



CM.com

PRESS RELEASE

2019 Annual Results

Core Revenue Growth Accelerated to 32% in H2 2019 Expected Listing on Euronext Amsterdam on Friday 21 February 2020

BREDA, FEBRUARY 17 2020

Financial Highlights

- Core¹ revenue growth accelerated to 32% in H2 2019 resulting in a FY 2019 core revenue growth of 21% to € 86.5 million
- CPaaS and Platform were the main growth drivers with a 22% and 40% increase respectively
- The number of CPaaS enterprise customers² grew by 7% to 511, representing € 72 million in CPaaS revenue over 2019
- The number of messages CM.com delivered increased by 29% to 2.5 billion and the number of voice minutes grew by 27% to 141.3 million
- Total processed payments volume increased by 5% to € 625 million in 2019
- While entering new markets and acquiring new customers CM.com kept core gross profit steady at € 21.9 million
- EBITDA, normalized for IPO costs, grew by 26% to € 5.4 million

Business Highlights

- CM.com can, as one of the few parties worldwide, offer its customers WhatsApp Business, Apple Business Chat and Google RCS from a single platform
- CM.com believes it is uniquely positioned as one of the first Payment Service Providers of WeChat Pay in Europe
- CM.com's global expansion continued with openings of new regional hubs in South East Asia (late 2019) and the USA (early 2020)
- Listing of CM.com on Euronext Amsterdam expected on 21 February 2020, following the completion of the business combination with Dutch Star Companies ONE N.V.

1. Core revenue is Total revenue minus Other revenue

2. Customers with an annual revenue above € 10,000

2019 Financials

x € 1,000	2019	2018	Δ
Revenue	96,320	84,617	14%
Revenue (ex-other)	86,501	71,413	21%
Gross Profit	24,081	24,964	(4)%
Gross Profit (ex-other)	21,914	21,625	1%
Gross Margin	25%	29%	
Gross Margin (ex-other)	25%	30%	
Operating expenses	20,174	21,791	(7)%
EDITDA	3,907	4,302	(9)%
IPO costs	1,508	-	
Normalized EBITDA	5,415	4,302	26%

2019 KPIs

	2019	2018	Δ
CPaaS net dollar retention rate (%)	113.0 ³	113.5 ⁴	
CPaaS enterprise churn rate ⁵ (%)	4.2	3.8	
Total number of CPaaS enterprise customers ⁶	511	476	7%
Number of messages (billions)	2.5	1.9	29%
Number of voice minutes (millions)	141.3	111.6	27%
Total payments processed (€ millions)	625.4	594.6	5%
Total number of customers ('000)	8.9	9.7	(8)%
Number of monthly active users ('000)	5.8	5.3	9%

³ Represents the ratio of revenue from CPaaS customers in comparable months between the actual and preceding year for customers that generated more than € 10,000 in revenue in the actual year

⁴ Represents the ratio of revenue from CPaaS customers that generated more than € 10,000 in revenue in a given year and that were also a customer on 1 January of the preceding year, to revenue generated by these customers in such preceding year. This measure is calculated on the basis of full year data.

⁵ Represents the ratio of revenue from CPaaS customers that generated more than € 10,000 in revenue in the preceding year but that generated less than € 10,000 in the actual year or were no longer customers in the actual year, to total revenue in the previous year

⁶ Total number of customers with an annual revenue of more than € 10,000

Message from the CEO

“2019 was an exciting year and I’m proud of the accomplishments we achieved. We won several large international accounts such as Société General, Chronopost, BMW, and Easypark. We became, as one of the first in the world, an official business solution provider of WhatsApp Business and Apple Business Chat. We also added WeChat Pay which makes us one of the first European Payment Service Providers, who will tap into this new customer segment of merchants targeting Chinese customers in Europe; a perfect addition to our platform giving us a clear competitive edge.

In addition, we improved our platform offerings and bolstered the organisation to prepare ourselves for the next phase of high growth. By continuously investing in our platform, we guarantee scalability, time-to-market, global redundancy and delivery to our customers. By continuously adding new features and innovations to our platform such as Ticketing and eSignature, iDEAL QR, and integrated payment solutions such as Mobile Order, we have demonstrated that we are able to offer a full Conversational Commerce proposition, which can support consumers at all mobile touchpoints during their customer journey. A prime example of this is the upcoming Dutch Formula 1 Grand Prix. For this event, we enrich the Formula 1 fan experience with ticket sales, event information, commercial offers and with the purchase of food and drinks at the event itself.

