# 2020 FINANCIAL STATEMENTS

# CONTENT

# CONSOLIDATED FINANCIAL STATEMENTS

# Consolidated statement of financial position as at 31 December 2020

x € 1,000

| ASSETS | NOTE | 31-12-2020 | RESTATED 31-12-2019 | RESTATED 01-01-2019[1] |
|---|---|---|---|---|
| **Non-current Assets** | | | | |
| Goodwill | 5 | 13,026 | 3,586 | 3,583 |
| Intangible assets | 5 | 48,197 | 24,123 | 22,858 |
| Property, plant and equipment | 7 | 4,425 | 3,174 | 5,134 |
| Right-of-use assets | 8 | 9,964 | 9,082 | - |
| Long-term receivables | 15 | 896 | 563 | 872 |
| Deferred tax assets | 10 | 812 | 2,609 | 1,732 |
| **Total Non-current Assets** | | **77,320** | **43,137** | **34,179** |
| **Current Assets** | | | | |
| Trade and other receivables | 16 | 32,758 | 19,694 | 15,688 |
| Current tax receivable | | 1,020 | - | 343 |
| Cash and cash equivalents | 14 | 52,504 | 22,153 | 14,013 |
| **Total Current Assets** | | **86,282** | **41,847** | **30,044** |
| **Total Assets** | | **163,602** | **84,984** | **64,223** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share Capital | | 1,724 | 414 | 414 |
| Share premium reserve | | 122,691 | - | - |
| Retained Earnings (Accumulated deficit) | | (22,925) | 5,425 | 7,261 |
| Foreign currency translation reserve | | (180) | (115) | (175) |
| **Total Equity** | | **101,310** | **5,724** | **7,500** |
| **Non-current Liabilities** | | | | |
| Borrowings | 17 | 5,764 | 7,997 | 2,112 |
| Deferred tax liability | 10 | 4,093 | 1,651 | 1,340 |
| Other liabilities | | 267 | 290 | 300 |
| **Total Non-current Liabilities** | | **10,124** | **9,938** | **3,752** |
| **Current Liabilities** | | | | |
| Trade and other payables | 18 | 41,346 | 44,903 | 35,270 |
| Contract liabilities | 19 | 8,883 | 1,146 | 719 |
| Current tax liabilities | | 102 | 98 | - |
| Current portion of borrowings | 17 | 1,837 | 23,175 | 16,982 |
| **Total Current Liabilities** | | **52,168** | **69,322** | **52,971** |
| **Total Equity and Liabilities** | | **163,602** | **84,984** | **64,223** |

*1 — For more details regarding the restatement see note 3.*



# Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

| x € 1,000 | NOTE | 2020 | 2019 |
|---|---|---|---|
| Revenue | 4 | 141,622 | 96,320 |
| Other operating income | | - | 133[2] |
| **Total income** | | **141,622** | **96,453** |
| Cost of services | 4 | (108,298) | (72,239) |
| Employee benefits expenses | 20 | (22,949) | (13,234) |
| Amortisation and depreciation | 5/7/8 | (8,047) | (5,119) |
| Other operating expenses | 22 | (11,848) | (6,940) |
| **Operating loss** | | **(9,520)** | **(1,079)** |
| Financial income | | 65 | 72 |
| Financial expenses | 23 | (3,573) | (910) |
| **Loss before tax** | | **(13,028)** | **(1,917)** |
| Income tax | 10 | 27 | 81 |
| **Loss after tax** | | **(13,001)** | **(1,836)** |
| Other comprehensive loss, net of tax[3] | | (65) | 60 |
| **Total comprehensive loss** | | **(13,066)** | **(1,776)** |
| Basic and diluted loss per share (in €) | 11 | **(0.45)** | **(0.14)** |

*2 — The other operating income consists of dividend received from a 5% subsidiary.*
*3 — The other comprehensive loss consists completely of foreign currency translation which may be reclassified subsequently to profit or loss.*

# Consolidated statement of changes in equity for the year ended 31 December 2020

| x € 1,000 | NOTE | SHARE CAPITAL | SHARE PREMIUM RESERVE | RETAINED EARNINGS | FOREIGN CURRENCY TRANS-LATION RESERVE[4] | TOTAL |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2019** | | **414** | **-** | **7,261** | **(175)** | **7,500** |
| Other comprehensive income | | - | - | - | 60 | 60 |
| Result for the year | | - | - | (1,836) | - | (1,836) |
| **Balance at 31 December 2019** | | **414** | **-** | **5,425** | **(115)** | **5,724** |
| Loss after tax | | - | - | (13,001) | - | (13,001) |
| Other comprehensive income | | - | - | - | (65) | (65) |
| Proceeds on issuing new shares | 11 | 1,241 | 104,556 | (13,430) | - | 92,367 |
| Conversion warrants | 11 | 48 | 12,457 | - | - | 12,505 |
| IPO/ABB costs including tax impact | 11 | - | - | (2,956) | - | (2,956) |
| Issuance of shares related to business combinations | 9 | 21 | 5,478 | 500 | - | 5,999 |
| Issuance of shares to employees | 21 | - | 200 | 537 | - | 737 |
| **Balance at 31 December 2020** | | **1,724** | **122,691** | **(22,925)** | **(180)** | **101,310** |

*4 - IPO expenses resulted in a deferred tax asset of € 985 thousand (Note 10).*

# Consolidated cash flow statement for the year ended 31 December 2020

| x € 1,000 | NOTE | 2020 | RESTATED 2019[5] |
|---|---|---|---|
| Operating loss | | (9,520) | (1,079) |
| Adjustments for: | | | |
| - Other operating income | | - | 133 |
| - Amortisation and depreciation | 5/7/8 | 8,047 | 5,095 |
| Changes in working capital: | | | |
| - Trade and other receivables | 9/16 | (11,079) | (4,200) |
| - Trade and other payables | 9/18 | (12,213) | 11,851 |
| - Contract liabilities | 19 | 5,766 | 427 |
| - Trade and other receivables foundations | 16 | 118 | 9 |
| - Trade and other payables foundations | 18 | (204) | (2,199) |
| Interest received | | 65 | 72 |
| Corporate income tax paid | | (686) | (44) |
| **Cash flow from operating activities** | | **(19,706)** | **10,065** |
| Investments in intangible assets | 5 | (7,168) | (5,288) |
| Divestments in intangible assets | 5 | 220 | 22 |
| Investments in property, plant and equipment | 7 | (1,852) | (550) |
| Divestments in property, plant and equipment | 7 | 9 | - |
| Acquisitions of subsidiaries (net of cash) | 9 | (13,259) | - |
| Cash included in foundation of acquired company | 3 | 583 | - |
| **Cash flow from investing activities** | | **(21,467)** | **(5,816)** |
| Loans advanced to third parties | 15 | (614) | (334) |
| Repayment of loans advanced to third parties | 15 | 370 | 729 |
| Deposits paid | 15 | (253) | (120) |
| Deposits released | 15 | 115 | 76 |
| Proceeds from borrowings | 17 | - | 10,000 |
| Repayment of borrowings | 17 | (14,000) | (11,500) |
| Repayment of lease liabilities | 17 | (2,784) | (3,456) |
| Interest paid | 23 | (3,573) | (909) |
| IPO/ABB costs through equity excluding tax impact | | (3,941) | - |
| Proceeds from IPO / ABB | | 104,872 | - |
| Share benefit program personnel | 21 | 737 | - |
| Cash flow from financing activities | | 80,929 | (5,514) |
| Changes in cash and cash equivalents | | 39,756 | (1,265) |
| Net cash and cash equivalents at 1 January | | 12,748 | 14,013 |
| **Net cash and cash equivalents at 31 December** | 14 | 52,504 | 12,748 |

*5 — For more details regarding the restatement see note 3.*

# Notes to the consolidated financial statements

## 1. CORPORATE INFORMATION

**Activities**
The activities of CM.com N.V. (CM.com), previously knows as Dutch Star Companies ONE N.V. 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. CM.com N.V. has its legal seat at Konijnenberg 30 at Breda, The Netherlands and is registered at the chamber of commerce under the registration number: 70523770.

On 21 February 2020 Dutch Star Companies ONE N.V. (DSCO) merged with CM.com B.V. where DSCO was the surviving company. On the same day DSCO changed its legal name to CM.com N.V. See Notes 11 and 29 for additional information regarding this merger.

The shares of CM.com are listed on Euronext Amsterdam under the symbol CMCOM.

# 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 management has, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements were approved by the management board and supervisory board and authorised for issue on 18 March 2021.

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 and rounded at thousands, unless otherwise stated. Euro is the functional currency of the company.

The financial information relating to CM.com N.V. is presented in the consolidated financial statements. 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 corporate 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. 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 2020. Control is achieved when 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. CM.com considers all relevant facts and circumstances in assessing whether or not CM.com's voting and share rights in an investee are sufficient to give it power. Subsidiaries are fully consolidated from the date that control is obtained until the date that control is lost. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with CM.com's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Profit or loss and each component of other comprehensive income are attributed to the owners of CM.com.

The group reperformed the consolidation evaluation and included all the facts and circumstances that are relevant for assessing whether the group has control and power over its investees. As a result of this analysis, an error was identified based on which the group restated the comparative figures. The error is related to the consolidation evaluation with respect to CM.com Stichting, Stichting Derdengelden CM Payments and EventsIT Ticketing Service. The cash balances held by these investees are restricted, because the investees act as a trustee. As of 2020, the figures of these investees are included in the consolidated financial statements of CM.com to align with the reporting requirements of IFRS 10 Consolidated Financial Statements. As a result, the comparative figures have been restated. The consolidation only affects the statement of financial position and the cash flow statement. There is no restatement for the profit or loss statement. Furthermore, the recently acquired Stichting Global Ticket is also included in the consolidated financial statements of 2020 as there is power and control over the foundation.

The effects on the statement of financial position as at 1 January 2020 and 1 January 2019 are as follows:

x € 1,000

| ASSETS | REPORTED 31/12/19 | EFFECT OF CONSOLIDATION FOUNDATIONS | RESTATED 31/12/19 | REPORTED 31/12/18 | EFFECT OF CONSOLIDATION FOUNDATIONS | RESTATED 31/12/18 |
|---|---|---|---|---|---|---|
| **Non-current Assets** | | | | | | |
| Goodwill | 3,586 | – | 3,586 | 3,583 | – | 3,583 |
| Intangible assets | 24,123 | – | 24,123 | 22,858 | – | 22,858 |
| Property, plant and equipment | 3,174 | – | 3,174 | 5,134 | – | 5,134 |
| Right-of-use assets | 9,082 | – | 9,082 | – | – | – |
| Long-term receivables | 563 | – | 563 | 872 | – | 872 |
| Deferred tax assets | 2,609 | – | 2,609 | 1,732 | – | 1,732 |
| Total Non-current assets | 43,137 | – | 43,137 | 34,179 | – | 34,179 |
| **Current Assets** | | | | | | |
| Trade and other receivables | 19,666 | 28 | 19,694 | 15,651 | 37 | 15,688 |
| Current tax receivable | – | – | – | 343 | – | 343 |
| Cash and cash equivalents | 10,812 | 11,341 | 22,153 | 472 | 13,541 | 14,013 |
| Total Current Assets | 30,478 | 11,369 | 41,847 | 16,466 | 13,578 | 30,044 |
| Total Assets | 73,615 | 11,369 | 84,984 | 50,645 | 13,578 | 64,223 |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | | | | | | |
| Share capital | 414 | – | 414 | 414 | – | 414 |
| Share premium reserve | – | – | – | – | – | – |
| Retained earnings | 5,425 | – | 5,425 | 7,261 | – | 7,261 |
| Other reserves | (115) | – | (115) | (175) | – | (175) |
| Total Equity | 5,724 | – | 5,724 | 7,500 | – | 7,500 |
| **Non-current Liabilities** | | | | | | |
| Borrowings | 7,997 | – | 7,997 | 2,112 | – | 2,112 |
| Deferred tax liability | 1,651 | – | 1,651 | 1,340 | – | 1,340 |
| Other liabilities | – | 290 | 290 | – | 300 | 300 |
| Total Non-current Liabilities | 9,648 | 290 | 9,938 | 3,452 | 300 | 3,752 |
| **Current Liabilities** | | | | | | |
| Trade and other payables | 33,824 | 11,079 | 44,903 | 21,992 | 13,278 | 35,270 |
| Contract liabilities | 1,146 | – | 1,146 | 719 | – | 719 |
| Current tax liabilities | 98 | – | 98 | – | – | – |
| Current portion of borrowings | 23,175 | – | 23,175 | 16,982 | – | 16,982 |
| Total Current Liabilities | 58,243 | 11,079 | 69,322 | 39,693 | 13,278 | 52,971 |
| Total Equity and Liabilities | 73,615 | 11,369 | 84,984 | 50,645 | 13,578 | 64,223 |



