

Further Geographical Expansion And Strong Revenue Growth Across All Core Segments.





PRESS RELEASE

H1 2020 results

Further Geographical Expansion And Strong Revenue Growth Across All Core Segments

BREDA, 26 AUGUST 2020

Financial highlights

- Strong CPaaS growth of 46% compared to H1 2019, demonstrating CM.com's ability to capture customers and market share in a rapidly growing market
- Core¹ revenue, consisting of CPaaS, Payments and Platform, grew with € 15.8 million (+41%) compared to H1 2019 to € 54.5 million
- Total revenue amounted to € 57.8 million in H1 2020
- Global expansion continued with 70% of core revenue growth generated outside The Netherlands (€ 11.1 million)
- Core gross profit increased by 7% compared to H1 2019 to € 11.9 million in H1 2020
- Adjusted EBITDA came in at € (0.4) million
- CM.com reiterates its guidance, including the medium-term revenue growth target of more than 30%

Business highlights

- Despite the negative impact of Covid-19 on customers active in Travel, Leisure, and Retail, the acceleration of the digitization of our customers offers numerous opportunities for the future
- CPaaS Net Dollar Retention rate of 130% indicates strong revenue growth among existing customers
- In line with our global expansion strategy regional hubs were opened in Los Angeles (USA) and Nairobi (Kenya) in H1 2020
- The execution of our ambitious recruitment trajectory has successfully turned CM.com into a company with over 50% of personnel in Sales & Marketing as we grow our sales force globally
- New enterprise customer wins include multinationals such as LVMH and Adidas
- We launched Rich Communication Services (RCS) in Germany in partnership with Vodafone Germany, becoming the first CPaaS company to do so
- Through the acquisition of Global Ticket, CM.com services important segments of the ticket market including museums and other cultural institutions
- The acquisition of CX Company enhances our Conversational Commerce proposition with AI and rule-based chatbot functionalities

¹ Core revenue is Total revenue minus Other revenue

H1 2020 Financials

x € million	H1 2020	H1 2019	% H1 - H1
Revenue	57.8	44.3	+30%
Core Revenue	54.5	38.7	+41%
Gross Profit	12.5	12.4	+1%
Core Gross Profit	11.9	11.1	+7%
Gross Margin	22%	28%	
Core Gross Margin	22%	29%	
Operating expenses	12.9	9.6	+34%
Adjusted EBITDA	(0.4)	2.9	(114)%
IPO/ Listing expenses	(1.4)	-	
EBITDA	(1.8)	2.9	(161)%
Net profit	(5.7)	0.0	

H1 2020 KPIs

x € million	H1 2020	H1 2019	% H1 - H1
CPaaS net dollar retention rate ² (%)	130%	113%*	
CPaaS enterprise churn rate ³ (%)	4.4%	4.2%*	
Total number of CPaaS enterprise customers ⁴	536	500	+7%
Number of messages (billions)	1.6	1.1	+53%
Number of voice minutes (millions)	89.4	69.4	+29%
Total payments processed (€ millions)	348.6	294.4	+18%

* at year-end 2019

² Represents the ratio of the revenue of CPaaS customers in comparable twelve months between the actual and preceding year for customers that generated more than € 10,000 in revenue in the actual year

³ represents the ratio of revenue from CPaaS customers that generated more than € 10,000 in revenue in the preceding year but that generated less than € 10,000 in the actual year or were no longer customers in the actual year, to total revenue in the previous year

⁴ Total number of CPaaS customers with an annual revenue of more than € 10,000

Message from the CEO



In the first half year of 2020 we continued full speed ahead. With the listing on Euronext Amsterdam and connected capital raise of € 73 million, we are able to accelerate our global expansion strategy. We opened additional hubs in the USA and Kenya and boosted recruitment of talented and experienced salespersons, which has increased our sales force by almost 50%. Our revenue outside Europe more than doubled and while revenue in the Netherlands showed the strongest growth in absolute terms, more than 55% of revenue was generated outside our home country.

The new normal has further accelerated the digitization of the work floor and of customer contacts. For businesses it is crucial to stay connected to their customers, which became more challenging with employees working remotely and at more flexible business hours. With our CM.com “Together Suite”, we could quickly offer fit-for-purpose solutions. In addition, we developed tools for our Ticketing customers to deal with the enormous amount of questions, refunds, and voucher requests, as soon as it became apparent that all events for the year were cancelled. We are particularly proud to have supported the Dutch National Health Institute (GGD), which used our voice services in the battle against the Covid-19 pandemic.

We believe that many companies will bolster their investments in customer communication going forward as customer engagement is paramount. Our communication platform including all the preferred communication channels like WhatsApp, Apple Business Chat, and WeChat, is ready to serve companies around the world.

