Financial Statements

Every conversation counts

Serhat, tell us

how do you think marketing in Turkey is different from marketing in the Netherlands?

I believe that specific cultural differences make marketing in Turkey a unique challenge. For instance, Turkish people tend to be impatient, especially when they're searching for a specific product or solution.

Can you give an example?

A 'marketing funnel' strategy doesn't always work for online campaigns. Prospects don't like long customer journeys with many outbound messages. And messaging too aggressively can also lead to your number being blocked or your messages being marked as spam.

Serhat Beyazkaya
Senior Digital Marketing Manager, Turkey

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Consolidated Financial Statements

Consolidated statement of financial position as at 31 December 2022

(After proposal of appropriation of result)

Assets

x € 1,000	Note	2022	2021
Non-current assets			
Goodwill	5	29,404	22,210
Intangible assets	5	69,099	57,923
Property, plant and equipment	7	8,792	7,233
Right-of-use assets	8	30,658	13,437
Long-term receivables	16	1,465	2,152
Associates	10	1,823	1,974
Deferred tax assets	11	1,506	1,083
Total non-current assets		**142,747**	**106,012**
Current assets			
Inventories		1,113	333
Trade and other receivables	17	57,845	49,326
Current tax receivable		559	496
Cash and cash equivalents	15	82,740	122,058
Total current assets		**142,257**	**172,213**
Total assets		**285,004**	**278,225**

Equity

x € 1,000	Note	2022	2021
Equity			
Share capital		1,736	1,730
Share premium reserve		127,733	124,794
Equity component of convertible bonds	19	5,940	6,208
Treasury shares		(861)	-
Accumulated deficits		(82,881)	(35,575)
Foreign currency translation reserve		1,888	708
Total equity	12	**53,555**	**97,865**
Non-current liabilities			
Borrowings	18	17,884	6,344
Convertible bond	19	94,262	92,648
Deferred tax liability	11	3,162	2,847
Other liabilities Stichting Derdengelden[1]		194	196
Total non-current liabilities		**115,502**	**102,035**
Current liabilities			
Trade and other payables	20	103,070	70,604
Contract liabilities	21	5,280	4,012
Current tax liabilities		719	-
Current portion of borrowings	18	6,878	3,709
Total current liabilities		**115,947**	**78,325**
Total equity and liabilities		**285,004**	**278,225**

[1] Safeguarding account to separate client money from operational funds and block the access to this money by third parties.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

x € 1,000	Note	2022	2021
Revenue	4	283,231	237,047
Total income		**283,231**	**237,047**
Cost of services	4	(211,262)	(174,397)
Employee benefits expenses	22	(55,148)	(40,747)
Amortisation and depreciation	5/7/8	(18,094)	(15,582)
Other operating expenses	24	(43,327)	(25,584)
Operating loss		**(44,600)**	**(19,263)**
Financial income	25	4,740	2,052
Financial expenses	25	(4,963)	(4,107)
Share of results in associates	10	(151)	(26)
Loss before tax		**(44,974)**	**(21,344)**
Income tax	11	233	3,854
Loss after tax		**(44,741)**	**(17,490)**

x € 1,000	Note	2022	2021
Loss after tax		**(44,741)**	**(17,490)**
Other comprehensive income/loss, net of tax[1]		1,180	888
Total comprehensive loss		**(43,561)**	**(16,602)**
Basic and diluted earnings per share (in euro)	12	**(1.51)**	**(0.58)**

[1] The other comprehensive income/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 2022

x € 1,000	Note	Share Capital	Share premium reserve	Equity component of convertible bonds	Treasury shares	Accumulated deficits	Foreign currency translation reserve	Total
Balance at 1 January 2021		**1,724**	**122,691**	**-**	**-**	**(22,925)**	**(180)**	**101,310**
Result for the year		-	-	-	-	(17,490)	-	(17,490)
Other comprehensive income		-	-	-	-	-	888	888
Convertible bond (net of tax)[1]	19	-	-	6,208	-	-	-	6,208
Issuance of shares related to business combinations	9	5	1,972	-	-	4,299	-	6,276
Issuance of shares to employees	23	1	131	-	-	541	-	673
Balance at 31 December 2021		**1,730**	**124,794**	**6,208**	**-**	**(35,575)**	**708**	**97,865**
Result for the year		-	-	-	-	(44,741)	-	(44,741)
Other comprehensive income		-	-	-	-	-	1,180	1,180
Convertible bond (net of tax)[2]	19	-	-	(268)	-	-	-	(268)
Purchase of treasury shares	12	-	-	-	(3,585)	-	-	(3,585)
Issuance of shares related to business combinations	9	4	2,645	-	2,660	(2,725)	-	2,584
Issuance of shares to employees	23	2	294	-	64	160	-	520
Balance at 31 December 2022		**1,736**	**127,733**	**5,940**	**(861)**	**(82,881)**	**1,888**	**53,555**

[1] The equity component of the convertible bond is presented net of tax (note 19). It includes a deferred tax liability recognized through equity offset by a related deferred tax asset recognized through equity, see note 11.

[2] The equity component of the convertible bond is presented net of tax (note 19). It includes a Deferred tax liability recognized through equity offset by a related deferred tax asset recognized through equity, see note 11.