At the same time we progressed with our global expansion rollout, opening new regional hubs in Singapore and Los Angeles. We expect this will speed up volume growth, boost our top line and lead to increased economies of scale.

The second half of 2019 clearly showed that we are capable of quickly accelerating our revenue growth. Our core business revenue grew by 32%, which is in line with our 30%+ annual average growth target for the medium term. Gross margins in 2019 came in lower as a consequence of our current focus on volume growth, but remain at healthy levels. Typically in our business, we first need scale in order to drive profitability.

In 2020, we intend to further increase volumes and top line on the back of significant capital we will raise through Dutch Star Companies ONE, Teslin and additional investments by Dutch Star Companies ONE shareholders. We are looking forward to our stock exchange listing on Euronext Amsterdam coming up later this week. This is just the beginning of an exciting journey. We see many opportunities to expand our business in 2020 and beyond. Stay tuned for more.”

Jeroen van Glabbeek

CEO CM.com

CM.com

CM.com 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 and voice channels, 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 WeChat Pay. The platform of CM.com delivers fully integrated solutions, based on a privately owned cloud and 100% in-house developed software. By doing so, CM.com can guarantee scalability, time-to market and, global redundancy and delivery.

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 Conversational Commerce proposition.

CPaaS

Our CPaaS (Communication Platform as a Service) area of the platform, 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 on the CM.com platform.

Main developments in 2019

Messaging

In 2019, CM.com became an official business solution provider of WhatsApp Business and Apple Business Chat, next to the existing Google RCS partnership. CM.com can, as one of the few parties worldwide, offer its customers these three messaging channels from a single platform.

Since the introduction of WhatsApp Business on the CM.com platform in April 2019, CM.com sent 12.1 million messages via WhatsApp Business in 2019 for its customers.

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 and by existing customers generating 13% more business compared to 2018. This resulted in a net dollar retention rate of 113.0%. The enterprise churn rate was limited to 4.2% at year-end 20

Global expansion

The global footprint of CM.com is substantiated by the fact that customers using the CM.com platform are located in 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 facilitates so called merchants to collect money from consumers. CM.com believes it is uniquely positioned, having payment service providing and messaging functionalities combined in a single platform. As a result, CM.com is able to deliver truly end-to-end conversational commerce customer journeys.

In addition to traditional web-check-outs, CM.com offers innovative Point Of Sale (POS) solutions and integrated payment solutions (e.g. WeChat 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 included 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 of providing and adapting to integrated payment solutions. A substantial growth was noticed in the acceptance of iDEAL QR payments in the Netherlands in 2019, resulting in a growth of usage on our platform. Furthermore, CM.com added WeChat Pay to the platform and as one of the first PSP's of 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, CM.com offers 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 consumers. 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’. This 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. With 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 advanced electronic signatures. This is a legally valid way of signing since 1 July 2016 as is stipulated in the European eIDAS regulation.

Review 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	24,964	(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	3,313	39%
Other	2,167	3,340	(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	5,317	(22)%
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 with 21% from € 71.4 million to € 86.5 million. This was predominantly due to the acceleration of the revenue growth rate of CPaaS and Platform 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 revenue and gross profit

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 of 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, mainly realized by the connection of new customers to the platform, increased business of existing customers, 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 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 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.

Furthermore the payments market is a highly competitive market resulting in general pricing pressure for 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 proposition to market standards. Currently CM.com mainly processes web check-out transactions. In line with our strategic focus on Conversational Commerce with integrated payments this will shift. 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 the increased volumes of iDEAL transactions, which have a fixed price per transaction, independent of the size of the transaction.

Platform

Platform revenue grew with 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 are growing quickly. Nevertheless 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 fast as well, but was still limited in 2019. In 2019 gross margin 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 CM.com invests all available cash flow in growing its business and workforce, with its net debt to EBITDA covenants limiting its ability to speed up growth and execute on its growth strategy.

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

Financing

At year-end 2019 CM.com had € 12.6 million in net debt (excluding lease liabilities) outstanding. 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 were focused on the further development of the CM.com Platform and the purchase of network equipment and computer hardware. As the platform has been primarily built in-house (i.e., technology - software codes - is designed or developed and maintained by CM.com), CM.com continues to make significant investments in research and development activities, including further developing platform features to support new use cases, to stay ahead of the competition. In 2019 total capex were € 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 opened its first US office in Los Angeles to enter the US market, after successful openings of hubs in Europe, Africa the Middle East, and Asia.