The effects on the cash flow statement of 2019 are as follows:

| x € 1,000 | REPORTED 2019 | EFFECT OF CONSOLIDATION FOUNDATIONS | RESTATED 2019 |
|---|---|---|---|
| Operating loss | (1,079) | – | (1,079) |
| Adjustments for: | | | |
| • Other operating income | 133 | – | 133 |
| • Amortisation and depreciation | 5,095 | – | 5,095 |
| • Changes in provisions | – | – | – |
| Changes in working capital: | | | |
| • Trade and other receivables | (4,200) | – | (4,200) |
| • Trade and other payables | 11,851 | – | 11,851 |
| • Contract liabilities | 427 | – | 427 |
| • Trade and other receivables foundations | – | 9 | 9 |
| • Trade and other payables foundations | – | (2,199) | (2,199) |
| Interest received | 72 | – | 72 |
| Corporate income tax paid | (44) | – | (44) |
| **Cash flow from operating activities** | **12,255** | **(2,190)** | **10,065** |
| Investments in intangible assets | (5,288) | – | (5,288) |
| Divestments in intangible assets | 22 | – | 22 |
| Investments in property, plant and equipment | (550) | – | (550) |
| **Cash flow from investing activities** | **(5,816)** | **–** | **(5,816)** |
| Loans advanced to third parties | (334) | – | (334) |
| Repayment of loans advanced to third parties | 729 | – | 729 |
| Deposits paid | (101) | (19) | (120) |
| Deposits released | 67 | 9 | 76 |
| Proceeds from borrowings | 10,000 | – | 10,000 |
| Repayment of borrowings | (11,500) | – | (11,500) |
| Repayment of lease liabilities | (3,456) | – | (3,456) |
| Interest paid | (909) | – | (909) |
| **Cash flow from financing activities** | **(5,504)** | **(10)** | **(5,514)** |
| **Changes in cash and cash equivalents** | **935** | **(2,200)** | **(1,265)** |
| Net cash and cash equivalents at 1 January | 472 | 13,541 | 14,013 |
| Net cash and cash equivalents at 31 December | 1,407 | 11,341 | 12,748 |

## 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 contrast, the fees for enhanced access to the Platform are charged as a monthly, quarterly or yearly subscription and recognised as revenue over-time. Thereby, CM.com has added SaaS-services like Mobile Service Cloud, Mobile Marketing Cloud and AI-chatbot services. This revenue is recognised over-time.

CM.com's operations are divided into operating segments based on how these operations are monitored by CM.com's management. Management, as key decision maker, monitors revenue 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: 98% (2019: 91%).

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

**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) and voice services 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).

**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. During 2020 CM.com has added multiple new services to its platform, which are, among others, Mobile Marketing Cloud and Mobile Service Cloud. Apart from this, customers pay monthly subscription-fees for access to these platform features, this revenue is recognised over-time (2020: € 7,676 thousand; 2019: € 2,792 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 (2020: € 6,451 thousand; 2019: € 7,739 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 € 5,547 thousand of cost of services for Premium SMS and Direct Carrier Billing (2019: € 6,436 thousand).

x € 1,000

| SEGMENT REPORTING 2020 | CPAAS | PAYMENTS | PLATFORM | OTHER | TOTAL |
|---|---|---|---|---|---|
| Revenue | 117,000 | 6,403 | 11,007 | 7,212 | 141,622 |
| Total income | | | | | 141,622 |
| Cost of services | (97,866) | (3,014) | (1,500) | (5,918) | (108,298) |
| Operational expenses | | | | | (42,844) |
| Operating loss | | | | | (9,520) |
| Financial income and expenses, net | | | | | (3,508) |
| **Loss before tax** | | | | | **(13,028)** |

x € 1,000

| SEGMENT REPORTING 2019 | CPAAS | PAYMENTS | PLATFORM | OTHER | TOTAL |
|---|---|---|---|---|---|
| Revenue | 76,027 | 5,462 | 5,011 | 9,820 | 96,320 |
| Other operating income | | | | | 133 |
| Total income | | | | | 96,453 |
| Cost of services | (61,516) | (2,668) | (404) | (7,651) | (72,239) |
| Operational expenses | | | | | (25,293) |
| Operating loss | | | | | (1,079) |
| Financial income and expenses, net | | | | | (838) |
| **Loss before tax** | | | | | **(1,917)** |

CM.com has no inter-segment sales 2020 and 2019 that contributes more than 10% of the reported revenue.

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

x € 1,000

| 2020 | CPAAS | PAYMENTS | PLATFORM | OTHER | TOTAL |
|---|---|---|---|---|---|
| The Netherlands | 49,143 | 4,484 | 7,885 | 3,047 | 64,559 |
| Belgium | 9,708 | 480 | 392 | 2,727 | 13,307 |
| France | 16,303 | 54 | 619 | 195 | 17,171 |
| Rest of Europe | 17,116 | 1,279 | 1,401 | 1,065 | 20,861 |
| APAC | 13,645 | - | 84 | 33 | 13,762 |
| Rest of World | 11,085 | 106 | 626 | 145 | 11,962 |
| | **117,000** | **6,403** | **11,007** | **7,212** | **141,622** |

x € 1,000

| 2019 | CPAAS | PAYMENTS | PLATFORM | OTHER | TOTAL |
|---|---|---|---|---|---|
| The Netherlands | 31,942 | 3,915 | 3,842 | 4,818 | 44,517 |
| Belgium | 9,282 | 557 | 484 | 3,748 | 14,071 |
| France | 13,287 | 39 | 28 | 301 | 13,655 |
| Rest of Europe | 10,735 | 742 | 463 | 780 | 12,720 |
| APAC | 6,711 | - | 26 | 33 | 6,770 |
| Rest of World | 4,070 | 209 | 168 | 140 | 4,587 |
| | **76,027** | **5,462** | **5,011** | **9,820** | **96,320** |

CM.com has no single customer in 2020 and 2019 that contributes more than 10% of the reported revenue.

## 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 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. For our proprietary platform related development cost, based on historical analyses, commercial merits and our view on future developments, we estimate the useful life at 10 years. For platform related intangibles acquired through business combinations, we assume a remaining useful life of 5 years.

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

| x € 1,000 | PLATFORM[6] (SOFTWARE) | GOODWILL | CUSTOMER RELATION | OTHER | TOTAL |
|---|---|---|---|---|---|
| **Costs** | | | | | |
| 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) |
| Reclassification of finance 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** |
| Additions related to external costs | 487 | - | - | 818 | 1,305 |
| Acquisitions of subsidiaries | 11,375 | 9,452 | 11,218 | - | 32,045 |
| Development costs | 5,863 | - | - | - | 5,863 |
| Divestments | (208) | (12) | - | - | (220) |
| Conversion to exchange rate | - | - | (69) | - | (69) |
| **At 31 December 2020** | **38,721** | **13,569** | **25,991** | **4,424** | **82,705** |
| Amortisation and impairment | | | | | |
| At 31 December 2018 | 4,827 | 546 | 6,236 | 1,607 | 13,216 |
| Amortisation | 1,463 | - | 1,470 | 91 | 3,024 |
| Divestments | (82) | - | - | - | (82) |
| Reclassification of finance 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** |
| Amortisation | 3,276 | - | 2,009 | 151 | 5,436 |
| Divestments | - | - | - | - | - |
| Conversion to exchange rate | - | - | (26) | - | (26) |
| **At 31 December 2020** | **9,486** | **543** | **9,714** | **1,739** | **21,482** |
| Net book value | | | | | |
| At 31 December 2019 | 14,994 | 3,586 | 7,111 | 2,018 | 27,709 |
| At 31 December 2020 | 29,235 | 13,026 | 16,277 | 2,685 | 61,223 |
| Estimated useful lives (years) | 5-10 | indefinite | 10 | 5-10 / indefinite | |

*6 — Platform contains capitalised development hours. In total € 18,148 thousand of the net book value of this category is self-generated (2019: € 13,749 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 life are allocated to the respective CGU's and tested for impairment in combination with goodwill.

The intangible assets are allocated as follows for 2020:

| x € 1,000,000 | CPAAS | PAYMENTS | PLATFORM |
|---|---|---|---|
| Goodwill | 0.9 | 2.4 | 9.7 |
| Domain names | 0.9 | 0.2 | 0.4 |

The comparing numbers for 2019 are as follows:

| x € 1,000,000 | CPAAS | PAYMENTS | PLATFORM |
|---|---|---|---|
| Goodwill | 0.9 | 2.5 | 0.2 |
| Domain names | 1.1 | 0.3 | 0.2 |

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% (2019: 0.6%). The estimated pre-tax cash flows are discounted to their present value using a pre-tax weight average cost of capital (WACC) of 13.2% - 17.2%. (2019: 12.1%-16.1%). 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.

An impairment test was performed for all intangible assets. No impairment charges were recognised in relation to the annual impairment test, both in 2020 and 2019.

## 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 or 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 in Property, plant and equipment is provided:

| x € 1,000 | PLATFORM (HARDWARE) | FURNITURE & FIXTURES | VEHICLES | HARDWARE & SOFTWARE WORKPLACE | LEASEHOLD IMPROVEMENTS | TOTAL |
|---|---|---|---|---|---|---|
| **Costs** | | | | | | |
| 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** |
| Additions | 506 | 505 | - | 459 | 382 | 1,852 |
| Divestments | (6) | (5) | (42) | (32) | (17) | (102) |
| Acquisitions through business combinations | - | 52 | - | 87 | - | 139 |
| Conversion to exchange rate | (17) | - | - | (2) | (2) | (21) |
| **At 31 December 2020** | **4,489** | **1,362** | **131** | **1,599** | **1,417** | **8,998** |
| **Depreciation** | | | | | | |
| 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** |
| Depreciation | 277 | 98 | 10 | 216 | 111 | 712 |
| Divestments | - | (4) | (42) | (30) | (15) | (91) |
| Conversion to exchange rate | (4) | - | - | - | - | (4) |
| **At 31 December 2020** | **2,700** | **295** | **80** | **866** | **632** | **4,573** |
| **Net book value** | | | | | | |
| At 31 December 2019 | 1,579 | 609 | 61 | 407 | 518 | 3,174 |
| At 31 December 2020 | 1,789 | 1,067 | 51 | 733 | 785 | 4,425 |
| Estimated useful lives (years) | 10 | 10 | 5 | 5 | 10 | |

## 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.

The lease liability is presented as a separate line in the consolidated statement of financial position. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. In relation to the leases, CM.com has recognised depreciation and interest costs in the income statement. In the statement of cash flows the low value leases and short term leases are presented as operating cash flows, interest paid and the repayments related to leases are presented as part of the cash flows from financing activities. The maturity analysis for the lease liabilities is included in note 12.

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** |
| Additions | 885 | – | 950 | – | 201 | 2,036 |
| Acquisitions through business combinations | 779 | – | – | – | 160 | 939 |
| Ending of lease agreements | (292) | – | – | – | – | (292) |
| **At 31 December 2020** | **8,481** | **207** | **3,073** | **1,127** | **672** | **13,560** |
| **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** |
| Depreciation | 1,310 | 57 | 291 | 113 | 128 | 1,899 |
| Ending of lease agreements | (98) | – | – | – | – | (98) |
| **At 31 December 2020** | **2,254** | **67** | **695** | **339** | **241** | **3,596** |
| **Net book value** | | | | | | |
| At 31 December 2019 | 6,067 | 197 | 1,719 | 901 | 198 | 9,082 |
| At 31 December 2020 | 6,227 | 140 | 2,378 | 788 | 431 | 9,964 |



**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 expenses and total cash flow outflow for leases are as folllows:

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Interest expense on lease liabilities | 195 | 216 |
| Expense relating to short-term leases | 265 | 82 |
| Expense relating to leases of low-value assets | – | – |
| Total cash outflow for leases | 2,784 | 3,456 |

## 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. Acquisition-related costs are expensed as incurred and included in other operating expenses. Acquisition-related costs amount to € 184 thousand.

**Acquisitions in 2020**
On 2 March 2020 CM.com N.V. acquired 100% of the shares and voting rights of Global Ticket B.V. Global Ticket B.V. is an unlisted company based in the Netherlands, specialised in ticketing solutions. The purpose of the acquisition is to increase the ticketing activities of CM.com. The purchase price allocation is based on fair values of identifiable assets and liabilities of Global Ticket B.V.

On 2 July 2020 CM.com N.V. acquired 100% of the shares and voting rights of Elitech Group B.V. and its group companies (known as CX Company). CX Company is a group of entities which are unlisted and based in the Netherlands. The purpose of the acquisition is to give the growth strategy of CM.com an extra boost with the new, fast-growing and recurring revenue-stream which is primarily SaaS-based. The purchase price allocation is based on provisional fair values of identifiable assets and liabilities of CX Company.