Whilst the future impact of Covid-19 on businesses and the economy remains uncertain, we believe that the pandemic is also an irreversible accelerator of the digital transformation for which we are well-positioned. We have signed promising contracts with multinationals such as LVMH and Adidas for Mobile Marketing, worldwide OTP codes and OTT channels, starting in the second half of 2020. Also BMW Connected Drive went live at the beginning of July.

The integration with Global Ticket and CX Company is running smoothly and the cooperation between the different teams is already paying off. I would like to conclude by thanking my colleagues for their hard work and effort in these unprecedented times and look forward to the next steps that lie ahead of us.

Jeroen van Glabbeek
CEO CM.com



H1 2020 Business developments

Summary

CM.com realized strong revenue growth of 41% for its core businesses. All core segments grew, with CPaaS growing the fastest at 46%. Revenue increased in all regions where CM.com is present, making CM.com an increasingly global company with over 55% of revenue being realized outside the Netherlands. Growth was almost fully organic (99%) with a limited contribution from the acquisition of Global Ticket, which was consolidated as of March.

Core gross profit amounted to € 11.9 million, of which 37% was accounted for by Payments and Platform, reflecting the diversification of our portfolio strategy. With Global Ticket's substantial growth in June, this acquisition immediately contributed to our growth ambitions. As the acquisition of CX Company was completed on 2 July, it is not included in the H1 2020 results. CX Company will increase CM.com's recurring revenue streams and will be EBITDA accretive as of H2 2020 by selling high value-added products with a high gross margin.

Covid-19 update

The pandemic-induced volume increase in messaging at customers in logistics, home delivery, financial institutions and the public sector was offset by less traffic of customers in Travel, Leisure and Retail, where we saw a decline in messaging especially in April 2020. However, following the easing of lockdown regimes across Europe, messaging flows are returning to pre-Covid-19 levels in those sectors.

Payments saw a positive effect in relation to Covid-19, as a result of accelerated adoption of e-commerce, leading to revenue and gross margin growth. Within Platform, Ticketing was severely hit early on in the lockdown. However, post lockdown re-openings of many museums and the required online preregistration resulted in a record number of tickets sold in June by recently acquired Global Ticket.

We believe that Covid-19 is an irreversible accelerator of the digital transformation of how people interact with each other. CM.com, with its broad portfolio of smart communication tools, is well-positioned to facilitate and benefit from this transition.

CPaaS

During H1 2020 CM.com sent 1.6 billion messages worldwide, which is 53% more than in the same period last year. This is the result of a successful implementation of our commercial strategy, which is aimed at winning new customers, while growing along our existing customers. The CPaaS Net Dollar Retention rate was 130% at the end of June 2020.

Voice gained from opening up our platform to more regions for handling voice traffic, adding new suppliers, and facilitating SIP Trunking partners to resell CM.com's voice services. The frequently used Corona phonenumber in the Netherlands contributed to the increase of call minutes. Other notable developments in this business segment include a 50% capacity increase of our global private cloud, the addition a new location and capacity increase at existing locations in order to facilitate exponential growth. Also CM.com was the first company to launch Rich Communication Services (RCS) in Germany in partnership with Vodafone Germany. RCS can be best described as an enriched SMS including illustrations and features such as action buttons. Juniper Research⁵ forecasts that the total number of smartphones using RCS services will rise from 509 million in 2019 to over 2 billion in 2024.

⁵ Juniper research, *Mobile messaging Deep Dive Data & Forecasting 2020-2024*, May 2020

Payments

CM.com made significant progress in the development of next generation payment solutions. In January, Apple Pay was fully integrated as a capability of Apple Business Chat within the CM.com platform. Furthermore, CM.com added WeChat Pay to the platform, which made us the first Payment Service Provider of WeChat Pay in Europe to tap into a new customer segment of merchants targeting Chinese customers in Europe. These developments support our customers in enhancing their customer experience by offering the most convenient payment method. Additionally, we share Gartner's vision that the integrated offering of CPaaS and payment solutions is how CPaaS vendors can play an instrumental role in navigating retailers through the digital turn in the post Covid-19 environment⁶.

With our Conversational Commerce proposition, a combination of SMS, Payment links and a Chatbot, we serve increasingly more charities. The solution offers opportunities for enhanced fund raising and to stay in close contact with donors. Charities are more and more in favor of the iDEAL QR code option for donations instead of asking for cash donations.

Ultimately, Payments processed 18% more payments, both in Euros and in number of transactions compared to H1 2019. In total CM.com processed € 349 million in H1 2020.

Platform

To further enable our customers to engage with their consumers, CM.com offers a number of supplementary cloud platform features that leverage the CPaaS and payment functionalities. The features include Ticketing, eSignature, Customer Contact (including WhatsApp), identity services and a Customer Data Platform.

