lost themselves in the music and where entrepreneurs were only too happy if they came back the next weekend.

We noticed a pattern: between the use of mobiles by young people and the old marketing approach of handing out flyers. Obviously, handing out flyers in the middle of the night didn’t work. Sending text messages to youngsters a few days before they go out turned out to be the solution. First in Belgium, and later across the world.”

“There is really no point in running a company unless you get to share your learnings and earnings. I think helping others is the meaning of life.”



CASE

Lowlands

“The dance sector continues to fascinate me even now. All around me, I see people at festivals enjoying music, sunny weather and entertainment. At the same time, they experience payment problems. The one is fed up with having to buy tokens, the other lost their tokens and someone else again has to trudge through the rain to hand in their tokens at the end of the weekend.

Armed with that knowledge, we called on Mojo Concerts. For Lowlands we developed Mobile Order, a payment solution in which we integrated a part of the food and drink range at Lowlands. Visitors only needed to link their profile to their debit of credit card once and then they no longer needed a wallet or tokens.

Thus, visitors ordered their beers on their mobiles, received a QR code, which was scanned at the bar and paid automatically afterwards. ‘Top arrangement’, Lowlands said. Meanwhile, at CM.com we are looking ahead at new opportunities for the payment solution. Talking about future proof.”



LOWLANDS

What: Mobile Order

How: Payment solution replacing tokens at festival

Customer: Mojo Concerts

Launch: Lowlands 2019

Content: CM.com developed payment system Mobile Order. Festival visitors could order

their food and drink through a payment solution built in the Lowlands app. At the bar, they only needed to scan the QR code. Simple and user-friendly! Subsequently, the orders were paid automatically through the festivalgoer's bank account.



The World of Conversational Commerce

CM.com believes that the general shift from traditional communications and payment services to a more integrated, software-driven, cloud-based, conversational commerce platform has just begun. We believe that the CM.com platform, which integrates traditional CPaaS services with payment services and other platform features (including Ticketing, eSignature, Customer Contact, identity services and a Customer Data Platform), reflects the future of customer journeys. Our platform enables customers to optimize the mobile communications journey with their consumers, positioning CM.com to capitalize on this trend. CM.com believes that the demand for advanced communications and payment services will continue to grow, contributing to the overall growth of CM.com.

THE BEGINNING OF CONVERSATIONAL COMMERCE

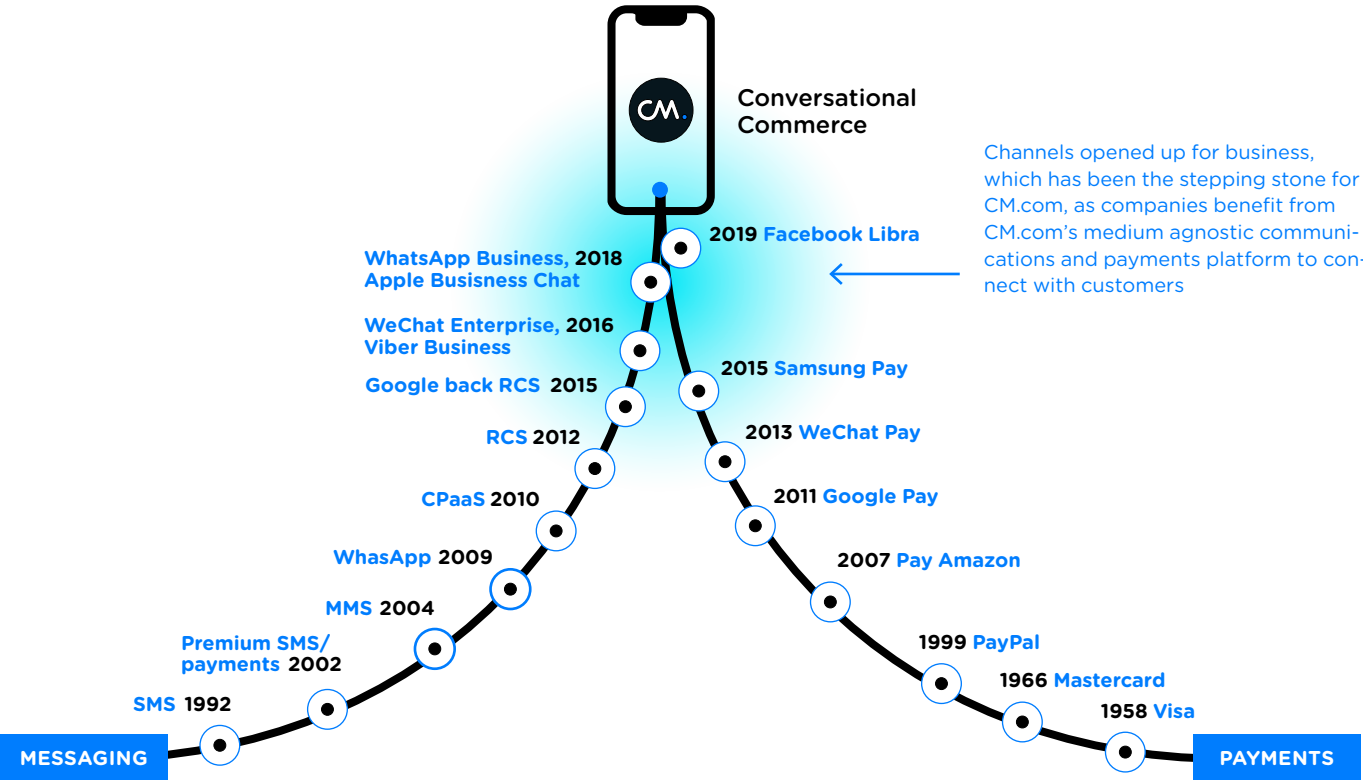
The mobile messaging market started when the first SMS was sent in 1992. Mobile messaging has revolutionized the way people communicate. It has become an increasingly important means of communication as technological improvements make content more dynamic and improve overall user experience.

The payments market has undergone a similar journey. Since the introduction of the first credit cards in 1952, new payment channels have been developed at a rapid pace and commerce has shifted from instore to online and from online to mobile.

Technological developments have led to a convergence of messaging and payments, which is driving the emergence of Conversational Commerce. To us, Conversational Commerce is a means of direct communication between companies and customers, through a selected messaging channel, enhanced by data tools and payment solutions for an optimal customer experience.

MARKET OVERVIEW

In line with Conversational Commerce’s multi-faceted nature, CM.com has exposure in several markets. This is primarily because Conversational Commerce is built on the unique combination of both messaging and payments. It is enhanced by the combination of a broad range of other individual platform features that also serve specific end-markets.



The messaging segment of CM.com’s Conversational Commerce offering are best reflected by the CPaaS market. CM.com aims to enable a seamless, automated payment journey for Payments and does not compete with traditional card-present payment providers and online payment gateways (“web checkout” providers).

The CPaaS market

The global CPaaS company spend is expected to grow from USD 2.0 billion in 2017 to USD 10.9 billion in 2022 (with a CAGR of approximately 39.2%)¹. This reflects the expected high growth of the market. Through CPaaS, companies have the ability to offer consumers voice, video and messaging in their own apps, business support systems, or call center solutions via the Session Initiation Protocol (“SIP”) trunk and API.

In 2022, it is expected that the total forecasted size of the mobile messaging market will reach 244 trillion messages versus 204 trillion messages in 2019. Instant messaging providers such as WhatsApp

Business, Apple Business Chat and WeChat Business are expected to further drive the mobile messaging market as their position and popularity as major communication players continues to grow. We expect to see a surge in new users across emerging economies such as Africa and the Middle East².

The Payments market

We divide the payments market into three submarkets: traditional card-present payment providers such as Wordline and Ingenico; the online payment gateways (“web checkout”) market with players such as Adyen and Stripe; and what we call the “seamless automated payments market” in which CM.com positions itself.

Seamless automated payments market

The seamless automated payments market is a relatively new market, which is constantly changing given consistent technological improvements. We expect strong growth in this market in the coming years, especially given the development of online and mobile payments (e.g. via Google Pay,

¹ IDC Market Analysis Perspective – Worldwide Realtime communications platform-as-a-service (CPaaS) market
² Juniper Research, Mobile Messaging 2018-2022

Apple Pay, WeChat Pay and Samsung Pay) that are expected to grow from USD 3.4 billion in 2017 to an estimated USD 31.6 billion in 2022³.

Alternative payment options like PayPal, Amazon Pay, Apple Pay and Alipay are set to offer even more consumer-focused improvements. The emergence of in-app chatbots through messaging channels such as WeChat and Apple Business Chat is also expected to further improve consumer payment experiences as they eliminate the need to move from app to app to complete a transaction and allow for an increasingly personalized experience.

Competition and market position

We offer and combine multiple services and therefore face competition in multiple areas. Some of the competitors are well-established names with large market positions in their specific service offering. However, we are uniquely positioned within our competitive spectrum as there are only a limited number of players already delivering the full suite of services required to drive Conversational Commerce.

Future market trends

Mobile phone use is still on the rise globally and with the evolving functionalities of the average mobile phone, customers stand to benefit from a wider variety of communication options.

Although more traditional channels such as voice and SMS will likely remain a stable part of mobile messaging, newer alternatives such as WhatsApp Business and Apple Business Chat are rapidly gaining traction.

Substantial growth is envisaged between 2017-2022 for various smartphone-enabled communication channels such as social messaging and instant messaging. Additionally, the total mobile messaging traffic using SMS or MMS is assumed to have surpassed its growth stage.

With the rise of social media, communication between companies and consumers has become very diverse. There are already dozens of ways – all widely adopted – to share updates with friends, family, and the rest of the world, and the number of options is expected to grow.

The large variety of options has impacted the way companies and consumers interact, as communications processes and the corresponding data has become divided over a variety of mediums including Email, Twitter, WhatsApp Business, WeChat and many others. This presents a great opportunity for companies that are able to successfully integrate these siloed communications modalities. They will be better positioned to serve consumers in a more comprehensive way as marketing and consumer service efforts can become more personalized, leading to increased sales and enhanced new business support options.

2019 Business overview

REVENUE MODEL

CM.com’s revenue model is built around its CPaaS, Payments, Platform and Other segments. The revenue for each segment is dependent on a segment-specific set of revenue drivers. From a simplified operational perspective, the key revenue drivers for each segment can be presented as follows:

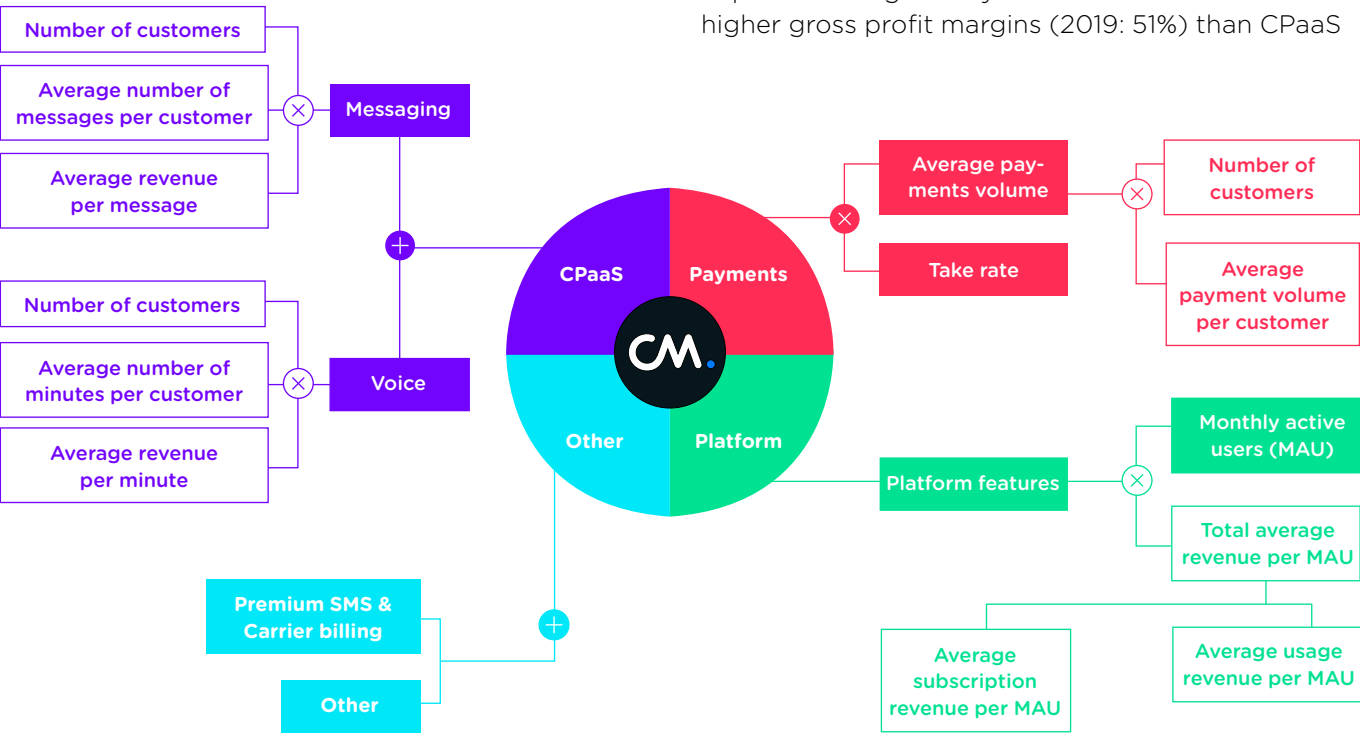
Gross profit drivers

While the drivers presented above have a direct impact on CM.com’s revenue levels, its ability to maintain or increase profitability depends on the margins we can make. This is reflected in our gross profit.

CM.com’s CPaaS gross profit is equal to the portion of CPaaS revenue that remains after deducting the costs for network capacity and purchase cost for communication services. Similarly, gross profit from payments services is equal to the portion of Payments revenue remaining after deducting the interchange and payment network fees paid to financial institutions and payment networks for facilitating payments through the CM.com platform.

Gross margin drivers

Gross margin is driven by a number of factors, including the mix of services and communication and payment channels offered, each of which have a different cost of services and therefore, a direct impact on margins. Payments services tend to have higher gross profit margins (2019: 51%) than CPaaS



3 Juniper Research, "Mobile & Online Remote Payments For Digital & Physical Goods 2018-2022"

services (2019: 19%). OTT-based communication services have higher margins than traditional messaging and voice services due to lower cost of services. Due to the higher margins the trend towards OTT-based communication is attractive to CM.com. Compared to CPaaS and Payments, Platform has the highest gross margin (2019: 92%).

The volume of transactions processed through our platform is an important driver for margin as it impacts our ability to negotiate discounted rates from suppliers and reduce our cost of services. In addition, CM.com’s margin is affected by volume variations. As volumes grow, customers are typically able to negotiate a lower price per transaction. This means that the average revenue per transaction for Tier 1 enterprises, which tend to transact larger volumes, is generally lower than for SMEs, which tend to transact smaller volumes. The same is applicable for us, the higher the volume the better the pricing.

Similarly, the geographical mix of demand for CM.com’s services can impact its gross margin as CM.com’s cost of services (e.g. the SMS rates or interchange and payment network fees) can differ significantly from country to country. By passing on the jurisdiction-specific cost of services in its pricing proposition in each jurisdiction, CM.com seeks to establish a more stable margin per service globally.

2019 BUSINESS DEVELOPMENTS

Being a global leader in the field of Conversational Commerce, CM.com focuses on three areas of expertise: CPaaS, Payments and Platform features. Combined, these areas are the pillars of our underlying Conversational Commerce principles.

CPaaS

Our CPaaS (Communication Platform as a Service) offering enables customers to create an omnichannel, mobile, end-to-end consumer experience, which can be connected via a single API for developers or accessed via Web applications for non-developers.

Messaging

In 2019, CM.com became an official business service provider of WhatsApp Business and Apple Business Chat, next to the existing Google RCS partnership. CM.com is one of few parties worldwide that can offer its customers these three messaging channels from a single platform. During 2019, CM.com sent a total of 2.5 billion messages worldwide via its

platform. This is a 29% increase compared to 2018. Growth was driven by new large enterprise customer wins like Société General, Chronopost, and Easypark. Growth was also helped by existing customers generating 13% more business compared to 2018, which contributed to a net dollar retention rate of 113.0%. The enterprise churn rate was limited to 4.2% at year-end 2019.

Global expansion

We have a well-established global footprint with customers across 118 countries, generating messages to more than 220 destinations. The majority of these messages were delivered to the Netherlands, France, Belgium, and the UK.

Payments

CM.com is a fully licensed Payments Service Provider (PSP). Being a PSP, CM.com enables so-called merchants to collect money from consumers. We believe we are uniquely positioned because we combine payment services and messaging functionalities in a single platform. This enables us to deliver truly end-to-end conversational commerce customer journeys.

In addition to traditional web-check-outs, we offer innovative Point Of Sale (POS) solutions and integrated payment solutions (e.g. WeChat Pay and Apple Pay).

Main developments in 2019

After fully integrating the systems of Docdata Payments into the CM.com infrastructure in 2018, the focus in 2019 was more on innovating the payments part of the platform, scaling the system and connecting additional payment methods.

Key successes and innovations have been the implementation of easy onboarding, which speeds up KYC processes, our Principal Membership of Mastercard, and also our innovative POS solution called “Mobile Order”. Mobile Order was launched at the Lowlands Festival and gave visitors the possibility to order drinks and food via the Lowlands app. As one of the few iDEAL QR collecting PSP’s, CM.com has positioned itself as a frontrunner in providing and adapting to integrated payment solutions. Substantial growth in the development of iDEAL QR payments has been seen since its acceptance in the Netherlands in 2019. This resulted in usage increase on our platform. CM.com also added WeChat Pay to the platform and as one of the first PSP’s for

WeChat Pay in Europe, the company can now tap into a new customer segment of merchants targeting Chinese customers in Europe.

Platform

To further enable customers to engage with their consumers, we offer a number of supplementary cloud platform features. Platform features such as, Ticketing, eSignature, Customer Contact, identity services and a Customer Data Platform leverage the CPaaS and payment functionalities of the CM.com platform. This combination will enable customers to create tailored solutions for their customers. This further enhances the one-stop-shop nature of our platform.

Main developments in 2019

Ticketing

The Ticketing business was successful with over 1.9 million tickets sold via our platform in 2019. By providing ticketing together with payment functionalities, messaging and advanced analytics via the Customer Data Platform, a unique customer

experience can be designed by an event organizer, all from a single platform.

In 2019 CM.com introduced a new ticketing feature to the ticketing area of the system called ‘Cascading’. The Cascading feature enables event organizers to define and optimize their map layout and sell more effectively, based on consumer preferences (e.g. selecting three types of tickets in order of seat preference and price).

Sign (eSignatures)

In 2019 CM.com launched “Sign”. Using this eSignature solution, institutions such as governments, banks and insurance companies can easily send PDF documents to sign and co-sign. Recipients can digitally sign these files on their mobile phone, tablet or laptop with electronic signatures. This has been a legally valid way of signing since 1 July 2016 as stipulated in the European eIDAS regulation.



2019 FINANCIAL RESULTS

x € 1,000	2019	2018	Δ
Revenue	96,320	84,617	14%
Revenue (ex-other)	86,501	71,413	21%
CPaaS	76,027	62,075	22%
Payments	5,463	5,776	(5)%
Platform	5,011	3,573	40%
Other	9,819	13,193	(26)%
Gross Profit	24,081	24,955	(4)%
Gross Profit (ex-other)	21,914	21,625	1%
CPaaS	14,511	14,889	(3)%
Payments	2,794	3,422	(18)%
Platform	4,608	3,314	39%
Other	2,167	3,330	(35)%
Gross Margin	25%	29%	
Gross Margin (ex-other)	25%	30%	
CPaaS	19%	24%	
Payments	51%	59%	
Platform	92%	93%	
Other	22%	25%	
Operating expenses	20,174	20,653	(2)%
Employee benefit expenses	13,234	14,196	(7)%
Marketing and Sales expenses	2,809	2,278	23%
Other operating expenses	4,131	4,179	1%
EDITDA	3,907	4,302	(9)%
IPO costs	1,508	-	
Normalized EBITDA	5,415	4,302	26%

Total Revenue and Gross Profit

Total revenue of CM.com grew by 14% from € 84.6 million in 2018 to € 96.3 million in 2019, while core business (CPaaS, Payments and Platform) revenue grew 21% from € 71.4 million to € 86.5 million. This was predominantly due to the acceleration of CPaaS’ and Platform’s revenue growth rate to 35% and 29% respectively in H2 2019 as compared to H1 2019. While entering new markets and winning large customers, gross profit remained steady at € 21.9 million, with gross margin at a healthy level of 25%.

CPaaS

In 2019, CPaaS revenue increased by 22% to € 76.0 million compared to € 62.1 million in 2018. Growth was mainly driven by the 29% increase in delivered messages to a total of 2.5 billion (2018: 1.9 million). In H2 2019, revenue growth accelerated to 35% compared to 9% in H1 2019. This was achieved mainly due to the connection of new customers to the platform, increased existing customer business, and limited churn.

In the Dutch and Belgian market, where CM.com is well-established, revenue grew steadily from € 37.9 million to € 39.0 million in 2019. In France, where CM.com opened office in 2016, revenue grew by 111% to € 14.0 million in 2019 from € 6.7 million in 2018, making it the third biggest region. Large new customers like Chronopost and Société General also contributed to this revenue increase.