Consolidated cash flow statement for the year ended 31 December 2022

x € 1,000	Note	2022	2021
Operating loss		(44,600)	(19,263)
Adjustments for:			
- Amortisation and depreciation	5/7/8	18,094	15,582
Changes in working capital:			
- Inventories		(780)	6
- Trade and other receivables		(9,274)	(13,233)
- Trade and other payables		20,502	15,735
- Contract liabilities		534	(5,763)
- Trade and other receivables Stichting Derdengelden	17	(882)	(1,002)
- Trade and other payables Stichting Derdengelden	20	14,681	10,635
Interest received	25	127	104
Corporate income tax paid		(459)	(565)
Share benefit program personnel		515	673
Cash flow from operating activities		**(1,542)**	**2,909**
Investments in intangible assets	5	(16,061)	(10,090)
Divestments in intangible assets	5	-	142
Investments in property, plant and equipment	7	(2,817)	(3,313)
Divestments in property, plant and equipment	7	40	111
Acquisitions of subsidiaries and associates (net of cash)	9	(6,329)	(13,527)
Cash included in Stichting Derdengelden of acquired company	9	-	650
Cash flow from investing activities		**(25,167)**	**(26,027)**

x € 1,000	Note	2022	2021
Loans advanced to third parties		(750)	(579)
Repayment of loans advanced to third parties		548	503
Deposits paid		(623)	(438)
Deposits released		463	85
Proceeds from convertible bond		-	100,000
Transaction costs convertible bond		-	(1,675)
Repayment of borrowings		(3)	(1,001)
Repayment of lease liabilities		(7,162)	(3,853)
Interest paid		(2,881)	(346)
Movement other long-term assets		(64)	(952)
Movement other long-term liabilities Stichting Derdengelden		2	(71)
Purchase of Treasury shares		(3,585)	-
Cash flow from financing activities		**(14,055)**	**91,673**
Changes in cash and cash equivalents		**(40,764)**	**68,555**
Net cash and cash equivalents at 1 January		122,058	52,504
Currency results on cash and cash equivalents		1,446	999
Net cash and cash equivalents at 31 December		82,740	122,058

Notes to the consolidated financial statements

1. Corporate information

Activities

The activities of CM.com N.V. (CM.com) and its group companies (for the list of group companies see note 27) 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.

The shares of CM.com N.V. are listed on Euronext Amsterdam in The Netherlands 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 Board has assessed the going concern assumption, as part of the preparation of the consolidated financial statements. Management's assessment was based on the assumptions used in a mid-term strategic plan 2023-2025. This plan supported the mid-term guidance leading to structurally positive EBITDA towards year-end 2023 and structurally cash flow positive towards year-end 2024. Based on sensitivity scenarios and their outcome, Management believes that the Group has adequate resources to continue in operational existence for at least twelve months after the adoption of the financial statements. No events or conditions give rise to doubt on the Group's ability to continue as a going concern 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 6 March 2023.

The consolidated financial statements have been prepared on the historical cost basis with the exception of financial assets and liabilites, which are 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. Current assets are expected to be realised within 12 months after the reporting period. All other assets are non-current (IAS.166).

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 recognized 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 recognized in other comprehensive income (OCI).

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. As no financial assets and liabilities of the Group are traded in active markets, the fair value of financial assets and liabilities is estimated by discounting the future contractual cash flows at current market interest rates that are available to the Group for similar financial assets and liabilities. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and leasing transactions that are within the scope of IFRS 16. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within level 2 of the fair value hierarchy as the Company uses observable market data for the interest rates.

The different valuation methods are referred to as 'hierachies' as described below:
- Level 1: The fair value is determined using quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: The fair value is calculated using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, a prices) or indirectly (that is, derived from prices) observable.
- Level 3: The fair value is determined using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of CM.com and entities controlled by CM.com (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:
- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

CM.com reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when CM.com obtains control over the subsidiary and ceases when CM.com loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date CM.com gains control until the date when CM.com ceases to control the subsidiary or foundation (CM.com Stichting, Stichting Derdengelden CM Payments and Stichting YourTicketProvider).

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.

Key disclosures - significant accounting policies

4. Revenue recognition and segment reporting

CM.com's revenue is primarily derived from transactional and messaging services earned from customers using CM.com's communication platform. The transactional and messaging fees are recognized as revenue in the period in which the usage occurs (point-in-time). In contrast, the fees for enhanced access to the Platform and SLA fees are charged as a monthly, quarterly or yearly subscription and recognized as revenue over-time. In addition, CM.com has added SaaS-services like Mobile Service Cloud, Mobile Marketing Cloud and AI-chatbot services. This revenue is recognized 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.

The definition of our operating segments has changed over the year due to the rapid growth of the Company. The old structure of CM.com's operating segments consisted of CPaaS, Payments, Platform and Other. The Platform segment has been split into SaaS and Ticketing to match with our internal reporting structure. Furthermore, the category Other has been merged with CPaaS, based on the nature of these revenue streams. Finally, we have also adjusted our Geographic Reporting to a higher aggregation level, due to our global expansion strategy. Comparative figures, in line with previous reports, are added for comparability.

CM.com's operating segments consist of CPaaS, SaaS, Payments and Ticketing (prior year: CPaaS, Payments, Platform and Other).