On 14 October 2020 CM.com N.V. acquired 100% of the shares and voting rights of ROBIN Software B.V. ROBIN Software B.V. is an unlisted company based in the Netherlands, specialised in customer contact solutions. The purpose of the acquisition is to complement our Mobile Marketing solution for customer contact centers. The purchase price allocation is based on provisional fair values of identifiable assets and liabilities of ROBIN Software B.V.

The initial accounting for the acquisitions has only been provisionally determined at the end of the reporting period. For tax purposes, the tax values of the acquired assets are required to be reset based on market values of the assets. At the date of finalisation of these consolidated financial statements, the necessary market valuations and other calculations had not been finalised for the acquisitions of CX Company and ROBIN Software B.V. and they have therefore only been provisionally determined based on the directors' best estimate of the likely tax values. All acquisitions done in 2020 are related to the Platform segment within CM.com.

The fair values of identifiable assets and liabilities of acquisitions as at the date of acquisition were:

| x € 1,000 | NOTE | CX | OTHER | TOTAL |
|---|---|---|---|---|
| Consideration paid in cash | | 10,479 | 6,112 | 16,591 |
| Equity payment | | 4,000 | 2,000 | 6,000 |
| Earn-out (part of other accruals) | 9 | 1,651 | 3,093 | 4,744 |
| **Total consideration** | | **16,130** | **11,205** | **27,335** |
| Property, plant and equipment | | 23 | 116 | 139 |
| Right-of-use assets | | 561 | 378 | 939 |
| Financial assets | | 153 | 37 | 190 |
| Trade and other receivables | | 1,563 | 327 | 1,890 |
| Deferred tax assets | | 415 | – | 415 |
| Cash and cash equivalents | | 2,990 | 343 | 3,333 |
| Trade and other payables | | (3,681) | (1,351) | (5,032) |
| Borrowings | | (560) | (375) | (935) |
| **Total fair value of net indentifiable assets en liabilities** | | **1,464** | **(525)** | **939** |
| Goodwill recognised | 5 | 5,296 | 4,156 | 9,452 |
| Platform recognised | 5 | 5,972 | 5,403 | 11,375 |
| Customer relations recognised | 5 | 6,521 | 4,697 | 11,218 |
| Deferred tax liability recognised | 10 | (3,123) | (2,526) | (5,649) |

The acquired trade and other receivables mainly consist of trade receivables. The present value of the earn-out is based on the 2020-2022 financial performance of the companies acquired mainly based on revenue and represents our best estimate as at 31 December 2020. The earn-out will be payable if certain revenue and non-financial targets are met. The total range of outcomes (undiscounted) is between € 0 and € 6.8 million.

The goodwill relating to the 2020 acquisitions represents future economic benefits specific to the group arising from assets that do not qualify for separate recognition as intangible assets. This includes expected new customers who generate revenue streams in the future and revenues generated because of new capabilities of the acquired product platforms.

The total contribution to revenue of the acquisitions is € 3,477 thousand for CX company and € 2,034 for the other acquisitions. If the acquisitions were done as per 1 January the contribution would be € 6,842 for CX company and € 3,780 for the other acquisitions. The total contribution to net profit of the acquisitions is € 595 for CX company and € 327 thousand for the other acquisitions. If the acquisitions were done as per 1 January the contribution would be € 213 thousand for CX company and € 8 thousand for the other acquisitions.

## 10. TAXATION

**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.

The effect of rate changes for € 24 thousand is mainly caused by rate changes in deferred tax in the Netherlands from 21.7% to 25.0%.

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

- CM.COM Netherlands B.V.
- CM.com International 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.
- CM.com R&D 12 B.V.
- CM.com R&D 13 B.V.
- EventsIT B.V. (liquidated in 2020)

The subsidiaries are charged for the corporate income tax based on their results. The other subsidiaries are not part of the fiscal unity of CM.com N.V.

Major components of the income tax expense :

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Current tax | 152 | 91 |
| Deferred tax: | | |
| Movement in temporary differences | (186) | 131 |
| Tax losses recognized as DTA | (1,838) | (723) |
| Tax losses utilised | 238 | 188 |
| Tax losses derecognised | 1,740 | - |
| Tax rate differences | 7 | 49 |
| Exchange rate differences | – | (8) |
| Adjustments prior year | (140) | 191 |
| **Taxation according to the profit or loss** | **(27)** | **(81)** |

The effective tax rate for 2020 is 0.2% (2019: 4.1%) and can be reconciled as follows:

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Loss before taxation | (13,028) | (1,917) |
| Other operational income | – | (133) |
| **Loss for tax calculation** | **(13,028)** | **(2,050)** |
| Income tax expense at statutory tax rate (25%) | (3,257) | (513) |
| Non-deductable expenditure | 127 | 22 |
| Non-deductable amortisation/depreciation | 75 | 75 |
| Non-recognisition of deferred tax assets | 1,245 | - |
| Tax losses utilised | (2) | - |
| Tax losses derecognised | 1,740 | - |
| Innovation box | – | (19) |
| Rate differential (foreign subsidiaries) | 185 | 137 |
| Temporary differences | – | 17 |
| Exchange rate differences | – | (8) |
| Tax relating to prior periods | (140) | 207 |
| **Tax charged against loss before tax** | **(27)** | **(81)** |

**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 for unused tax losses 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 tax losses carried forward of € 33.6 million as at 31 December 2020 (2019: € 9.2 million), out of which € 5.7 million (2019: € 0.4 million) expires in the following five years (of this for a total of € 0.5 million a DTA is formed). € 13.9 million (2019: € 0.8 million) will expire after five years (of this for a total of € 12.3 million a DTA is formed) and € 13.9 million (2019: € 8.3 million) can be carried forward indefinitely (of this for a total of € 2.3 million a DTA is formed). Other deferred tax assets relate to the difference between the carrying amount of Property, plant and equipment and Intangibles assets, and their fiscal value.

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| **Deferred tax asset** | | |
| Carrying amount as at 1 January | 2,609 | 1,732 |
| Additional tax losses recognised | 1,838 | 723 |
| Newly recognised for tax losses from acquisitions | 415 | - |
| Reversal of deferred tax assets | (181) | - |
| Tax losses derecognised | (1,740) | - |
| Tax losses utilised | (238) | (188) |
| Tax rate change | 24 | (82) |
| Exchange rate differences | (15) | 8 |
| Tax on non-deductible interest | 457 | - |
| Addition regarding IPO costs through equity | 985 | - |
| Correction previous years | (19) | 202 |
| Originating taxable temporary differences | - | 214 |
| Reclassification deferred tax asset | (3,323) | - |
| **Carrying amount as at 31 December** | **812** | **2,609** |

The deferred tax asset can be split as below:

| x € 1,000 | 2019 | RECOGNISED THROUGH ACQUISITIONS | RECOGNISED IN EQUITY | RECOGNISED IN PROFIT OR LOSS | RECLASSIFICATION OF DTA | 2020 |
|---|---|---|---|---|---|---|
| Tax losses | 2,396 | 415 | 985 | 306 | (3,323) | 779 |
| Right of use assets | 17 | - | - | 16 | - | 33 |
| Other | 197 | - | - | (197) | - | – |
| | **2,610** | **415** | **985** | **125** | **(3,323)** | **812** |

*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 | 2020 | 2019 |
|---|---|---|
| **Deferred tax liability** | | |
| Carrying amount as at 31 December 2019 | 1,651 | 1,340 |
| Acquisition of subsidiary | 5,649 | - |
| Taxable temporary differences | 570 | 439 |
| Tax rate differences | 29 | (61) |
| Reversal of taxable temporary differences | (483) | (67) |
| Reclassification deferred tax asset | (3,323) | - |
| **Carrying amount as at 31 December 2020** | **4,093** | **1,651** |

The deferred tax liability can be split as below:

| x € 1,000 | 2019 | RECOGNISED THROUGH ACQUISITIONS | RECOGNISED IN PROFIT OR LOSS | RECLASSIFI-CATION OF DTA | 2020 |
|---|---|---|---|---|---|
| Property, plant and equipment | 833 | - | 97 | - | 930 |
| Intangible assets | 818 | 5,646 | 22 | - | 6,486 |
| Reclassification | - | - | - | (3,323) | (3,323) |
| | **1,651** | **5,646** | **119** | **(3,323)** | **4,093** |



# Capital management and risk policies

## 11. CAPITAL MANAGEMENT

At 1 January 2020 the number of issued shares was 5,730,944, of which 5,536,500 ordinary shares with a nominal value of € 0,06 per share and 194,444 special shares with a nominal value of € 0,42 per share. On 21 February 2020 DSCO merged with CM.com NV. After this merger the number of issued shares was 26,259,854 with a nominal value of € 0,06 per share. Later in 2020, with the acquisitions of Elitech Group B.V. (CX Company) and ROBIN Software B.V., a total of 359.116 shares were issued. On 18 September CM.com performed an accelerated bookbuild offering (ABB) and raised € 31,8 million in capital. A total of 2,120,000 shares were issued that day. At year end that brings the total of issued shares up to 28,738,970 with a total nominal value of € 1,724,338. At balance date there are only ordinary shares.

The legal reserves, in amount of € 18,148 thousand (2019: € 13,764 thousand) are considered non distributable in accordance with Dutch Law, as presented in the Corporate Financial Statements (Note 6) and relate to capitalised development costs.

The current dividend policy is not to pay dividends, as retained earnings are used to support and finance the growth strategy of the company.

**Basic and diluted loss per share**
The number of shares used for the calculation of the basic and diluted loss per share is 28,738,970 (2019: 12,500,000).
The change in loss per share in 2019 relates to the merger with DSCO.

## 12. RISK MANAGEMENT

**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.

*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. No significant concentration of credit risk existed as at the reporting date.

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

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Balance as per 1 January | 140 | 73 |
| Additional charges to expenses | 15 | 103 |
| Bad debts written off | — | (36) |
| **Balance as per 31 December** | **155** | **140** |

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

| x € 1,000 | 31-12-2020 | 31-12-2019 |
|---|---|---|
| Current | 14,051 | 5,983 |
| 1 - 30 days | 486 | 1,419 |
| 31 - 60 days | 121 | 223 |
| > 60 days | 66 | 232 |
| | **14,724** | **7,857** |

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

| BUCKET | PERCENTAGE OF ECL |
|---|---|
| Current | 0.28% |
| 1 – 30 days | 0.54% |
| 30 – 60 days | 3.68% |
| > 60 days | 12.80% |

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For the other financial assets such as other receivables and deposits the assumption is applied that no expected credit loss is needed, due to low credit risk, the expected credit losses are deemed as not significant.

*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 accrued income. To measure the expected credit losses, trade receivables and accrued income 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 accrued income are presented as net impairment losses within profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

**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 have 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:

**2020**

| x € 1,000 | NOTE | 0 - 3 MONTHS | 4 - 12 MONTHS | 1 - 5 YEARS | OVER 5 YEARS | 2020 TOTAL | CARRYING AMOUNT TOTAL |
|---|---|---|---|---|---|---|---|
| Lease liabilities | 17 | 672 | 1,327 | 4,280 | 1,485 | 7,764 | 7,601 |
| Trade payables | 18 | 5,943 | - | - | - | 5,943 | 5,943 |
| Other financial liabilities | 18/19 | 34,914 | - | - | - | 34,914 | 34,914 |
| | | **41,529** | **1,327** | **4,280** | **1,485** | **48,621** | **48,458** |

**2019**

| x € 1,000 | NOTE | 0 - 3 MONTHS | 4 - 12 MONTHS | 1 - 5 YEARS | OVER 5 YEARS | 2019 TOTAL | CARRYING AMOUNT TOTAL |
|---|---|---|---|---|---|---|---|
| Borrowings excluding lease liabilities | 17 | 92 | 11,741 | 200 | 2,550 | 14,583 | 14,000 |
| Lease liabilities | 17 | 628 | 1,815 | 3,868 | 2,093 | 8,404 | 7,767 |
| Trade payables | 18 | 19,834 | - | - | - | 19,834 | 19,834 |
| Other financial liabilities | 18 | 22,433 | 622 | 290 | - | 23,345 | 23,345 |
| | | **42,987** | **14,178** | **4,358** | **4,643** | **66,166** | **64,946** |

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

**Market risk**
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect 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. CM.com only recognises the foreign currency risk as an applicable currency risk, due to the fact that there are no outstanding loans with variable interest and little other risk from external factors.