Gross profit came in at € 14.5 million in 2019 (2018: € 14.9 million) as a result of our expansion strategy and in line with our strategic focus on volume growth as a key driver of profitability. Gross margin came in slightly lower, but was kept at a sound 19% in 2019 (2018: 21%). The next step in our expansion strategy is selling more higher-margin services.

Payments

Payment volumes increased by 5% from € 595 million in 2018 to € 625 million in 2019. In particular, iDEAL (+ € 28.8 million) and Direct debit (+ € 11.6 million) transactions realized an increase. The number of transactions that CM.com processed through its platform grew by 8%. Both contributed positively to Payments revenue.

During 2019, Payments revenue developed positively with a H2 2019 revenue growth of 3% compared to H2 2018. This revenue increase was mainly driven by charity organizations and the Dutch Grand Prix. The payments market is a highly competitive

market that has resulted in general pricing pressure in the last couple of years. Some price adjustments for certain long-standing customers of the credit card transaction service were implemented to align our pricing principles to market standards. Currently CM.com mainly processes web check-out transactions. This will shift in line with our strategic focus on Conversational Commerce with integrated payments. Gross margin came in above 50%, remaining at very attractive levels in 2019.

The take rate for 2019 was 0.46% (2018: 0.55%). This was slightly lower due to increased volumes of iDEAL transactions, which have a fixed price per transaction (independent of the size of the transaction).

Platform

Platform revenue grew 40% from € 3.6 million in 2018 to € 5.0 million in 2019. The large increase of Platform revenue in 2019 was generated mainly by CM.com’s successful Ticketing business. In 2019, 1.9 million tickets were sold compared to 0.8 million in 2018. This resulted in a revenue increase of 138%, reaching € 1.5 million revenue in 2019.

Due to features such as Ticketing, eSignature, Customer Contact, identity services and a Customer Data Platform, our usage-based revenue streams grew quickly. Still, subscriptions remain an important revenue driver for our Platform business. Subscriptions realized a revenue of €2.8 million in 2019 (similar to 2018).

In 2019, CM.com realized a gross profit increase of 39% for its Platform business, amounting to a gross profit of € 4.6 million compared to € 3.3 million in 2018. The main growth driver was Ticketing. The contribution of new identity services grew also grew quickly, but remained limited in 2019. Gross margin in 2019 remained high at 92%.

Other

Other revenue is considered non-core and includes revenue from legacy Premium SMS and Direct Carrier Billing services. In line with expectations and the overall demand for these services, Other revenue continued to decline, but still contributed positively. Other revenue was € 9.8 million compared to € 13.2 million in 2018.

Gross profit declined as well, which was in line with our vision that the market for this legacy business is on its return. It still contributed € 2.2 million to total gross profit in 2019.



EBITDA

The EBITDA, normalized for IPO expenses, was € 5.4 million in 2019. Historically we have invested all available cash flow in growing our business and workforce, with our net debt to EBITDA covenants limiting our ability to speed up growth and execute on our growth strategy.

The majority of the operating expenses consist of employee benefit expenses, which amounted to €13.2 million in 2019. This amount excludes capitalized development costs of € 4.9 million.

Financing

At year-end 2019, CM.com had € 12.6 million in net debt (excluding lease liabilities). This amount consists of a loan of € 10.0 million at ABN AMRO, an overdraft of € 9.4 million at ABN AMRO and a loan of € 4.0 million at the EIB and a positive bank balance of € 10.8 million at various other banks.

€ 20.9 million is presented as “Current portion of borrowings”, based on the contractual repayment date. € 2.5 million is presented as part of

“Borrowings” in the 2019 annual accounts. € 10.8 million is presented as “Cash and Cash equivalents”.

At year-end 2019, CM.com met all its covenants. CM.com intends to repay these loans from the proceeds of the listing.

Capex

Capex was focused on the further development of the CM.com Platform and the purchase of network equipment and computer hardware. As the platform has been built primarily in-house (i.e., technology like software codes are designed or developed and maintained by CM.com), we continue to make significant investments in research and development activities. This includes further developing platform features to support new use cases helping us stay ahead of the competition. In 2019, total capex was € 6.0 million (2018: € 7.1 million) of which € 4.9 million was capitalized (2018: € 3.4 million).

The increase of the capitalized development costs was mainly the result of an hourly rate adjustment of the capitalized development hours, while the number

of capitalized hours remained roughly the same. Capex as a percentage of total revenue was 6.2% in 2019 (2018: 8.4%).

After-balance-sheet developments

In January 2020, CM.com entered the US market by opening its first US office in Los Angeles. This move came after the successful opening of hubs in Europe, Africa, the Middle East, and Asia.

Voice CM.com activated its COIN code and is now officially registered as a Dutch telecom operator as of the end of January 2020.

On 20 February 2020, the Extraordinary General Meeting of shareholders of Dutch Star Companies ONE voted on the business combination with CM.com. Subsequently, Dutch Star Companies ONE and CM.com legally merged and the name change from Dutch Star Companies ONE to CM.com has been effectuated. As a result, the first day of listing of CM.com was Friday, 21 February 2020.

New capital structure

Following the legal merger, CM.com’s capital structure changed. CM.com raised € 73 million of capital, of which € 17 million was used for repayment of debt. In the coming three years, CM.com will invest in accelerating the growth of the business. The ticker of CM.com is CMCOM and our ISIN code is NL0012747059.



JUDITH WOUTERS
HEAD OF FINANCE

Service and Strategy

Literally and metaphorically speaking, CM.com stretched its boundaries in 2019. During that year, the focus was on the Initial Public Offer (IPO), and Judith Wouters (Head of Finance) was heavily involved in the strategic process. It was all about gaining access to the capital market. Directed at sustainable growth and the ability to support customers even better in future, using applied, and especially combined, innovations. “Our Conversational Commerce approach for the Dutch Grand Prix 2020 is just one example.”



Growth

“We were successful in becoming a listed company at the beginning of 2020, following our first attempt in October. We were thrilled, as the focus and intensity were so enormous during the preparation phase. The IPO team had been working at that one goal for a year, while other colleagues were focused on growing business. That combination made for a strong release when we had a definitive go.

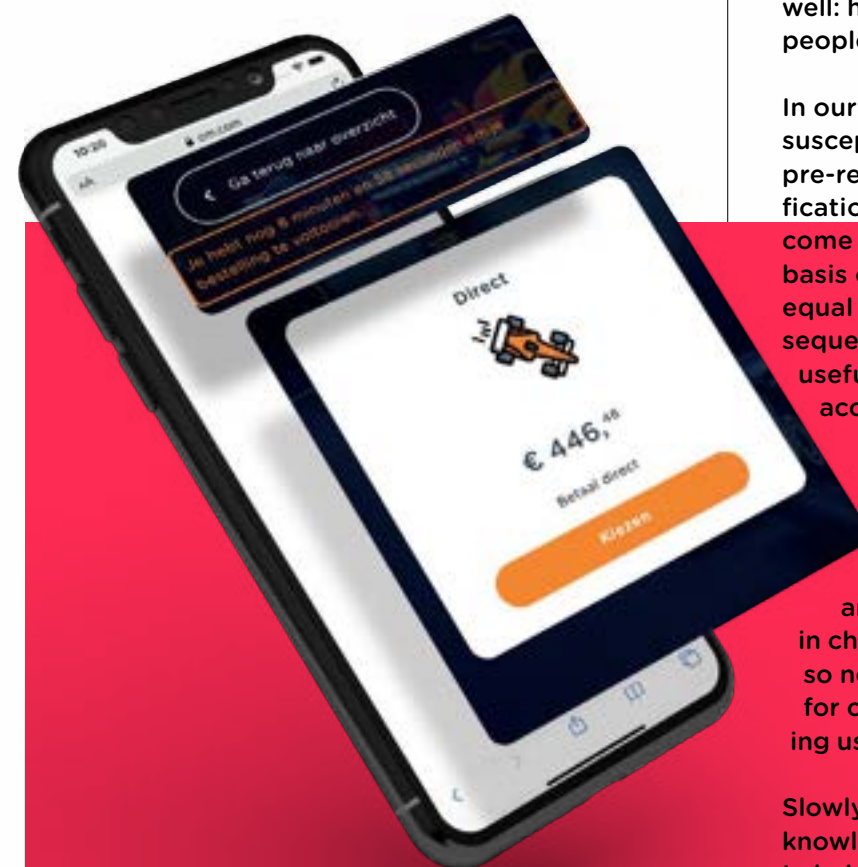
As the Head of Finance, I was heavily involved in the strategic process. I have asked myself countless times, ‘who are we, really?’. Of course, you know who you are; after all, I have been working at CM.com for nine years, but if it comes down to details, the right wording is essential during an IPO, as is underpinning the right data. We worked with absolute precision.

An IPO is much more than gaining access to the capital market. It is about presenting a strong vision and demonstrating innovation power. Being sustainable as a business and defining which strategy fits best. In that respect, 2019 ensured that we expressed our corporate story even more concisely, and that is a strong basis for the years to come.

We are now focusing on the worldwide sale of the innovative products we developed. Therefore, we aim to bolster our marketing and sales. We supply our Conversational Commerce solutions to customers across the globe. Geographic extension of our local and regional hubs fits in with our focus on growth. Our new CM.com hubs in Singapore and Los Angeles are the most recent examples. We are examining where there is scope for growth in the market, and when we have found the right potential, we take the step. Controlled and well thought-out.

Since the IPO, we are suddenly public. In other words, listed. That is essentially different from before. Organizations pay us more attention. People are curious: ‘who is that newcomer to the stock market?’ I have noticed in a very short time that, as a result, what we do and what solutions we propose is more visible. That is a great side-effect.

“An IPO is much more than gaining access to the capital market. It is about presenting a strong vision and demonstrating innovation power.”



CASE

Formula 1 Heineken Dutch Grand Prix

Cross-selling and complete Conversational Commerce solutions fit with the acceleration of our growth strategy. The smart combination of messaging channels, payments, ticketing and other cloud platform features, that is what we call Conversational Commerce. For our customers, Conversational Commerce yields higher returns. We created a true Conversational Commerce solution for the Dutch Grand Prix 2020.

In doing so, we paid particular attention to ticketing and to the communications on the Formula 1 event. Those are the critical success factors. For instance, ticket sales, as for any large event, are susceptible to fraud. Also prior to ticket selling fan expectations run high. Everyone wants to be the first, thinking they’ll be too late otherwise. Mobility is an issue as well: how do you get hundreds of thousands of people to Zandvoort the right way?

In our approach, we primarily leveled out susceptibility to ticket fraud. By starting a pre-registration – including automated verification checks using SMS messaging – ‘first come first served’ no longer applied. On the basis of data, every registered fan had an equal opportunity to buy a ticket, and subsequently, we could provide the fans with useful tips. For instance, with regard to accessibility.

We’ve facilitated the ordering of a part of the DGP tickets via our Conversational Commerce proposition. Orders were placed via Apple Business Chat and paid by making use of Apple Pay. All in chat! The event will be completely cashless, so no need to get in line to exchange money for coins or tokens. Fans can easily pay making use of their bank card or mobile phone.

Slowly but surely, I am becoming more knowledgeable about racing and Formula 1. I obviously know who Max Verstappen is, but Zandvoort will be my Formula 1 debut. I am really looking forward to it!”





DUTCH GRAND PRIX

What: Digital complete solution for the Dutch Grand Prix 2020 with respect to ticketing, payment and experience.

How: With our technology, CM.com ensures that the visitor experience at the Grand Prix, from application process through experience, is perfectly organized down to the last detail. The order process through the ticketing platform was made easier by

pre-registration and drawing lots, so that every fan had equal opportunity to buy a ticket. During the event, fans can pay their food and drinks without the need for cash or tokens. Furthermore, the CM.com technology is being deployed for communications with the fans, among other things, to optimally streamline logistics to and from Zandvoort.

Our people and culture

Regardless of how innovative and technically advanced CM.com has become over the past 20 years, transforming technology to create valuable solutions for our customers is a people’s business. Acquiring and retaining talent is one of the key success drivers for CM.com in delivering on our growth strategy. We are committed to providing our people with the best employee experience, and make it our mission to:

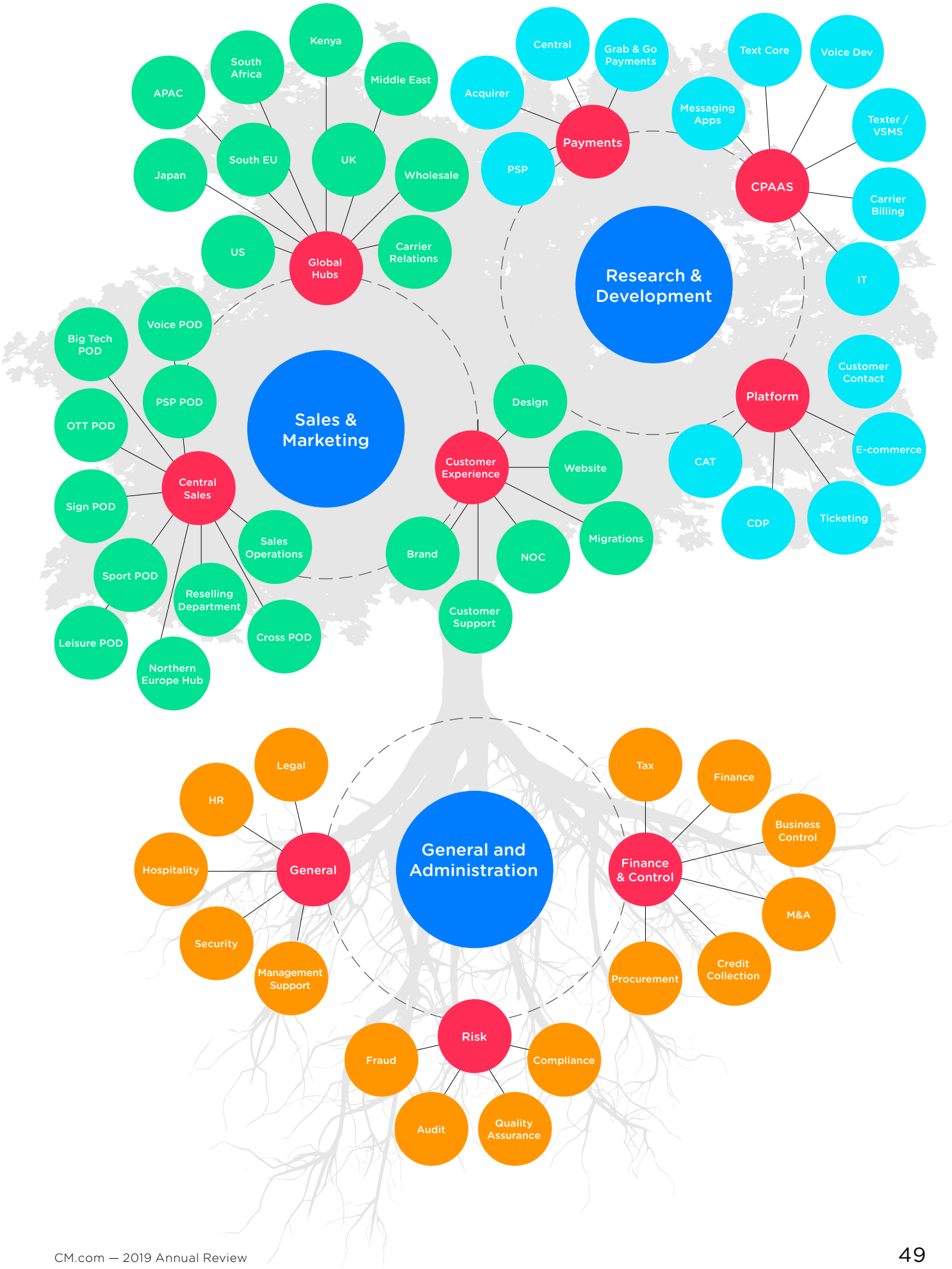
- Attract and retain the brightest candidates in the market;
- Offer a workplace and environment of empowerment and teamwork in order to utilize a person’s full capabilities; and
- Develop skills and knowledge across the various disciplines needed to assure our innovative nature.

ATTRACTING AND RETAINING TALENT

We have aligned our organizational structure to our business strategy, and have established three areas that are fundamental to our success and that we ensure deliver value:

- Sales & Marketing: Develop and improve the products and services for our customers by integrating CM.com’s products into their business model. Ensuring that CM.com is recognized as best in class within the rapidly emerging Conversational Commerce market;
- Research & Development: Continue innovating our platform towards a fully integrated product offering that is ready to match the market demand for different Conversational Commerce use cases; and
- General & Administration: Maintain high-quality standards and processes, building a solid financial foundation for future growth and ensuring CM.com maintains its solid reputation and earns the trust of various stakeholders.

The CM.com team tree presents a graphical display of our non-hierarchical structure, showing our various self-managed teams within our three main activities.



Development of our organization with FTEs and Head Count at year-end 2019:

	FY2019	FY2018
FTE Sales & Marketing	116	103
FTE Research & Development	100	88
FTE General & Administration	50	48
FTE TOTAL	266	238
HC Sales & Marketing	123	117
HC Research & Development	109	88
HC General & Administration	52	54
HC TOTAL	284	259

Diversity and inclusion

CM.com has a strong ambition to promote an inclusive and diverse workforce. Currently, we have a gender split of 25% female to 75% male. Our staff consists of 20 different nationalities, with 18 natively spoken languages. Diversity of thought is considered to be a driver of creativity and decision quality. As such, we pay special attention in recruitment to prevent unconscious biases.

We strive to achieve equal pay for men and women. The following table shows the position salary compared to norm salary for men and women at year-end 2019 for all employees. Variable pay is excluded from this comparison.

Position salary compared to norm salary

	AVERAGE SALARY	MEDIAN SALARY
Women	97%	98%
Men	99%	97%

CEO pay ratio

The pay ratio of the CEO’s base salary compared to that of the average employee is 4.4x at year-end 2019. We calculated the CEO pay ratio as the base salary of the CEO divided by the base salary of the average FTE at year-end 2019, excluding variable pay and excluding the salary of the Management Board in the average base salary.

Attracting talent

CM.com invests a lot of time and effort in becoming an employer of choice. We have strong relationships with universities and invite their best students to do their graduation assignments with us. Internationally, CM.com is present and visible at industry events, which helps us identify and engage with local talent. We invite professionals to attend meet-ups we host at our CM campus with inspirational speakers. We generally aim to hire people with the following shared skillset:

- entrepreneurial mindset and innovative spirit;
- cultural fit;
- strong analytical skills;
- academic background; and
- strong social and communication skills.

We have a thorough selection process with multiple interviews and an assessment of cognitive abilities. During the onboarding process and actual employment, we keep tracking individual development and fit with the CM.com culture.

OUR CULTURE: CM.COM’S ENVIRONMENT AND WORKPLACE

“Do what you like, do what you are good at, and contribute”. This has always been a core belief and personal value of our founders. Our culture has very much been based on this belief and is translated into the way we work together. Scan the QR code and watch the latest CM.com cultural video.



Empowerment

We strongly believe that decisions need to be taken by people with the knowledge and experience to make them. Our experience, is that these people are rarely managers. Therefore, CM.com has a flat organizational structure. We aim to keep the percentage of managers to a minimum. We’d rather hire smart people who are able and confident to make decisions themselves.

We are organized in multi-disciplinary and self-managed teams that set their own goals and measure their own progress. We try to keep the size of the teams small (up to 8 people), so the communications within teams is effective. This way, teams can adapt to changes quickly and maintain their entrepreneurial spirit.

Collaboration

CM.com fosters teamwork as we strongly believe that teamwork results in a better performance. Our teams consist of a wide variety of people, both in



experience and maturity. This provides young talent the opportunity to get mentoring on the job, and to develop personally. The same can be said for the more experienced employees who benefit from being exposed to younger perspectives. Diversity and inclusion remain a top priority for good teamwork. We need diversity in thought and we need the ability to listen to each other and debate productively to promote better decision making.

Inspiration

To unlock someone’s full potential and creativity they need to be inspired. Three times a year, we invite all employees to our ‘international weeks’. During these weeks, CM.com inspires employees by sharing our latest vision along with the newest innovations and product developments. In addition, trainings on different topics are organized and we encourage people to share their knowledge and insights.

Celebrating successes is also an important part of our culture. During the international weeks, we organize events to help all our employees bond and we invite them to join the winter sport and Ibiza trips, and our annual CM.com food truck festival.

Contribution

Beyond delivering value for our customers, we are committed to contributing to society and to making the world a better place. CM.com supports a wide range of community initiatives, ranging from Global partnerships (UNICEF) to local initiatives (Coderdojo for kids).

Within our community initiatives, special attention goes to providing children and young adults with better opportunities. They are our future. We continue to see a high level of commitment by our employees to contribute to society, giving greater purpose to their lives. They value these initiatives highly and play an active role in them.

THE CM CAMPUS

CM.com’s employee philosophy is aimed at long-term commitments. To achieve this, our efforts go beyond simply motivating our people with good reward schemes. We encourage people to speak up and share their views.

The CM Campus

‘Knowledge sharing’, ‘Speed of change’ and

‘Collaboration’ are important value drivers for the CM.com team. Our goal is always to create a workplace that people are happy to come to each day.