CPaaS

CPaaS means Communication Platform as a Service. CPaaS revenue consists of omnichannel 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).

SaaS

SaaS means Software as a Service. CM.com provides organizations a portfolio of services that contribute to the optimization of their mobile business journey with (potential) clients. Customers pay monthly subscription fees for access to these platform features, this revenue is recognized over-time.

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

Payments

Revenue from online and point-of-sale 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. Point of sales revenue consists of hardware sales and SLA fees. The SLA fees are recognized over-time.

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. Hours related to development components in SLA contracts are also accounted for as cost of services.

Ticketing

Within Ticketing, revenue is generated by selling tickets and relating services. Revenue from Ticketing consists of start-rate fees and ticketing fees. Ticketing fees comprise fixed fees per transaction for the use of CM.com's platform. The ticketing fees are recognized point-in-time.

Ticketing does not have a generic cost of services, generally the revenues generate a 100% gross margin. For some clients however minor client-specific cost were recognized.

Segment reporting

In the table below revenue is disaggregated by segment, reflecting both the old and new structure of CM.coms operating segments:

Old structure 2022

x € 1,000	CPaaS	Payments	Platform	Other	Total
Revenue	228,914	13,437	33,506	7,374	283,231
Cost of Services	(195,679)	(6,038)	(3,642)	(5,903)	(211,262)
Operational expenses					(116,569)
Operating result					**(44,600)**
Financial income and expenses					(223)
Share of results in associates					(151)
Result before tax					**(44,974)**

Old structure 2021

x € 1,000	CPaaS	Payments	Platform	Other	Total
Revenue	196,019	11,580	21,166	8,282	237,047
Cost of Services	(160,278)	(4,425)	(2,603)	(7,091)	(174,397)
Operational expenses					(81,913)
Operating result					**(19,263)**
Financial income and expenses					(2,055)
Share of results in associates					(26)
Result before tax					**(21,344)**

New structure 2022

x € 1,000	CPaaS	SaaS	Payments	Ticketing	Total
Revenue	236,288	25,375	13,437	8,131	283,231
Cost of Services	(201,581)	(3,075)	(6,038)	(568)	(211,262)
Operational expenses					(116,569)
Operating result					**(44,600)**
Financial income and expenses					(223)
Share of results in associates					(151)
Result before tax					**(44,974)**

New structure 2021

x € 1,000	CPaaS	SaaS	Payments	Ticketing	Total
Revenue	204,302	17,242	11,580	3,923	237,047
Cost of Services	(167,369)	(2,301)	(4,425)	(302)	(174,397)
Operational expenses					(81,913)
Operating result					**(19,263)**
Financial income and expenses					(2,055)
Share of results in associates					(26)
Result before tax					**(21,344)**

Geographic reporting

In the table below revenue is disaggregated by segment and geographical location, reflecting both the old and new structure of CM.com's operating segements and regions. The geograpical location is determined based on the billing address of the legal establishment of our customers.

Old structure 2022

x € 1,000	CPaaS	Payments	Platform	Other	Total
The Netherlands	47,677	9,449	24,041	2,790	83,957
Belgium	12,922	664	971	2,401	16,958
France	22,770	36	1,621	146	24,573
Rest of Europe	30,621	3,029	3,861	2,030	39,541
APAC	50,963	128	1,430	3	52,524
Rest of World	63,961	131	1,582	4	65,678
	228,914	**13,437**	**33,506**	**7,374**	**283,231**

Old structure 2021

x € 1,000	CPaaS	Payments	Platform	Other	Total
The Netherlands	78,395	7,981	15,664	3,911	105,951
Belgium	13,079	716	523	2,765	17,083
France	19,229	65	1,063	119	20,476
Rest of Europe	21,538	2,629	2,453	1,360	27,980
APAC	29,805	84	171	20	30,080
Rest of World	33,973	105	1,292	107	35,477
	196,019	**11,580**	**21,166**	**8,282**	**237,047**

New structure 2022

x € 1,000	CPaaS	SaaS	Payments	Ticketing	Total
EMEA	134,481	23,494	13,178	8,131	179,284
of which the Netherlands	50,467	17,572	9,449	6,469	83,957
APAC	50,966	1,252	128	-	52,346
Americas	50,841	629	131	-	51,601
of which the USA	34,812	418	22	-	35,252
	236,288	**25,375**	**13,437**	**8,131**	**283,231**

New structure 2021

x € 1,000	CPaaS	SaaS	Payments	Ticketing	Total
EMEA	142,452	16,226	11,391	3,923	173,992
of which the Netherlands	82,306	12,043	7,981	3,621	105,951
APAC	32,286	605	85	-	32,976
Americas	29,564	411	104	-	30,079
of which the USA	23,020	296	14	-	23,330
	204,302	**17,242**	**11,580**	**3,923**	**237,047**

In 2022, no single customer or partner contributed 10% or more to CM.com's revenue. In 2021, one partner contributed more than 10% to CM.com's revenue. Approximately € 39.2 million of CPaaS revenue arose from sales to this partner.

The revenue is reduced with an amount of € 2,188 thousand (2021: € 92 thousand) relating to partner commissions paid to agents.

5. Intangible assets and goodwill

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

Intangible assets with finite useful lives are stated at cost less accumulated amortization and, if applicable, less impairment losses. 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 capitalized 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 recognized in profit or loss as incurred.