*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 functional currency. 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's exposure to currency risk was as follows based on notional amounts:

| x 1,000 | CNY | GBP | HKD | USD |
|---|---|---|---|---|
| **31-12-2020** | | | | |
| Cash and cash equivalents | 2,789 | 1,132 | (626) | 2,462 |
| Trade receivables | 648 | 272 | 2 | 60 |
| Long-term borrowings | – | – | (21) | 0 |
| Trade payables | 162 | (845) | (64) | (581) |
| | **3,599** | **559** | **(709)** | **1,941** |

| x 1,000 | CNY | GBP | HKD | USD |
|---|---|---|---|---|
| **31-12-2019** | | | | |
| Cash and cash equivalents | – | 150 | – | 523 |
| Trade receivables | 332 | 643 | 10 | 2,426 |
| Long-term borrowings | – | – | (1,300) | – |
| Trade payables | 456 | (800) | (427) | (1,021) |
| | **788** | **(7)** | **(1,717)** | **1,928** |

*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 € 135 thousand (2019: € 4 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 € 21 thousand (2019: € (7) 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 € (27) thousand (2019: € (7)).

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 € 73 thousand (2019: € 4 thousand).

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





## 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 amount 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, equity investments, cash and cash equivalents. 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.

*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, lease liabilities, contingent consideration and earn-out in business acquisitions. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings 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.

Lease liabilities are 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 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 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 | 31-12-2020 | RESTATED 31-12-2019 |
|---|---|---|
| Bank balances | 40,689 | 10,812 |
| Bank balances held by Stichting Derdengelden | 11,815 | 11,341 |
| Bank overdraft | — | (9,405) |
| **Cash and cash equivalents in the statement of cash flows** | **52,504** | **12,748** |

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.

The bank balances held by Stichting Derdengelden are restricted cash.

Additionally, in the other bank balances an amount of € 160 thousand (2019: € 48 thousand) is 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 | 31-12-2020 | 31-12-2019 |
|---|---|---|
| Deposits & other receivables | 1,197 | 651 |
| Other participation | 60 | 60 |
| | 1,257 | 711 |
| Current portion of long term receivables | (361) | (148) |
| | **896** | **563** |

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 2019 | 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** |
| **Movements** | | | | |
| Loans granted | - | 614 | - | 614 |
| Repayments | - | (370) | - | (370) |
| Paid deposits | 165 | - | - | 165 |
| Released deposits | (50) | - | - | (50) |
| Acquisitions | 191 | - | - | 191 |
| Currency difference | (4) | - | - | (4) |
| **Carrying amount as at 31 December 2020** | **686** | **511** | **60** | **1,257** |
| Current portion 2019 | - | (148) | - | (148) |
| Current portion 2020 | - | (361) | - | (361) |

As at 31 December 2020 and 31 December 2019 no impairments in value have been recorded.

**Other receivables**
Other receivables consist of two loans and one advanced payment.

Originally, € 250 thousand to Minghold B.V. Repayment should have been done during 2020. Due to the Covid 19-pandemic this loan will be repaid in 2021.

Originally, € 75 thousand was provided to Comizzo BVBA. Repayment will be done in 10 months, starting March 2020. The interest rate is set at 15% annually.

Originally, € 100 thousand advanced payment to Labyrinth Productions BVBA. Repayment should have been done during 2020. Due to the Covid 19-pandemic this loan will be repaid in 2021. 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 | 31-12-2020 | RESTATED 31-12-2019 |
|---|---|---|
| Trade receivables | 14,724 | 7,857 |
| Trade receivables Stichting Derdengelden | 66 | 28 |
| Other receivables, prepayments and accrued income | 17,968 | 11,809 |
| | **32,758** | **19,694** |

**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, € 155 thousand is provided for (2019: € 140 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 | 31-12-2020 | 31-12-2019 |
|---|---|---|
| Accrued revenue | 13,364 | 9,499 |
| Prepayments | 3,181 | 986 |
| Other receivables | 1,062 | 1,176 |
| Current portion of long-term receivable | 361 | 148 |
| | **17,968** | **11,809** |

The prepayments consists of non-trade prepaid invoices.

The accrued revenue is invoiced after month-end. The amount of accrued revenue is invoiced in January and contains revenue for December.

## 17. BORROWINGS

| x € 1,000 | 31-12-2020 | 31-12-2019 |
|---|---|---|
| Bank loans | - | 14,000 |
| Bank overdraft | - | 9,405 |
| Lease liability | 7,601 | 7,767 |
| | 7,601 | 31,172 |
| Current portion of long term borrowings | (1,837) | (23,175) |
| | **5,764** | **7,997** |

Originally, CM.com had 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 bore an interest at 1 year Euribor plus a Margin of 2.00%. CM.com received a waiver from EIB for the no further indebtedness clause. This loan has been repaid for € 1 million in 2019. The remaining € 4 million has been repaid after the listing on 21 February 2020.

After the listing on 21 February 2020 the loans with ABN AMRO and EIB were paid off. As a result of the repayment of the loan from EIB we bought off the warrant at EIB for € 3,050 thousand.

In 2019, CM.com refinanced its loan facility from Rabobank with a new loan facility from ABN Amro. This facility consisted of a credit facility of € 10 million and a loan of € 10 million. This loan has been repaid after the listing. This credit facility has been terminated.

A reconciliation of the movement in borrowings is presented below:

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Carrying amount as at 1 January | 31,172 | 19,094 |
| **Movements** | | |
| Proceeds from bank loans | – | 10,000 |
| Increase in lease liability | 2,782 | 7,628 |
| Redemptions of bank loans | (14,000) | (11,500) |
| Redemptions of lease liability | (2,948) | (3,455) |
| Movements in revolving credit facilit | (9,405) | 9,405 |
| **Carrying amount as at 31 December** | **7,601** | **31,172** |
| Current portion of long term borrowings | (1,837) | (23,175) |
| **Long term liability as at 31 December** | **5,764** | **7,997** |

## 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 | 31-12-2020 | RESTATED 31-12-2019 |
|---|---|---|
| Trade payables | 5,943 | 19,834 |
| VAT and payroll taxes | 1,371 | 2,014 |
| Invoices to be received for services | 11,128 | 8,387 |
| Third party collection payable to content providers | 1,867 | 912 |
| Deposits | 196 | 198 |
| Pension contributions | 111 | (21) |
| Payables from Stichting Derdengelden | 11,614 | 11,079 |
| Other accruals | 9,116 | 2,500 |
| | **41,346** | **44,903** |

The other accruals mainly consist of earn-outs for the acquisitions (€ 4,744 thousand, 2019: nil), non-trade invoices to be received and personnel accrual.

## 19. CONTRACT LIABILITIES

| x € 1,000 | 31-12-2020 | 31-12-2019 |
|---|---|---|
| Revenue received in advance | 8,001 | 1,146 |
| Invoiced in advance | 882 | – |
| | **8,883** | **1,146** |

The revenue received in advance will be settled in full in 2021.

## 20. EMPLOYEE BENEFITS

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Wages and salaries | 23,785 | 14,793 |
| Social security charges | 3,624 | 2,475 |
| Pension costs | 812 | 504 |
| WBSO subsidy received | (1,095) | (931) |
| Capitalised development cost | (4,177) | (3,607) |
| | **22,949** | **13,234** |

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 | 6,515 | 9,580 | 7,690 | 23,785 |
| Social security charges | 1,164 | 1,355 | 1,105 | 3,624 |
| Pension costs | 214 | 357 | 241 | 812 |
| WBSO | (1,095) | – | – | (1,095) |
| Capitalised development costs | (4,177) | – | – | (4,177) |
| | **2,621** | **11,292** | **9,036** | **22,949** |

The average number of employees of CM.com during the year, converted to full-time equivalents (FTE), was 382 (2019: 257), of which 74 FTE are working outside the Netherlands (2019: 47)

The breakdown per department of average FTE is as follows:

| | 2020 | 2019 |
|---|---|---|
| Research & Development | 131 | 83 |
| Sales & Marketing | 192 | 115 |
| General & Admin | 59 | 59 |
| | **382** | **257** |

**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. SHARE BASED PAYMENTS

**Celebration Share Award Plan**
On 21 February 2020, the Management Board granted to all eligible employees a cumulative total of 14,009 Ordinary Shares for no consideration under a one-off share incentive (11,835 equity settlement and 2,174 cash settlement). The shares are vested on 21 February 2020. The grant-date fair value of equity settled share based payments awards granted to employees is recognized as an expense, with a corresponding increase in equity. Cash settled awards are valued at intrinsic value at 31 December 2020 and recognized as an expense, with a corresponding increase in liabilities. There are no market performance conditions in this plan that effect the vesting. The holding period is 1 year.

**Long-term incentive plan**
The Management Board recognises the importance of its employees to the future success of the Company. A long-term incentive plan ('LTIP') was introduced for key individuals in senior leadership positions. The first grant under this plan was made at 21 February 2020 and comprise of a cumulative total of 20,702 Ordinary Shares (equity settlement), during the year an additional amount of 6,056 ordinary shares (equity settlement) were granted to new participants under the same LTIP conditions. The vesting date is 21 February 2023.

The number of Awards made under the Plan that will vest and become unconditional is subject to continued employment and the actual performance on the TSR (30%), Revenue: Average CAGR (20%), Customer Satisfaction (NPS) (25%) and Employee Satisfaction (25%) performance conditions. The company used the Monte Carlo model to determine the fair value of the TSR portion of the conditional awards.

**Key assumptions to the TSR shares**

| | FEBRUARY 2020 | APRIL 2020 |
|---|---|---|
| Share price at grant date | 17 | 13 |
| Expected volitality | 41% | 46% |
| Vesting period | 3.0 | 2.8 |
| Annual dividend increase | —% | —% |
| Risk-free interest rate (Eurozone, AScX / US, NASDAQ-100) | (0.657) / 1.31 | (0.673) / 0.24 |
| Fair value at grant date | 15.53 | 17.48 |

The weighted average fair value of the conditional performance options under the LTIP 2020-2022 granted as at February/April 2020 was € 34 thousand.
The fair value of the LTIP awards granted to employees is recognized as an expense, with a corresponding increase in equity.

**Key leadership program**
The Key leadership program ('KLIP') was introduced for a small group of employees in key leadership positions. This is an non-recurring program with a long tenure (3 years). The first grant under this plan was made at 18 March 2020 and comprises of a cumulative total of 50,000 Ordinary Shares for no consideration (equity settlement). The first tranche of 25,000 ordinary shares immediately vested on grant date. Condition for vesting of the other tranches is continued employment until vesting date. There are no market performance conditions in this plan that effect the vesting. The holding period is 1 year. The grant-date fair value of equity settled share based payments awards granted to employees is recognized as an expense, with a corresponding increase in equity.

**Key Person Plan**
The Key Person Plan ('KPP') was introduced for a number of key employees within CM.com. The first grant under this plan was made at 21 February 2020 and comprises of a cumulative total of 18,882 Ordinary Shares for no consideration, of which 5,503 shares were cash settled and 13,319 were equity settled . The condition for vesting is that the relevant employee continues to be employed by the Company two years after grant date. There are no market performance conditions in this plan that effect the vesting.The grant-date fair value of equity settled share based payments awards granted to employees is recognized as an expense, with a corresponding increase in equity. Cash settled awards are valued at intrinsic value at 31 December 2020 and recognized as an expense, with a corresponding increase in liabilities.

Changes in outstanding shares for the period regarding the different plans:

| | CELEBRATION SHARE AWARD PLAN | LONG-TERM INCENTIVE PLAN | KEY LEADER-SHIP PLAN | KEY PERSON PLAN |
|---|---|---|---|---|
| **At 1 January 2020** | – | – | – | – |
| Granted | 11,835 | 26,758 | 13,379 | 50,000 |
| Forfeited | – | – | – | – |
| Exercised | (11,835) | – | – | (25,000) |
| Expired | – | – | – | – |
| **At 31 December 2020** | **–** | **26,758** | **13,379** | **25,000** |

None of the outstanding shares are exercisable at 31 December 2020.

**Cash-settled share-based payments**
The Group issues to certain employees share appreciation rights (SARs) that require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise. The Group has recorded liabilities of € 138 thousand in 2020. The Group recorded total expenses of € 152 thousand in 2020. The total intrinsic value at 31 December 2020 € 31.00.

*Costs*
The costs of the different plans for 2020 can be specified as follows:

| x € 1,000 | 2020 |
|---|---|
| LTIP (equity settled) | 115 |
| KPP (equity settled) | 94 |
| KPP (cash settled) | 71 |
| KLIP (equity settled) | 327 |
| Celebration shares (equity settled) | 201 |
| Celebration shares (cash settled) | 81 |
| | **889** |

At year-end 2020 the carrying amount of cash-settled share based payments was € 152 thousand.