In line with this effort, we have built the CM Campus, designed to benefit all employees in the workplace. It is a place where our people feel at home and gain access to a wide range of facilities. To name a few: full day fresh food service, sport classes, plenty of meeting rooms, inspirational art, meditation and prayer facilities, a theatre, and lots of social events.

CM Cares

Working at CM.com tends to be challenging and requires the most of our people’s abilities. Physical, financial and mental well-being highly important for us. The CARE-team of CM.com consists of various external specialists who are able to provide our employees with preventive and anonymous counseling for issues that may cause stress to them. These specialists include: psychologists, budget coaches and dietitians.

LEARNING & DEVELOPMENT

The future growth of CM.com is dependent on our ability to transform and adapt our business swiftly depending on changing market scenarios. That ability depends on our people’s ability and willingness to learn new things and be flexible with their personal beliefs.

CM Academy

A strong desire to pursue personal growth is a common denominator among our people. The CM Academy offers our people ample opportunities to develop themselves. Every Friday there are trainings with open admission to develop knowledge on products, develop soft and language skills, as well as technical and system courses. Colleagues located outside the Netherlands also have the opportunity to participate as most trainings are broadcasted live and recorded to watch at a later stage.

During 2019, CM.com initiated 34 different trainings and ‘sold’ 864 tickets for trainings in our internal CM.com ticket shop. On average, the classes scored a 4.07 by participants (on a 1-5 scale).



— Live and Learn —

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WENDY SCHILDER
SENIOR ACCOUNT EXECUTIVE

Doing what you enjoy doing drives you to grow every day, both personally and professionally. Wendy Schilder (Senior Account Executive) knows this like no other. Using her extensive experience in the field of social enterprise, she counsels various charities. This fits in with the CM.com philosophy.



“We don’t just support organizations financially, but our services do ensure that they can make a difference. In one campaign week, we raised 50 percent more money for Cordaid than they aimed for. That makes me happy!”

Techno Girls

“On the quiet, we do quite a bit for society. We don’t shout it from the rooftops, we simply feel we need to. Creating an unforgettable day for refugee children, for instance. I remember it as if it were yesterday. Then, you see this big smile on their faces and a sparkle in their eyes.

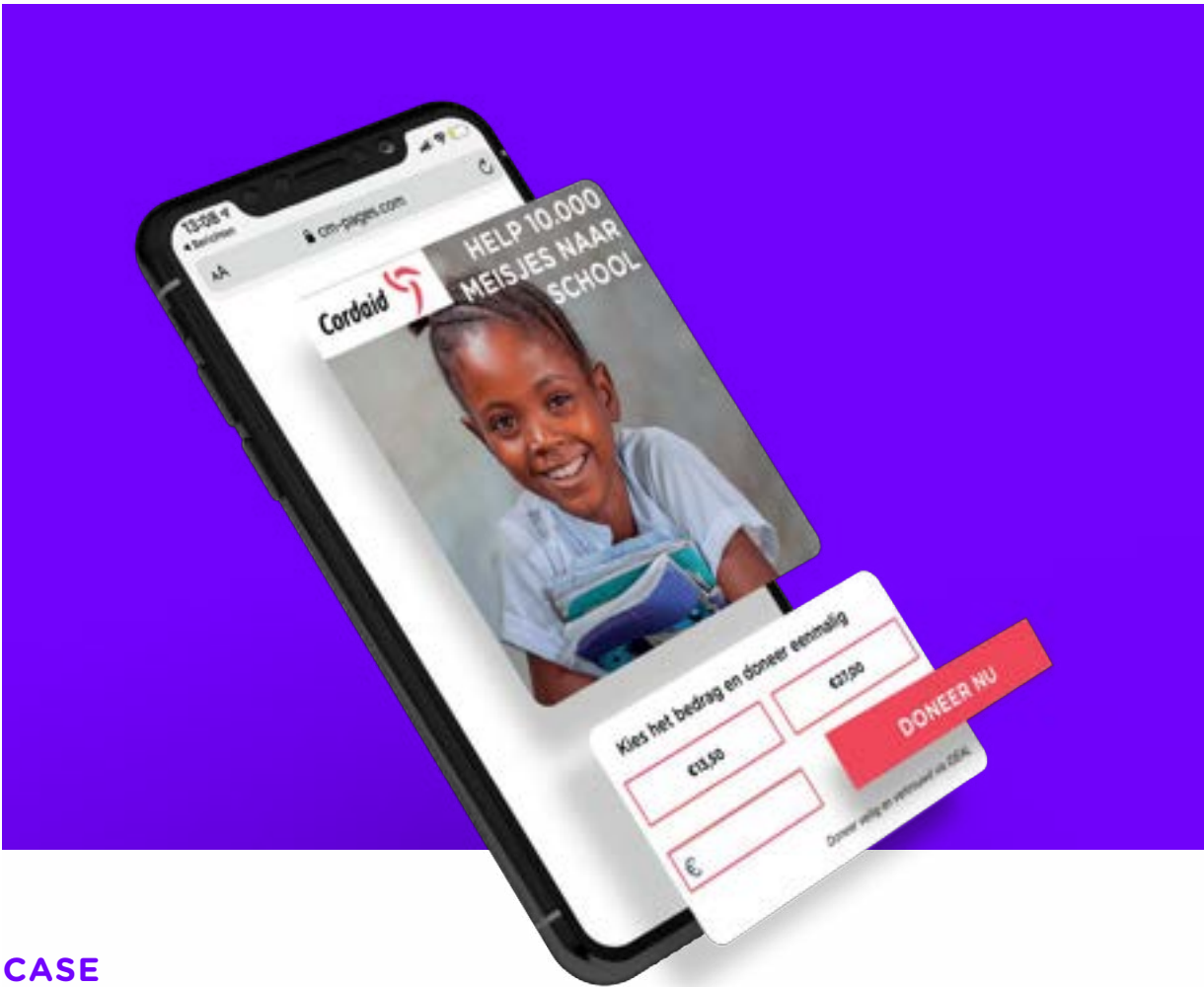
The Techno Girls project affected me on a personal level. I can still vividly recall how excited we all were. We became involved in the UNICEF job program, enabling recently graduated South African women to do internships in international companies. Pertunia and Jennifer were our techno girls. We employed them at CM.com for three months to enhance their job opportunities in their own country. It was an education in all respects, both for them and for us.

In South Africa – as in many other developing countries – it is incredibly difficult for any young woman with a technological background to find a job. With a European internship on your resume, that future suddenly becomes a lot brighter. We were fully aware of this and we went all out to prepare those girls for the job market.

It was a special period. For Pertunia and Jennifer, obviously, since they set foot in a plane for the first time in their lives and ended up in a completely different environment. They were terribly shy when they first arrived, but when they left, they were really confident.

For me, personally, it was a special experience too. Jennifer stayed with my family for five weeks. You don’t usually mix your home situation with work matters, but with CM.com it simply fits. Our mutual involvement is unique.

“The campaign worked like a dream”



CASE
Cordaid

Charities suit CM.com. They look very critically at the expenses they make, while we are there to efficiently convert every euro into results. From years of experience in the sector I know that charities are eager to innovate. We help them with that. Mobile solutions in communication and interaction really make a difference. Obviously, the ultimate goal is boosting conversion. Personally, it gives me great satisfaction to make a difference for these customers in particular.

With this in mind, I came into contact with Cordaid, an international aid organization for people living in poverty. Every year, they run a campaign week with the Dutch television show RTL Boulevard, in which CM.com is the technical party handling SMS donations. In 2018, this campaign was very successful, yielding 100,000 SMS messages worth 3 euros each.

While preparing for the 2019 campaign, we developed together with Cordaid a new flow, aiming to increase the proceeds from their campaign week

even further. We replaced the premium SMS (and thus the maximum donation of 3 euros) with a free reply SMS message. We linked a mobile webpage with the Cordaid look and feel as well as the option for people to decide on the amount they wanted to donate via iDEAL. With this approach Cordaid targeted the 11 million Dutch people who use mobile banking. Together with RTL Boulevard, Cordaid ensured that the whole week revolved around the campaign and we are proud we could play an important role. ‘SMS the word SCHOOL to 3669’, presenters kept calling. ‘For 27 euros you send a child to school for a year’. That sentence really stuck in your head, believe me!

The campaign worked like a dream. Some 30,000 people sent an SMS – fewer people than the year before – but the conversion in euros was much higher. And that was what it was all about. Ultimately the campaign enabled Cordaid to send no fewer than 16,247 girls to school for a year, more than the hoped for 10,000.

CORDAID

What: Raising money during Cordaid's campaign week.

How: Using a combination of CM.com services – SMS, webpages, iDEAL, an interactive chat for data enrichment and collecting opt-ins for further contact. The medium of television and the popularity of RTL Boulevard was an important driver for the reach and success of the campaign. The opt-in ensures that Cordaid can stay in touch with the donors, which is beneficial to the organization's future.

When: November 2019 (Cordaid in collaboration with the Dutch TV show RTL Boulevard)



Sustain- ability

We firmly believe that technology exists to enhance people's lives. It has the power to make life easier, safer and more beautiful. We want to contribute to this and give something back to society.

Even though technology and data enable us to thrive, we believe that at the heart of the business it all comes down to people. This applies to our products, our operation, and our role in society. We connect, cooperate and co-create. Together, we all contribute to CM.com's mission to reach billions of people. We don't see high quality mobile technology as a goal but as a way of enabling our customers to be part of people's lives.

That is why CM.com has a mobile-first development approach. This accelerates sustainable development while generating long-term value for all stakeholders. In this respect, CM.com contributes to challenges on Environmental, Social, and Governance (ESG) issues that create long-term stakeholder value. We see the United Nations Sustainable Development Goals (SDGs) as a meaningful way to meet challenges with innovative solutions.

CM.com views sustainability as a long-term driver of change to improve processes, pursue growth, and add value to our customers and society.

VALUE THAT EXTENDS BEYOND TECHNOLOGY: PURPOSE & VALUES

CM.com believes that true value is more than financial success. This is part of our company culture. Regardless of how quickly the world changes and how quickly technology changes with it, CM.com is constantly searching for ways to connect people with each other.

CUSTOMER CASES 2019 – MAKING LIFE EASIER, SAFER AND MORE BEAUTIFUL

Festivals: Lowlands 2019

Festivals are increasingly embracing innovative technology. CM.com's Ticketing solution has been contributing to this new trend for some time. Tickets no longer have to be printed; mobile tickets can be scanned on arrival using a smartphone.

CM.com is also a strong believer in a cashless and even cardless payment ecosystem. In 2019, CM.com made mobile ordering and payment at Lowlands

possible for festival visitors. Under the name Mobile Order, CM.com set up a pilot program with Lowlands. This allowed festival-goers to place drink orders in the Lowlands Festival 2019 app. Payment took place after Lowlands, in a single transaction. This meant that wallets and physical (plastic) coins were not needed at the festival.

Charity organizations: Cordaid & The Dutch Cancer Society (KWF)

In 2019, developers at CM.com found a way to increase the amounts that could be raised by charities. Major charity funds like UNICEF, KWF and Cordaid are customers of CM.com.

For the Dutch Cancer Society (KWF), CM.com facilitated an easier way of fundraising using QR codes. Collectors added a personalized QR code to the collection box. By scanning this code, donors entered a secure payment environment where they could adjust the pre-filled amount.

For Cordaid, CM.com developed a smart combination of SMS, mobile payments via iDEAL, and a chatbot for opt-ins to make it easier to donate. This enabled Cordaid to start a conversation with its donors via mobile messaging, making the interaction more personal.

CM Sign: electronic signature

CM.com launched the CM Sign product in 2019. This electronic signature offering was intended to replace the need for traditional handwritten signatures. By removing physical logistics, doing business - especially internationally - is made easier. Perhaps the biggest benefit is cost reduction. Postage, printing and paper are now a thing of the past. The risk of fraud is also drastically reduced by Two-factor Authentication (2FA). Thanks to a digital certificate, every modification to the original document can be traced. Thanks to cryptographic calculations that only work in one direction, there is no way to forge the signature.

CREATING POSITIVE CHANGE IN COMMUNITIES

For CM.com giving back to the community is just as important as financial profit. That's why we focus on helping young people fulfill their dreams.

UNICEF

CM.com believes that community involvement is important. CM.com has continued its strategic partnership with UNICEF. UNICEF uses CM.com's SMS service to boost donations worldwide. In return, CM.com organizes and attends UNICEF's charity events to increase donations and raise awareness about children's living conditions worldwide.

Local themes: Sharing knowledge by education •

Sharing knowledge is an important means of giving back to society. We have ambitious partnerships with Eindhoven University of Technology, Avans University of Applied Sciences, and TIAS School for Business and Society. Setting up field experiments for students is our way of giving young people the work-life experience they need to contribute to society. Co-founder Gilbert Gooijers also regularly gives guest lectures to inspire students by sharing his knowledge about entrepreneurship.

In 2019, the CM Tickets department in Breda was accredited as a work placement company. The Dutch Act on Adult and Vocational Education requires VET-students to carry out part of their education at accredited work placement companies. By serving as a work placement company, CM.com contributes to the future of the professional service industry.

MANAGING OUR ENVIRONMENTAL FOOTPRINT

In 2019, we continued to manage our direct environmental footprint by efficient use of natural resources, and through the identification and implementation of green alternatives.

CM.com has an ISO 14001 certification to improve resource efficiency and reduce waste. This means that we actively look for possibilities to reduce our environmental impact and minimize costs.

Paper minimization

One outcome of CM.com's service is helping enterprises reduce their use and distribution of paper-based communication. CM.com encourages less paper consumption by implementing tools that support the electronic handling of data recording and data exchange.

Travel reduction

We are also working to minimize environmental pollution from car usage with the introduction of our local employee recruitment policy. This policy reduces carbon emissions generated by commuting by offering employees hybrid company cars for business travel and by promoting public transportation.

Energy usage offices

We continued to improve the environmental performance of our office buildings. The HQ office in Breda stopped using natural gas mid-2018 and is now fully electrically powered. Part of the energy needed is locally produced by solar panel installations. For additional energy demand, we use electricity generated by mixed renewable sources. Also CM.com replaced all light sources to LED in 2019. Other CM.com office locations worldwide are multitenant buildings that CM.com does not own and therefore fall outside of the scope in this report.

Sustainable Procurement

CM.com avoids the use of hazardous materials. CM.com’s business requires the extensive use of computers and associated electronics. To help CM.com optimize its performance and minimize the consumption of energy, CM.com regularly upgrades its systems and its server park with modern and energy efficient technologies. By investing in state-of-the-art technology, power management of CPU’s (Central Processing Unit) inside the server park reduces heat generation reducing the need for cooling.



Risk Management

CM.com was founded 20 years ago when it became the first company to facilitate communications between discotheques and their guests via SMS. We are now a global organization servicing businesses across a wide range of sectors. At CM.com, we see Research & Development as key to our success. Our search for innovation means exposing ourselves to risk daily and this is something we take great care to asses.

To ensure CM.com only takes controlled and calculated risks, we developed a framework that monitors risks in relation to our key assets: people, customers, platform, innovation, stakeholders and governance. Measures of risk control are applied on the basis of CM.com’s risk appetite, which refers to the standard of service and commitment we provide customers, relevant legislation and the quality standards ISO 9001, 14001, 20000, 27001 and PCI/DSS.

CM.com defines risks in accordance with source and impact. We categorize them as predominantly either strategic, operational, commercial, financial, or compliance risks. For each possible risk event, CM.com determines its approach based on: likelihood, impact and velocity. These factors help us determine our risk appetite or willingness to accept certain risks.

Our control framework is embedded in our operations and a high degree of employee responsibility. We ensure employees are well-equipped to make risk-related decisions in the design and implementation phase by providing awareness trainings. We also perform regular audits and incident evaluations. Staff functions such as business control, compliance, fraud management, security, quality assurance, risk management, and internal audit help identify risks and define controls which mitigate or manage these risks. CM.com avoids risks that may hurt the execution of its growth strategy or threaten the continuity of its business. We drive risk awareness, guarding the company’s integrity while safeguarding data security and platform availability.

RISK APPETITE

CM.com believes that technology contributes to the well-being of humankind and that is why we embrace innovation. This kind of entrepreneurship requires an elevated appetite for commercial risk. Once a product has been developed and added to the platform, CM.com aims to have it integrated into standard operations and automated if possible. The



company aims to minimize operational inefficiency as far as the benefit justifies the means of improvement and preventive control. Our operational risk appetite may therefore be defined as neutrally moderate.

The company is opposed to taking on any risk that may lead to direct leakage of financial means. Our financial risk appetite is low. CM.com is entrusted to protect the proceeds of consumers and merchants for whom payment transactions are processed. In addition, the company processes billions of communications items which often contain private or sensitive data. This means taking serious precautions to ensure cyber safety for our customers and their customers too. We take no compliance risks, since in order to operate CM.com must adhere to laws and regulations governing its license to operate.

STRATEGIC	RISK SCENARIO	CONTROL MEASURE
Market	The risk that market developments have an adverse effect on the growth strategy of CM.com. This is a relevant consideration given the market of Conversational Commerce is a relatively new market.	CM.com aggregates all technologies that comprise a possible mobile journey in satisfaction of a consumer’s need. CM.com acts at the forefront of these technologies and welcomes new innovations. Through marketing campaigns and direct sales contact CM.com makes organizations aware of their options to improve their mobile customer journey by use of CM.com’s conversational commerce platform.
Global expansion	Global expansion of local and regional hubs is key to CM.com’s long-term growth strategy. Openings of new offices bring new challenges in finding and selecting the right employees with the necessary skillset and entrepreneurial spirit. At the same time, we need people who will work well in our open and flat organization.	CM.com has developed a dedicated global expansion team that has opened hubs and sales offices successfully around the world. The team has a global network and maintains these connections to assist us in hiring the right people and implementing local and regional rules and regulations. We always hire local people that know the market and are familiar with the local customs. Furthermore, all employees get a three-week introduction course to get acquainted with our services and our culture.
Human Resource constraints	Next to expanding our sales force globally, Research & Development is essential for an innovative technology company like CM.com. This means it is crucial to be able to hire highly-qualified developers. The failure to attract, develop, train and retain them may have an adverse effect on our business.	CM.com has a strong belief in intrinsic motivation. CM.com gives its personnel a high degree of freedom and authority. Inhouse recruiters are appointed to select the personnel that suit our company culture. To support employee retention, CM.com operates a further education program that stimulates employee development.
Mergers and Acquisitions	Making a wrong acquisition might negatively impact our business.	The primary focus of our M&A strategy is acquiring customer bases rather than technology. CM.com enjoys a strong negotiation position, given the large pool of available potential targets, our knowledge from past transactions, and our qualified M&A team. This is reinforced by the fact that we can acquire companies in a large variety of segments (e.g., ticketing, payments, data).

OPERATIONAL	RISK SCENARIO	CONTROL MEASURE
Platform availability	CM.com is a Communication Platform as a Service (CPaaS) so the availability of its platform is key. Any downtime of the platform may have adverse effects on our business.	The inhouse Network Operating Center monitors service availability and traffic throughput on 24/7 basis. In 2018, CM.com launched status.cm.com on a hosted cloud-service to provide customers constant insight into the availability and response times of its platform. We work closely with our technology partners to ensure we're using the latest and best technology for capacity management and business continuity (automated server configuration, load balancing, fail-over mechanisms, back-up). CM.com also applies a multi-vendor policy for its network services to optimize its platform redundancy. The CM.com VMware environment supports flexible capacity allocation and swift server configuration. The three interconnected datacenters ensure geographical redundancy.
Data integrity and cyber security	Like any business in the industry, CM.com is regularly subject to cyber-attacks. If not properly dealt with, cyber-crime may lead to disruptions of operations, misuse of customer identities, loss or leakage of third party, privacy sensitive data.	CM.com constantly renews its firewalls at multiple layers, applies encryption technology, and a centrally controlled access policy. Various third-party experts are regularly engaged to perform penetration tests and vulnerability scans. Employee integrity is monitored and security and privacy awareness is ensured through yearly mandatory trainings. The development of platform features is assessed for security and privacy impact.
Supplier continuity	CM.com, in its role of aggregator, relies on its suppliers in its communications and its payments business. We do this because we are a transaction processor in a complex payments eco-system.	CM.com has a network of partner aggregators to connect to all telecom operators worldwide. This network provides back-up in case of failure of a direct connection. Wherever possible, CM.com operates a multi-source policy for the processing of payments transactions and verifies that suppliers have arranged for sufficient business continuity measures. CM.com is a certified acquirer of American Express and Mastercard and is in the process of becoming a certified acquirer for VISA. As a direct acquirer, the payments processing chain is shortened.

COMMERCIAL	RISK SCENARIO	CONTROL MEASURE
Competitive landscape	The market for global communications and payments processing is very transparent and price competitive. Customers may switch supplier for lower prices.	CM.com has developed an automated pricing monitor that scans price changes of other aggregators and automatically selects the most beneficial delivery route. To stay ahead of the competition, CM.com regularly reconsiders its pricing model. CM.com is also expanding its service offering, making CM.com a one-stop shop to enrich the entire customer journey. Pricing will therefore become more value-based.
Customer relations	Attracting and retaining customers is essential to CM.com. Failure might negatively impact our business.	CM.com installed special sales pods in service-specific segments in the market. These pods are equipped with a dedicated account manager, as well as customer care employees and sales desk professionals. Together, they ensure customer satisfaction while attracting new customers.