Research costs are expensed as incurred. Development expenditures on an individual project are recognized 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 accumulated amortization and, if applicable, less accumulated impairment losses. During the period of development, the asset is tested for impairment annually.

Amortization is recognized 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. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

A summary of the movements in intangible assets and goodwill is provided:

x € 1,000	Platform (software)[1]	Goodwill	Customer relation	Other	Total
Costs					
At 31 December 2020	38,721	13,569	25,991	4,424	82,705
Additions related to external costs	1,229	-	-	214	1,443
Acquisitions of subsidiaries	7,789	9,184	3,715	22	20,710
Development costs	8,648	-	-	-	8,648
Divestments	(142)	-	-	-	(142)
Conversion to exchange rate	-	-	67	-	67
At 31 December 2021	**56,245**	**22,753**	**29,773**	**4,660**	**113,431**
Additions related to external costs	618	-	90	53	761
Acquisitions of subsidiaries	5,352	7,202	2,636	85	15,275
Development costs	15,435	-	-	-	15,435
Divestments	-	-	-	(135)	(135)
Conversion to exchange rate	-	-	(20)	-	(20)
At 31 December 2022	**77,650**	**29,955**	**32,479**	**4,663**	**144,747**
Amortisation and Impairment					
At 31 December 2020	9,486	543	9,714	1,739	21,482
Amortisation	8,820	-	2,782	177	11,779
Divestments	-	-	-	-	-
Conversion to exchange rate	-	-	37	-	37
At 31 December 2021	**18,306**	**543**	**12,533**	**1,916**	**33,298**
Amortisation	9,755	8	3,019	179	12,961
Conversion to exchange rate	-	-	(15)	-	(15)
At 31 December 2022	**28,061**	**551**	**15,537**	**2,095**	**46,244**
Net book value					
At 31 December 2021	37,939	22,210	17,240	2,744	80,133
At 31 December 2022	49,589	29,404	16,942	2,568	98,503
Estimated useful lives (years)	5-10	indefinite	10	5-10 / indefinite	

[1] Platform contains capitalized development hours. In total € 31,358 thousand of the net book value of this category is self-generated (2021: € 20,626 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 cashgenerating 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. CM.com tests goodwill and intangible assets with indefinite useful lives annually in December, or whenever management identifies condition that may indicate a risk of impairment. In the table below the intangible assets are disaggregated per CGU, reflecting the new structure of CM.com's operating segments as explained in note 4. Comparative figures are therefor adjusted to the new structure. The intangible assets are allocated as follows:

x € 1,000	CPaaS	SaaS	Payments	Ticketing
Goodwill	1,059	18,817	8,780	748
Domain names	481	608	372	140
post-tax WACC	11.48%	13.53%	12.30%	12.67%

x € 1,000	CPaaS	SaaS	Payments	Ticketing
Goodwill	926	11,649	8,887	748
Domain names	889	340	183	144
post-tax WACC	10.50%	12.50%	12.00%	12.50%

The impairment test is based on cash flow projections for five years (note 29). These cash flow projections are based on the financial forecast approved by management, covering a three-years period (2023-2025). The cash flow projections beyond that three year period are based on expected revenue growth, derived from our mid-term guidance which focusses on gross profit growth, resulting in a revenue growth rate of 45% for SaaS and 39% for Payments. 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 long-term inflation expectation of 2.44% (2021: 0%) was used to determine the terminal value. The estimated post-tax cash flows are discounted to their present value using a post-tax weight average cost of capital (WACC). 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% and a change in the long-term growth rate of 0.5%. The analysis indicates that for CPaaS, Saas and Ticketing 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. For Payments headroom is limited and particularly sensitive to revenue growth. The amount by which the CGU's Payments recoverable amount exceeds its carrying amount is € 10 million. The annual revenue growth rate (CAGR) for the period 2023-2027 should be around 25% before the recoverable amount will be equal to its carrying amount, which is currently in the impairment model around 37% for the period 2023-2027. Actual growth over FY 2022 was 16% (12% excluding Payplaza acquisition). Management however is confident that as a result of acquisitions and new technological developments, a growth rate over 25% is most realistic. Management will monitor growth against this benchmark rate for the upcoming reporting periods and update the impairment analyses in case of impairment triggers. No impairment charges were recognized during 2022 and 2021.

7. Property, plant and equipment

Property, plant and equipment are presented at cost less accumulated depreciation and, if applicable, less impairments losses. 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 recognized in profit and loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