For Voice CM.com has activated its COIN code and is thereby 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 will vote on the business combination with CM.com. Subject to customary approvals, Dutch Star Companies ONE and CM.com will legally merge subsequently, and the name change from Dutch Star Companies ONE to CM.com will be effectuated. As a result the expected first day of listing of CM.com will be Friday 21 February 2020. The business combination combined with additional investments by cornerstone investors will result in a capital increase of € 73 million.

Financial Calendar 2020

21 February	Expected listing of CM.com at Euronext Amsterdam
30 April	Annual General Meeting of shareholders
26 August	2020 Half-year results

For information please contact our Investor Relations:

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About CM.com

CM.com is a Conversational Commerce platform that connects enterprises and brands to the mobile phones of billions of consumers globally.

The company provides messaging channels, such as SMS, RCS, WhatsApp and Apple Business Chat combined with a Customer Data Platform and other platform features. CM.com is the first CPaaS platform in the world with integrated Payments functionality.

Forward Looking Statements

Statements included in this press release that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward-looking statements. These statements are only predictions and are not guarantees. Actual events or the results of our operations could differ materially from those expressed or implied in the forward-looking statements. Forward-looking statements are typically identified by the use of terms such as “may,” “will,” “should,” “expect,” “could,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “continue,” “predict,” “potential” or the negative of such terms and other comparable terminology. The forward-looking statements are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements.

2019 Financial Statements

I Consolidated statement of financial position as at 31 December 2019

II Consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2019

III Consolidated statement of change in equity for the year ended 31 December 2019

IV Consolidated cash flow statement for the year ended 31 December 2019

I Consolidated statement of financial position as at 31 December

x € 1,000	2019	2018
Assets		
Non-current Assets		
Goodwill	3,586	3,583
Intangible Assets	24,123	22,858
Property, plant and equipment	3,174	5,134
Right-of-use assets	9,082	
Long-term receivables	563	872
Deferred tax assets	2,609	1,732
Total Non-current Assets	43,137	34,179
Current Assets		
Trade and other receivables	19,666	15,651
Current tax receivable	-	343
Cash and cash equivalents	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	7,997	2,112
Deferred tax liability	1,651	1,340
Total Non-current Liabilities	9,648	3,452
Current Liabilities		
Trade and other payables	33,824	21,992
Contract liabilities	1,146	719
Current tax liabilities	98	0
Current portion of borrowings	23,175	16,982
Total Current Liabilities	58,243	39,693
Total Equity and Liabilities	73,615	50,645

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

x € 1,000	2019	2018
Revenue	96,320	84,617
Other operating income	133	
Total income	96,453	84,617
Cost of services	(72,239)	(59,662)
Employee benefits expenses	(13,234)	(14,196)
Amortisation and depreciation	(5,119)	(3,505)
Other operating expenses	(6,940)	(6,457)
Operating Profit	(1,079)	797
Financial income	72	14
Financial expenses	(910)	(474)
Profit before tax	(1,917)	337
Income tax	81	(141)
Profit after tax	(1,836)	196
Other comprehensive income, net of tax	60	(30)
Total comprehensive income	(1,776)	166

III Consolidated statement of change in equity for the year ended 31 December

x € 1,000	Share Capital	Retained Earnings	Other reserves	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

IV Consolidated cash flow statement for the year ended 31 December

x € 1,000	2019	2018
Operating profit	(1,079)	797
Adjustments for:		
- Other operating income	133	0
- Amortisation and depreciation	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	(5,288)	(3,578)
Divestments in intangible assets	22	0
Investments in property, plant and equipment	(550)	(917)
Acquisitions of subsidiaries (net of cash)	-	(156)
Cash flow from investing activities	(5,816)	(4,651)
Loans advanced to third parties	(334)	(218)
Repayment of loans advanced to third parties	729	766
Deposits paid	(101)	(63)
Deposits released	67	168
Proceeds from borrowings	10,000	5,000
Repayment of borrowings	(11,500)	(1,722)
Repayment of lease liabilities	(3,456)	-
Interest paid	(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