## 22. OTHER OPERATING EXPENSES

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Housing costs | 819 | 458 |
| Operating costs | 2,501 | 1,167 |
| Office expenses | 39 | 13 |
| Car expenses | 150 | 117 |
| Marketing and sales expenses | 2,524 | 1,895 |
| Other staff costs | 2,921 | 783 |
| General costs | 2,894 | 2,507 |
| | **11,848** | **6,940** |

The capitalised development costs have partly been allocated to the other operating expenses (€ 1,532 thousand, 2019: € 1,288 thousand) and mainly relate to housing costs and general costs.

In the other operating expenses a total of € 1.7 million is included for one-off listing related costs.

In the housing costs a total of € 185 thousand regards to short-term leases. In the car expenses a total of € 73 thousand regards to short-term leases. Low value leases are not applicable.

## 23. INTEREST PAID

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Bank interest paid | 3,198 | 617 |
| Other interest paid | 201 | 216 |
| Currency results | 174 | 77 |
| | **3,573** | **910** |

The bank interest paid mainly consists of the warrant-payment to EIB. See Note 17.

## 24. COMMITMENTS AND GUARANTEES

**Guarantees**
As of 31 December 2020, the legal entities that are part of the group have granted guarantees amounting to € 160 thousand (2019: € 48 thousand).

## 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 N.V. | Breda (The Netherlands) | Holding company | 100% | |
| CM.COM Netherlands B.V.* | Breda (The Netherlands) | Mobile telecommunication 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% | 1 |
| CM Platform B.V.* | Breda (The Netherlands) | R&D | 100% | |
| Global Ticket B.V. | Amsterdam (The Netherlands) | Ticketing services | 100% | 2 |
| Elitech Group B.V. | Breda (The Netherlands) | Holding company | 100% | 3 |
| The Selfservice Company B.V. | Breda (The Netherlands) | Conversation platform services | 100% | 3 |
| The Selfservice Company Solutions B.V. | Breda (The Netherlands) | Conversation platform services | 100% | 3 |
| ROBIN Software B.V. | Arnhem (The Netherlands) | Customer services | 100% | 4 |
| 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% | |
| CM.com R&D 13 B.V. | Breda (The Netherlands) | R&D | 100% | |
| CM.com Belgium N.V.* | Zaventem (Belgium) | Mobile telecommunication services | 100% | |
| CM Telecom Germany GmbH* | Frankfurt (Germany) | Mobile telecommunication services | 100% | |
| CX Company GmbH | Dusseldorf (Germany) | Conversation platform services | 100% | 3 |
| CM Telecom UK Ltd.* | London (UK) | Mobile telecommunication services | 100% | |
| Elitechnology Limited | London (UK) | Conversation platform services | 100% | 3 |
| CM Telecom France SAS* | Paris (France) | Mobile telecommunication services | 100% | |
| CM Telecom Hong Kong Ltd.* | Hong Kong (China) | Mobile telecommunication services | 100% | |
| CM Telecom Shenzhen Co. Ltd. | Shenzhen (China) | Mobile telecommunication services | 100% | |
| CM Telecom Singapore Private Ltd.* | Singapore (Singapore) | Mobile telecommunication services | 100% | |
| CM.com Japan K.K. | Tokyo (Japan) | Mobile telecommunication services | 100% | |
| CM Telecom South Africa Ltd.* | Cape Town (South Africa) | Mobile telecommunication services | 100% | |
| CM Telecom Inc.* | Boston (USA) | Mobile telecommunication services | 100% | 5 |
| CM.com US Inc.* | Wilmington, Delaware (USA) | Mobile telecommunication services | 100% | |
| CM Telecom FZ-LLC* | Dubai (UAE) | Mobile telecommunication services | 100% | |
| CM Communication Platform & Technology, S.L.U.* | Barcelona (Spain) | Mobile telecommunication services | 100% | 6 |
| CMCOM Turkey Elektronik Haberlesme Ltd Sti* | Turkey | Mobile telecommunication services | 100% | 7 |
| CM.com Kenya Ltd.* | Nairobi (Kenya) | Mobile telecommunication services | 100% | 8 |
| Communication Platform India Private Limited* | Bankalore (India) | Mobile telecommunication services | 100% | 9 |
| CM.com Italy S.r.l.* | Milan (Italy) | Mobile telecommunication services | 100% | 10 |

*1 — This entity is liquidated on 31 December 2020*
*2 — This entity is acquired on 2 March 2020 by CM.COM Netherlands B.V.*
*3 — These entities were acquired on 2 July 2020 by CM.COM Netherlands B.V.*
*4 — This entity is acquired on 14 October 2020 by CM.COM Netherlands B.V.*
*5 — This entity was liquidated on 18 September 2020*
*6 — This entity was founded on 4 February 2020*
*7 — This entity was founded on 25 August 2020*
*8 — This entity was founded on 5 July 2020*
*9 — This entity was founded on 28 December 2020*
*10 — This entity was founded on 16 December 2020*
**These entities are direct subsidiaries of CM.com N.V.*



### Related parties

CM.com has a rental agreement with CM Campus B.V. For 2020 € 0.8 million was paid as rent (2019: € 0.7 million). The rental charged by CM Campus B.V. is at arm's length. CM Campus B.V. is related by its shareholders, which are partly the same as the members of the Management Board of CM.com N.V. The outstanding balance of the current account as at 31 December 2020 was € 2 thousand (2019: € 557 thousand).

The total outstanding balance related to leases as at 31 December 2020 was € 4,615 thousand (2019: € 4,780 thousand). Of these leases a total of € 617 thousand is short-term (2019: € 165 thousand).

### Transactions with key management personnel

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24. The remuneration policy for members of the Management Board was developed by the Supervisory Board, approved, adopted and amended by the General Meeting.

### Remuneration management board

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Short-term employee benefits | 989 | 391 |
| Post-employment benefits | 11 | – |
| Share based payments | 47 | – |
| | **1,047** | **391** |

### Remuneration supervisory board

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Salaries and short-term employee benefits | 108 | – |
| | **108** | – |

For more details see tables under "Actual remuneration" and "Actual supervisory board costs" in the remuneration report. These tables are seen as part of the financial statements.

## 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 Deloitte Accountants B.V. to the Company and its subsidiaries:

| x € 1,000 | DELOITTE | TOTAL |
|---|---|---|
| Audit fees | 556[7] | 556 |
| Other services | – | – |
| | **556** | **556** |

*7 – Including the audit fees with respect to the local statutory financial statements.*

The comparative figures for 2019 are as follows:

| 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 JUDGMENTS AND ESTIMATIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that effect 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, useful life of non-current assets, deferred tax asset recoverability, purchase price allocation, impairments and the impact of the COVID-19 pandemic.

**Critical judgments in applying the Group's accounting policies**

*Revenue*
Revenue recognition under IFRS 15 is significantly more complex than under IAS 18 and requires use of management judgment to produce financial information. The most significant judgment 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 judgments impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows. Scenarios requiring judgment to determine whether CM.com is a principal or an agent include, for example, those where CM.com delivers third-party content to customers.

*COVID-19*
The pandemic had mixed effects on our business. On the one hand, we noticed a pandemic-induced increase of messages sent by customers in logistics, home delivery, financial institutions and the public sector. On the other hand, the pandemic resulted in less traffic by customers active in the Travel, Leisure, or Retail sector. Our Payments business was positively impacted by Covid-19, as a result of the accelerated adoption of e-commerce, leading to revenue and gross profit growth. Within Platform, Ticketing was severely hit early on in the lockdown due to the postponement of events and festivals. This effect was, however, compensated by the exponential growth of venue ticketing, following the mandatory online booking of tickets and timeslots at museums, zoos and attraction parks. In the long term, we believe that Covid-19 is an irreversible accelerator of the digital transformation in regards to how people interact with each other. It also fueled the demand for complete, quick and easy to implement solutions. CM.com, with its broad portfolio of smart communication tools, is well-positioned to facilitate and benefit from this transition.

**Key sources of estimation uncertainty**

*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.

*Useful lives of non-current assets*
The useful lives have to be determined for intangible assets and property, plant and equipment. The useful lives are estimated based upon best practice within CM.com. CM.com reviews the remaining useful lives of its non-current assets annually. The uncertainty included in this estimate is that the useful lives are estimated longer than the actual useful life of the intangible assets and property, plant and equipment, which could possible result in accelerated amortisation and depreciation in future years and/or impairments at the end of the actual useful live of the related intangible assets and property, plant and equipment.

*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. Management's assessment 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.

*Business combinations and purchase price allocations*
The provisional purchase price allocation is based on an estimation of the identifiable assets acquired and liabilities assumed. This estimation requires the Managing Directors to estimate the future cash flows expected to arise from the assets and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise, or significant changes may occur during the measurement period. The main reason for being provisional is the settlement of liabilities.

As stated in Note 9, for the entities which were acquired in 2020 an earn-out has been included in the PPA. When determining the fair value of the earn-out, several assumptions and judgments were made regarding the estimated future revenue and cash flows of these acquisitions and therefore the future cash-out for the earn-out.

## 28. SUBSEQUENT EVENTS

On 17 March 2021 CM.com acquired 100% of the shares and voting rights of SEPASoft B.V. (PayPlaza) for € 10 million (excluding a capped earn out). This is an unlisted company based in the Netherlands, specialised in payment solutions. The purpose of the acquisition is to increase the payment activities of CM.com.

The calculation of the purchase price allocation has not been made yet due to the fact that the signing date is short after the acquisition date. Therefore the requirements as stated in IFRS 3 have not been disclosed.

**29. CHANGES IN PRESENTATION**

Changes in presentation in comparison to the Statement of financial position, as included in the 2019 financial statements, are specified below:

- The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of CM.com's annual consolidated financial statements for the year ended 31 December 2019. As, based on the definitions of IFRS 3, Dutch Star Companies One N.V. does not represent a "business", the transaction between Dutch Star Companies ONE N.V. and CM.com B.V. is not a business combination. The transaction should be accounted for applying IFRS 2. The appropriate accounting treatment according to IFRS 2 is to account for a reverse asset acquisition. Such an accounting policy results in consolidated financial statements that are similar to those produced under reverse acquisition accounting, except that no goodwill arises. Application by analogy of the guidance in IFRS 3 on reverse acquisitions results in CM.com B.V. being identified as the accounting acquirer and Dutch Star Companies ONE N.V. being identified as the accounting acquiree. Although the legal acquirer is Dutch Star Companies ONE N.V., CM.com qualifies as the acquirer for accounting purposes. The balance sheet of DSCO is consolidated as published per 21 February 2020. Comparative information presented in the consolidated financial statements is based on the annual report of CM.com B.V. 2019 and is retroactively adjusted to reflect the legal capital of the legal parent (DSCO). The effect of the capital amounts to € 86 thousand.
- The split of revenue over the geographical location for 2019 has been changed compared to the financial statements of 2019 due to accounting adjustments. For comparing purposes we've restated the figures for 2019 over the different geographical locations.

## Change in accounting policies

Standards and interpretations effective in the current period

- Amendments to IFRS 3: Definition of a Business.
- Amendments to IAS 1 and IAS 8: Definition of Material.
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform – Phase 1.
- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendment to IFRS 16: Covid 19-Related Rent Concessions.

CM.com has assessed the impact of these amendments and concluded that they are either not applicable to the Group or have no material effect on the Group's financial statements.

**Standards issued but not yet effective**

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and
- IFRS 16 Interest Rate Benchmark Reform – Phase 2: EU effective date 1 January 2021.
- Amendments to IFRS 4 Insurance Contracts: Deferral of IFRS 9: EU effective date 1 January 2021.

CM.com has not early adopted the amended standards in preparing these consolidated financial statements.

None of the amendments are expected to have a material impact on the financial position or performance of the Group.