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

x € 1,000	Platform (Hardware)	Furniture & fixtures	Vehicles	Hardware & software workplace	Leasehold improvements	Total
Costs						
At 31 December 2020	4,489	1,362	131	1,599	1,417	8,998
Additions	1,170	716	-	1,048	380	3,314
Divestments	-	(63)	-	-	(623)	(686)
Acquisitions through business combinations	27	92	40	485	94	738
Conversion to exchange rate	8	-	-	1	2	11
At 31 December 2021	**5,694**	**2,107**	**171**	**3,133**	**1,270**	**12,375**
Additions	635	892	-	528	762	2,817
Divestments	-	-	(27)	(20)	-	(47)
Acquisitions through business combinations	-	241	-	113	-	354
Conversion to exchange rate	4	1	-	-	2	7
At 31 December 2022	**6,333**	**3,241**	**144**	**3,754**	**2,034**	**15,506**
Depreciation						
At 31 December 2020	2,700	295	80	866	632	4,573
Depreciation	322	210	15	468	125	1,140
Divestments	-	(41)	-	-	(534)	(575)
Conversion to exchange rate	4	-	-	-	-	4
At 31 December 2021	**3,026**	**464**	**95**	**1,334**	**223**	**5,142**
Depreciation	409	444	15	534	199	1,601
Divestments	-	-	(12)	(20)	-	(32)
Conversion to exchange rate	3	-	-	-	-	3
At 31 December 2022	**3,438**	**908**	**98**	**1,848**	**422**	**6,714**
Net book value						
At 31 December 2021	2,668	1,643	76	1,799	1,047	7,233
At 31 December 2022	2,895	2,333	46	1,906	1,612	8,792
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 losses and adjusted for certain re-measurements of the lease liability. Cost 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 reliable 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 ("borrowings"), see note 18. 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 recognized depreciation and interest costs in the profit and loss. In the cash flow statement the low value leases and short-term leases are presented as part of the cash flow from operating activities, interest paid and the repayments related to leases are presented as part of the cash flow from financing activities. The maturity analysis for the lease liabilities is included in note 13.

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

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 fulfillment 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 recognizes 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 recognizes 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 recognizes 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 accumulated depreciation and, if applicable, less accumulated impairment losses and adjusted for any re-measurements 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.

The expenses and total cash flow outflow for leases are as follows:

x € 1,000	2022	2021
Interest expense on lease liabilities	340	174
Expenses relating to short-term leases	1,958	896
Total cash outflow for leases	7,162	3,853

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						
At 31 December 2020	8,481	207	3,073	1,127	672	13,560
Additions	706	-	5,567	-	81	6,354
Acquisitions through business combinations	86	-	-	-	-	86
Ending of lease agreements	(1,011)	-	-	-	(38)	(1,049)
At 31 December 2021	**8,262**	**207**	**8,640**	**1,127**	**715**	**18,951**
Additions	10,761	29	7,944	-	452	19,186
Acquisitions through business combinations	1,606	-	-	-	-	1,606
Conversion to exchange rate	19	-	(21)	-	-	(2)
Ending of lease agreements	(198)	-	-	-	(205)	(403)
At 31 December 2022	**20,450**	**236**	**16,563**	**1,127**	**962**	**39,338**
Depreciation						
At 31 December 2020	2,254	67	695	339	241	3,596
Depreciation	1,401	57	808	113	181	2,560
Ending of lease agreements	(603)	-	-	-	(38)	(641)
Conversion to exchange rate	(1)	-	-	-	-	(1)
At 31 December 2021	**3,051**	**124**	**1,503**	**452**	**384**	**5,514**
Depreciation	1,652	57	1,476	113	234	3,532
Ending of lease agreements	(198)	-	-	-	(180)	(378)
Conversion to exchange rate	12	-	-	-	-	12
At 31 December 2022	**4,517**	**181**	**2,979**	**565**	**438**	**8,680**
Net book value						
At 31 December 2021	5,211	83	7,137	675	331	13,437
At 31 December 2022	15,933	55	13,584	562	524	30,658

9. Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The aggregate of the consideration transferred in a business combination is measured at fair value on the acquisition date. Acquisition-related costs are expensed as incurred and included in other operating expenses. Acquisition related costs amount to € 181 thousand (2021: € 469 thousand).

Acquisitions in 2022

On 1 March 2022, CM.com acquired 100% of the shares and voting rights of Building Blocks Holding B.V. and its subsidiaries (hereafter 'Building blocks'). Building Blocks is a group of unlisted entities situated in the Netherlands, specialised in consumer artificial intelligence (“AI”) and builds personalized consumer interactions. The purchase price allocation is based on fair value of identifiable assets and liabilities of Building Blocks Holding B.V. The acquisition of Building Blocks is related to the SaaS segment.

The initial accounting for the acquisitions has only been provisionally determined at the end of the reporting period. The Company does not expect adjuments to the PPA, however wants to retain the ability to perform backtesting at the end of the measurement period.

The acquired trade and other receivables mainly consist of trade and VAT receivables. The present value of the earn-out is based on the 2022-2024 financial performance of the Company acquired mainly based on recurring revenue and represents our best estimate as at 31 December 2022. The earn-out will be payable if certain recurring revenue, targets are met. The total range of outcomes (undiscounted), on acquisition date, is between € 0 and € 14 million.

The recognised goodwill relating to the acquisition 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 amount of goodwill recorded for this acquisition is not deductible for corporate tax purposes.

Building Blocks' contribution in 2022 to revenue amounts to € 3,475 thousand. If the acquisition was done as per 1 January, the contribution to revenue would be € 4,124 thousand. The total contribution to net result of Building Block is minus € 822 thousand. If the acquisition was done as per 1 January, the contribution to net result would be minus € 976 thousand.