FINANCIAL	RISK SCENARIO	CONTROL MEASURE
Credit risk	CM.com engages in sales transactions with its customers and these customers may become insolvent or otherwise unable to discharge their obligations to CM.com. Any failure to repay or refinance the outstanding debt under their facilities may have a negative effect on our business.	In general, our customers subscribe to the platform services for recurring use. Overdue payments are automatically reminded and receivables are actively chased. Ultimately, CM.com has the right to the block the customers' platform accounts. Monthly financial reporting and forecasting provide the Management Board with an early warning for any potential or projected breach.
Currency risk	Sales transactions, procurement and operating cost may be completely or partially in local currencies. If the value of the euro declines against the currencies in which CM.com's obligations are denominated, or increases against currencies in which its sales are denominated, the result could have an adverse impact.	While CM.com's functional and reporting currency is the euro, a portion of its revenues and a significant percentage of its expenses are denominated in or influenced by currencies other than the euro. CM.com manages such revenues and cost to a natural hedge whenever possible at short term. Surplus non-euro currencies are converted to euro.
Financial reporting	Inaccurate or incomplete information on the financial status and performance of CM.com may misguide shareholders and other stakeholders.	CM.com's accounting principles are based on IFRS. Financial reports are audited by an independent external auditor.
Payments fraud control	Both the e-commerce and m-commerce parts of the business are facing an increase in attempts at payments fraud. As a Payments Services Provider (PSP), CM.com may be held liable with no option for recovery from the responsible merchant.	Cooperation with international experts and machine learning detection tools allow us to stay confidently combat any malicious counterplayers at consumer and merchant level. Security deposits are held for merchants that operate in high-risk or sensitive business segment.

COMPLIANCE	RISK SCENARIO	CONTROL MEASURE
Local legislation	Our strategy is expanding our business globally, meaning entering new jurisdictions. A misinterpretation or poor implementation of local laws might lead to fines, claims or a rejection for licenses to operate.	The legal team of CM.com engages with worldwide established law firms as well as local lawyers to obtain advice and gain insight into local regulations that require adaption and implementation. CM.com has documented its tax policy and intercompany pricing principles in accordance with the OECD guidelines for transfer pricing.
Privacy protection	The CM.com platform processes huge amount of data on behalf of its customers. The data processed under CM.com's control is subject to privacy regulations, such as GDPR. Non-compliance with these regulations can lead to fines, claims, sanctions and reputational damage.	CM.com regards GDPR as an international default. Various dataflows are identified, analyzed and controlled. Apart from CM.com's own compliance, the CM.com platform provides features that allow its customers to manage their own the privacy protections effectively.
Payments directive	As a Payments Services Provider, CM.com must comply with the European Payments Services Directive (PSD2) and equivalent rules set out in national regulations. Non-compliance could lead to fines or a retraction of our payments license with the Dutch Central Bank.	PSD2 regulates but also broadens the options for providers to obtain bank account information or transfer money from a bank account (if account holders give their explicit consent). This set-up is intended to drive innovative payment solutions and attract new players to enter the payments market. As an innovative technology company, CM.com is a strong believer in a cashless and even cardless payments ecosystem. As such, it has launched new payments solutions that are fully mobile based. At the same time, CM.com has enhanced its compliance framework to adopt the tightened regulation for customer due diligence and transaction monitoring.



Focus

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MICHIEL MIKX
GLOBAL BUSINESS
DEVELOPMENT

The course CM.com has set for the future ensures a sharp focus: today, work enormously hard on services that will be used by millions of consumers in a few years' time. That well-defined idea exactly matches the DNA of Michiel Mikx (Global Business Development). "There is nothing I like better than bringing the future to here and now. For our customer Takeaway.com, we can indulge in what we do best, every day."



"We live in such interesting times. Just compare it to 1997, when websites were knocked up in attics and people were saying, 'This is what we need, for this is going to be really hot!' Now, we are living in a comparable moment in history. Disruptive innovation, in which conversational commerce and business messaging will play an important role. It is obvious that we are at the beginning of a wider development that will ultimately change consumer behaviour forever."

Champions League

Within that innovative playing field, CM.com is one of the best in the world. Say, the Champions League of messaging, where we integrate the payment part into one platform. This enables businesses not just to communicate with their customers, but also to sell their products through that same channel and thus to substantially boost their revenue.

CM.com is special to me. Especially the way of looking ahead fits in with who I am. Apart from our core business, messaging and voice, we focus on innovative conversational commerce solutions that are adding value and will continue to do so in future. CM.com has that focus, and actually, I have always had it myself.

Fifteen years ago, I did a Business Studies master as well as an Anthropology minor, specialising in Asia. By then, you could predict, 'China will take over the world'. I wanted to know more about it; that is who I am: curious. The same applied to my graduation thesis about the future of electric vehicles. I am talking about eleven years ago, you see, when there were hardly any Teslas in the streets. Back then, these were developments that were going to change the world. And by now, they have. I'm convinced that CM.com will do the same.

In 1999, the use of texting was still unclear, and we started linking technology to people's day-to-day needs. Now, in an age when texting is an important medium for businesses and vast numbers of consumers are using WhatsApp, we are paying particular attention to how we can deploy WhatsApp for businesses on a large scale. It's a no-brainer that this will take off. It won't be much longer before we start switching off websites and apps become superfluous. And thus, history will repeat itself time and again.

Takeaway.com

Yes, we are working on something special at

CM.com. It is wonderful to work on developments in such a focused way, knowing they will be revolutionary. Takeaway.com (known in the Netherlands as Thuisbezorgd.nl) realised that too. We have been working together for just over five years and watched Takeaway.com grow from local to global. From down-to-earth entrepreneurs in the Dutch town of Enschede to the largest food delivery platform in the world.

The text message 'Your pizza is on its way' really matters to Takeaway.com customers. Anyone who orders a pizza is always wondering, 'When will I get it?'. This applies to all customers in all the countries where they are active. For Takeaway.com, our text messages ensure that they can provide consumers with better services and that they need to answer fewer phone calls from enquiring customers. In other words, win-win!

"The text message 'Your pizza is on its way' really matters to Takeaway.com customers"



CASE

Takeaway.com

Takeaway.com and CM.com trust each other completely. We are well-attuned. By now, they are also using Voice services and WhatsApp through our platform. That way, they can contract new restaurants in the countries where they are active. Those restaurants will then make use of their delivery services. Besides, they also use our services to hire staff across the world, using accessible channels such as WhatsApp. They need to, for Takeaway.com is growing really fast. They are going to conquer the world and we help them do it!"





TAKEAWAY.COM

What: Takeaway.com has grown from a national player to 50,000 restaurants in 11 countries worldwide.
How: Using a scalable Messaging and Voice platform developed by CM.com, linking restaurants, delivery services and recruitment.
Working with CM.com: since 2014

MANAGEMENT BOARD



Jeroen van Glabbeek (Dutch, 1979)

Founder, CEO, Managing Director
Before founding CM.com as ClubMessage in 1999 with Gilbert Gooijers, Jeroen van Glabbeek

studied Technology Management at the University of Technology in Eindhoven between 1997 and 2002. In 1998, he started his career as project manager at Getronics PinkRoccade Civity. Jeroen van Glabbeek also completed the Advanced Management Program at Nyenrode Business Universiteit in 2009.



Gilbert Gooijers (Dutch, 1979)

Founder, COO, Managing Director
In 1999, Gilbert Gooijers founded and launched CM.com (at the time ClubMessage) with Jeroen

van Glabbeek. Gilbert Gooijers obtained a degree in Technology Management from the University of Technology in Eindhoven (1997-2002). He completed the Advanced Management Program at Nyenrode Business University in 2009.

SUPERVISORY BOARD



Martin van Pernis (Dutch, 1945)
Chairman

Martin van Pernis has been the Chairman of the Supervisory Board of CM Payments B.V. since 2016. Currently, he is President

of the Supervisory Board of Aalberts Industries N.V. and member of the Supervisory Board at ASM International, among others. Next to this, he holds various roles at non-profit organizations. Previously he was CEO of Siemens Nederland.



David de Buck (Dutch, 1967)
Vice Chairman

David de Buck is Managing Partner at Create Capital, an Amsterdam-based private equity firm. Until 2018, he was CEO of Inter-

trust Group for almost 10 years, also leading the company through its IPO. Prior to this he worked at Fortis where he held various positions, including Global Head Technology, Media & Telecom, CEO of Fortis Lease Group and acted as a member of Fortis Groenbank's Supervisory Board.



Lex Beins (Dutch, 1965)

Lex is founder of Pyton Communication Services B.V. and Cheaptickets.nl / Beins Travel Group B.V. In 2011, Cheaptickets.nl

was merged into Travix International B.V. Currently, he is also member of the Supervisory Board of CM Payments B.V., Profile International N.V. and Ecart1. His current management roles include: member of the Management Board of Barleda Netherlands B.V., and member of the Advisory Board of Check6 Ltd.



Diederik Karsten (Dutch, 1956)

Diederik Karsten is currently a member of the Supervisory Board of Stadion Amsterdam B.V. (Amsterdam Johan Cruijff Arena). Previously, he held Supervisory

Board roles at VodafoneZiggo Group, Telenet, ANP Holding and Liberty Global, among others. At Liberty Global he was also CCO. Some of the companies he has worked at include PepsiCo, KPN and Easyjet. He was CEO at KPN Mobiel between 2000 and 2002.



Mariken Tannemaat (Dutch, 1971)

Mariken Tannemaat was Chief Innovation Officer (CIO) of Robeco until October 2019.

Before this, she was CIO of NN

group and on the board of Nationale Nederlanden with the responsibility for Customer & Commerce. She also held various functions at ING Groep in Paris, London and Amsterdam. Presently, she's also a member of the Supervisory Board at Wehkamp, a Dutch e-commerce company.

Following the legal merger with Dutch Star Companies ONE and the subsequent listing of CM.com at Euronext Amsterdam at 21 February 2020 Stephan Nanninga was appointed to the Supervisory Board. Mr. Stephan Nanninga was an Executive Director of Dutch Star Companies ONE.

CORPORATE GOVERNANCE

Principles

Good corporate governance is a vital component of CM.com's culture and is consistent with our core values. CM.com's corporate governance is supported by a strong focus on transparency, and

clear and timely communication. Good governance and proper supervision are important conditions for creating and retaining trust in CM.com and its management.

In light of the Initial Public Offering (IPO) that was planned for October 2019, CM.com implemented changes to its governance model. The current governance structure at CM.com is based on the requirements set out by Dutch legislation, the company's own Articles of Association, and is complemented by internal policies and procedures. Despite the postponement of the IPO, we decided to install the envisaged governance model, underlining the importance of good governance for the company moving forward. The current governance model was implemented on 28 November 2019.

In the transition from a private, founder-led company to a listed company, CM.com has sought to strengthen its governance in line with the Dutch Corporate Governance Code ('the Code') and international best practices. CM.com has a two-tier board structure, requiring a well-managed relationship between the Management Board and the Supervisory Board. The two boards have specific responsibilities: the Supervisory Board oversees and advises the Management Board in performing its management tasks and guides its general development. This includes the financial policies and corporate structure. The Supervisory Board performs the employer role for the members of the Management Board. In performing their duties, the members of the Supervisory Board are guided by the interests of CM.com and all its stakeholders. We strongly believe that these principles and provisions are consistent with our core values. This means that we do not merely take a 'check-the-box' approach to compliance.

Corporate Governance compliance

We are committed to the principles of good governance: integrity, transparency, accountability, and proper supervision. With the adoption of the new governance model, CM.com implemented the principles of the Dutch Corporate Governance Code, despite that fact that the Dutch Corporate Governance Code did not apply to us in 2019.

We took that step because we agree with its general approach and are committed to adhering to the Code's best practices as much as possible. CM.com fully complies with the Code, with the exception of the following two provisions:

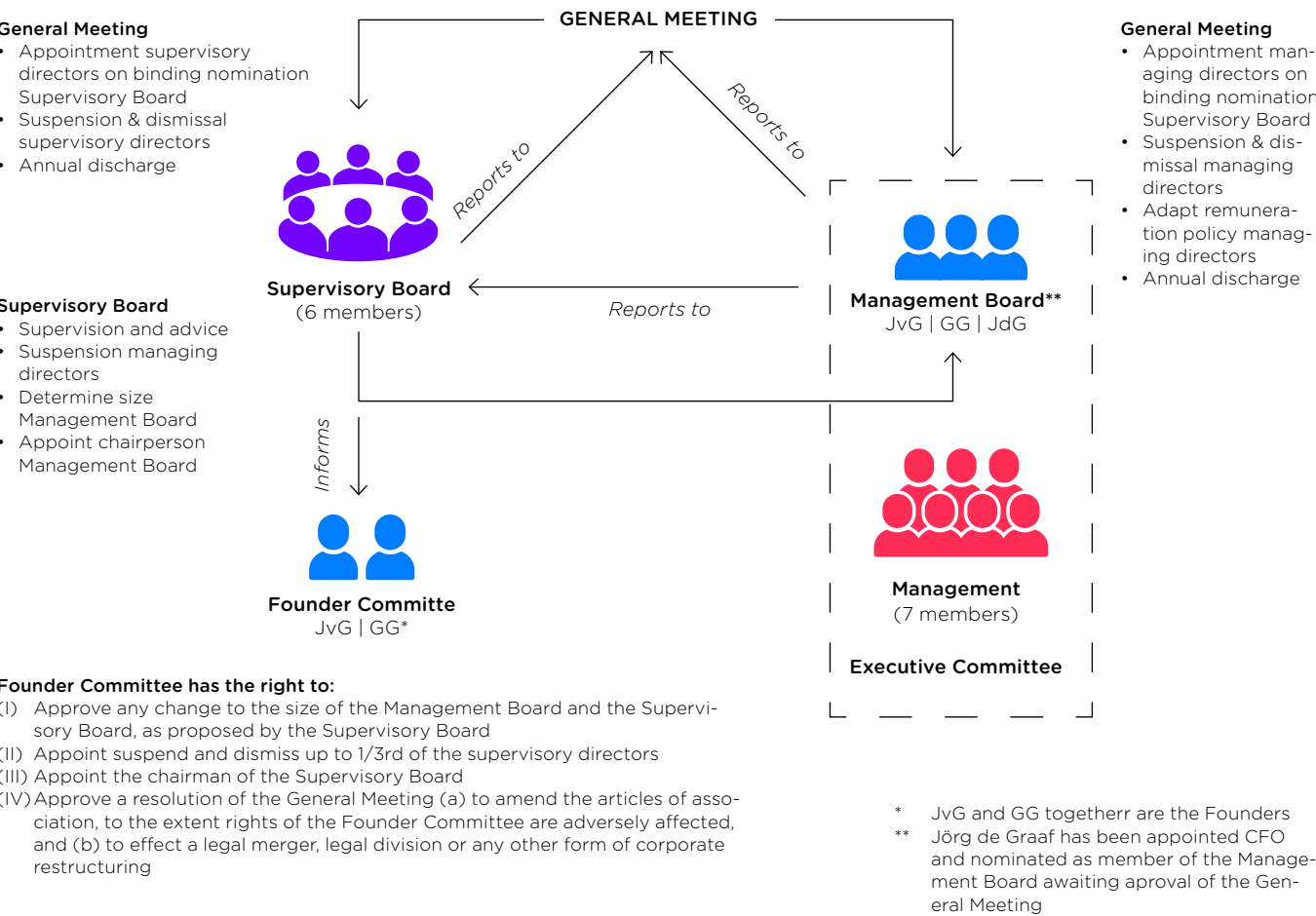
- Best practice provision 2.2.1 prescribes that a Management Board member is appointed for a maximum period of four years. The Founders have been appointed as Managing Directors for an indefinite period of time.
- Best practice provision 4.3.3 prescribes that the general meeting of a company not having the large company regime (structuurregime) may pass a resolution to cancel the binding nature of a nomination for the appointment of a member of the Management Board or of the Supervisory Board and/or a resolution to dismiss a member of the Management Board or of the Supervisory Board by an absolute majority of the votes cast. It may be provided that this majority should represent a given proportion of the issued capital, which proportion may not exceed 1/3. The Articles of Association state a qualified majority of 2/3 majority of the votes cast, representing more than one half of the company's share capital is required to cancel the binding nature of a nomination for the appointment of a Managing Director or a Supervisory Director.

Governance structure

This section summarizes information concerning the Management Board, the Executive Committee (as defined below), the Supervisory Board and the Founder Committee(as defined below). It is based on relevant provisions of Dutch law, the Articles of Association, the Management Board rules of procedure and the Supervisory Board rules of procedure (both as defined below). These documents are available on our website.

Management Structure

We have a two-tier board structure consisting of the Management Board and the Supervisory Board. The Management Board is entrusted with the management of the company. Certain key officers have been appointed to manage CM.com with the Management Board. The managing directors and these key officers together constitute the Executive Committee The Supervisory Board supervises the Management Board.



Since our incorporation, all shares in CM.com have been held (indirectly) by the founders (50%/50%). As the founders desired to continue their active board role at CM.com as long as possible in order to execute and safeguard the CM.com's long term strategy, we decided to dismantle the company's priority shares and to install a Founder Committee with the founders as sole members.

The provisions in the Dutch Civil Code ("BW"), commonly referred to as the "large company regime" (structuurregime), did not apply to us in 2019. This will not change upon conversion of CM.com to a public limited liability company (naamloze vennootschap).

Management Board

The Management Board is responsible for the management of the operations of CM.com, under the supervision of the Supervisory Board. The Management Board's responsibilities include, among other things, defining and achieving our objectives, determining the strategy and risk management policy, and day-to-day management of our operations. The Management Board may perform all acts necessary or useful for achieving the objectives, with the exception of those acts that are prohibited or are expressly attributed to the General Meeting, the Founder Committee or the Supervisory Board by law or by the Articles of Association. Pursuant to the Articles of Association and the Management Board rules of procedure, the managing directors may divide their tasks among themselves in mutual consultation.

The Management Board rules of procedure specify how duties are divided between the managing directors. In performing their duties, the managing directors are required to be guided by the interests of the company and its business enterprise, taking into consideration the interests of CM.com's stakeholders (which includes but is not limited to its customers, its employees and the shareholders). The Management Board must provide the Supervisory Board with all information necessary for the exercise of the duties of the Supervisory Board in a timely manner. The Management Board must submit certain important decisions to the Supervisory Board and/or the General Meeting and/or the Founder Committee for approval. The Management Board as a whole is authorized to represent CM.com. In addition, each managing director individually has the authority to represent CM.com.

Composition, appointment and removal

The Articles of Association provide that the Supervisory Board is authorized to determine the number of managing directors. A resolution of the Supervisory Board to determine the number of managing directors requires the approval of the Founder Committee, if installed.

Managing directors are appointed by the General Meeting on a binding nomination by the Supervisory Board. The binding nomination must be included in the notice of the General Meeting at which the appointment is to be considered.

Term of appointment

The founders have been appointed (and may be re-appointed) as managing directors for an indefinite period of time. Unless a managing director resigns earlier, other managing directors who are not founders will be appointed (and may be re-appointed) for a term of no more than four years, provided that his or her appointment will end immediately after the annual general meeting that will be held in the fourth calendar year after the date of his or her appointment.

Managing Directors

In 2019 the Management Board composed of the following two managing directors:

NAME	DATE OF BIRTH	POSITION	MEMBER AS OF	TERM
Jeroen van Glabbeek	7-04-1979	CEO	17-01-2001	Indefinite
Gilbert Gooijers	14-02-1979	COO	17-01-2001	Indefinite

The company's registered address, Konijnenberg 30, 4825 BD, Breda, the Netherlands, serves as the business address for all managing directors.

Executive Committee

The Executive Committee is responsible for the day-to-day management of the company and is actively involved in all important topics related to strategy, business, sustainability, innovation, culture, leadership and communication. The Executive Committee is bound to the Management Board rules of procedure. Although the Executive Committee exists, the rights and obligations of the Management Board under Dutch law, the Articles of Association and the Dutch

Corporate Governance Code remain in full force. The Management Board therefore remains accountable for the actions and decisions of the Executive Committee and bears ultimate responsibility for CM.com’s external reporting and its reporting to its shareholders.

The Management Board determines the number of Executive Committee members, who are not also managing directors. The members of the Executive Committee who are not also managing directors can be appointed, suspended and dismissed by the Management Board. The Management Board retains the authority to adopt resolutions within the scope of the authority of the Executive Committee without the participation of the Executive Committee members.

All members of the Executive Committee will report to the Management Board.

Composition
The Executive Committee consists of the Management Board, and seven additional members fulfilling at least the following functions:

- Chief Technology Officer (CTO);
- Head of Finance;
- Chief Risk Officer (CRO);
- General Manager International;
- Head of Human Resources;
- Head of Investor Relations; and
- Area Sales Manager North West Europe.

Supervisory Board
The Supervisory Board supervises the conduct and policies of the Management Board and the general course of affairs of CM.com and its business enterprise. The Supervisory Board also provides advice to the Management Board.

The tasks, composition and statement of the Supervisory Board are included in the chapter Supervisory Board report starting on page 82.

Founder Committee
The Founder Committee is the corporate body of CM.com instituted in and pursuant to the Articles of Association to ensure that the founders can remain actively involved in CM.com. The Founder Committee may exercise the rights attributed to it pursuant to the Articles of Association. The Founder Committee is composed of two members, i.e., the founders.