Subscriptions to our platform generated a solid growth rate, with 587 new subscription customers in H1 2020, bringing the total number of subscription customers to 1,685 at the end of June 2020. More than 80% of these new subscriptions were specific WhatsApp Business customers.

To serve our Ticketing customers in the best possible way during the pandemic, CM.com has updated its self-service tooling and developed specific tools for the Ticketing sector to handle refunds in batches, ticket cancellations, increased amount of requests and a module to convert tickets to vouchers to be used for future events.

Furthermore, we have integrated the CM-chatbot in our platform and have built the foundation to integrate other chatbot suppliers, including CX Company, into the Customer Contact tool. Our mobile marketing cloud has been upgraded with advanced workflows to design the ultimate omni-channel customer journey and a scripted chatbot that automatically integrates with WhatsApp and our Customer Contact app.

International expansion

CM.com's aim is to innovate and sell its services around the globe at an accelerating pace, by opening new hubs globally and investing in R&D and customer service quality.

In H1 2020 CM.com opened hubs in Los Angeles (USA) and Nairobi (Kenya) and as of 1 August 2020 CM.com is also present in Istanbul (Turkey). We expect to open hubs in Mexico and India in the coming months.

⁶ Gartner, *New CPaaS Tools for Navigating the COVID-19 Reset for a Superior Retail Customer Experience*, 5 June 2020

Recruitment

Along with opening new hubs we are expanding and strengthening our existing teams. The aim is to triple our Sales and Marketing force in the coming years and double our Research and Development staff.

As of 30 June 2020 CM.com employed 337 full-time employees, an increase of 71 FTE compared to year-end 2019. Total headcount grew to 363 employees. With over 50% of our workforce active in Sales and Marketing, CM.com is increasingly becoming a sales-driven organization, which will further fuel our growth in the years ahead.

M&A

M&A is an integral pillar of our growth strategy. Through selective M&A CM.com creates opportunities to expand its customer base, enhance platform capabilities, gain access to new (geographical) markets, or hire highly skilled and experienced talent.

In the last decade, CM.com has built a track record as a successful acquirer by acquiring and integrating 22 companies. The current market environment is attractive for selective M&A and we are ready to act when opportunities arise with a dedicated team and M&A playbook in place. As such, we have a solid pipeline with M&A leads at various stages of development.

In March 2020, we acquired Global Ticket, provider of e-ticket solutions in the Benelux. The combined activities strengthen our leading position in the Ticketing market. We intend to roll out our proven Ticketing solution for renowned museums in the Netherlands on a worldwide scale. Furthermore, Global Ticket's acquisition generates cross-sell opportunities for our Payments and Platform solutions offering museums support for their entire customer journey.

At the beginning of July 2020, we completed the acquisition of CX Company, a European (cloud-based) digital conversation platform designed to automatically engage customers in a personalized manner via virtual assistants, intelligent chatbots, and conversational artificial intelligence (AI). The acquisition will further boost CM.com's growth strategy as CX Company's multinational customer base covers various industry verticals and offers numerous opportunities for cross and upselling. CX Company will also increase CM.com's recurring income and will immediately be accretive to EBITDA in H2 2020 as it sells high value-added products with a high gross margin. In 2019 CX Company generated € 6.0 million of revenue. CM.com acquired the company for € 15.5 million, which was paid through a combination of cash and equity.

CX Company has a total of 49 FTE. All employees will remain with CM.com. Since the acquisitions of CX Company was completed on 2 July 2020 its results are not included in our H1 2020 results.

Both acquisitions perfectly fit CM.com's global expansion strategy and will enhance our offering of next level Conversational Commerce experience.

Review H1 2020 Financial Results

x € million	H1 2020	H1 2019	% H1 - H1
Revenue	57.8	44.3	30%
Core Revenue	54.5	38.7	41%
CPaaS	48.2	33.1	46%
Payments	3.3	2.8	16%
Platform	3.0	2.7	9%
Other	3.3	5.6	(42)%
Gross Profit	12.5	12.4	1%
Core Gross Profit	11.9	11.1	7%
CPaaS	7.5	7.1	6%
Payments	1.8	1.5	19%
Platform	2.7	2.5	5%
Other	0.5	1.3	(57)%
Gross Margin	22%	28%	
Core Gross Margin	22%	29%	
CPaaS	16%	21%	
Payments	54%	53%	
Platform	90%	93%	
Other	17%	23%	
Operating expenses	12.9	9.6	34%
Employee benefit expenses	8.6	6.6	30%
Other operating expenses	4.3	3.0	42%
Adjusted EBITDA	(0.4)	2.9	(114)%
IPO/Listing expenses	(1.4)	-	
EBITDA	(1.8)	2.9	(161)%
Depreciation and amortization	(3.1)	(2.5)	
Financing costs	(3.3)	(0.2)	
General financing costs	(0.3)	(0.2)	
Incidental warrant costs	(3.0)	-	
Tax	2.5	0.2	
Net profit	(5.7)	0.0	

Total revenue and gross profit

Total revenue grew by 30% to € 57.8 million in H1 2020. Core revenue, consisting of CPaaS, Payments and Platform, grew by 41% to € 54.5 million.