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

x € 1,000	Note	Building Blocks
Consideration paid in cash		6,891
Equity payment		2,584
Earn-out (part of other accruals)	20	2,558
Total consideration		**12,033**
Goodwill	5	14
Intangible assets (Platform and Other)	5	1,280
Property, plant and equipment		354
Right of use assets		1,606
Long-term receivables		24
Trade and other receivables		1,198
Cash and cash equivalents		562
Long-term debt		(2,499)
Trade and other payables		(1,997)
Contract liabilities		(737)
Deferred tax asset	11	290
Deferred tax liability	11	(290)
Carrying value at acquisition date		**(195)**
Platform fair value adjustment recognised	5	4,157
Customer relations fair value adjustment recognised	5	2,636
Deferred tax liability fair value adjustment recognised	11	(1,753)
Total fair value of net indentifiable assets and liabilities		**4,845**
Goodwill recognised	5	7,187

Acquisitions in 2021

On 17 March 2021 CM.com acquired 100% of the shares and voting rights of SEPASoft B.V. and its subsidiaries (hereafter "PayPlaza"). PayPlaza is a group of unlisted entities situated in the Netherlands, specialized in payment solutions. The purpose of the acquisition is to increase the payment activities of CM.com. SEPASoft B.V. is specialized in Point of Sale (POS) solutions. The purchase price allocation is based on fair values of identifiable assets and liabilities of SEPASoft B.V.

On 1 April 2021 CM.com acquired 100% of the shares and voting rights of YourTicketProvider B.V. and Get a Ticket B.V. (herafeter "YTP"). YTP is an group of unlisted entities, situated in the Netherlands. 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 YTP.

On 1 July 2021 CM.com acquired 100% of the shares and voting rights of TraceDock B.V. TraceDock B.V. is an unlisted entity situated in the Netherlands, specialized in customer data. The purpose of the acquisition is to complement our Mobile Marketing solution (SaaS segment). The purchase price allocation is based on fair values of identifiable assets and liabilities of TraceDock B.V.

On 1 November 2021 CM.com acquired 100% of the shares and voting rights of Appmiral BVBA. Appmiral BVBA is an unlisted entity situated in Belgium. The purpose of the acquisition is to complement the Ticketing activities of CM.com using the event and festival application of Appmiral. The purchase price allocation is based on fair values of identifiable assets and liabilities of Appmiral BVBA.

The acquired trade and other receivables mainly consist of trade receivables. The present value of the earn-out is based on the 2021-2023 financial performance of the companies acquired, mainly based on revenue or Annual Recurring Revenue (ARR) and represents our best estimate as at 31 December 2021. The earn-out will be payable if certain revenue, ARR and non-financial targets are met. The total range of outcomes (undiscounted) is between € 0 and € 16.6 million.

The goodwill relating to the 2021 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 amount of goodwill recorded these acquisitions is not deductible for corporate tax purposes.

The total contribution in 2021 to revenue of the acquisitions is € 4,270 thousand for PayPlaza and € 1,274 thousand for the other acquisitions. If the acquisitions were done as per 1 January the contribution to revenue would be € 5,501 thousand for PayPlaza and € 1,911 thousand for the other acquisitions in 2021. The total contribution to net results of the acquisitions is minus € 815 thousand for PayPlaza and € 283 thousand for the other acquisitions. If the acquisitions were done as per 1 January the contribution would be minus € 396 thousand for PayPlaza and € 514 thousand for the other acquisitions.

Reassessment of earn-out liabilities

For a number of earn-out arrangements made on acquisitions, as at 31 December 2022 the fair value has been remeasured. As a consequence of lower then expected performance of the acquisitions, a release of € 4,613 thousand has been reported under 'financial income'. Not all earn-outs have been agreed with the selling shareholders. For other acquisitios that perform better then expected the remeasurement led to an increase in the earn-out liability and € 504 thousand has been reported under 'financial expenses' .

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

x € 1,000	SEPASoft	Other	Total
Consideration paid in cash	9,825	2,996	12,821
Equity payment	-	-	-
Earn-out (part of other accruals)	2,230	2,971	5,201
Total consideration	**12,055**	**5,967**	**18,022**
Intangible assets	-	59	59
Property, plant and equipment	566	172	738
Right of use assets	-	86	86
Financial assets	-	22	22
Inventories	339	-	339
Trade and other receivables	1,020	331	1,351
Trade and other receivables Stichting Derdengelden	-	155	155
Cash and cash equivalents	965	329	1,294
Cash and cash equivalents Stichting Derdengelden	-	650	650
Trade and other payables	(1,702)	(817)	(2,519)
Trade and other payables Stichting Derdengelden	-	(805)	(805)
Contract liabilities	(702)	(212)	(914)
Deferred tax liability	(264)	-	(264)
Borrowings	(1,011)	(225)	(1,236)
Total fair value of net indentifiable assets and liabilities	**(789)**	**(255)**	**(1,044)**
Goodwill recognised	6,486	2,696	9,182
Platform recognised	5,140	2,612	7,752
Customer relations recognised	1,624	2,090	3,714
Trade name recognised	-	-	-
Deferred tax liability recognised	(406)	(1,176)	(1,582)

10. Associates

An associate is an entity over which CM.com has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Details of associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights 2022	2021
PHOS Services Ltd	Transforming mobile devices into POS terminals	Bromley, England	8.92%	8.92%

This associate is accounted for using the equity method in these consolidated financial statements.

The financial year end date of PHOS Services Ltd is 31 August. For the purposes of applying the equity method of accounting, the financial statements of PHOS Services Ltd for the year ended 31 August 2022 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2022.