# CORPORATE FINANCIAL STATEMENTS

# Corporate statement of financial position as at 31 December 2020

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

| ASSETS | NOTE | 31-12-2020 | 31-12-2019 |
|---|---|---|---|
| Intangible Assets | 1 | 3,306 | 3,745 |
| Property, plant and equipment | 2 | 2,124 | 2,361 |
| Right-of-use assets | 3 | 7,753 | 7,457 |
| Financial fixed assets | 4 | 38,017 | 35,066 |
| **Non-current assets** | | **51,200** | **48,629** |
| Receivables, prepayments and accrued income | 5 | 64,485 | 24,900 |
| Cash and cash equivalents | | 17,976 | 6,865 |
| **Current assets** | | **82,461** | **31,765** |
| **Total Assets** | | **133,661** | **80,394** |
| **EQUITY AND LIABILITIES** | | | |
| Share Capital | | 1,724 | 414 |
| Legal reserve | | 18,148 | 13,764 |
| Share premium reserve | | 122,691 | - |
| Foreign currency translation reserve | | (180) | (115) |
| Retained earnings | | (21,991) | (8,339) |
| **Shareholders' equity** | 6 | **120,392** | **5,724** |
| Provisions | 7 | - | 10,755 |
| Deferred tax liability | 8 | 959 | 830 |
| Financial liabilities | 9 | 4,350 | 6,926 |
| **Non-current liabilities** | | **5,309** | **18,511** |
| Current liabilities, accruals and deferred income | 10 | 7,960 | 56,159 |
| **Current liabilities** | | **7,960** | **56,159** |
| **Total Equity and Liabilities** | | **133,661** | **80,394** |



# Corporate statement of profit or loss and other comprehensive income for the year ended 31 December 2020

| x € 1,000 | NOTE | 2020 | 2019 |
|---|---|---|---|
| Other operating income | | - | 133 |
| **Total income** | | **-** | **133** |
| Employee benefits expenses | 11 | (1,078) | (2,390) |
| Amortisation and depreciation | 1/2/3 | (1,888) | (1,800) |
| Other operating expenses | | (538) | 1,309 |
| **Operating Loss** | | **(3,504)** | **(2,748)** |
| Financial income | | 595 | 462 |
| Financial expenses | 12 | (3,417) | (798) |
| **Loss before tax** | | **(6,326)** | **(3,084)** |
| Income tax | | 1,648 | 396 |
| **Loss after tax** | | **(4,678)** | **(2,687)** |
| Result participations | | 10,759 | 851 |
| **Net result for the year** | | **6,081** | **(1,836)** |
| Other comprehensive income, net of tax | | (65) | 60 |
| **Total comprehensive income** | | **6,016** | **(1,776)** |

# 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 N.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 if the recognition criteria are met. Receivables are mainly receivables on subsidiaries. The expected credit losses, if any, are eliminated in the carrying amount of these receivables (according to DAS 100.107a).

## SHARE IN RESULT OF PARTICIPATING INTERESTS

Where significant influence is exercised over associated companies, CM.com's share in the associated companies' results is included in the profit or loss account. This result is determined on the basis of the accounting principles applied by CM.com N.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 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** |
| Additions | – | – | – | – |
| Divestments | – | – | (59) | (59) |
| IFRS 16 reclassification leases | – | – | – | – |
| **At 31 December 2020** | **1,487** | **2,993** | **3,145** | **7,625** |
| **Amortisation and Impairment** | | | | |
| 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** |
| Amortisation | – | 299 | 81 | 380 |
| Divestments | – | – | – | – |
| IFRS 16 reclassification leases | – | – | – | – |
| **At 31 December 2020** | **504** | **2,576** | **1,239** | **4,319** |
| **Net book value** | | | | |
| At 31 December 2019 | 983 | 716 | 2,046 | 3,745 |
| At 31 December 2020 | 983 | 417 | 1,906 | 3,306 |
| Estimated useful lives (years) | indefinite | 10 | 10 / indefinite | |

There is no impairment charged to the result for the financial year (2019: € 0).

## 2. PROPERTY, PLANT AND EQUIPMENT

The movements in the tangible fixed assets are as follows:

| x € 1,000 | PLAT-FORM | FURNITURE & FIXTURES | VEHICLES | HARDWARE & SOFTWARE WORKPLACE | LEASEHOLD IMPROVEMENTS | TOTAL |
|---|---|---|---|---|---|---|
| **Costs** | | | | | | |
| 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** |
| Additions | 146 | 41 | – | 34 | 11 | 232 |
| Divestments | – | – | (42) | – | (33) | (75) |
| **At 31 December 2020** | **2,648** | **1,150** | **104** | **1,036** | **419** | **5,357** |
| **Depreciation** | | | | | | |
| 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** |
| Depreciation | 184 | 73 | 10 | 134 | 35 | 436 |
| Divestments | – | – | (42) | – | – | (42) |
| **At 31 December 2020** | **1,634** | **600** | **67** | **770** | **162** | **3,233** |
| **Net book value** | | | | | | |
| At 31 December 2019 | 1,052 | 582 | 47 | 366 | 314 | 2,361 |
| At 31 December 2020 | 1,014 | 550 | 37 | 266 | 257 | 2,124 |
| 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** |
| Additions | 422 | 950 | – | – | 1,372 |
| Ending of lease agreements | (60) | – | – | – | (60) |
| **At 31 December 2020** | **5,770** | **3,073** | **1,127** | **159** | **10,129** |
| **Depreciation** | | | | | |
| IFRS 16 reclassification leases | – | 192 | 113 | 27 | 332 |
| Depreciation | 683 | 212 | 113 | 20 | 1,028 |
| **At 31 December 2019** | **683** | **404** | **226** | **47** | **1,360** |
| Depreciation | 653 | 291 | 112 | 20 | 1,076 |
| Ending of lease agreements | (60) | – | – | – | (60) |
| **At 31 December 2020** | **1,276** | **695** | **338** | **67** | **2,376** |
| **Net book value** | | | | | |
| At 31 December 2019 | 4,725 | 1,719 | 901 | 112 | 7,457 |
| At 31 December 2020 | 4,494 | 2,378 | 789 | 92 | 7,753 |

## 4. FINANCIAL FIXED ASSETS

| x € 1,000 | 31-12-2020 | 31-12-2019 |
|---|---|---|
| **Participations in group companies:** | | |
| CM.COM Netherlands B.V. | 17,764 | 18,296 |
| CM Payments B.V. | 11,195 | 10,809 |
| CM.com Belgium N.V. | 2,944 | 2,563 |
| CM Platform B.V. | - | 247 |
| | **31,903** | **31,915** |
| **Receivables from associated companies** | **2,762** | **2,831** |
| Other participations | 60 | 60 |
| Deposits | 50 | 50 |
| Deferred tax assets | 3,242 | 210 |
| | **3,352** | **320** |
| **Total financial fixed assets** | **38,017** | **35,066** |

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 2019 | 31,915 | 2,831 | 320 |
| **Movements** | | | |
| Share in result of group companies | (12) | | |
| Decrease | | (69) | |
| Addition to deferred tax asset | | | 3,032 |
| **Carrying amount as at 31 December 2020** | **31,903** | **2,762** | **3,352** |

As at 31 December 2020 and 31 December 2019, 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 € 1.125 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 | 2020 | 2019 |
|---|---|---|
| Accounts receivable | 25 | 7 |
| Group companies | 63,872 | 23,381 |
| Affiliated companies | 2 | 569 |
| Prepayments | 439 | 719 |
| Taxes | 147 | 224 |
| | **64,485** | **24,900** |

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 | SHARE PREMIUM RESERVE | CAPITALISED DEVELOPMENT COSTS | FOREIGN CURRENCY TRANSLATION RESERVE | ACCUMULATED DEFICIT | TOTAL |
|---|---|---|---|---|---|---|
| Balance at 1 January 2019 | 414 | - | 11,213 | (175) | (3,952) | 7,500 |
| 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** | **414** | **-** | **13,764** | **(115)** | **(8,339)** | **5,724** |
| Profit for the year | - | - | - | - | 6,081 | 6,081 |
| Movement of reserve | - | - | 4,384 | - | (4,384) | - |
| Other comprehensive income | - | - | - | (65) | - | (65) |
| Proceeds on issuing new shares | 1,241 | 104,556 | - | - | (13,430) | 92,367 |
| Conversion warrants | 48 | 12,457 | - | - | - | 12,505 |
| IPO/ABB Costs including tax impact[8] | - | - | - | - | (2,956) | (2,956) |
| Issuance of shares related to business combinations | 21 | 5,478 | - | - | 500 | 5,999 |
| Issuance of shares to employees | - | 200 | - | - | 537 | 737 |
| **Balance at 31 December 2020** | **1,724** | **122,691** | **18,148** | **(180)** | **(21,991)** | **120,392** |

*8 — IPO expenses resulted in a deferred tax asset of € 985 thousand, (Note 10 - taxation of the consolidated financial statements).*

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

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Retained earnings as per consolidated financial statements | (22,925) | 5,425 |
| Derecognition provisions participations | 10,770 | – |
| Share in loss of participations with a negative equity | 8,312 | – |
| Capitalised development costs | (18,148) | (13,764) |
| **Retained earnings as per corporate financial statements** | **(21,991)** | **(8,339)** |

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Net result as per consolidated financial statements | (13,001) | (1,836) |
| Derecognition provisions participations | 10,770 | – |
| Share in loss of participations with a negative equity | 8,312 | – |
| Capitalised development costs | – | – |
| **Net result as per corporate financial statements** | **6,081** | **(1,836)** |

The cumulative amount of the unrecognized share in the loss of participating interests for the period amounts to € 19.082 (2019: € 0)

## 7. PROVISIONS

| x € 1,000 | 31-12-2020 | 31-12-2019 |
|---|---|---|
| Other provisions | – | 10,755 |
| | **–** | **10,755** |

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 31-12-2019 | LIQUI-DATION | CURRENCY DIFFERENCES | CAPITAL | DERECOG-NITION | BALANCE 31-12-2020 |
|---|---|---|---|---|---|---|
| CM.com International B.V. | 3,103 | – | – | – | (3,103) | – |
| CM Telecom France SAS | 2,348 | – | – | – | (2,348) | – |
| CM Telecom Hong Kong Limited | 1,953 | – | 77 | – | (2,030) | – |
| CM Telecom UK Ltd. | 1,687 | – | (51) | – | (1,636) | – |
| CM Telecom South Africa (Pty) Ltd | 679 | – | 24 | – | (703) | – |
| CM.com Germany GmbH | 499 | – | – | – | (499) | – |
| CM Telecom FZ-LLC | 420 | – | 10 | – | (430) | – |
| EventsIT B.V. | 35 | (31) | – | – | (4) | – |
| CM Telecom Singapore Private Limited | 31 | – | – | – | (31) | – |
| CM Platform B.V. | - | – | – | – | – | – |
| CM.com Italy S.r.l. | - | – | – | (10) | 10 | – |
| CMCOM Kenya Limited | - | – | – | – | – | – |
| CM Communication Platform & Technology, S.L.U. | - | – | – | (3) | 3 | – |
| CMCOM TURKEY ELEKTRONİK HABERLEŞME LİMİTED ŞİRKETİ | - | – | – | – | – | – |
| CM.com US Inc. | - | – | (1) | – | 1 | – |
| **Total** | **10,755** | **(31)** | **59** | **(13)** | **(10,770)** | – |

In 2020 the credit facility was terminated, therefore CM.com N.V. can no longer be held responsible for the losses of its participations. As a result, provisions have been derecognised.

## 8. DEFERRED TAX LIABILITIES

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 | 2020 | 2019 |
|---|---|---|
| Carrying amount as at 1 January | 830 | 774 |
| Originating taxable temporary differences | 129 | 147 |
| Tax rate differences | – | 8 |
| Reversal of taxable temporary differences | – | (99) |
| **Carrying amount as at 31 December** | **959** | **830** |

## 9. FINANCIAL LIABILITIES

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

## 10. CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME

| x € 1,000 | 2020 | 2019 |
|---|---|---|
| Group companies | 5,985 | 31,087 |
| Bank accounts | – | 9,405 |
| Trade accounts payable | 246 | 1,883 |
| Other taxes | 12 | 12 |
| Pension contribution | (11) | (11) |
| Accruals and deferred income | 575 | 574 |
| Current portion of borrowings | 1,153 | 13,209 |
| | **7,960** | **56,159** |

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.

## 11. EMPLOYEE BENEFITS

In 2019 all employees were transferred to other companies within the CM.com group. The costs of 2019 mainly represents the costs of wages and salaries of those employees. The company has no employees in 2020. The employee benefits mainly consist of long-term share based payment plans (see Note 21 of the consolidated financial statement) and short term incentive plans.

The board is remunerated via CM.COM Netherlands B.V.

## 12. FINANCIAL INCOME AND EXPENSES

The bank interest paid mainly consists of the warrant-payment to EIB. See Note 17 of the consolidated financial statements.

## 13. SUBSEQUENT EVENTS

There are no company specific subsequent events.



# PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2020

The Management Board proposes, with the approval of the Supervisory Board, that the result for the financial year 2020 should be transferred to reserves.

# ANNEX A: CORPORATE GOVERNANCE UNTIL 21 FEBRUARY 2020

## GENERAL

The following is a report from the former board of directors of DSCO N.V. From 1 January 2020 until 21 February 2020, the corporate governance of Dutch Star Companies ONE N.V. (DSCO) applied. In this Annex, the corporate governance over this period is described.

The board of directors of DSCO was a one-tier board, consisting of executive directors and non-executive directors. The executive directors were responsible for DSCO's day-to-day management, which included formulating strategies and policies and setting and achieving objectives. The non-executive directors supervised and advised the executive directors. Each board member had a responsibility to DSCO to properly perform the duties assigned by each member and to act in the DSCO's corporate interest.