Total gross profit grew by 1% to € 12.5 million, of which core gross profit grew by 7% to € 11.9 million in H1 2020. Despite the negative impact of Covid-19, gross profit grew in all core segments.

Payments and Platform combined generated more than a third of core gross profit (37%), reflecting the diversification of our portfolio.

CPaaS

CPaaS revenue grew by 46% to € 48.2 million in H1 2020 (H1 2019: €33.1 million), mainly as a result of the 53% growth in the number of messages sent by new as well as existing customers. Voice minutes grew by 29% to 89.4 million minutes in H1 2020 compared to H1 2019.

Our global expansion strategy is paying off with the biggest part of the revenue increase being realized outside of our home market, notwithstanding the € 4.4 million revenue increase (+24%) in the Netherlands. Especially APAC and the Rest of the World showed strong growth rates of € 3.2 million (+125%) and € 3.0 million (+196%) respectively.

CPaaS gross profit grew by 6% to € 7.5 million in H1 2020 compared to € 7.1 million in H1 2019. H1 2020 gross margin (16%) was below H1 2019 (21%), but remained fairly stable compared to H2 2019 gross margin (17%). This is due to a mix of effects as we continue on our high growth path. We have won several promising multinational customers and are entering new markets where we aim to build a leading position. In addition, the pandemic resulted in some loss of revenue with relatively high gross margins in Q2 2020.

Payments

In the first half-year of 2020 CM.com realized a 16% revenue increase for Payments resulting in € 3.3 million revenue.

Online shopping increased due to the pandemic, which benefitted our e-commerce customers and led to an increase of the payments volumes by 18% to € 349 million, in particular in credit card and Sofort (German payment method) payments. The number of transactions grew by 18% and the take-rate remained at a steady 0.50 (H1 2019: 0.51).

At the same time gross profit grew by 19% to € 1.8 million. Margins improved slightly due to more credit card payments during H1 2020. As a result, gross margin rose to 54% versus 53% in H1 2019.

Platform

Platform revenue increased by 9% to € 3.0 million in H1 2020 (H1 2019: € 2.7 million). If we exclude Ticketing, given the significant impact of Covid-19, Platform revenue rose by 32%. Subscriptions contributed particularly to this solid growth rate with 587 new subscription customers in H1 2020. More than 80% of these new subscriptions were specific WhatsApp Business customers.

Due to the effects of the pandemic Ticketing revenue came in at € 0.7 million for the first six months of 2020, of which Global Ticket accounted for € 0.4 million.

Platform gross profit grew by 5% to € 2.7 million, implying a gross margin of 90%, which is at anticipated levels and slightly lower than in H1 2019 (93%), mainly due to the lower gross profit contribution from Ticketing.

Other

Other revenue is legacy business that includes revenue from Premium SMS and Direct Carrier Billing services. In line with expectations and the overall demand for these services, Other revenue continued to decline, but still contributed positively. Other revenue was € 3.3 million compared to € 5.6 million in H1 2019.

Gross profit declined, in line with our vision that the market for this legacy business is declining. It still contributed € 0.5 million to total gross profit in H1 2020.

EBITDA

Adjusted EBITDA was € (0.4) million in H1 2020. In line with our global expansion strategy CM.com hired new people and opened several hubs across the world. These growth initiatives came at a cost and hence our operating expenses increased leading to a negative EBITDA in H1 2020.

The majority of the operating expenses consist of employee expenses, which amounted to € 8.8 million, growing in line with our FTE growth. This amount excludes the capitalized development costs of € 2.4 million that are included in capex.

Financing and Funding

In February, CM.com successfully listed on Euronext Amsterdam and raised € 73 million in capital. The expenses related to the listing totaled € 4.7 million, of which € 3.3 million is booked against equity and € 1.4 million went through the profit and loss statement.

At the end of June 2020 CM.com had no net debt outstanding, besides € 7.7 million of lease liabilities (IFRS 16). In the first half year of 2020 outstanding loans at ABN AMRO and the European Investment Bank (EIB) were fully repaid. The warrant agreement, which entitled the EIB to warrant shares has been settled at a cost of € 3.05 million, reported as finance expenses.

Total equity at the end of the period stood at € 69.8 million compared to € 5.7 million at the end of 2019. The increase in equity is the result of the capital raise in February and the use of proceeds in the following period.

Capex

Capital expenditure was focused on further development of the CM.com platform and the purchase of network equipment and computer hardware. As the platform has been primarily built in-house (i.e., technology- software codes - is designed /developed and maintained by CM.com), CM.com continues to make significant investments in research and development activities, including further developing platform features to support new use cases and to ensure we stay ahead of competition.