Although CM.com holds less than 20% of the equity shares of PHOS Services Ltd, and it has less than 20% of the voting power at shareholder meetings, CM.com exercises significant influence as a result of the appointment as one of the investor directors contractual rights.

x € 1,000	2022	2021
Carrying amount as at 1 January	1,974	-
Movements:		
Additions from business combinations	-	2,000
Share of result of associates	(151)	(26)
Carrying amount as at 31 December	**1,823**	**1,974**

11. Taxation

11.1 Current income tax

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

Current income tax relating to items recognized directly in equity is recognized 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.
- SEPASoft B.V. B.V.
- PayPlaza B.V.
- PayPlaza Gov Solutions B.V.
- Your Ticket Provider B.V.
- Get-a-Ticket B.V.
- The Selfservice Company Solutions B.V. (as per 1 January 2022)

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	2022	2021
Current tax:		
Current year	695	103
Adjustments prior year	1,198	(20)
Deferred tax:		
Movement in temporary differences	(2,262)	(1,019)
Movement in tax losses carried forward	(121)	(2,840)
Tax rate differences	77	(78)
Adjustments prior year	180	-
Taxation according to the profit and loss account	**(233)**	**(3,854)**

The effective tax rate for 2022 is 0.5% (2021: 18.1%) and can be reconciled as follows:

x € 1,000	2022	2021
Loss before tax	(44,974)	(21,344)
Adjustment result of associates	151	26
Loss for tax calculation	(44,823)	(21,318)
Income tax expense at statutory tax rate (25.8%)	(11,564)	(5,330)
Non-deductible expenses	(510)	353
Rate differential	(318)	(209)
Non-recognition of deferred tax asset	11,875	1,717
Tax losses utilised	(826)	(1,478)
Deferred tax asset through equity	(268)	1,113
Tax relating to prior periods	1,378	(20)
Tax charged against result before tax	**(233)**	**(3,854)**

11.2 Deferred tax

Deferred tax is recognized using the balance sheet method, providing for carry forward losses and 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 (DTA) for unused tax losses are recognized 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 € 90.5 million as at 31 December 2022 (2021: € 47.1 million), out of which € 0.8 million (2021: € 1.2 million) expires in the following five years (of this for a total of € 0.0 million a DTA is formed). € 0.4 million (2021: € 0.4 million) will expire after five years (of this for a total of € 0.0 million a DTA is formed) and € 89.3 million (2021: € 45.5 million) can be carried forward indefinitely (of this for a total of € 6.5 million a DTA is formed). For € 65.2 million unused tax losses no deferred tax asset is formed.

Deferred tax assets recognised and movements theron:

x € 1,000	Total	Tax losses	Convertible bond	Right-of-use assets	Deferred costs	Other
Carrying amount as at 31 December 2020 after netting	**812**					
Netting of tax	3,323					
Carrying amount as at 31 December 2020 before netting	**4,135**	**4,102**	**-**	**33**	**-**	**-**
Mutations through profit or loss	1,119	1,119	-	-	-	-
Mutations through equity	1,113	-	1,113	-	-	-
Charge to profit or loss	(230)	-	-	11	-	(241)
Effect of change in tax rate	341	-	-	-	-	341
Netting of tax	(5,395)					
Carrying amount as at 31 December 2021 after netting	**1,083**					
Netting of tax	5,395					
Carrying amount as at 31 December 2021 before netting	**6,478**	**5,221**	**1,113**	**44**	**-**	**100**
Mutations through profit or loss	121	121	-	-	-	-
Mutations through equity	(268)	-	-268	-	-	-
Acquisition of subsidiary	290	290	-	-	-	-
Charge to profit or loss	402	-	-	16	493	(107)
Exchange differences	3	18	-	(22)	-	7
Carrying amount as at 31 December 2022 before netting	**7,026**	**5,650**	**845**	**38**	**493**	-
Netting of tax	(5,520)					
Carrying amount as at 31 December 2022 after netting	**1,506**					

Deferred tax liability

Deferred tax liabilities recognised and movements theron:

x € 1,000	Total	Intangible assets	Property, plant and equipment	Convertible bond
Carrying amount as at 31 December 2020 after netting	**4,093**			
Netting of tax	3,323			
Carrying amount as at 31 December 2020 before netting	**7,416**	**6,486**	**930**	**-**
Mutations through equity	1,698	-	-	1,698
Mutations through profit or loss	(2,718)	(1,744)	(930)	(44)
Acquisition of subsidiary	1,846	1,846	-	-
Netting of tax	(5,395)			
Carrying amount as at 31 December 2021 after netting	**2,847**			
Netting of tax	5,395			
Carrying amount as at 31 December 2021 before netting	**8,242**	**6,588**	**-**	**1,654**
Mutations through profit or loss	(1,860)	(1,534)	-	(326)
Acquisition of subsidiary	2,043	2,043	-	-
Effect of change in tax rate	77	77	-	-
Previous years	180	180	-	-
Carrying amount as at 31 December 2022 before netting	**8,682**	**7,354**	**-**	**1,328**
Netting of tax	(5,520)			
Carrying amount as at 31 December 2022 after netting	**3,162**			

Capital management and risk policies

12. Capital management

CM.com manages its capital to ensure that entities in CM.com will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. CM.com's overall strategy remains unchanged from 2021.