**Executive board as of incorporation**
Stephan Nanninga (Dutch, male, 1957)
Niek Hoek (Dutch, male, 1956)

**Non-executive board as of settlement**
Joop van Caldenborgh (Dutch, male, 1940) - chairman
Rob ten Heggeler (Dutch, male, 1963)
Aat Schouwenaar (Dutch, male, 1946) – chairman of the Audit Committee
Pieter Maarten Feenstra (Dutch, male, 1957) – member of the Audit Committee
Gerbrand ter Brugge (Dutch, male, 1965)

## SHARES

As of the listing, the shareholder structure of DSCO consisted of 5,536,500 ordinary shares ('Ordinary Shares') and 194,444 special shares ('Special Shares'). Ordinary Shares were held by shareholders and Special Shares were indirectly held by the promoters of DSCO, via Dutch Star Companies Promoters Holding B.V. – the founder of DSCO (Ordinary Shares and Special Shares together referred as "Shares".) Special Shares may be converted into Ordinary Shares (Note: all Special Shares were converted into Ordinary Shares on 21 February 2020). Such conversion rights provided a right to shares, which deviated from best practice provision 3.3.3 as mentioned in the Dutch Corporate Governance Code, as it didn't necessarily serve as a long-term investment, but was envisaged to be a short- or medium- term investment. The Company believed the Company's capital structure was designed to align the interest of the Promoters its Ordinary Shareholders and the Company. The Promoters were defined as each of the following persons: Niek Hoek, Stephan Nanninga, Gerbrand ter Brugge, Attilio Arietti and Giovanni Cavallini (all indirectly owned Special Shares). The Ordinary Shareholders were defined as the holders of one or more class A ordinary share(s). This alignment of interests was an important part of the proposition to ordinary shareholders as represented by special purpose acquisition companies such as DSCO. It emphasized that the Promoters were subject to a lockup undertaking that applied following the conversion of their Special Shares into Ordinary Shares.

Furthermore, the Ordinary Shares indirectly held by the Non-Executive Directors Aat Schouwenaar, Gerbrand ter Brugge, Joop van Caldenborgh (chairman), Pieter Maarten Feenstra and Rob ten Heggeler, each Non-Executive Directors, were not necessarily held as long-term investments as their investment horizon has been determined following completion of the Business Combination. With a view to the respective shareholdings held by the Non-Executive Directors, which in each case is below 10% (except for Joop van Caldenborgh), the Non-Executive Directors did qualify as 'independent' within the meaning of the Dutch Corporate Governance Code. Joop van Caldenborgh owned 10.87% of the shares. DSCO believed his shareholding aligned his interests with the interests of other Board members and shareholders in the Company.

## DEVIATIONS FROM THE DUTCH CORPORATE GOVERNANCE CODE

Mr. Niek Hoek and Mr. Stephan Nanninga were appointed for an indefinite term, provided that they will in any event voluntarily step down within four years following their appointment. All other members of the board were appointed for a period of four years. DSCO deviated from provision 2.2.1. of the Dutch Corporate Governance Code, because Niek Hoek and Stephan Nanninga were appointed as Executive Directors of DSCO at the incorporation of the Company for an indefinite term. The nature of DSCO was fundamentally different from other Dutch listed companies, for which the Dutch Corporate Governance Code has been written. DSCO searched to enter into a business combination ('Business Combination') within two years following its listing on Euronext Amsterdam. The appointments were expected to end around this time, following either termination of DSCO or as a result of consolidation with a target. For that reason, it was not deemed necessary to limit the appointment term to four years.

The non-executive board confirms that all its members, except for Joop van Caldenborgh, were independent as defined in best practice provisions 2.1.7 to 2.1.9. of the Dutch Corporate Governance Code.

The non-executive board did not discuss nor review its own functioning nor the functioning of the executive board during the 2020 financial period due to the limited period this non-executive board was active.

With a view to the number of non-executive directors, the Dutch Corporate Governance Code prescribes under best practice provision 2.3.2 that the board installs a selection and appointment committee and a remuneration committee. As DSCO did not conduct any business prior to a Business Combination and the board did not intend to hire any employees, the board had no need for a selection and appointment or remuneration committee.

Until a Business Combination was concluded, the board had no need for a secretary to the board as described in best practice provision 2.3.10. For the description on the deviation of best practice provision 3.3.3 reference is made to the paragraph Shares hereabove.

## BOARD MEETINGS AND AUDIT COMMITTEE

The one-tier board held one meeting in 2020, on 8 January. During this meeting, amongst others, the proposed business combination with CM.com, the merger proposal with CM.com as disappearing party, the convocation of extraordinary general meeting of shareholders was discussed and several items that focused on the financing of the proposed business combination with CM.com, including related items such as trading updates. Furthermore, there has been a bringdown call for the 2019 annual report on 18 February. The Audit Committee explained to the Board the main topics of the annual report and the main topics from the Auditor.

## TAKEOVER DIRECTIVE

In addition to the rules contained in the articles of association of DSCO, Dutch law provides that resolutions of the board involving major changes in the identity or character of DSCO are subject to the approval of the General Meeting. Such changes in any event include:

- the transfer of the business or practically our whole business to a third party;
- the entry into or termination of a long-term cooperation by us or by any of our subsidiaries with another legal entity or company or as fully liable partner in a limited partnership or a general partnership if this joint venture or termination of such a joint venture is of major significance to us; and
- the acquisition or disposal, by us or any of our subsidiaries, of a participating interest in the capital of a company valued at a minimum of one-third of our assets according to our most recently adopted consolidated annual balance sheet with explanatory notes thereto.

In accordance with our Articles of Association, our board has adopted Board Rules that govern their principles and best practices. The Board Rules describe the duties, tasks, composition, procedures and decision making of the board.

## AMENDMENT OF ARTICLES OF ASSOCIATION

The General Meeting may pass a resolution to amend the Articles of Association, with an absolute majority of the votes cast, subject to a proposal of, or with the Board's prior approval. A resolution of the General Meeting to amend the Articles of Association, which has the effect of reducing the rights attributable to holders of shares of a particular class, is subject to the approval of the meeting of holders of shares of that class.

## FINANCIAL MARKET SUPERVISION

Under the Financial Market Supervision Act certain shareholders with a substantial shareholding that exceeds 3% of the issued capital have notified the AFM and have registered their substantial shareholding. These shareholders were: Gooische Beleggingsmaatschappij B.V.; D. van Vliet; J.N.A. van Caldenborgh; DM Equity Partners C.V.; and DSC Promoters Holding B.V.

## CONFLICTS OF INTEREST, OTHER INFORMATION

The following circumstances could have led to a potential conflict of interest for the members of the board:

- Members of the board could have allocated their time to other businesses leading to potential conflicts of interest in their determination as to how much time to devote to DSCO's affairs, which could have had a negative impact on DSCO's ability to complete the Business Combination;
- The Promoters could have had a conflict of interest in deciding if a particular target business was a good candidate for the Business Combination;

  - The Promoters were not obligated to provide the Company with a first review of all Business Combination opportunities that they or their affiliates could have identified; this is relevant in particular with a view to the investment activities some of the Promoters conduct for their own account, including Niek Hoek through Brandaris capital, Stephan Nanninga through LindeSpac and Gerbrand ter Brugge through Oaklins (or its affiliates);
  - The Company could have engaged in the Business Combination with a target business that has relationships with entities that may have been affiliated with the members of the board or the Promoters, which could have raised potential conflicts of interest;
  - Each member of the board is also an indirect shareholder in DSCO. This could have caused them to focus on the financial performance of DSCO rather than other stakeholder interests;
  - One or more of the members of the board could have negotiated employment or consulting agreements with a target business in connection with a particular Business Combination. These agreements could have provided for them to receive compensation following the Business Combination and as a result, could have caused them to have conflicts of interest in determining whether a particular proposed Business Combination is the most advantageous;
  - The Promoters, including Niek Hoek, Stephan Nanninga and Gerbrand ter Brugge, who are also members of the board, indirectly hold Special Shares which they were only entitled to convert into Ordinary Shares, if they succeed in completing a Business Combination, which could have incentivized them to initially focus on completing a Business Combination rather than on critical selection of a feasible target business and the negotiation of favorable terms for the transaction. Provided that, on the long-term the Promoters were more likely to benefit from their Special Shares and related conversion rights if the acquired target business performed well and is integrated in DSCO in a manner that is beneficial from a commercial, legal and tax perspective to DSCO and all its shareholders.; and
  - Following completion of the Business Combination, one or more Promoters could have an advisory role (potentially as a member of the supervisory board or non-executive director of either the target business or the Company) whilst also maintaining his Special Shares. The ownership of Special Shares, and the potential financial upside of converting such Special Shares into Ordinary Shares could have caused such Promoter / adviser of the target business to focus on (short-term) financial results rather than the (long-term) interests of all stakeholders. (Note: all Special Shares have been converted to Ordinary Shares on 21 February 2020.)

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- The Promoters could have had a conflict of interest in deciding if a particular target business was a good candidate for the Business Combination;

  - The Promoters were not obligated to provide the Company with a first review of all Business Combination opportunities that they or their affiliates could have identified; this is relevant in particular with a view to the investment activities some of the Promoters conduct for their own account, including Niek Hoek through Brandaris capital, Stephan Nanninga through LindeSpac and Gerbrand ter Brugge through Oaklins (or its affiliates);
  - The Company could have engaged in the Business Combination with a target business that has relationships with entities that may have been affiliated with the members of the board or the Promoters, which could have raised potential conflicts of interest;
  - Each member of the board is also an indirect shareholder in DSCO. This could have caused them to focus on the financial performance of DSCO rather than other stakeholder interests;
  - One or more of the members of the board could have negotiated employment or consulting agreements with a target business in connection with a particular Business Combination. These agreements could have provided for them to receive compensation following the Business Combination and as a result, could have caused them to have conflicts of interest in determining whether a particular proposed Business Combination is the most advantageous;
  - The Promoters, including Niek Hoek, Stephan Nanninga and Gerbrand ter Brugge, who are also members of the board, indirectly hold Special Shares which they were only entitled to convert into Ordinary Shares, if they succeed in completing a Business Combination, which could have incentivized them to initially focus on completing a Business Combination rather than on critical selection of a feasible target business and the negotiation of favorable terms for the transaction. Provided that, on the long-term the Promoters were more likely to benefit from their Special Shares and related conversion rights if the acquired target business performed well and is integrated in DSCO in a manner that is beneficial from a commercial, legal and tax perspective to DSCO and all its shareholders.; and
  - Following completion of the Business Combination, one or more Promoters could have an advisory role (potentially as a member of the supervisory board or non-executive director of either the target business or the Company) whilst also maintaining his Special Shares. The ownership of Special Shares, and the potential financial upside of converting such Special Shares into Ordinary Shares could have caused such Promoter / adviser of the target business to focus on (short-term) financial results rather than the (long-term) interests of all stakeholders. (Note: all Special Shares have been converted to Ordinary Shares on 21 February 2020.)

# INDEPENDENT AUDITOR'S REPORT

To the shareholders and the Supervisory Board of CM.com N.V.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 INCLUDED IN THE ANNUAL ACCOUNTS

**Our opinion**
We have audited the financial statements for the year ended 31 December 2020 of CM.com N.V. based in Breda. The financial statements comprise the consolidated financial statements and the corporate financial statements.

**In our opinion:**
- The accompanying consolidated financial statements give a true and fair view of the financial position of CM.com N.V. as at 31 December 2020, and of its result and its cash flows for the year ended 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying corporate financial statements give a true and fair view of the financial position of CM.com N.V. as at 31 December 2020, and of its result for the year ended 31 December 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
1. The consolidated statement of financial position as at 31 December 2020.
2. The following statements for the year ended 31 December 2020: the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.
3. The notes comprising a summary of the accounting policies and other explanatory information.

The corporate financial statements comprise:
1. The corporate statement of financial position as at 31 December 2020.
2. The corporate statement of profit or loss and other comprehensive income for the year ended 31 December 2020.
3. The notes comprising a summary of the accounting policies and other explanatory information.

**Basis for our opinion**
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of CM.com N.V. in accordance with the EU Regulation on specific requirements regarding statutory audits of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Deloitte Accountants B.V. is registered with the Trade Register of the Chamber of Commerce and Industry in Rotterdam number 24362853.*
*Deloitte Accountants B.V. is a Netherlands affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited.*



**Materiality**
Based on our professional judgement we determined the materiality for the financial statements as a whole at € 1.4 million. The materiality is based on 1% of consolidated revenue. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 70 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

**Scope of the group audit**
CM.com N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of CM.com N.V.

The transaction processing, accounting and financial reporting for all group entities is centralized in the Netherlands. Consequently, we have performed all audit procedures for the group in The Netherlands and have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

**Our key audit matters**
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

***Key audit matter – Accounting for acquisitions***

***Description***
As set out in note 9 to the consolidated financial statements, CM.com N.V. completed three acquisitions which classify as business combinations (IFRS 3) in 2020:

- In March 2020, CM.com N.V. acquired 100% of the shares and voting rights of Global Ticket B.V.
- In July 2020, CM.com acquired 100% of the shares and voting rights of Elitech Group B.V. (trade name is CX Company).
- In October 2020, CM.com N.V. acquired 100% of the shares and voting rights of ROBIN Software B.V.