In H1 2020 total capex amounted to € 5.5 million, of which € 2.4 million capitalized hours (H1 2019: € 1.7 million). Furthermore, € 2.2 million has been invested in platform hard- and software.

Capex as a percentage of total revenue stood at 9.5% in H1 2020 (H1 2019: 3.9%).

After-balance-sheet developments

On 2 July 2020 CM.com completed the acquisition of CX Company. The acquisition was paid partly in cash (€ 11.5 million) and partly in shares CM.com (€ 4.0 million). CM.com issued 262,467 shares at an average share price of € 15.24 for the payment in shares. The sellers of CX Company are not bound by a lock-up period for these shares. Following the completion of the acquisition the total number of shares outstanding is 26,522,321.

2020 outlook

Following the completion of the acquisition of CX Company early July, the company will contribute to the growth of recurring revenue streams at attractive margins.

CM.com also expects to further grow alongside existing customers and benefit from the customers that have started over the last six to twelve months, such as the platform for BMW Connected Drive that went live in the beginning of July. Additionally, LVMH will use our Mobile Marketing solution and Adidas will use our OTT channels in the Middle East. These and other customers will be connected in the following months and start accordingly.

Furthermore, we expect to clearly benefit from the shift towards online ticket sales, which we expect to make up for part of the loss in event ticketing sales in H1 2020.

As part of our global expansion strategy, CM.com expects to open hubs in Mexico and India in the coming months. We will continue with the recruitment of experienced talent.

Additionally, we see many opportunities in the current market environment and we continue to explore targets for value-adding M&A transactions.

Whilst the future impact of Covid-19 on businesses and the economy remains uncertain, we are well-positioned to benefit from the further digitization of our customers and we reiterate our guidance, including our medium-term revenue growth target exceeding 30%.

Responsibility Statement

In accordance with Article 5.25d of the Financial Supervision Act, the Management Board of CM.com states that to the best of its knowledge:

- the unaudited condensed consolidated interim financial statements give a true and fair view of the assets and liabilities, the financial position and the result of CM.com and its consolidated subsidiaries; and
- The H1 2020 report provides a fair view of the information required pursuant to Article 5:25d paragraph 8 and 9 of the Financial Supervision Act.

Breda, 26 August 2020

Management Board:

Jeroen van Glabbeek, CEO
Gilbert Gooijers, COO
Jörg de Graaf, CFO

Analyst Call

On Thursday, 27 August at 11.00 am CET, CM.com will host an analyst call, which will be live broadcasted at our website: <https://www.cm.com/investor-relations>

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2020 - 2021 Financial Calendar

15 October	Q3 2020 Trading update
9 March	2020 Annual results (unaudited)
19 March	2020 Annual report and AGM agenda
22 April	Q1 2021 Trading update
30 April	Annual General Meeting
29 July	H1 2021 results
21 October	Q3 Trading update

About CM.com

CM.com is a listed company (Euronext Amsterdam: CMCOM) and provides Conversational Commerce services from its cloud platform that connects enterprises and brands to the mobile phones of billions of consumers worldwide. Conversational Commerce is the convergence of messaging and payments.

CM.com provides messaging and voice channels, such as SMS, Over The Top (OTT) (e.g. WhatsApp Business, Apple Business Chat, Google RCS, Facebook Messenger, and Viber), Voice API and SIP.

These messaging channels can be combined with cloud platform features, like Ticketing, eSignature, Customer Contact, identity services and a Customer Data Platform. CM.com is a licensed Payment Service Provider (PSP) offering card payments, domestic payment methods and integrated payment methods like WeChat Pay. CM.com has approximately 300 employees and 20 offices globally.

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

Forward Looking Statements

Statements included in this press release that are not historical facts (including any statements concerning investment objectives, other plans and objectives of management for future operations or economic performance, or assumptions or forecasts related thereto) are forward-looking statements. These statements are only predictions and are not guarantees. Actual events or the results of our operations could differ materially from those expressed or implied in the forward-looking statements.

Forward-looking statements are typically identified by the use of terms such as “may,” “will,” “should,” “expect,” “could,” “intend,” “plan,” “anticipate,” “estimate,” “believe,” “continue,” “predict,” “potential” or the negative of such terms and other comparable terminology. The forward-looking statements are based upon our current expectations, plans, estimates, assumptions and beliefs that involve numerous risks and uncertainties. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements.

CM.com is required to publish the information in this interim report pursuant to the EU market abuse regulation. The information was released for publication on 26 August 2020 at 17:45 CET.