As long as the Founder Committee is installed, they have the right to (i) approve the adoption of the number of managing directors and supervisory directors; (ii) appoint or replace the chairperson of the Supervisory Board and (iii) directly appoint, suspend and dismiss up to 1/3 of the supervisory directors. Also, a resolution of the General Meeting to (a) amend the Articles of Association, (b) effect a legal merger, (c) effect a legal division, (d) effect any other form of corporate restructuring if such corporate restructuring requires a resolution of the General Meeting or (e) dissolve the company, will require the prior approval of the Founder Committee. The Founder Committee has the right to decide at its own discretion whether to exercise these rights.

Composition, term and removal
The founders are the only members of the Founder Committee. Each founder is a member of the Founder Committee for an indefinite period of time. A founder ceases to be a member of the Founder Committee five years following the date that he is no longer actively involved in the company.

The Founder Committee will meet whenever a member of the Founder Committee so requires to ensure that the founders can remain actively involved in CM.com.

Potential Conflicts of Interest and Other Information
Other than the circumstances described below, we are not aware of any potential conflicts between the personal interests or other duties of managing directors or supervisory directors on the one hand and the interests of CM.com on the other hand. There is no family relationship between any managing director or any supervisory director.

The company is aware of the fact that the founders continue as managing directors and are members of the Founder Committee, while the founders will continue to be (indirect) shareholders. The Management Board and Supervisory Board do not expect that the circumstances described in the previous sentence will cause any of the managing directors or supervisory directors to have a conflict with the duties they have towards CM.com.

The founders indirectly own the Breda real estate where CM.com’s local operations and headquarters are based. The lease agreements in place are between CM.com and CM Campus B.V., which is ultimately jointly controlled by the selling shareholders (of which the founders are the sole shareholders and directors).

The Management Board rules of procedure and the Supervisory Board rules of procedure include arrangements to ensure that the Management Board and Supervisory Board will handle and decide on any (potential) conflict of interest in each relevant situation, also in this respect. A managing director or supervisory director is not permitted to participate in the deliberation and decision-making process if he has a conflict of interest. Other than the circumstances described above, for the year 2019 CM.com is not aware of any (potential) conflict of interest between the private interests or other duties of managing directors and private interests or other duties of supervisory directors towards CM.com.

Share Capital
At the start of 2019, the issued share capital of the company consisted of 998 ordinary shares with a nominal value of € 20.00 each and two priority shares with a nominal value of € 20.00 each. There is no authorized capital and all ordinary shares and priority shares are fully paid-up. With the execution of the Deed of Amendment of the Articles of Association in November 2019, all issued shares in the share capital of CM.com were converted into shares with a nominal value of € 500.00. Through the execution of the Deed of Amendment, each share with a nominal value of € 500.00 was then split into 12,500 shares with a nominal value of € 0.04 each. As a result, following the execution of the Deed of Amendment, the authorized share capital of CM.com amounted to € 2,000,000 divided into 50,000,000 shares with a nominal value of € 0.04 each.

Since its incorporation, CM.com has issued the following shares in accordance with the provisions in the BW:

DATE	NUMBER OF SHARES
17 January 2001	998 ordinary shares and 2 priority shares, each with a nominal value of € 20.00
28 November 2019	50.000.000 ordinary shares, each with a nominal value of € 0.04

Shareholders
At year-end 2019 the shareholders of CM.com were Clubcompany1 B.V. and Clubcompany2 B.V., both with their address at Konijnenberg 30, 4825 BD Breda, the Netherlands.

	NUMBER / CLASS / OF SHARES	% SHARE CAPITAL	% VOTING RIGHTS
Clubcompany1 B.V. ¹	25.000.000 ordinary shares	50%	50%
Clubcompany2 B.V. ²	25.000.000 ordinary shares	50%	50%

¹ Jeroen van Glabbeek, the CEO, Managing Director and Founder of the company, is the sole shareholder and director of Clubcompany1 B.V. and therefore holds an indirect interest in the company.
² Gilbert Gooijers, the COO, Managing Director and Founder of the company, is the sole shareholder and director of Clubcompany2 B.V. and therefore holds an indirect interest in the company.

Following the legal merger with Dutch Star Companies ONE at 20 February 2020. The shareholder structure changed as CM.com became a listed company on Euronext Amsterdam (ticker: CMCOM).

The total number of shares outstanding after completion of the business combination and the additional capital increase is 26,259,854 with each a nominal value of € 0.06. All shares have equal voting rights.

Substantial shareholders of CM.com with a shareholding of more than 3% according to the WMZ notifications on 26 February 2020 include:

Jeroen van Glabbeek*	29%
Gilbert Gooijers*	29%
Teslin Participaties	6%
Dutch Star Companies Promoters* Holding B.V.	5%
J.N.A van Caldenborgh	5%
D. van Vliet	3%

* Lock-up until 22 February 2021

Message from the Chairman

The Supervisory Board of CM.com was installed in November 2019. I was involved with the company before that date as the chairman of the Supervisory Board of CM Payments, a subsidiary company of CM.com. In that role I advised the management during the course of 2019 on the new Articles of Association. During my time at CM Payments I saw the fantastic developments the company was making, the enthusiasm of the Management Board and the employees first hand. In an open, transparent environment the company creates motivated employees in a flat organization. The members of the Supervisory Board were carefully selected according to profiles that would cover the required areas of expertise. After the installation in November 2019, special meetings were organized for the on-boarding of the selected members. During the final months of 2019, the Management Board entered discussions with Dutch Star Companies ONE. The Supervisory Board was constantly informed of the progress in these negotiations. Independent support was given to the management and the negotiation team, whereby the Supervisory Board based their advice on the continuity of the company and the important role of the founders. At year end, there was still no final agreement, however, negotiations were promising. The Supervisory Board discussed the 2020 budget extensively and approved it. The Supervisory Board thanks the Management Board and the employees for the performances in fiscal year 2019, especially the fourth quarter of 2019.

Martin van Pernis
Chairman

Duties of the Supervisory Board

In performing its duties, the Supervisory Board members are guided by the interests of the company and its business enterprise, taking into consideration the interests of CM.com’s stakeholders (which includes its customers, suppliers, employees, and shareholders).

Composition, appointment and removal

The Supervisory Board was officially installed upon execution of the Deed of Amendment of the Articles of Association on 28 November 2019. The composition of the Supervisory Board and initial preparatory meetings began in the summer of 2019, as CM.com sought to compose its Supervisory Board before the launch of the IPO.

The Supervisory Board in 2019 comprised five members: Martin van Pernis (Chair), David de Buck (Vice-Chair), Lex Beins, Diederik Karsten, and Mariken Tannemaat. Following the merger with Dutch Star Companies ONE Stephan Nanninga joined the Supervisory Board.

Diversity profile of the Supervisory Board at year-end 2019

NAME	YEAR OF BIRTH	NATIO- NALITY	INTER- NATIONAL EXPERIENCE	FINANCIAL EXPERTISE	SPECIFIC EXPERIENCE	GENDER
Martin van Pernis	1945	Dutch	yes		Supervisory Board listed companies, innovation	Male
David de Buck	1967	Dutch	yes	yes	Funding banking	Male
Lex Beins	1965	Dutch	yes		Retail investment	Male
Diederik Karsten	1956	Dutch	yes		Telecom innovation	Male
Mariken Tannemaat	1971	Dutch	yes		Retail, IT, Investment	Female

Conflict of interest

Similar to the rules that apply to the Management Board members, Dutch law provides that a Supervisory Board member of a Dutch public limited liability company, such as CM.com (after the execution of the Deed of Amendment), may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest that conflicts with the interests of CM.com. During 2019, there were no conflicts of interest, and all members of the Supervisory Board are independent.

Composition of the Supervisory Board

The Supervisory Board consisted of five members at year-end 2019 with Martin van Pernis as Chairman. On page 70 of this report a short description of the members is presented.

The members have a diverse mix of knowledge, skills, expertise and capabilities, in line with the required profiles as included in the Supervisory Board rules. The Supervisory Board values and promotes diversity, not only within the Supervisory Board and the Management Board, but also within the company.

On 21 February 2020, a new member was appointed to the Supervisory Board following the legal merger with Dutch Star Companies ONE and the subsequent listing of CM.com at Euronext Amsterdam. The sixth member of the Supervisory Board is Mr. Stephan Nanninga who was an Executive Director of Dutch Star Companies ONE.

Retirement schedule

NAME	CURRENT TERM	(RE)APPOINTMENT	DATE OF REAPPOINTMENT
Martin van Pernis, Chairman	First	November 2019	AGM 2021
David de Buck, Vice Chairman	First	November 2019	AGM 2023
Lex Beins, Member	First	November 2019	AGM 2023
Diederik Karsten, Member	First	November 2019	AGM 2023
Mariken Tannemaat, Member	First	November 2019	AGM 2023

Meetings of the Supervisory Board

Frequency

Meetings are held in accordance with a meeting schedule to be set annually by the Supervisory Board, but at least four times a year. Additional meetings are convened at any Supervisory Board or the Management Board request. In 2019, a total of five meetings were held on the following dates: 26 September, 25 October, 18 November, 29 November and 19 December.

Attendance

The availability of the Supervisory Board and the Management Board for interim consultation was good. The attendance rate of the individual Supervisory Board members at the 2019 meetings was as follows:

Martin van Pernis	100%
David de Buck	100%
Lex Beins	100%
Diederik Karsten	100%
Mariken Tannemaat	60%

Supervisory and advisory activities in 2019

General

Supervisory Board meeting agendas in 2019 covered virtually all aspects of the company’s business. Items discussed during the meetings included the strategy of the company following the postponed IPO in October 2019, strategy for long-term value creation, the results of 2019 (Q1-Q3), the principal risks associated with the enterprise and risk appetite, composition of the Executive Committee, potential acquisitions, evaluation of the design and operation of the internal risk management and control systems, and significant changes to them. Attention was also devoted to the negotiations with

Dutch Star Companies ONE. Recurring and mandatory items such as the regular progress reports were also dealt with in the Supervisory Board meetings.

Specifics

During 2019 the following topics were discussed with the Supervisory Board:

- Articles of Association
- Nomination members of Audit and the Nomination, Selection and Remuneration committees
- (Re)appointment schedule Supervisory Board
- Results Q1 – Q3 of CM.com
- Budget 2020
- Internal Audit
- Composition Executive Committee
- CFO search
- Compliance
- Risk management
- Negotiations with Dutch Star Companies ONE

Supervisory Board Committees

The Supervisory Board has an Audit Committee and a Nomination, Selection and Remuneration Committee. Each of the committees has a preparatory and/or advisory role to the Supervisory Board. Each committee has a charter on its role, responsibilities and functioning.

Audit Committee

The duties of the Audit Committee include the supervision and monitoring as well as advising the Management Board and each Management Board member regarding the operation of CM.com’s internal risk management and control systems. The Audit Committee advises the Supervisory Board on the exercise of certain duties and prepares nominations and reviews for the Supervisory Board in this regard. The Audit Committee supervises the submission of financial information by CM.com,

compliance with recommendations of internal and external accountants, the company’s policy on tax planning, financing arrangements, and assists the Supervisory Board with CM.com’s information and communications technology, including risks relating to cybersecurity. It also maintains regular contact with and supervises the external accountant and it prepares the nomination of an external accountant for appointment by the General Meeting. The Audit Committee also issues preliminary advice to the Supervisory Board regarding the approval of the Annual Accounts and the annual budget and major capital expenditures. The Audit Committee meets as often as required for a proper functioning of the Audit Committee, and whenever one or more of its members have requested such a meeting, but in any event at least four times a year.

NAME	POSITION
David de Buck	Chairman
Lex Beins	Member

Since it was installed in November 2019, the Audit Committee has held one meeting in 2019.

Nomination, Selection and Remuneration Committee

The Nomination, Selection and Remuneration Committee advises the Supervisory Board on the exercise of its duties regarding the remuneration policy of the Management Board members, and preparing proposals for the Supervisory Board on these subjects. The duties of the Nomination, Selection and Remuneration Committee include the preparation of Supervisory Board proposals on the remuneration policy for the Management Board members to be adopted by the General Meeting, and on the remuneration of the individual Management Board members to be determined by the Supervisory Board. The Nomination, Selection and Remuneration Committee advises the Supervisory Board on its duties regarding the selection and appointment of Management Board members and Supervisory Board members and the consultation of the Founder Committee in that regard. The Nomination, Selection and Remuneration Committee meets whenever one or more of its members have requested such a meeting and at least twice a year.

NAME	POSITION
Mariken Tannemaat	Chairman
Diederik Karsten	Member
Martin van Pernis	Member

Since it was installed in November 2019, the Nomination, Selection and Remuneration Committee has held zero meetings in 2019.

Remuneration of the Supervisory Board

The General Meeting determines the remuneration of the members of the Supervisory Board. Their remuneration is a fixed annual allowance paid in quarterly installments. Supervisory Board members do not receive any performance dependent compensation or shares, and do not accrue any pension rights with the company.

COMPENSATION SUPERVISORY BOARD

Supervisory Board	
Chair	€ 25,000
Member	€ 15,000
Audit Committee	
All Members	€ 1,500 (additional)
Nomination, Selection and Remuneration Committee	
All Members	€ 1,500 (additional)



+ JAN SAAN
CTO CM.COM

Top-Level

Chief Technology Officer (CTO) Jan Saan witnessed how CM.com grew from a promising start-up into an international player and a sparring partner for American tech companies. His conclusion is unequivocal: “As an organization, you need to deliver at top level to be allowed to develop solutions for the BMWs of this world. That’s why we work so hard, every day.”



Ambition

“I have known Jeroen and Gilbert, the founders of CM.com, from elementary and secondary school in Breda. We were young then, full of life, and we each had our own passions.

I chose a technical education and started my career in an IT position. When I came across my former classmates again, many years later, I jumped onto the CM train without a moment’s doubt. CM.com had just started up. We were working with a handful of people from a small office. Our ambition could have filled a factory hall, easily. We were all bubbling with zeal. That never went away.

I can still vividly remember how I tried to get a foot in the door in America two years ago– stepping into and out of planes all the time to call at Facebook, Apple and later WhatsApp. We wanted to assert CM.com’s added value internationally. But the time simply wasn’t right yet. Now, I know that as a young business you need to mature. You have to earn your position and then, you have to work enormously hard at it every day. We are well aware of that.

Apple, Google, Facebook

I have had dozens of meetings in San Francisco, before finally finding the right ways in and getting the chance to tell the story about CM.com – about our services, our service level, and thus about our added value – on the right executive level. In Silicon Valley, the intellectual and professional level is so high. There is no room for doubt.

That is why I am proud that CM.com has joined forces with them. Our results in the field of Conversational Commerce keep opening new doors. Actually, we are increasingly invited in a preparatory phase to add our expertise to ideas developed by Apple, Google and Facebook. For us these relationships are of strategic value as we are now one in three companies worldwide to offer our customers WhatsApp Business, Apple Business Chat, and Google RCS. Additionally, we are the only one offering integrated payment solutions, which makes our Conversational Commerce proposition complete and unique.

CASE

BMW Group

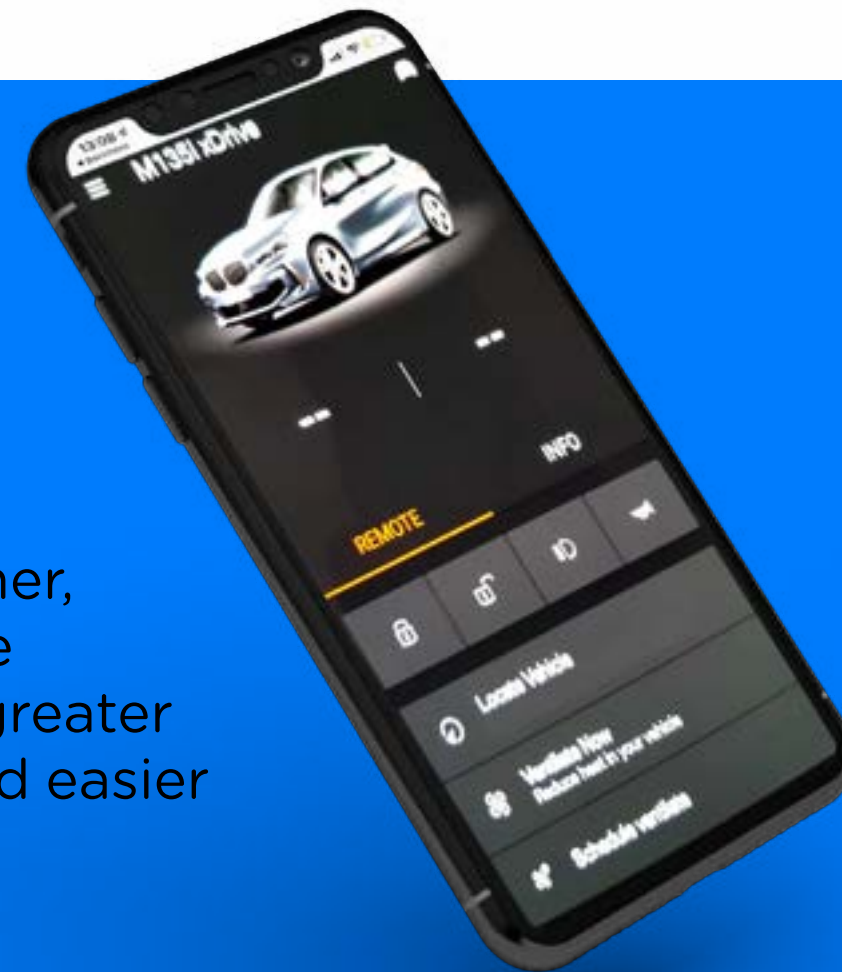
CM.com has grown in various ways, which is also reflected in our customer base. We provide services to large organizations like Société General, McDonalds and BMW group, that are active across the world. They might not have known us before, but they certainly do now. We are considered to be a top brand, which ensures that we can provide services to top brands. For instance, in a tender to the BMW Group, we demonstrated that we are an international frontrunner in the field of Conversational Commerce.

The BMW Group increasingly connects services to its cars. To that end, it communicates in more and more detail with dealers and consumers. For the customer, ConnectedDrive services mean greater convenience and easier operation: for example, before the journey begins, the route can be conveniently planned with the smartphone and then

transferred to the navigation device in the vehicle. Other messages include service messages, recall activities, nearest dealer information etc. SMS messaging is an important part of the success of such connectivity services. There are the ConnectedDrive services, where infotainment apps on the smartphone are linked to the car. In this last category, it becomes clear that the various countries have specific communications infrastructures. Concretely: the BMW Group could not provide its conversational services to the world in one uniform way, which obviously is inefficient for a global brand like the BMW Group.

Our German team has supported the BMW Group in realizing its wishes, which resulted in BMW Group being confident in rolling out its connected services across the world and in millions of BMW customers using them in the near future.”

“For the customer, ConnectedDrive services mean greater convenience and easier operation.”



BMW GROUP

What: CM.com will provide the infrastructure for sending automated SMS messages as part of BMW group's ConnectedDrive services globally and monitors the functionality of the data transmission around the clock.

How: Automated SMS messages are already used almost everywhere in the world in a wide range of applications around the connected vehicle. The technology is extremely well suited for the connective services purpose, as the SIM cards integrated in the vehicles do not require a connection to the mobile Internet to send SMS messages. Moreover, it is a reliable global standard that has long been accepted by all mobile phone operators. SMS is therefore the only communication channel that practically always works regardless of the mobile phone standard available (such as GPRS, 3G or LTE).



Financial Statements

Content

Consolidated financial statements	
Consolidated statement of financial position as at 31 December 2019	97
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019	98
Consolidated statement of changes in equity for the year ended 31 December 2019	99
Consolidated cash flow statement for the year ended 31 December 2019	100
Notes to the consolidated financial statements	101
General accounting principles for the preparation of the consolidated financial statements	101
Key disclosures - significant accounting policies	103
Capital management and risk policies	113
Financial instruments	118
Other disclosures and accounting policies	120
Change in accounting policies	134
Corporate financial statements	
Corporate balance sheet as at 31 December 2019	136
Corporate profit or loss account for 2019	137
Notes to the Corporate financial statements	138
Notes to the specific items of the corporate balance sheet	139
Proposed appropriation of result for the financial year 2019	147
Remuneration of directors	147

The financial statements, as included in this annual review, are derived from the audited 2019 annual accounts of CM.com B.V.

Consolidated statement of financial position as at 31 December 2019

x € 1,000

(After proposal of appropriation of result)

ASSETS	NOTE	31-12-2019	31-12-2018 ^{1,2}
Non-current Assets			
Goodwill	5	3,586	3,583
Intangible assets	5	24,123	22,858
Property, plant and equipment	7	3,174	5,134
Right-of-use assets	8	9,082	-
Long-term receivables	15	563	872
Deferred tax assets	10	2,609	1,732
Total Non-current Assets		43,137	34,179
Current Assets			
Trade and other receivables	16	19,666	15,651
Current tax receivable		-	343
Cash and cash equivalents	14	10,812	472
Total Current Assets		30,478	16,466
Total Assets		73,615	50,645
EQUITY AND LIABILITIES			
Equity			
Share Capital		500	20
Retained Earnings		5,339	7,655
Other reserves		(115)	(175)
Total Equity		5,724	7,500
Non-current Liabilities			
Borrowings	17	7,997	2,112
Deferred tax liability	10	1,651	1,340
Total Non-current Liabilities		9,648	3,452
Current Liabilities			
Trade and other payables	18	33,824	21,992
Contract liabilities	19	1,146	719
Current tax liabilities		98	-
Current portion of borrowings	17	23,175	16,982
Total Current Liabilities		58,243	39,693
Total Equity and Liabilities		73,615	50,645

1 — Trade and other receivables have been reclassified. The current portion of long-term receivables have been added to the trade and other receivables.