IFRS 3 requires management to apply judgement and use assumptions in determining the fair value of identified assets and liabilities and to determine the resulting goodwill to be recognized. The intangible assets identified in all three business combinations as part of the purchase price allocation are developed software (referred to as the platform) and customer relations. Goodwill is solely recognized for CX Company and ROBIN Software B.V. Management estimates are particularly relevant in the estimation of future cash flows, the discount rate and the earn-out estimation. The purchase price allocation for CX Company and ROBIN Software B.V. is provisional in the 2020 annual report, which is properly reflected in note 9 to the consolidated financial statements.

***How the key audit matter was addressed in the audit***
The management board of CM.com N.V. engaged a valuation expert to assist them in the purchase price allocation for the acquisition of CX Company. Management used the methodology of the valuation experts for the valuation of the two smaller acquisitions.

We performed substantive audit procedures on the purchase price allocation in line with IFRS 3. We inspected the Share Purchase Agreements and other relevant legal documentation, evaluated management's identification of assets and liabilities acquired, tested the reliability of data used and challenged management key assumptions (future cash flows, the discount rate and the earn-out estimation) in determining the fair value of the intangible assets and the deferred considerations.

We engaged Deloitte valuation experts to assist us in assessing the appropriateness and mathematical accuracy of the model used for all three acquisitions and for evaluating the appropriateness of the discount rates applied to the cash flow projections and the deferred consideration for CX Company. In addition, we validated the appropriateness and completeness of disclosures related to the acquisitions, as included in note 9 to the consolidated financial statements.

***Observations***
Based on our materiality and procedures performed and in the context of the audit of the consolidated financial statements as a whole we observed that IFRS 3 requirements regarding recognition and valuation of assets and liabilities in the purchase price allocation of the Global Ticket B.V., CX Company and ROBIN Software B.V. acquisition were met and are appropriately disclosed in note 9 to the consolidated financial statements.

### *Key audit matter – Opening Balance*

***Description***
On 21 February 2020 Dutch Star Companies ONE N.V. (DSCO) acquired CM.com B.V. The acquisition is, in accordance with IFRS 2, accounted for as a reverse (asset) acquisition, where DSCO classifies as the legal acquirer and CM.com B.V. as the acquirer for accounting purposes. The balance sheet of DSCO is consolidated with the balance sheet of CM.com B.V. DSCO changed its name to CM.com N.V. This is disclosed in note 1 to the consolidated financial statements.

Deloitte Accountants B.V. was appointed in 2017 by the board of directors of Dutch Star Companies One N.V. as auditor as of 2018. The acquiring company for accounting purposes conform the reversed (asset) acquisition was CM.com B.V. As a result of the accounting for the acquisition described above, the comparative information presented in the consolidated financial statements 2020 is based on the 2019 annual report of CM.com B.V. and is adjusted to reflect the legal capital of the legal parent (DSCO). In addition, the comparative 2019 financial statements have been restated to reflect the consolidation of the foundations as explained in the key audit matter – "Consolidation of foundations" below.

The audit of CM.com N.V. over 2020 (previous DSCO) is not formally a first year audit conform COS 510 as we were already the auditor of DSCO, but due to the adjustment of comparative figures and the change in operating activities from a special purpose acquisition company to CM.com N.V. related operating activities, we considered this a first year audit. We identified the opening balance as a key audit matter as this involves additional planning activities and considerations necessary to establish an appropriate audit plan and strategy.

***How the key audit matter was addressed in the audit and in our observations***
We obtained an understanding of the company, its processes and its business including the control environment and information systems. Additionally, we gained an understanding of the relevant controls within the key business processes and we identified the relevant risks of material misstatements.

To obtain sufficient and appropriate audit evidence regarding the restated opening balances, we interacted with the previous auditor, including a file review and formal transition procedures as prescribed by our professional standards.

We evaluated the appropriateness of CM.com N.V.'s accounting policies and disclosure practices and subjected the annual report to various quality reviews.

For the assessment on the accounting treatment of the reversed asset acquisition of DSCO and CM.com B.V., and for the reflection of the legal capital in the of the legal parent (DSCO) in the consolidated financial statement we have engaged Deloitte accounting experts.

***Observations***
We obtained sufficient and appropriate audit evidence regarding the opening balance including the comparative information in the context of the financial statements as a whole. We have determined that the reverse asset acquisition has been reported in accordance with IFRS 2 and concur with the restatements as a consequence of the acquisitions of the foundations.

### *Key audit matter – Capitalization and amortization of internal development costs*

***Description***
The company has developed proprietary software that is used to run the business. The software is comprised of a so-called platform



and a substantial number of enhancements or "features". The features add specific or generic functionalities to the platform and are aimed to improve the performance, the user friendliness or the marketability of the platform. Development of new features is an ongoing process at the group.

Costs related to the development of the features are capitalized. Capitalized development costs are significant to the audit given the amounts involved of over € 29 million. In 2020, the capitalized internal costs (primarily payroll costs of developers) amount to € 5.9 million and the useful life of these developments is stated at 10 years. In 2020, the company employed approximately 131 fte within the research and development department (note 20).

Development expenditures on an individual project are recognized as an intangible asset in so far it is available for use, it is expected to generate future economic benefits and if expenses can be measured reliably. These assessments require management judgement.

The useful life of 10 years that the company applies in comparison to other software companies and peers warranted more extensive procedures. Due to the estimations involved in the useful life and in the judgement in capitalization of development costs, we identified this as a key audit matter.

***How the key audit matter was addressed in the audit***

Our audit work included, amongst others, inquiry with management and developers to increase our business understanding around internal controls and segregation of duties, the recognition criteria, management of projects and the hourly rate used to calculate the amounts capitalized. Given that we adopted a non-control reliance approach, we were required to perform extensive substantive audit procedures. Statistical techniques have been used to select samples to test if the additions were properly capitalized or expensed in the profit and loss statement. The input factors of the applied hourly rate are challenged and reconciled to supporting documentation to assess the rate is accurate and complete conform IAS 38.

We performed audit procedures to verify for the assets with a remaining net book value per year-end that the assets recorded were still in operation, generating economic benefits, and we obtained reasonable assurance that the remaining useful life is appropriate.

Additionally, in order to evaluate the appropriateness of the valuation of the carrying value of (in)tangible assets we tested management's annual goodwill impairment test and triggering events analysis. Our assessment of the impairment test covering the goodwill and all intangible assets revealed substantial headroom and no indications for impairments.

We also evaluated the adequacy of the company's disclosures in note 5 of the financial statements.

***Observations***
The scope and nature of our procedures performed were appropriate and sufficient to address the risk of material misstatement in relation to the capitalization and amortization of the development costs and the disclosure requirements conform IAS 38 were properly met in note 5.

### *Key audit matter - Consolidation of foundations*

***Descriptions***
The activities of CM.com N.V. for the ticketing sales and the payment service provider activities are incorporated into three foundations (known as "Stichting Derdengelden"). The object of these foundations is to receive, record, manage and distribute collected fees from third parties. The key business processes are managed by CM.com N.V. and the board of the foundations consists of board members of CM.com N.V. The economic risk of the foundations is at CM.com N.V. The group reperformed the consolidation evaluation and included all the facts and circumstances that are relevant for assessing whether the group has control and power over its investees. As a result of this analysis, an error was identified based on which the group decided to restate the comparative figures. The foundations are consolidated into the consolidated financial statements of CM.com N.V. conform IFRS 10 as of FY 2020 as included in note 3 of the consolidated financial statements.

We have identified a key audit matter for this change in consolidation scope compared to prior years.

***How the key audit matter was addressed in the audit and in our observations***

We have gained an understanding of the activities of the foundations and the relation with CM.com N.V., and we have verified that the requirements of IFRS 10 for consolidation are met since the incorporation of the foundations. As a result, the foundations are included in the 2020 consolidated financial statement and in the restated 2019 figures.

***Observations***
The risk of material misstatements related to the consolidation of the foundations has been properly addressed and appropriately disclosed in the comparative figures in note 3 of the consolidated financial statements.

***Key audit matter - Information Technology and financial reporting***

***Description***
CM.com N.V.'s platform is based on in-house developed, proprietary (cloud) software. The IT systems of CM.com N.V. are crucial for the company and they include technical aspects of the electronic traffic as well as foundation for billing the customers and assessing the invoices received from the telecom operators. The database with the tracking of outgoing text messages is most relevant to the company, as this represents the largest revenue stream (CPAAS). The financial reporting systems of CM.com N.V. are largely dependent upon the information derived from the databases. Consequently, we have identified CM.com N.V.'s general IT controls over the databases of the registration of the text messages, the related interfaces and the financial accounting tools as a key audit matter in our audit of the financial statements.

***How the key audit matter was addressed in the audit***

Our audit work included, amongst others, understanding, evaluating and testing the relevant general IT controls to the extent relevant to our audit. IT auditors tested the design, implementation (and, where relevant, the operating effectiveness) of general IT controls supporting reliable information processing: access security and system change control over the database including the reconciliation of text messages database with the financial accounting systems.

***Observations***
Based upon our procedures performed, we concluded that we had to perform mitigating procedures to sufficiently address the risks of material misstatement identified for financial reporting and the underlying relevant databases and interfaces. As a result, we noted the risk of material misstatement in relation to the databases including the tracking of the text messages and the related interfaces are sufficiently addressed.

## REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:
- Management Board's Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

**Engagement**
We were engaged by the board of directors as auditor of CM.com N.V. (previous known as Dutch Star Company One N.V.) on November 23, 2017, as of the audit for the year 2018 and have operated as statutory auditor ever since that financial year.

**No prohibited non-audit services**

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

## DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

**Responsibilities of management and the Supervisory Board for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

**Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of

accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

*Scope of fraud and non-compliance with laws and regulations within our audit*
In accordance with the Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Non-compliance with law and regulation may result in fines, litigation or other consequences for CM.com N.V. that may have a material effect on the financial statements.

*Consideration of fraud*
In identifying potential risks of material misstatement due to fraud, we obtained an understanding of the Company and its environment, including the entity's internal controls. We evaluated the Company's risk assessment, that includes assessment of certain fraud risks and made inquiries with management, those charged with governance and with others within the Company, including but not limited to the Legal Counsel, Internal Audit, Compliance Department and Financial Reporting and Accounting. We evaluated risk factors and considered whether those factors indicated a risk of material misstatement due to fraud. We involved our forensic specialists in our risk assessment and in determining our audit response. Following these procedures, and the presumed risks under the prevailing auditing standards, we considered the fraud risks in relation to management override of controls, including evaluating whether there was evidence of bias by the Management Board and other members of management, which may represent a risk of material misstatement due to fraud.

As part of our audit procedures to respond to these fraud risks, we evaluated the design and implementation of the internal controls relevant to mitigating these risks. We also performed substantive audit procedures, including detail testing of journal entries and evaluating the accounting estimates for bias. We also incorporated elements of unpredictability in our audit. The procedures described are in line with the applicable auditing standards and are not primarily designed to detect fraud.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We obtained written representations that all known instances of (suspected) fraud and other irregularities have been disclosed to us.

Our procedures to address fraud risks did not result in a Key Audit Matter.

*Consideration of compliance with laws and regulations*
We assessed the laws and regulations relevant to the Company through discussion with, amongst others, the Management Board, Corporate Legal Counsel, Corporate Compliance Counsel and those charged with governance, and by reading minutes of board meetings and reports of internal audit. We involved our forensic specialists and our compliance specialists in this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered adherence to (corporate) tax law and financial reporting regulations and the requirements under International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements.

Apart from these, the Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposed fines or litigation. In addition, we considered major laws and regulations applicable to listed companies and laws and regulations specifically for payment service providers in relation to the payment licenses of CM Payments B.V.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to CM.com N.V.'s ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of payment licenses) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures comprise (i) inquiry of the Management Board, the Supervisory Board, the Compliance Officer and others within the Company as to whether the Company is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

We remained alert to indications of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Because of the characteristics of fraud, particularly when it involves sophisticated and carefully organized schemes to conceal it, such as forgery, intentional omissions, misrepresentation and collusion, an unavoidable risk remains that we may not detect all fraud during our audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, March 18, 2021

Deloitte Accountants B.V.

Jan Hendriks