2020 Interim Financial Report

Condensed consolidated interim financial statements (unaudited)

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Interim condensed consolidated statement of financial position

x € 1,000	Note	30 June 2020	31 December 2019
Assets			
Goodwill	7	3,586	3,586
Intangible assets	7	28,830	24,123
Property, plant and equipment	8	3,763	3,174
Right-of-use assets	9	9,566	9,082
Long-term receivables		1,161	563
Deferred tax assets	10	5,117	2,609
Non-current assets		52,023	43,137
Trade and other receivables	11	20,185	19,666
Current tax receivable		164	-
Cash and cash equivalents	13	35,991	10,812
Current assets		56,340	30,478
Total assets		108,363	73,615
Equity			
Share capital		1,576	414
Share premium		85,340	-
Retained earnings		(16,960)	5,339
Other reserves		(158)	(29)
Total equity		69,798	5,724
Non-Current liabilities			
Borrowings	12	5,481	7,997
Deferred tax liability		2,396	1,651
Non-current liabilities		7,877	9,648
Trade and other payables	15	21,602	33,824
Contract liabilities	16	6,858	1,146
Current tax liabilities		-	98
Current portion of borrowings	12	2,228	23,175
Current liabilities		30,688	58,243
Total liabilities		38,565	67,891
Total equity and liabilities		108,363	73,615

The accompanying notes to the interim condensed consolidated financial statements are an integral part of these statements.

Interim condensed consolidated statement of profit or loss and other comprehensive income

x € 1,000	Note	Six months to 30 June 2020	Six months to 30 June 2019
Revenue	6	57,766	44,308
Other operating income		-	133
Total income		57,766	44,441
Cost of services	6	(45,311)	(31,928)
Employee benefits expense		(8,762)	(6,572)
Amortisation and depreciation		(3,065)	(2,477)
Other operating expenses		(5,465)	(3,013)
Operating profit		(4,837)	451
Finance income		31	55
Finance expenses		(3,301)	(283)
Profit before tax		(8,107)	223
Income tax expense		2,468	(168)
Profit after tax		(5,639)	55
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(43)	-
Total comprehensive income for the period		(5,682)	55
Basic and diluted earnings per share (in euro)		(0.22)	55

The accompanying notes to the interim condensed consolidated financial statements are an integral part of these statements.

Interim condensed consolidated statement of changes in equity for the six months ended 30 June 2020

x € 1,000	Share capital	Share premium	Retained earnings	Other reserve	Total equity
Balance at 1 January 2020	414	-	5,424	(115)	5,723
Result for the period	-	-	(5,639)	-	(5,639)
Other comprehensive income	-	-	-	(43)	(43)
Proceeds on issuing shares and conversion warrants	1,162	85,340	(13,430)	-	73,072
IPO costs	-	-	(3,315)	-	(3,315)
Balance at 30 June 2020	1,576	85,340	(16,960)	(158)	69,798
Balance at 1 January 2019	414	-	7,261	(175)	7,500
Result for the period	-	-	55	-	55
Other comprehensive income	-	-	-	-	-
Balance at 30 June 2019	414	-	7,316	(175)	7,555

The accompanying notes to the interim condensed consolidated financial statements are an integral part of these statements.

Interim condensed consolidated statement of cash flows for the six months ended 30 June 2020

x € 1,000	Note	Six months to 30 June 2020	Six months to 30 June 2019
Operating activities			
Operating profit		(4,837)	451
Adjustments for:			
Amortisation and depreciation		3,065	2,477
Provisions		-	(52)
Changes in:			
Trade and other receivables	11	(519)	(2,974)
Trade and other payables	15/16	(6,553)	524
Interest received		31	55
Income tax paid		(116)	(244)
Net cash from operating activities		(8,929)	237
Investing activities			
Purchase of intangible assets		(3,262)	(1,456)
Purchase of property, plant and equipment		(901)	(284)
Divestments in property, plant and equipment		6	-
Acquisition of subsidiaries (net of cash)		(2,793)	-
Net cash used in investing activities		(6,950)	(1,740)
Financing activities			
Repayment of borrowings	12	(14,000)	(500)
Loans granted to third parties		(580)	(26)
Deposits paid		(18)	-
Interest received		-	73
Repayment of lease liabilities		(1,395)	(1,343)
IPO costs through equity		(3,315)	-
Proceeds from IPO		73,072	-
Interest paid		(3,301)	(283)
Net cash used in financing activities		50,463	(2,079)
Net increase /(decrease) in cash and cash equivalents		34,584	(3,582)
Cash and cash equivalents at 1 January		1,407	472
Cash and cash equivalents at 30 June		35,991	(3,110)

The accompanying notes to the interim condensed consolidated financial statements are an integral part of these statements. The cash and cash equivalents in the cash flow statement consists of the cash as well as the overdraft.

Notes to the interim condensed consolidated financial statements

1. Corporate information

CM.com N.V. (CM.com) is a listed public company which has its registered office at Konijnenberg 30, 4825 BD Breda, the Netherlands. The Company is registered in the Trade Register at the Chamber of Commerce under number 70523770.