2 — The contract liabilities were included in the Trade and other payables in 2018. In 2019 this has been reclassified to a separate line.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December

x € 1,000	NOTE	2019	2018 ¹
Revenue	4	96,320	84,617
Other operating income		133	-
Total income		96,453	84,617
Cost of services	4	(72,239)	(59,662)
Employee benefits expenses	20	(13,234)	(14,196)
Amortisation and depreciation	5/7/8	(5,119)	(3,505)
Other operating expenses	21	(6,940)	(6,457)
Operating Profit		(1,079)	797
Financial income		72	14
Financial expenses	22	(910)	(474)
Profit before tax		(1,917)	337
Income tax	10	81	(141)
Profit after tax		(1,836)	196
Other comprehensive income, net of tax		60	(30)
Total comprehensive income		(1,776)	166
Basic and diluted earnings per share (in €)		(0.14)	166

¹ – The figures of 2018 have been restated. The capitalised development hours are split between employee benefits expenses and other operating expenses.

Consolidated statement of changes in equity for the year ended

x € 1,000	SHARE CAPITAL	RETAINED EARNINGS	OTHER RESERVES ¹	TOTAL
Balance at 1 January 2018	20	7,458	(145)	7,333
Other comprehensive income	-	-	(30)	(30)
Result for the year	-	197	-	197
Balance at 31 December 2018	20	7,655	(175)	7,500
Other comprehensive income	-	-	60	60
Addition to share capital	480	(480)	-	-
Result for the year	-	(1,836)	-	(1,836)
Balance at 31 December 2019	500	5,339	(115)	5,724

¹ – The other reserves consists of the foreign currency translation reserve

Consolidated cash flow statement for the year ended 31 December

x € 1,000	NOTE	2019	2018
Operating profit		(1,079)	797
Adjustments for:			
- Other operating income		133	-
- Amortisation and depreciation	5/7/8	5,095	3,505
- Changes in provisions		-	(22)
Changes in working capital:			
- Trade and other receivables		(4,200)	1,689
- Trade and other payables		12,278	(3,294)
Interest received		72	14
Corporate income tax paid		(44)	(218)
Cash flow from operating activities		12,255	2,471
Investments in intangible assets	5	(5,288)	(3,578)
Divestments in intangible assets		22	-
Investments in property, plant and equipment	7	(550)	(917)
Divestments in property, plant and equipment		-	-
Acquisitions of subsidiaries (net of cash)		-	(156)
Cash flow from investing activities		(5,816)	(4,651)
Loans advanced to third parties	15	(334)	(218)
Repayment of loans advanced to third parties	15	729	766
Deposits paid	15	(101)	(63)
Deposits released	15	67	168
Proceeds from borrowings	17	10,000	5,000
Repayment of borrowings	17	(11,500)	(1,000)
Repayment of lease liabilities	17	(3,456)	(722)
Interest paid	22	(909)	(473)
Cash flow from financing activities		(5,504)	3,458
Changes in cash and cash equivalents		935	1,278
Net cash and cash equivalents at 1 January		472	(806)
Net cash and cash equivalents at 31 December		1,407	472

Notes to the consolidated financial statements

1. CORPORATE INFORMATION

Activities
 The activities of CM.com B.V. (CM.com), chamber of commerce number: 20095946, having its legal seat at Konijnenberg 30 at Breda, The Netherlands, and its group companies (for the list of group companies see note 25) primarily consists of advising, guiding, implementing, and assisting companies approaching its target audience through modern (media) techniques.

As per 1 February 2019 CM Groep B.V. changed its legal name to CM.com B.V. On 28 November 2019 the legal personality of CM.com B.V. changed. As from then the name is CM.com N.V. On 8 January 2020 the legal personality changed back to CM.com B.V.

General accounting principles for the preparation of the consolidated financial statements

2. BASIS OF PREPARATION

The consolidated financial statements of CM.com have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) adopted and endorsed by the European Union (“EU-IFRSs”) and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. The financial statements have been prepared on the going concern assumption. The financial statements were approved by the management board and authorised for issue on 20 February 2020.

The consolidated financial statements have been prepared on the historical cost basis with the exception of financial assets valued at fair value through profit or loss. The consolidated financial statements are presented in euros.

The financial information relating to CM.com B.V. is presented in the consolidated financial statements. In accordance with article 2:402 of the Netherlands Civil Code, the corporate financial statements include only an abridged statement of profit or loss. The corporate financial statements have been prepared in accordance with sub article 8 of article 362, Book 2 of the Dutch Civil Code. The accounting policies used to prepare the separate financial statements are the same as that of the group.

Current assets are assets that are expected to be realised in the entity’s normal operating cycle held primarily for the purpose of trading expected to be realised within 12 months after the reporting period cash and cash equivalents (unless restricted). All other assets are non-current. [IAS 1.66]

Current liabilities are those expected to be settled within the entity’s normal operating cycle held for purpose of trading due to be settled within 12 months for which the entity does not have an unconditional right to defer settlement beyond 12 months (settlement by the issue of equity instruments does not impact classification). Other liabilities are non-current.

Transactions in foreign currencies are translated into euro using the exchange rates applicable at transaction date. At reporting date, monetary assets and liabilities denominated in foreign currencies are translated to euro using the rates at reporting date. Exchange rate differences are recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date. For consolidation purposes, the results and financial position of subsidiaries are translated to euro at closing rate on the date of the financial position (assets and liabilities) or at the average exchange rates applicable for the specific reporting period (income and expenses). If the average rate for income and expenses is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, income and expenses are translated at the dates of the transactions. All resulting exchange differences are recognised in other comprehensive income (OCI).

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of CM.com and its subsidiaries as at 31 December 2019. Control is achieved when the CM.com is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date that control is obtained until the date that control is lost.

Key disclosures – significant accounting policies

4. REVENUE RECOGNITION AND SEGMENT REPORTING

CM.com’s revenue is primarily derived from transactional and messaging services earned from customers using CM.com’s communication platform. The transactional-based and messaging fees are recognised as revenue in the period in which the usage occurs (point-in-time). In contract, the fees for enhanced access to the Platform are charged as a monthly, quarterly or yearly subscription and recognised as revenue over-time.

CM.com’s operations are divided into operating segments based on which parts of operations are monitored by CM.com’s management. Management monitors revenue and gross profit that each segment generates. Acquisition costs, restructuring costs, integration costs, and other non-regularly recurring items are not allocated to CM.com’s operating segments. Assets and liabilities are not monitored by segment and therefore not presented per segment. Non-current assets include intangible assets, goodwill, property, plant, and equipment, long term receivables and deferred tax assets. The non-current assets of CM.com are mainly located in the Netherlands 91% (2018: 91%).

CM.com’s operating segments consist of CPaaS, Payments, Platform and Other.

x € 1,000

SEGMENT REPORTING 2019	CPAAS	PAYMENTS	PLATFORM	OTHER	TOTAL
Revenue	76,027	5,462	5,011	9,820	96,320
Cost of Services	(61,516)	(2,668)	(404)	(7,651)	(72,239)
Gross Profit	14,511	2,794	4,607	2,169	24,081
Operational expenses	-	-	-	-	(25,293)
Other operating income	-	-	-	-	133
Operating profit	-	-	-	-	(1,079)
Financial income and expenses	-	-	-	-	(838)
Profit before tax	-	-	-	-	(1,917)

x € 1,000

SEGMENT REPORTING 2018	CPAAS	PAYMENTS	PLATFORM	OTHER	TOTAL
Revenue	62,075	5,776	3,573	13,193	84,617
Cost of Services	(47,186)	(2,354)	(259)	(9,863)	(59,662)
Gross Profit	14,889	3,422	3,314	3,330	24,955
Operational expenses	-	-	-	-	(24,158)
Operating profit	-	-	-	-	797
Financial income and expenses	-	-	-	-	(460)
Profit before tax	-	-	-	-	337

In the table below revenue is primarily disaggregated by segment and geographical location (revenue based on the establishment of our clients):

x € 1,000

2019	CPAAS	PAYMENTS	PLATFORM	OTHER	TOTAL
The Netherlands	28,972	3,915	3,842	4,818	41,547
Belgium	10,068	557	484	3,748	14,857
France	14,043	39	28	301	14,411
Rest of Europe	11,523	742	463	780	13,508
Rest of World	11,421	209	194	173	11,997
	76,027	5,462	5,011	9,820	96,320

x € 1,000

2018	CPAAS	PAYMENTS	PLATFORM	OTHER	TOTAL
The Netherlands	28,487	4,441	2,857	6,515	42,300
Belgium	9,419	717	339	4,645	15,120
France	6,658	23	36	543	7,260
Rest of Europe	9,628	453	284	975	11,340
Rest of World	7,883	142	57	515	8,597
	62,075	5,776	3,573	13,193	84,617

CM.com has no single customer in 2019 or 2018 that contributes more than 10% of the reported revenue.

CPaaS

CPaaS means Communication Platform as a Service. CPaaS revenue consists of omni-channel messaging (such as Bulk SMS, WhatsApp, Apple Business Chat and RCS), which has a revenue of € 74,392 thousand in 2019 (2018: € 60,717 thousand) and voice services of € 1,635 thousand (2018: € 1,358 thousand) that form part of CM.com’s core service offering.

Cost of services for CM.com’s CPaaS segment comprises primarily of fees paid to mobile network operators and OTT-providers for the purchase of mobile messages, voice and mobile data capacity and OTT-communication capabilities (as applicable). Cost of services can be divided into omni-channel messaging (2019: € 60,538 thousand; 2018: € 46,176 thousand) and voice services (2019: € 978 thousand; 2018: € 1,010 thousand).

Payments

Revenue from payments consists of settlement and start-rate fees. Settlement fees include fees paid by merchants, usually as percentage of the transaction value as well as interchange and payment network fees incurred from financial institutions and a mark-up charged by CM.com for its payment services. Start-rate fees comprise fixed fees per transaction for the use of CM.com’s platform.

Cost of services for CM.com’s Payments segment comprises primarily of fees paid to financial services providers, as well as interchange and payment network fees charged by financial institutions, for facilitating payments through CM.com’s platform.

Platform

CM.com provides organisations a portfolio of services that contribute to the optimisation of the mobile business journey that we have with our customers, for example digital signature of documents (CM Sign), digital identification service such as IDIN and ticketing. Apart from this, customers pay monthly subscription-fees for access to these platform features, this revenue is recognised over-time (2019: € 2,792 thousand; 2018: € 2,770 thousand).

Cost of services for CM.com’s Platform segment comprises primarily of fees paid to suppliers of CM.com’s supplementary platform features, including ticketing, data, email, digital signing, identification and verification services.

Other

Other revenue consists predominantly of CM.com’s service fees for providing Premium SMS and Direct Carrier Billing solutions (2019: € 7,739 thousand; 2018: € 9,622 thousand). Cost of services relate predominantly to cash collection and network usage fees paid to mobile network operators. CM.com has determined that it is an agent in providing these services and revenue is recognised on a net basis. Other revenue also includes legacy platform innovations.

The cost of services of the segment other consists of € 6,436 thousand of cost of services for Premium SMS and Direct Carrier Billing (2018: € 7,849 thousand).

5. INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets with an indefinite useful life are stated at cost less accumulated impairment losses. Goodwill and intangible assets with an indefinite useful life are not amortised and are tested for impairment annually.

Intangible assets with finite useful life are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Intangible assets with finite useful lives and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when CM.com can demonstrate the availability for use, the capability to generate future economic benefits and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. During the period of development, the asset is tested for impairment annually.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and domain names, which have indefinite useful lives, from the date they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

A summary of the movements of intangible assets is given:

x € 1,000	PLATFORM ¹	GOODWILL	CUSTOMER RELATION	OTHER ²	TOTAL
Costs					
At 31 December 2017	12,623	3,943	14,789	3,445	34,800
Additions	54	186	-	1,201	1,441
Development costs	3,427	-	-	-	3,427
Conversion to exchange rate	-	-	(10)	(1)	(11)
At 31 December 2018	16,104	4,129	14,779	4,645	39,657
Additions	293	-	-	100	393
Development costs	4,895	-	-	-	4,895
Divestments	(89)	-	-	(15)	(104)
IFRS 16 reclassification leases	-	-	-	(1,127)	(1,127)
Conversion to exchange rate	1	-	63	3	67
At 31 December 2019	21,204	4,129	14,842	3,606	43,781
Amortisation and Impairment					
At 31 December 2017	3,687	546	4,771	1,392	10,396
Amortisation	1,140	-	1,469	216	2,825
Conversion to exchange rate	-	-	(4)	(1)	(5)
At 31 December 2018	4,827	546	6,236	1,607	13,216
Amortisation	1,463	-	1,470	91	3,024
Divestments	(82)	-	-	-	(82)
IFRS 16 reclassification leases	-	-	-	(113)	(113)
Conversion to exchange rate	2	(3)	25	3	27
At 31 December 2019	6,210	543	7,731	1,588	16,072
Net book value					
At 31 December 2018	11,277	3,583	8,543	3,038	26,441
At 31 December 2019	14,994	3,586	7,111	2,018	27,709
Estimated useful lives (years)	10	indefinite	10	5-10 / indefinite	

Other intangible assets consist of patents, trade names, brand names and domain names. Domain names with an indefinite useful life have a carrying amount of € 1.5 million (2018: € 1.5 million). The other intangible assets are pledged by ABN AMRO Bank N.V. (note 17).

¹ — Platform contains capitalised development hours. In total € 13,749 thousand of the book value of this category is self-generated (2018: € 10,074 thousand)
² — Other contains self-generated hours. In total € 14 thousand of the book value of this category is self-generated (2018: € 1,438 thousand)

6. IMPAIRMENT TEST GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of CM.com's cash-generating units (CGU's) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirement are assigned to those units. Intangible assets with indefinite useful are allocated to the respective CGU's and tested for impairment in combination with goodwill.

Goodwill is allocated to CPaaS € 0.9 million, Payments € 2.5 million and Platform € 0.2 million. Domain names with an indefinite useful life are allocated to CPaaS € 1.1 million, Payments € 0.3 million and Platform € 0.2 million.

The impairment test is based on cash flow projections for five years (note 27). CGU's are tested for impairment by comparing the carrying amount of each CGU to its recoverable amount. Recoverable amount is based on value in use and is determined using a discounted cash flow model with a five-year forecast period.

For all CGU's, a terminal value was calculated based on the long-term inflation expectation of 0.6% (2018: 1.3%). The estimated pre-tax cash flows are discounted to their present value using a pre-tax weight average cost of capital (WACC) of 12.1%-16.1%. (2018: 13.4%-14.3%). WACC is based on a peer group of similar listed entities and is determined with reference to CM.com's target capital structure.

A sensitivity analysis has been performed considering a change in the WACC of 1 percentage point and a change in the long-term growth rate of 0.5 percentage point. The sensitivity analysis performed indicates that there is sufficient positive headroom to absorb adverse changes in the WACC and long-term growth rate even if these changes were to occur simultaneously.

No impairment charges were recognised in relation to the annual impairment test, both in 2019 and 2018.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Cost includes the purchase price and all costs directly attributable to bringing the asset to the location and condition for it to be capable of operating as intended by management. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset is brought into use.

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

A summary of the movements of Property, plant and equipment is provided:

x € 1,000	PLAT- FORM	FURNITURE & FIXTURES	VEHICLES	HARDWARE & SOFTWARE WORKPLACE	LEASEHOLD IMPROVE- MENTS	TOTAL
Costs						
At 31 December 2017	4,084	441	332	759	724	6,340
Additions	1,912	227	-	157	104	2,400
Acquisition of subsidiaries	-	1	-	8	-	9
Conversion to exchange rate	(1)	-	-	(1)	-	(2)
At 31 December 2018	5,995	669	332	923	828	8,747
Additions	129	143	-	163	229	664
Reclassification of finance leases	(2,123)	-	(159)	-	-	(2,282)
Conversion to exchange rate	5	(2)	-	1	(3)	1
At 31 December 2019	4,006	810	173	1,087	1,054	7,130
Depreciation						
At 31 December 2017	2,011	81	100	356	385	2,933
Depreciation	366	54	29	156	75	680
At 31 December 2018	2,377	135	129	512	460	3,613
Depreciation	242	68	10	168	76	564
Reclassification of finance leases	(192)	-	(27)	-	-	(219)
Conversion to exchange rate	-	(2)	-	-	-	(2)
At 31 December 2019	2,427	201	112	680	536	3,956
Net book value						
At 31 December 2018	3,618	534	203	411	368	5,134
At 31 December 2019	1,579	609	61	407	518	3,174
Estimated useful lives (years)	10	10	5	5	10	

The carrying amount of property, plant and equipment held under finance leases amounts to € 0 million (2018: € 2.8 million). Due to the implementation of IFRS 16 these finance leases were reclassified to the Right-of-use assets (note 8).

8. RIGHT-OF-USE ASSETS

Right-of-use assets are initially measured at cost and subsequently presented at cost less accumulated depreciation and, if applicable, less impairments in value and adjusted for certain remeasurements of the lease liability. Cost is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, CM.com's incremental borrowing rate. Generally, CM.com uses its incremental borrowing rate as the discount rate. Depreciation is based on the length of the lease liability and calculated as a fixed percentage of cost. Depreciation is provided from the date an asset is available for use.

Depreciation methods and useful lives are reviewed at each reporting date.

A summary of the movements of right-of-use assets is provided:

x € 1,000	LAND AND BUILDINGS	FURNITURE & FIXTURES	PLATFORM (HARDWARE)	PLATFORM (SOFTWARE)	VEHICLES	TOTAL
Costs						
IFRS 16 impact at 1 January 2019	4,356	-	-	-	152	4,508
New leases as per 1 January 2019	2,642	-	-	-	-	2,642
Reclassification of finance leases	-	-	2,123	1,127	159	3,409
Additions	201	207	-	-	-	408
Ending of lease agreements	(90)	-	-	-	-	(90)
At 31 December 2019	7,109	207	2,123	1,127	311	10,877
Depreciation						
Reclassification of finance leases	-	-	192	113	27	332
Depreciation	1,087	10	212	113	86	1,508
Ending of lease agreements	(45)	-	-	-	-	(45)
At 31 December 2019	1,042	10	404	226	113	1,795
Net book value						
At 31 December 2019	6,067	197	1,719	901	198	9,082

9. BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date at fair value and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred and included in other operating expenses. In 2019 CM.com did not do an acquisition.

Acquisitions in 2018

On 1 April 2018, CM.com B.V. acquired 100% of the shares and voting rights of EventsIT B.V. EventsIT B.V. is a small unlisted company based in Europe, specialising in ticketing. The purpose of the acquisition is to increase the customer base of the ticketing activities of CM.com.

10. TAXATION

10.1 Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where CM.com operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

CM.com B.V. forms a fiscal unity for corporate income tax purposes with the following subsidiaries:

- CM.COM Netherlands B.V.
- CM.com International B.V.
- Events IT B.V.
- CM Payments B.V.
- CM Platform B.V.
- CM.com R&D 1 B.V.
- CM.com R&D 2 B.V.
- CM.com R&D 3 B.V.
- CM.com R&D 4 B.V.
- CM.com R&D 5 B.V.
- CM.com R&D 6 B.V.
- CM.com R&D 7 B.V.
- CM.com R&D 8 B.V.
- CM.com R&D 9 B.V.
- CM.com R&D 10 B.V.
- CM.com R&D 11 B.V.

The subsidiaries are charged for the corporate income tax based on their results.

Major components of the income tax expense:

x € 1,000	2019	2018
Current tax	91	237
Deferred tax:		
Movement in temporary differences	131	380
Tax losses recognized as DTA	(723)	(480)
Tax losses utilised	188	434
Tax rate differences	49	28
Exchange rate differences	(8)	2
Adjustments prior year	191	(460)
Taxation according to the profit and loss account	(81)	141

The effective tax rate for 2019 is 4.1% (2018: 41.8%) and can be reconciled as follows:

x € 1,000	2019	2018
Profit before taxation	(1,917)	337
Other operational income	(133)	-
Profit for tax calculation	(2,050)	337
Income tax expense at statutory tax rate (25%)	(513)	84
Non-deductable expenditure	22	23
Non-deductable amortisation/depreciation	75	77
Innovation box	(19)	-
Rate differential (foreign subsidiaries)	137	64
Temporary differences	17	-
Exchange rate differences	(8)	-
Tax relating to prior periods	207	(107)
Tax charged against profit before tax	(81)	141

10.2 Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting data. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax asset

Deferred tax assets are recognised for any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available

against which the unused tax losses can be utilised. CM.com has € 8.4 million (2018: € 6.6 million) of tax losses carried forward. € 0.2 million (2018: € 0.2 million) of these tax assets can be carried forward for five years, € 0.7 million (2018: € 0.5 million) for nine years and € 7.5 million (2018: € 5.9 million) indefinitely. Other deferred tax assets relate to the difference between the carrying amount of Property, plant and equipment and Intangibles assets, and their fiscal values.

x € 1,000	2019	2018
Deferred tax asset		
Carrying amount as at 31 December 2018	1,732	1,787
Additional tax losses recognised	723	480
Tax losses utilised	(188)	(434)
Tax rate change	(82)	(28)
Exchange rate differences	8	(2)
Correction previous years	202	(71)
Originating taxable temporary differences	214	-
Carrying amount as at 31 December 2019	2,609	1,732

Deferred tax liability

Deferred tax liabilities mainly relate to the difference between the carrying amount of Property, plant and equipment and Intangibles assets, and their fiscal values.

x € 1,000	2019	2018
Deferred tax liability		
Carrying amount as at 31 December 2018	1,340	633
Originating taxable temporary differences	439	447
Tax rate differences	(61)	-
Taxable temporary differences prior year	-	327
Reversal of taxable temporary differences	(67)	(67)
Carrying amount as at 31 December 2019	1,651	1,340

The deferred tax liability can be split as below:

x € 1,000	2018	RECOGNISED IN PROFIT OR LOSS	2019
Property, plant and equipment	1,230	217	1,447
Intangible assets	110	94	204
	1,340	311	1,651

Capital management and risk policies

11. CAPITAL MANAGEMENT

CM.com's equity is privately owned and ultimately attributable to the original founders.