On 21 February 2020 Dutch Star Companies ONE N.V. merged with CM.com B.V. and immediately changed its name to CM.com N.V.

These consolidated financial statements comprise the Company and its subsidiaries (collectively CM.com). The activities primarily consists of advising, guiding, implementing, and assisting companies approaching its target audience through modern (media) techniques. The activities of CM.com are carried out both inland and abroad, with the countries of the European Union being the primary sales market.

2. Basis of preparation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. They do not include all of the information required for a complete set of annual financial statements and shall be read in conjunction with the consolidated financial statements of CM.com N.V. as at and for the year ended 31 December 2019.

These condensed consolidated interim financial statements were approved by the Management Board of the Company on 26 August 2020.

3. Changes in significant accounting policies

The accounting policies adopted in the preparation of the interim condensed 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 NV 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 result 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).

4. Significant judgments and estimates

In preparing these interim condensed consolidated financial statements, management has made a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgements. The judgments, estimates and assumptions in applying CM.com's accounting policies and the key sources of estimation uncertainty were the same as those described in CM.com's last annual financial statements for the year ended 31 December 2019. The only exception is the estimate of income tax liabilities which is determined in the interim condensed consolidated financial statements using the estimated average annual effective income tax rate.

5. Seasonal fluctuations

The demand for transactional and messaging services is subject to seasonal fluctuations which are not considered to be high. Historically, peak demand is in the second half of each year.

6. Revenue recognition and segment reporting

During the six-month period to 30 June 2020, there have been no changes from prior periods in the measurement methods used to determine operating segments. The revenue and profit generated by each of CM.com's operating segments are summarised as follows:

Segment reporting six months to 30 June 2020

x € 1,000	CPaaS	Payments	Platform	Other	Total
Revenue	48,244	3,276	2,978	3,268	57,766
Cost of services	(40,764)	(1,513)	(314)	(2,720)	(45,311)
Gross profit	7,480	1,763	2,664	548	12,455
Other operating income					-
Operational expenses					(17,292)
Operating profit					(4,837)
Financial income and expenses					(3,270)
Profit before tax					(8,107)

Segment reporting six months to 30 June 2019

x € 1,000	CPaaS	Payments	Platform	Other	Total
Revenue	33,109	2,833	2,737	5,629	44,308
Cost of services	(26,020)	(1,347)	(202)	(4,359)	(31,928)
Gross profit	7,089	1,486	2,535	1,270	12,380
Other operating income					133
Operational expenses					(12,062)
Operating profit					451
Financial income and expenses					(228)
Profit before tax					223

CM.com's revenue disaggregated by service lines (which correspond to the reportable segments) and geographical markets is as follows:

Six months to 30 June 2020

x € 1,000	CPaaS	Payments	Platform	Other	Total
The Netherlands	19,640	2,263	2,136	1,313	25,352
Belgium	4,591	248	235	1,354	6,428
France	7,052	13	22	134	7,221
Rest of Europe	6,521	693	344	384	7,942
APAC	5,927	-	33	19	5,979
Rest of world	4,513	59	208	64	4,844
Total	48,244	3,276	2,978	3,268	57,766

Six months to 30 June 2019

x € 1,000	CPaaS	Payments	Platform	Other	Total
The Netherlands	15,169	1,986	2,179	2,737	22,071
Belgium	4,454	325	259	2,180	7,218
France	4,739	17	15	181	4,952
Rest of Europe	4,591	447	231	447	5,716
APAC	2,641	-	11	18	2,670
Rest of world	1,515	58	42	66	1,681
Total	33,109	2,833	2,737	5,629	44,308

Assets and liabilities are not monitored by segment and therefore not presented per segment.

7. Intangible assets

The carrying value of intangible assets is summarised below:

x € 1,000	30 June 2020	31 December 2019	Estimated useful lives (years)
Goodwill	3,586	3,586	Indefinite
Platform	17,101	14,994	10
Customer relation	8,757	7,111	10
Other	2,972	2,018	5-10/indefinite
Total	32,416	27,709	

Platform contains capitalised development hours.

Other intangible assets consist of patents, trade names, brand names and domain names. Domain names with an indefinite useful life have a carrying amount of EUR 1.551 million.

On 2 March 2020 CM.com 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 activities in ticketing activities. The purchase price allocation is based on provisional fair values of identifiable assets and liabilities of Global Ticket B.V.

8. Property, plant and equipment

The carrying value of property, plant and equipment is summarised below:

x € 1,000	30 June 2020	31 December 2019	Estimated useful lives (years)
Platform	1,806	1,579	10
Furniture and fixtures	794	609	10
Vehicles	57	61	5
Hardware & software workplace	570	407	5
Leasehold improvements	536	518	10
Total	3,763	3,174	

Platform contains servers and hardware.

9. Right-of-use assets

The carrying value of the right-of-use assets are summarised below:

x € 1,000	30 June 2020	31 December 2019
Land and buildings	5,804	6,067
Furniture & fixtures	168	197
Platform (Hardware)	2,531	1,719
Platform (Software)	845	901
Vehicles	218	198
Total	9,566	9,082

10. Deferred tax assets

Deferred tax assets are recognised for any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the unused tax losses can be utilised. Other deferred tax assets relate to the difference between the carrying amount of Property, plant and equipment and Intangibles assets, and their fiscal values.

x € 1,000	30 June 2020
Carrying amount as at 31 December 2019	2,609
Additional tax losses recognised	2,783
Tax losses utilised	(205)
Tax losses evaporated	(53)
Exchange rate differences	2
Correction previous years	(19)
Carrying amount as at 30 June 2020	5,117

11. Trade and other receivables

x € 1,000	30 June 2020	31 December 2019
Trade receivables	6,610	7,857
Other receivables, prepayments and accrued income	13,575	11,809
Total	20,185	19,666

A more detailed split of “Other receivables, prepayments and accrued income” is provided below:

x € 1,000	30 June 2020	31 December 2019
Accrued revenue	10,029	9,499
Prepayments	2,736	986
Other receivables	800	1,176
Current portion of long-term receivables	10	148
Total	13,575	11,809

12. Borrowings

x € 1,000	30 June 2020	31 December 2019
Bank loans	-	14,000
Bank overdraft	-	9,405
Lease liability	7,709	7,767
	7,709	31,172
Current portion of long term borrowings	(2,228)	(23,175)
Total	5,481	7,997

After the listing on 21 February 2020 the loans with ABN AMRO and EIB were paid off.

13. Cash and short-term deposits

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	30 June 2020	31 December 2019
Bank balances and cash on hand	35,991	10,812
Bank overdraft	-	(9,405)
Total	35,991	1,407

14. Financial risk management

The aspects of CM.com's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2019.

The contractual maturities of CM.com's non-derivative financial liabilities are as follows:

30 June 2020

x € 1,000	Note	0-3 months	4-12 months	1-5 years	Over 5 years	Total	Carrying amount
Borrowings excluding lease liabilities		-	-	-	-	-	-
Lease liabilities	12	717	1,688	4,056	1,911	8,372	7,709
Trade payables	15	8,047	-	-	-	8,047	8,047
Other financial liabilities	15	13,352	203	-	-	13,555	13,555
Total		22,116	1,891	4,056	1,911	29,974	29,311

31 December 2019

x € 1,000		0-3 months	4-12 months	1-5 years	Over 5 years	Total	Carrying amount
Borrowings excluding lease liabilities		92	11,741	200	2,550	14,583	14,000
Lease liabilities		628	1,815	3,868	2,093	8,404	7,767
Trade payables		19,834	-	-	-	19,834	19,834
Other financial liabilities		11,355	622	-	-	11,977	11,977
Total		31,909	14,178	4,068	4,643	54,798	53,578

15. Trade and other payables

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

x € 1,000	30 June 2020	31 December 2019
Trade payables	8,047	19,834
VAT and payroll services	1,299	2,014
Invoices to be receives for services	9,158	8,387
Third party collection payable to content providers	251	912
Deposits	192	198
Pension contributions	50	(21)
Other accruals	2,605	2,500
Total	21,602	33,824

16. Contract liabilities

x € 1,000	30 June 2020	31 December 2019
Revenue received in advance	6,858	1,146
Total	6,858	1,146

17. Fair value measurement of financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables;
- cash and cash equivalents;
- bank loans;
- trade and other payables.

18. Group reorganisation

On 21 February 2020 Dutch Star Companies ONE N.V. merged with CM.com B.V., where Dutch Star Companies ONE N.V. was the surviving company. On the same date the name of Dutch Star Companies ONE N.V. changed to CM.com N.V.

On 2 March 2020 CM.com acquired Global Ticket B.V. This is a ticket provider, mostly for museums and Amusement parcs.

19. Related party balances and transactions

CM.com has multiple current accounts with related parties. All transactions relate to service fees and are charged at arm's length.

20. Events after the reporting date

On 2 July 2020 CM.com completed the acquisition of CX Company, a European (cloud-based) digital conversational platform designed to automatically engage customers in a personalized manner via virtual assistants, intelligent chatbots, and conversational artificial intelligence (AI). The acquisition was paid partly in cash (€ 11.5 million) and partly in shares CM.com (€ 4.0 million). CM.com issued 262,467 at an average share price of € 15.24 for the payment in shares. The sellers of CX Company are not bound by a lock-up period for these shares. Following the completion of the acquisition the total number of shares outstanding of CM.com is 26,522,321.