It is CM.com's objective to maximize growth. In that perspective CM.com invests most of its earnings in organic growth through innovation and regional expansion. CM.com attracted bank debt for acquisitive growth. Our debt instruments match the profile and duration of our investment strategy and includes covenants that are constantly managed.

In 2019 CM.com did refinance it loans from Rabobank to ABN Amro.

The loan with ABN Amro is subject to maintaining the following financial covenants:

- Net debt / EBITDA ratio may not exceed of 3.5 up to 31 December 2020 and 3.0 thereafter;
- EBITDA cover test over 80% (EBITDA creditors / EBITDA CM.com);
- Revenue cover test of 80% (revenue creditors / revenue CM.com);
- Asset cover test of 80% (assets creditors / assets CM.com).

As at 31 December 2019 CM.com was meeting all the financial covenants.

Net debt / EBITDA	3.0
EBTDA cover test	171%
Revenue cover test	80%
Asset cover test	92%

The loans with European Investment Bank (EIB) are subject to maintaining the following non-financial covenants:

- No further indebtedness of € 1.8 million.

The net debt includes borrowings (loans and leases excluding former operating lease agreements € 6,309 thousand) minus cash and cash equivalents. Cost of operational lease agreement are deducted on EBITDA for covenant testing. IPO related cost of € 1,500 thousand are corrected on EBITDA for covenant testing.

As at 31 December 2018, on the non-financial covenant no further indebtedness was a breach with Rabobank and EIB. In 2019 we received a waiver for these breaches. The borrowings at Rabobank and EIB were reclassified from non-current to current liabilities at 31 December 2018 due to the breaches. In 2019 CM.com had a breach on interest coverage ratio in the first quarter with Rabobank, for which we received a waiver. For EIB we exceeded the no further indebtedness clause in 2019, for which we received a waiver. As from the third quarter we met the no further indebtedness clause again.

The second quarter the covenants were not tested. The covenants at ABN Amro were tested for the first time in the third quarter. CM.com did meet the covenants. The loan is presented as short term due to the end date of the agreement in 2020. In January 2020 a new agreement was made with ABN Amro where the loan was extended.

As per 28 November 2019 the authorised and paid-up capital were changed. The authorised share capital of the company amounts to 50 million ordinary shares of € 0.04 each. The total number of issued and paid-up shares is 12.5 million ordinary shares. In 2019 (and 2018) no dividend payments were made.

12. RISK MANAGEMENT

12.1 Credit risk

Credit risk represents the financial loss that would have to be recognised on the reporting date if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from CM.com’s receivables from customers.

CM.com’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of CM.com’s customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. CM.com mitigates the credit risk through setting appropriate credit limits for each of its customers. We continuously monitor the creditworthiness of debtors and act appropriately on expired invoices. No significant concentration of credit risk existed as at the reporting date.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. For CM.com’s statement of the carrying amounts see Note 15 and Note 16.

The changes in the allowance for doubtful accounts receivable are as follows:

x € 1,000	2019	2018
Balance as per 1 January	73	765
Change in accounting policy – IFRS 9	-	(678)
Restated balance as per 1 January	73	87
Additional charges to expenses	103	33
Bad debts written off	(36)	(45)
Other movements	-	(2)
Balance as per 31 December	140	73

The aging of accounts receivables, net of the provision for credit losses, is set out below:

x € 1,000	31-12-2019	31-12-2018
Current	5,983	5,094
1 - 30 days	1,419	1,348
31 - 60 days	223	136
> 60 days	232	774
	7,857	7,352

The buckets and expected credit loss (ECL) are estimated as follows:

BUCKETS	PERCENTAGE OF ECL
Current	0.28
1 - 30 days	0.54
30 - 60 days	3.68
> 60 days	12.80

These assumptions are based on historical write-offs. In case of individual expectations ECL matrix could be adjusted.

For the other financial assets such as other receivables and deposits the assumption is applied that no expected credit loss is needed. Probability of Default (PD) is determined to be 0% and Loss given Default (LGD) is determined to be 0% as well.

Impairment of financial assets

CM.com applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics which are determined based on the days past due. Contract assets relate to unbilled revenue and have substantially the same risk characteristics as the current trade receivables for the same types of contracts.

The expected loss rates are based on the payment profiles of sales over prior periods and the corresponding historical credit losses experienced relating to those periods.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with CM.com, and a failure to make contractual payments.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

12.2 Liquidity risk

Liquidity risk is the risk that CM.com will not be able to meet its financial obligations as they fall due. CM.com’s approach to managing liquidity is to ensure, as far as possible, that it will always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to CM.com’s reputation.

Periodically, liquidity budgets are prepared. Liquidity risks are controlled through interim monitoring and possible adjustments. The liquidity budgets take account of cash constraints. CM.com assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. CM.com ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 180 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Exposure to liquidity risk

The table below summarises the expected future cash flows from CM.com's financial liabilities based on contractual undiscounted payments:

x € 1,000	0 - 3 MONTHS	4 - 12 MONTHS	1 - 5 YEARS	OVER 5 YEARS	2019 TOTAL	CARRYING AMOUNT TOTAL
Borrowings excluding lease liabilities	92	11,741	200	2,550	14,583	14,000
Lease liabilities	628	1,815	3,868	2,093	8,404	7,767
Trade payables	19,834	-	-	-	19,834	19,834
Other financial liabilities	11,355	622	-	-	11,977	11,977
	31,909	14,178	4,068	4,643	54,798	53,578

x € 1,000	0 - 3 MONTHS	4 - 12 MONTHS	1 - 5 YEARS	OVER 5 YEARS	2018 TOTAL	CARRYING AMOUNT TOTAL
Borrowings excluding lease liabilities	-	16,943	-	-	16,943	15,500
Lease liabilities	587	935	2,132	-	3,654	3,594
Trade payables	11,187	-	-	-	11,187	11,187
Other financial liabilities	9,729	168	-	-	9,897	9,897
	21,503	18,046	2,132	-	41,681	40,178

CM.com's borrowing facilities and revolving credit facilities are detailed in Note 17.

12.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect CM.com's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The market risk comprises three types of risk, interest rate risk, foreign currency risk and other risk.

Interest rate risk

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 policy in respect of interest rate risk is aimed at mitigating the interest rate risks originating from the financing of CM.com and optimising the net interest expenses at the same time. This policy translates into a desired profile of interest positions including cash. An increase or decrease of the interest rate with 25 basis point would increase the future interest cost for the remaining duration of the long-term borrowings with € 57 thousand before tax.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. CM.com is exposed to

currency risk on sales, purchases and borrowings that are denominated in a currency other than the Euro. The currency giving rise to this risk are primarily USD, CNY, GBP and HKD. As CM.com operates globally, purchases are done in several currencies.

CM.com exposure to currency risk was as follows based on notional amounts:

x 1,000	CNY	GBP	HKD	USD
31-12-2019				
Cash and cash equivalents	-	-	-	1
Trade receivables	332	643	10	2,426
Long-term borrowings	-	-	(1,300)	-
Trade payables	456	(650)	(427)	(499)
	788	(7)	(1,717)	1,928

x 1,000	CNY	GBP	HKD	USD
31-12-2018				
Cash and cash equivalents	-	(1)	-	82
Long term receivables	-	-	-	438
Trade receivables	1,904	1,384	209	605
Long-term borrowings	-	-	-	(1,250)
Trade payables	(1,714)	(1,158)	(222)	(325)
	190	225	(13)	(450)

Foreign currency sensitivity

A reasonable possible change in CNY exchange rate (+5 percentage point, calculated from CNY), with all other variables held constant, will have an effect on profit and equity of € 4 thousand (2018: € 2 thousand).

A reasonable possible change in GBP exchange rate (+5 percentage point, calculated from GBP), with all other variables held constant, will have an effect on profit and equity of € (7) thousand (2018: € 10 thousand).

A reasonable possible change in HKD exchange rate (+5 percentage point, calculated from HKD), with all other variables held constant, will have an effect on profit and equity of € (7) thousand (2018: € 0).

A reasonable possible change in USD exchange rate (+5 percentage point, calculated from USD), with all other variables held constant, will have an effect on profit and equity of € 4 thousand (2018: € (28) thousand).

Alignment of sale and purchases contracts in local currencies mitigates the risk of foreign currency translations.

Financial instruments

13. FINANCIAL INSTRUMENTS

Classification and measurement

Financial assets are classified on the basis of both the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets to which CM.com is a party includes loans receivable, trade and other receivables, deposits and equity investments. These financial assets are subsequently measured at amortised cost with the exception of the equity investments which is measured at fair value through profit or loss.

The carrying amounts of CM.com’s financial assets are a reasonable approximation of their fair values.

Initial recognition and measurement

Trade receivables are initially recognised when they are originated. A trade receivable without a significant financing component is initially measured at the transaction price.

All other financial assets and financial liabilities are initially recognised when CM.com becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition of issue.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets measured at amortised cost includes trade and other receivables, loans receivable, deposits and cash and cash equivalents.

Financial assets measured at fair value

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Derecognition of financial assets

CM.com derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which CM.com neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

Classification and measurement

Financial liabilities to which CM.com is a party include, trade and other payables, long-term borrowings and lease liabilities. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and lease liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

The carrying amounts of CM.com’s financial liabilities are a reasonable approximation of their fair values.

Derecognition of financial liabilities

CM.com derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. CM.com also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Hedging

Although CM.com may hedge its exposure to financial instruments, CM.com does not apply hedge accounting and recognises gains and losses on undesignated hedging instruments in profit or loss.

Other disclosures and accounting policies

14. CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

x € 1,000	31-12-2019	31-12-2018
Bank balances and cash on hand	10,812	472
Bank overdraft	(9,405)	-
Cash and cash equivalents in the statement of cash flows	1,407	472

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of CM.com's cash management.

Cash balances amounting to € 48 thousand (2018: € 35 thousand) are not at free disposal of CM.com, the other liquid assets are payable on demand.

15. LONG-TERM RECEIVABLES

Long-term receivables comprise loans receivable from third parties and deposits.

x € 1,000	31-12-2019	31-12-2018
Deposits & other receivables	651	1,012
Other participation	60	60
	711	1,072
Current portion of long term receivables	(148)	(200)
	563	872

A summary of the movements in long-term receivables is provided below:

x € 1,000	DEPOSITS	OTHER RECEIVABLES	OTHER PARTICIPATION	TOTAL
Carrying amount as at 1 January 2018	455	1,210	60	1,725
Movements				
Loans granted	-	218	-	218
Redemptions	-	(766)	-	(766)
Paid deposits	63	-	-	63
Released deposits	(168)	-	-	(168)
Carrying amount as at 31 December 2018	350	662	60	1,072
Movements				
Loans granted	-	334	-	334
Repayments	-	(729)	-	(729)
Paid deposits	101	-	-	101
Released deposits	(68)	-	-	(68)
Currency difference	1	-	-	1
Carrying amount as at 31 December 2019	384	267	60	711
Current portion 2018	-	(200)	-	(200)
Current portion 2019	-	(148)	-	(148)

As at 31 December 2019 and 31 December 2018 no impairments in value have been recorded.

Other receivables

Other receivables consist of two loans and one advanced payment.

Originally, € 436 thousand (\$ 500 thousand) to Branded Holding Group Inc. for the domain name CM.com. The loan is settled in 2019 with the eventual purchase price of the domain name.

Originally, € 50 thousand was provided to Comizzo BVBA. Repayment will be done in 6 months, starting August 2019. The interest rate is set at 15% annually.

Originally, € 150 thousand advanced payment to Labyrinth Productions BVBA, which is repaid in 2019. The interest rate is set at 0%.

Originally, € 100 thousand advanced payment to Labyrinth Productions BVBA. Repayment will be done during 2020. The interest rate is set at 10%.

Originally, € 125 thousand advanced payment to ABBI Holding B.V., Repayment will be done in 4 years. The interest rate is set at 3.9%.

Other participation

The other participation is an investment in 5% of the shares of Wireless Interactions & NFC Accelerator 2013 B.V.

16. TRADE AND OTHER RECEIVABLES

The total of the receivables has an expected residual maturity shorter than one year.

x € 1,000	31-12-2019	31-12-2018
Trade receivables	7,857	7,352
Other receivables, prepayments and accrued income	11,809	8,299
	19,666	15,651

Trade receivables

A provision is formed for the risk of doubtful accounts receivable. This amount is deducted from the accounts receivable. At the reporting date, € 140 thousand is provided for (2018: € 73 thousand).

CM.com's exposure to credit risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 12.

Other receivables, prepayments and accrued income

x € 1,000	31-12-2019	31-12-2018
Accrued revenue	9,499	6,720
Prepayments	986	1,021
Other receivables	1,176	358
Current portion of long-term receivables	148	200
	11,809	8,299

17. BORROWINGS

x € 1,000	31-12-2019	31-12-2018
Bank loans	14,000	15,500
Bank overdraft	9,405	-
Lease liability	7,767	3,594
	31,172	19,094
Current portion of long term borrowings	(23,175)	(16,982)
	7,997	2,112

In 2018, CM.com has signed a borrowing agreement with EIB for a facility up to € 10 million for the funding of its platform innovations. In 2018, € 5 million has been drawn from this facility. The repayment date of the tranche is 5 years after the disbursement date. The loan bears interest at 1 year Euribor plus a Margin of 2.00%. CM.com received a waiver from EIB for the no further indebtedness clause. When

the IPO did not take place before 1 November 2019 we agreed to repay € 1 million in November 2019 and a additional repayment of € 1.5 million before 1 April 2020.

In 2019, CM.com refinanced its debt at Rabobank to a new facility at ABN Amro. This facility consists of a credit facility of € 10 million and a loan of € 10 million.

The credit facility bears interest at 1 month Euribor plus a margin of 2.90%.

The loan is repayable within five days after proceeds of the IPO are available, but no later than 1 October 2020. In January 2020 is the term of loan extended to 1 April 2021.

Securities provided for borrowings

Loans granted by ABN Amro Bank N.V. include the benefit for the bank of the following securities:

- pledge of machinery and equipment;
- pledge of receivables;
- pledge of intellectual property rights;
- pledge of goods as described in clause 24 of the General Banking Conditions;
- pledge of claims arising from recourse and subrogation as a result of the joint and several liability described in clause 12.3 of the General Banking Conditions

The loans granted by the EIB include the benefit for EIB of the following securities:

- A warrant agreement entitling the EIB to warrant shares which, with the current loan of 5.0 million, correspond to 3.5% of the company's share capital (with a maximum of 3.05 million). A right of pledge and right of set-off in respect of bank accounts maintained by each group Company with ABN Amro Bank N.V. pursuant to its general banking conditions.

A reconciliation of the movement in borrowings is presented below:

x € 1,000	2019	2018
Carrying amount as at 1 January	19,094	14,853
Movements		
Proceeds from bank loans	10,000	5,000
Increase in lease liability	7,628	2,601
Redemptions of bank loans	(11,500)	(1,000)
Redemptions of lease liability	(3,455)	(723)
Movements in revolving credit facility	9,405	(1,637)
Carrying amount as at 31 December	31,172	19,094
Current portion of long term borrowings	(23,175)	(16,982)
Long term liability as at 31 December	7,997	2,112

18. TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid.

x € 1,000	31-12-2019	31-12-2018
Trade payables	19,834	11,187
VAT and payroll taxes	2,014	909
Invoices to be received for services	8,387	6,493
Third party collection payable to content providers	912	1,272
Deposits	198	168
Pension contributions	(21)	57
Other accruals	2,500	1,905
	33,824	21,991

19. CONTRACT LIABILITIES

x € 1,000	31-12-2019	31-12-2018
Revenue received in advance	1,146	719
	1,146	719

20. EMPLOYEE BENEFITS

x € 1,000	2019	2018
Wages and salaries	14,793	14,219
Social security charges	2,475	2,376
Pension costs	504	561
WBSO subsidy received	(931)	(830)
Capitalised development cost	(3,607)	(2,130)
	13,234	14,196

The employee benefits can be split in Research & Development, Sales & Marketing and General & admin. The split is as follows:

x € 1,000	RESEARCH & DEVELOPMENT	SALES & MARKETING	GENERAL & ADMIN	TOTAL
Wages and salaries	4,079	7,205	3,509	14,793
Social security charges	727	1,235	513	2,475
Pension costs	126	292	86	504
WBSO	(931)	-	-	(931)
Capitalised development costs	(3,607)	-	-	(3,607)
	394	8,732	4,108	13,234

The average number of employees of CM.com during the year, converted to full-time equivalents (FTE), was 257 (2018: 258), of which 47 FTE are working outside the Netherlands (2018: 49).

The breakdown per department of average FTE is as follows:

	2019	2018
Research & Development	83	83
Sales & Marketing	115	114
General & Admin	59	61
	257	258

Defined contribution pension plans

All pension solutions are classified as defined contribution pension plans. Accordingly, CM.com's obligation is limited to the contributions it has committed to pay. In such case, the size of the employee's pension depends upon the contributions the company pays to the plan or to an insurance company and upon the return on capital generated by these contributions. Consequently, the actuarial risk and investment risk are borne by the employee. The company's obligations to pay contributions to defined contribution plans are recognised as a cost in profit or loss.

Short-term employee benefits

The undiscounted amount of short-term employee benefits is recognised in the accounting period when the related service was rendered. A provision is recognised for the expected cost of bonus payments when the group has a legal or constructive obligation to make such payments as a result of employee services rendered and the obligation can be reliably measured.

Government grants

Government grants (WBSO subsidy for research & development of technological innovations) are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. WBSO is a government grant which lowers the social security charges in the profit or loss and is therefore stated under the employee benefits. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

21. OTHER OPERATING EXPENSES

x € 1,000	2019	2018
Housing costs	458	1,280
Operating costs	1,167	1,292
Office expenses	13	19
Car expenses	117	251
Marketing and sales expenses	1,895	2,278
Other staff costs	783	517
General costs	2,507	820
	6,940	6,457

The capitalised development costs have partly been allocated to the other operating expenses and mainly relate to housing costs and general costs.

In the other operating expenses a total of € 1.5 million is included for one-off IPO-related costs. These costs would not have been made if CM.com did not plan an IPO.

In the housing costs a total of € 55 thousand regards to short-term leases. In the car expenses a total of € 27 thousand regards to short-term leases. Low value leases are not applicable.

22. INTEREST PAID

x € 1,000	2019	2018
Bank interest paid	617	352
Interest expense on lease liabilities	216	59
Currency results	77	63
	910	474

23. LEASES

Group as a lessee

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that asset is not explicitly specified in an arrangement.

CM.com recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low value assets (value lower than € 5 thousand when new). For these leases, CM.com recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

CM.com recognises a right-of-use asset and a lease liability at the lease commencement date. CM.com makes use of the expedient in IFRS 16 not to separate non-lease components from lease components.

The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurements of the lease liability. Right-of-use assets are subject to impairment. Depreciation is based on the expected future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. See note 8 for depreciation per category.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, CM.com’s incremental borrowing rate. See note 12.2 for maturity analysis. Generally, CM.com uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The figures as obligated by IFRS 16 are as follows:

x € 1,000	2019
Depreciation charge Land and buildings	1,087
Depreciation charge Furniture & fixtures	10
Depreciation charge Platform (Hardware)	18
Depreciation charge Platform (Software)	10
Depreciation charge Vehicles	68
Interest expense on lease liabilities	216
Expense relating to short-term leases	82
Expense relating to leases of low-value assets	-
Total cash outflow for leases	3,456
Additions to right-of-use assets	2,642
Carrying amount Land and buildings	6,067
Carrying amount Furniture & fixtures	197
Carrying amount Platform (Hardware)	1,719
Carrying amount Platform (Software)	901
Carrying amount Vehicles	198

Transition

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. The transition had no effect on equity. Prior periods have not been restated.

CM.com has used the following practical expedients at the date of initial application of IFRS 16, being 1 January 2019:

- For contracts in place at the date of initial application, CM.com has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.
- A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics.
- Instead of performing an impairment review on the right-of-use assets at the date of initial application, CM.com has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.
- On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets CM.com has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.
- CM.com elects to apply IFRS 16 for leases that were classified as finance leases applying IAS 17. The assets are hereby reclassified to the right-of-use assets.

Carrying values of assets and liabilities related to finance leases as at 31 December 2018 have been reclassified to right-of-use assets and lease liabilities respectively on 1 January 2019. These carrying values related to finance leases were not remeasured at the transition date.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 2.64%.

The following table reconciles CM.com's operating lease commitments as at 31 December 2018 to the lease liabilities recognised upon initial application of IFRS 16 on 1 January 2019:

x € 1,000	
Operating lease commitment disclosed at 31 December 2018	7,900
Exemption for short-term leases	(77)
Exemption for leases of low-value assets	-
Service costs related to leases	122
Lease entered into during 2019	(3,005)
Extension options reasonably certain to be exercised	-
Operating lease liabilities undiscounted	4,940
Discounting using the incremental borrowing rate at 1 January 2019	(432)
Operating lease liabilities discounted	4,508
Finance lease liabilities recognised as at 31 December 2018	3,594
Lease liabilities recognised at 1 January 2019	8,102

As a result of IFRS 16 initial application, in relation to the leases that were previously classified as operating leases, CM.com has recognised € 4,508 thousand of right-of-use assets and € 4,508 thousand of lease liabilities as at 1 January 2019.

x € 1,000	CLOSING BALANCE 31-12-2018	EFFECT OF IFRS 16	OPENING BALANCE 01-01-2019
Non-current assets	34,179	4,508	38,687
Current assets	16,466	-	16,466
Total assets	50,645	4,508	55,153
Equity	7,500	-	7,500
Non-current liabilities	3,452	3,680	7,132
Current liabilities	39,693	828	40,521
Total equity and liabilities	50,645	4,508	55,153

In relation to those leases under IFRS 16, CM.com has recognised depreciation and interest costs, instead of operating lease expense.

24. COMMITMENTS AND GUARANTEES

Guarantees

As of 31 December 2019, the legal entities that are part of the group have granted guarantees amounting to € 48 thousand (2018: € 35 thousand).

Group as a lessee

In contrary to the on-balance presentation of all leases in 2019 the operating leases in 2018 were recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. An overview of operating lease commitments at year-end 2018 is stated below.

31.12.2018

x € 1,000	< 1 YEAR	2-5 YEARS	> 5 YEARS	TOTAL
Renting obligations	1,185	3,716	2,820	7,721
Lease obligations cars	81	98	-	179
	1,266	3,814	2,820	7,900

25. GROUP STRUCTURE

CM.com B.V. in Breda is the head of a group of legal entities. A summary of the information required under articles 2:379 of the Dutch Civil Code is given:

NAME	REGISTERED OFFICE	PRINCIPAL ACTIVITIES	SHARE IN ISSUED SHARE CAPITAL	NOTE
CM.com B.V.	Breda (The Netherlands)	Holding company	100%	
CM.COM Netherlands B.V.	Breda (The Netherlands)	Mobile telecom. services	100%	
CM.com International B.V.	Breda (The Netherlands)	Voice services	100%	
CM Payments B.V.	Breda (The Netherlands)	Payments processing	100%	
Events IT B.V.	Rotterdam (The Netherlands)	Access services	100%	
CM Platform B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 1 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 2 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 3 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 4 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 5 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 6 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 7 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 8 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 9 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 10 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 11 B.V.	Breda (The Netherlands)	R&D	100%	
CM.com R&D 12 B.V.	Breda (The Netherlands)	R&D	100%	1
CM.com R&D 13 B.V.	Breda (The Netherlands)	R&D	100%	1
CM.com Belgium N.V.	Zaventem (Belgium)	Mobile telecom. services	100%	2
M.E.C.E. N.V.	Zaventem (Belgium)	Mobile telecom. services	100%	3
CM Telecom Germany GmbH	Frankfurt (Germany)	Mobile telecom. services	100%	
CM Telecom UK Ltd.	London (UK)	Mobile telecom. services	100%	
CM Telecom France SAS	Paris (France)	Mobile telecom. services	100%	
CM Telecom Hong Kong Ltd.	Hong Kong (China)	Mobile telecom. services	100%	
CM Telecom Shenzhen Co. Ltd.	Shenzhen (China)	Mobile telecom. services	100%	
CM Telecom Singapore Private Ltd.	Singapore (Singapore)	Mobile telecom. services	100%	4
CM.com Japan K.K.	Tokyo (Japan)	Mobile telecom. services	100%	
CM Telecom South Africa Ltd.	Cape Town (South Africa)	Mobile telecom. services	100%	
CM Telecom Inc.	Boston (USA)	Mobile telecom. services	100%	
CM.com US Inc.	Wilmington, Delaware (USA)	Mobile telecom. services	100%	5
CM Telecom FZ-LLC	Dubai	Mobile telecom. services	100%	

1 — These entities were founded on 18 December 2019
2 — On 1 January 2019 the entities Paratel NV and Prodligne SA were merged into CM Telecom Belgium N.V.
3 — On 31 December 2019 this entity was liquidated.
4 — This entity was founded on 30 October 2019
5 — This entity was founded on 4 December 2019

Related parties

CM.com has a rental agreement with CM Campus B.V. For 2019 € 0.7 million was paid as rent (2018: € 0.5 million). The rental charged by CM Campus B.V. is at arm’s length.

Transactions with key management personnel

The directors of the company are considered key management personnel. There are no transactions with key management personnel with the exception of their salaries. For more details we refer to the Corporate financial statements, Other information.

26. AUDITOR’S REMUNERATION

With reference to section 2:382a (1) and (2) of the Dutch Civil Code, the following fees for the financial year have been charged by Mazars Accountants N.V. to the Company and its subsidiaries:

x € 1,000	MAZARS	OTHER NETWORK	TOTAL
Audit fees	195	25	220
Other services	-	24	24
Services for IPO	228	-	228
	423	49	472

27. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates inherently contain a degree of uncertainty. Actual results may differ from these estimates under different assumptions or conditions.

The areas where the most significant judgments and estimates are made are revenue, goodwill, useful life of intangible assets, deferred tax asset recoverability, purchase price allocation and impairments.

Revenue

Revenue recognition under IFRS 15 is significantly more complex than under IAS 18 and requires use of management judgement to produce financial information. The most significant judgement relates to gross versus net presentation of revenue.

If CM.com has control of goods or services when they are delivered to a customer, then CM.com is the principal in the sale to the customer, otherwise CM.com is acting as an agent. Whether CM.com is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between CM.com and its business partners; such judgements impact the amount of reported revenue and operating expenses but do

not impact reported assets, liabilities or cash flows. Scenarios requiring judgement to determine whether CM.com is a principal or an agent include, for example, those where CM.com delivers third-party content to customers.

Capitalisation of development hours

During 2019 CM.com revised its capitalisation of development hours. Due to new insights the hourly rate raised from € 34 to € 56 per hour.

Impairment of non-financial assets

As stated in note 6, intangible assets acquired in a business combination are capitalised and amortised over their useful lives. Both initial valuations and valuations for subsequent impairment tests are based on risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows will be based on forecasts which are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of CM.com. Refer to note 6 for a description of the specific estimates and judgements used and the net book values of intangible assets.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The growth strategy of CM.com is to expand its services globally. Therefore CM.com invests in marketing & sales in different countries, the investments exceed the operational profits and this generated tax losses. Looking forward the management expects that the operational profits will exceed the investments and that all tax losses can be utilised in the future.

28. EVENTS AFTER THE REPORTING DATE

On 18 December 2019 CM.com and Dutch Star Companies ONE confirmed they had exclusive discussions on future cooperation. These discussions resulted in the press release of 9 January 2020 in which both companies announced they reached agreement on forming a merger. This merger is to become effective on 21 February 2020, subject to customary approvals having been obtained. These customary approvals include: approval from the DSCO shareholders at the Extraordinary General Meeting of Shareholders to be held on 20 February 2020 and a Declaration of No Objection (“DNO”) by the Dutch Central Bank. On 14 February 2020 DNB gave its DNO. The approval of DSCO shareholders has been obtained on 20 February 2020. All customary approvals are obtained. After the merger CM.com will receive € 73 million for future growth. CM.com expects to use the capital for investments in geographical and service expansion, research and development and repayment of debt. The repayment date of the term loan of € 10 million at ABN AMRO is in January 2020 extended to 1 April 2021. When the merger between CM.com and Dutch Star Companies ONE is effective, the loan has to be repaid.

29. CHANGES IN PRESENTATION

Changes in presentation in comparison to the Statement of financial position, as included in the 2018 financial statements, are specified below:

- The capitalised development hours are split between employee benefits expenses and other operating expenses. In 2018 this was in total included in the employee benefits.
- The contract liabilities were included in the Trade and other payables in 2018. In 2019 this has been reclassified to a separate line.
- Trade and other receivables have been reclassified. The current portion of long-term receivables have been added to the trade and other receivables
- In the corporate financial statements the financial liabilities and current liabilities, accruals and deferred income have been reclassified in 2018 for the current portion of borrowings.

Change in accounting policies

New standards, interpretations and amendments issued but not yet effective

A number of new standards are effective for annual reporting periods beginning on or after 1 January 2020 and earlier application is permitted; however, CM.com has not early adopted the new or amended standards in preparing these consolidated financial statements.

The Management Board doesn't expect that the adoption of the new standards, interpretations and amendments will have a material impact of the financial statement of CM.com in future periods.

Corporate financial statements

- Corporate balance sheet
- Corporate profit and loss account
- Notes to the corporate financial statements

Corporate balance sheet as at 31 December 2019

x € 1,000
(After proposal of appropriation of result)

ASSETS	NOTE	31-12-2019	31-12-2018 ¹
Intangible Assets	1	3,745	6,699
Tangible fixed assets	2	2,361	4,324
Right-of-use assets	3	7,457	-
Financial fixed assets	4	35,066	34,258
Non-current assets		48,629	45,281
Receivables, prepayments and accrued income	5	24,900	3,214
Cash and cash equivalents		6,865	-
Current assets		31,765	3,214
Total Assets		80,394	48,495
EQUITY AND LIABILITIES			
Share Capital		500	20
Legal reserve		13,649	11,038
Retained earnings		(8,425)	(3,558)
Shareholders' equity	6	5,724	7,500
Provisions	7	10,755	10,717
Deferred tax liability	8	830	774
Financial liabilities	9	6,926	2,112
Non-current liabilities		18,511	13,603
Current liabilities, accruals and deferred income	10	56,159	27,392
Current liabilities		56,159	27,392
Total Equity and Liabilities		80,394	48,495

¹ — The financial liabilities and current liabilities, accruals and deferred income have been reclassified in 2018 for the current portion of borrowings.

Corporate profit or loss account for 2019

x € 1,000	2019	2018
Share in result of associated companies	984	1,933
Other income and expenses after taxation	(2,820)	(1,736)
	(1,836)	197

Notes to the Corporate financial statements

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The corporate financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code, applying the option to use the accounting policies applied by the legal entities in the consolidated financial statements which are based on IFRS-EU.

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise hereinafter.

FINANCIAL FIXED ASSETS

Associated companies in group companies in which significant influence is exercised on the business and financial policy, are valued under the net equity value, but not lower than nil. This net asset value is based on the same accounting principles as applied by CM.com B.V. Where no significant influence is exercised associated companies are valued at cost and if applicable less impairments in value.

Associated companies with a negative net equity value are valued at nil. If the company fully or partly guarantees the liabilities of the associated company concerned, or has the effective obligation respectively, to enable the associated company to pay its (share of the) liabilities, a provision is formed. Upon determining this provision, provisions for doubtful debts already deducted from receivables from the associated company are taken into account.

SHARE IN RESULT OF ASSOCIATED COMPANIES

Where significant influence is exercised over associated companies, CM.com’s share in the associated companies’ results is included in the profit and loss account. This result is determined on the basis of the accounting principles applied by CM.com B.V.

Notes to the specific items of the corporate balance sheet

1. INTANGIBLE FIXED ASSETS

A summary of the movements of intangible fixed assets is given below:

x € 1,000	GOODWILL	CUSTOMER RELATION	OTHER	TOTAL
Costs				
At 31 December 2017	1,300	2,993	4,693	8,986
Additions	187	-	2,017	2,204
At 31 December 2018	1,487	2,993	6,710	11,190
Additions	-	-	93	93
Divestments	-	-	(2,472)	(2,472)
IFRS 16 reclassification leases	-	-	(1,127)	(1,127)
At 31 December 2019	1,487	2,993	3,204	7,684
Amortisation and Impairment				
At 31 December 2017	504	1,678	1,682	3,864
Amortisation	-	299	328	627
At 31 December 2018	504	1,977	2,010	4,491
Amortisation	-	300	60	360
Divestments	-	-	(799)	(799)
IFRS 16 reclassification leases	-	-	(113)	(113)
At 31 December 2019	504	2,277	1,158	3,939
Net book value				
At 31 December 2018	983	1,016	4,700	6,699
At 31 December 2019	983	716	2,046	3,745

There is no impairment charged to the result for the financial year (2018: € 0).

2. TANGIBLE FIXED ASSETS

The movements in the tangible fixed assets are as follows:

x € 1,000	PLAT- FORM	FURNITURE & FIXTURES	VEHICLES	HARDWARE & SOFTWARE WORKPLACE	LEASEHOLD IMPROVE- MENTS	TOTAL
Costs						
At 31 December 2017	2,811	746	305	701	164	4,727
Additions	1,769	220	-	151	104	2,244
At 31 December 2018	4,580	966	305	852	268	6,971
Additions	45	143	-	150	173	511
IFRS 16 reclassification leases	(2,123)	-	(159)	-	-	(2,282)
At 31 December 2019	2,502	1,109	146	1,002	441	5,200
Depreciation						
At 31 December 2017	1,175	417	88	362	79	2,121
Depreciation	300	46	29	130	21	526
At 31 December 2018	1,475	463	117	492	100	2,647
Depreciation	167	64	9	144	27	411
IFRS 16 reclassification leases	(192)	-	(27)	-	-	(219)
At 31 December 2019	1,450	527	99	636	127	2,839
Net book value						
At 31 December 2018	3,105	503	188	360	168	4,324
At 31 December 2019	1,052	582	47	366	314	2,361
Estimated useful lives -years	10	10	5	5	10	

3. RIGHT-OF-USE ASSETS

The movements in the right-of-use assets are as follows:

x € 1,000	LAND AND BUILDINGS	PLATFORM (HARDWARE)	PLATFORM (SOFTWARE)	VEHICLES	TOTAL
Costs					
IFRS 16 impact at 1 January 2019	5,408	-	-	-	5,408
IFRS 16 reclassification leases	-	2,123	1,127	159	3,409
At 31 December 2019	5,408	2,123	1,127	159	8,817
Depreciation					
IFRS 16 reclassification leases	-	192	113	27	647
Depreciation	683	212	113	20	713
At 31 December 2019	683	404	226	47	1,360
Net book value					
At 31 December 2019	4,725	1,719	901	112	7,457

4. FINANCIAL FIXED ASSETS

x € 1,000	31-12-2019	31-12-2018
Participations in group companies:		
CM.COM Netherlands B.V.	18,296	12,251
CM Payments B.V.	10,809	9,917
CM.com Belgium N.V.	2,563	1,286
CM Platform B.V.	247	645
GSM Information Network B.V.	-	2,315
CM Technology B.V.	-	1,745
ClubMessage Benelux B.V.	-	929
Paratel NV	-	842
ProduLine SA	-	512
Onesixty B.V.	-	462
M.E.C.E. N.V.	-	28
CM Telecom FZ-LLC	-	1
	31,915	30,933
Receivables from associated companies	2,831	2,767
Other participations	60	60
Deposits	50	50
Borrowings	-	449
Deferred tax assets	210	-
	320	559
Total financial fixed assets	35,066	34,259

A summary of the movements in the financial fixed assets is given below:

x € 1,000	PARTICIPATIONS IN GROUP COMPANIES	RECEIVABLES FROM ASSOCIATED COMPANIES	OTHER
Carrying amount as at 31 December 2018	30,932	2,767	559
Movements			
Share in result of group companies	3,106	-	-
Merger	(2,123)	-	-
Decrease	-	-	(449)
Addition to deferred tax asset	-	-	210
Revaluation	-	64	-
Carrying amount as at 31 December 2019	31,915	2,831	320

As at 31 December 2019 and 31 December 2018, no impairments in value have been recorded.

Receivables from associated companies

In 2011, CM.com granted a loan to CM.com International B.V. of € 350 thousand, with a maturity of 10 years. The interest rate equals the capital market interest rate. The loan is fully impaired due to the negative result of the subsidiary.

In 2015, CM.com granted a loan to CM Telecom UK Ltd. of GBP 1.15 million and a loan to CM Telecom Germany GmbH of € 412.5 thousand, with a maturity of 4 years. The interest rate is 6%.

The loans above are unsecured and have no stipulated date of repayment.

The other participation is an investment in 5% of the shares of Wireless Interactions & NFC Accelerator 2013 B.V. and a deposit. In 2017, CM.com granted a loan to CM Telecom France SAS of € 1.25 million, with a maturity of 4 years. The interest rate is 4%.

5. RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

The total of the receivables has an expected residual maturity shorter than one year.

x € 1,000	2019	2018
Accounts receivable	7	2
Group companies	23,381	-
Affiliated companies	569	39
Prepayments	719	706
Taxes	224	2,467
	24,900	3,214

The interest charged on the current account group companies is 0%. There is no repayment schedule agreed and no securities are granted. The current account relations will be relieved periodically.

6. SHAREHOLDERS' EQUITY

Pursuant to Dutch law, limitations exist relating to the distribution of equity attributable to equity holders. Such limitations relate to the share capital and legal reserves (capital development cost and foreign translation reserve) required by Dutch law as presented below.

x € 1,000	SHARE CAPITAL	CAPITALISED DEVELOPMENT COSTS ¹	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
Balance at 1 January 2018	20	8,848	(145)	(1,390)	7,333
Movement of reserve	-	2,365	-	(2,365)	-
Other comprehensive income	-	-	(30)	-	(30)
Result for the year	-	-	-	197	197
Balance at 31 December 2018	20	11,213	(175)	(3,558)	7,500
Addition to share capital	480	-	-	(480)	-
Movement of reserve	-	2,551	-	(2,551)	-
Other comprehensive income	-	-	60	-	60
Result for the year	-	-	-	(1,836)	(1,836)
Balance at 31 December 2019	500	13,764	(115)	(8,425)	5,724

Retained earnings can be reconciled with the consolidated financial statements as follows:

x € 1,000	2019	2018
Retained earnings as per consolidated financial statements	5,339	7,655
Capitalised development costs	(13,764)	(11,213)
Retained earnings as per corporate financial statements	(8,425)	(3,558)

¹ — In the movement of reserve a total of € 1,203 has been released for acquired platform costs which were included in the legal reserves.

7. PROVISIONS

x € 1,000	31-12-2019	31-12-2018
Other provisions	10,755	10,717
	10,755	10,717

The provisions have a predominantly long-term character. The other provisions concern a provision for group companies with a negative net equity value.

The movements in other provisions are as follows:

x € 1,000	BALANCE 31-12-2018	MERGER	SHARE IN RESULT	BALANCE 31-12-2019
CM.com International B.V.	3,215	-	(113)	3,102
CM Online B.V.	2,123	(2,123)	-	-
CM Telecom France SAS	1,895	-	454	2,349
CM Telecom UK Ltd.	1,380	-	307	1,687
CM Telecom Hong Kong Limited	1,315	-	638	1,953
CM Telecom South Africa -Pty Ltd	521	-	159	680
CM.com Germany GmbH	230	-	269	499
EventsIT B.V.	38	-	(4)	34
CM Telecom FZ-LLC	-	-	420	420
CM Telecom Singapore Private Limited	-	-	31	31
Total	10,717	(2,123)	2,161	10,755

8. DEFERRED TAX LIABILITIES

Deferred tax liabilities mainly relates to the difference between the carrying amount of Property, plant and equipment and Intangibles assets, and their fiscal values.

x € 1,000	2019	2018
Carrying amount as at 1 January	774	-
Originating taxable temporary differences	147	447
Tax rate differences	8	-
Taxable temporary differences prior year	-	327
Reversal of taxable temporary differences	(99)	-
Carrying amount as at 31 December	830	774

9. FINANCIAL LIABILITIES

For an explanation of the long-term debt, please refer to the Note 17 of the consolidated statement of financial position.

10. CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

x € 1,000	2019	2018
Group companies	31,087	6,416
Bank accounts	9,405	1,287
Trade accounts payable	1,883	604
Payroll taxes	-	96
Other taxes	12	1,546
Pension contribution	(11)	12
Accruals and deferred income	574	449
Current portion of borrowings	13,209	16,982
	56,159	27,392

The interest charged on the current account group companies is 0%. There is no repayment schedule agreed and no securities are granted. The current account relations will be relieved periodically. The accruals are mainly short-term in nature.

Commitments

The parent company is jointly and severally liable for the liabilities of the whole group to the banks.

The parent company is part of a fiscal unity for corporate income tax and for that reason it is jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

As of 31 December 2019, the legal entities that are part of the group have granted guarantees amounting to € 48 thousand (2018: € 35 thousand).

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2019

The Management Board proposes, with the approval of the Supervisory Board, that the result for the financial year 2019 should be transferred to reserves.

REMUNERATION OF DIRECTORS

In 2019, an amount of € 0.4 million (2018: € 0.3 million) for the remuneration of directors of the legal entity was charged to the company and its subsidiaries or group companies. The remuneration relates to short term employee benefits (salaries).