The capital structure of the Company consists of net debt (borrowings as disclosed in note 18 and convertible bonds as disclosed in note 19 after deducting available cash and cash equivalents as disclosed in note 15) and shareholders' equity (comprising issued ordinary share capital, share premium, reserves and accumulated deficits as disclosed below).

At 1 January 2022 the number of issued shares was 28,840,098 with a total nominal value of € 1,730 thousand. All shares are ordinary shares. During 2022, a total of 22,837 shares were issued in relation to employee plans (see note 23). Next to that, a total of 71,583 shares were issued in relation with earn-outs of acquired companies. At year-end that brings the total of issued shares up to 28,934,518 with a total nominal value of € 1,736 thousand. At balance date there are only ordinary shares.

In 2022, the Company purchased 143,925 own shares relating to business combinations and 60,000 own shares to satisfy obligations related to the equity-settled share-based compensation plans, of which 4,153 shares were vested during 2022 (see note 23). At year-end the amount of treasury shares held amounts to €0.9 million (2021: nil) and represents 55,847 shares (2021: nil).

The legal reserves, in amount of € 31,358 thousand (2021: € 20,626 thousand) are considered non distributable in accordance with Dutch Law, as presented in the Corporate Financial Statements (see note 6) and relate to capitalized development costs.

No dividends are available to payout.

Basic and diluted loss per share

The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share is 28,887,308 (2021: 28,789,534). The total comprehensive loss used in the calculation of basic an diluted loss per share over 2022 amounts to € 43,561 thousand (2021: € 16,602 thousand).

13. Risk management

13.1 Credit risk

Credit risk represents the financial loss that would have to be recognized 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 17 and note 20. The additional charges to expenses mainly concentrate to one individual client for a bad debt position of € 4.2 million. No other significant concentration of credit risk existed as at the reporting date.

The changes in the provision for credit losses are as follows:

x € 1,000	2022	2021
Balance as per 1 January	372	155
Additional charges to expenses	5,435	238
Bad debts written off	(259)	(21)
Balance as per 31 December	**5,548**	**372**

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

x € 1,000	2022	2022	2021	2021
	Gross	Net	Gross	Net
Current	15,226	14,455	17,930	17,603
1 - 30 days	2,796	2,705	4,530	4,522
31 - 60 days	5,312	5,085	977	969
> 60 days	7,874	3,415	1,580	1,551
	31,208	**25,660**	**25,017**	**24,645**

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

Bucket	Percentage of ECL	
	2022	2021
Current	1.04%	0.28%
1 - 30 days	1.71%	0.54%
31 - 60 days	6.21%	3.68%
> 60 days	10.00%	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.

13.2 Liquidity risk

Liquidity risk is the risk that CM.com will not be able to meet its financial obligations as they fall due. CM.com's approach to manage 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 cash constraints into account.

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:

2022

x € 1,000	Note	0-3 months	4-12 months	1-5 years	Over 5 years	Total	Carrying amount Total
Lease liabilities	18	2,114	5,957	11,016	8,807	27,894	23,689
Convertible bond	19	1,000	1,000	106,000	-	108,000	94,262
Trade payables	20	25,241	-	-	-	25,241	25,241
Other financial liabilities	20	78,363	224	-	-	77,869	78,548
Bank loans	18	4	11	5	-	20	20
Tax debt long-term	18	-	-	1,121	-	1,121	1,053
		106,722	**7,192**	**118,142**	**8,807**	**240,145**	**222,813**

2021

x € 1,000	Note	0-3 months	4-12 months	1-5 years	Over 5 years	Total	Carrying amount Total
Lease liabilities	18	976	2,869	5,677	926	10,448	10,053
Convertible bond	19	500	1,500	107,378	-	109,378	92,648
Trade payables	20	13,857	-	-	-	13,857	13,857
Other financial liabilities	20	54,456	-	-	-	54,456	54,456
		69,789	**4,369**	**113,055**	**926**	**188,139**	**171,014**

CM.com's borrowing facilities and revolving credit facilities are detailed in note 18.

13.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect CM.com's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The market risk comprises three types of risk, interest rate risk, foreign currency risk and other risk. CM.com only recognizes 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 CNY, GBP, INR (prior year HKD), JPY, SGD and USD. As CM.com operates globally, purchases are done in multiple currencies.

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

FY 2022 x € 1,000	CNY	GBP	INR	JPY	SGD	USD
Cash and cash equivalents	4,802	519	497	173	3,143	528
Trade receivables	548	384	149	284	57	12,377
Trade payables	(147)	(556)	(15)	(97)	(99)	(4,880)
	5,203	**347**	**631**	**360**	**3,101**	**8,025**

FY 2021 x € 1,000	CNY	GBP	HKD	JPY	SGD	USD
Cash and cash equivalents	5,914	1,156	22	1,198	523	8,952
Trade receivables	1,399	593	472	101	(2)	12,237
Trade payables	(232)	(916)	(407)	(177)	(49)	(1,221)
	7,081	**833**	**87**	**1,122**	**472**	**19,968**

Foreign currency sensitivity

A reasonable possible change in CNY exchange rate (+5%, calculated from CNY), with all other variables held constant, will have an effect on result and equity of € 246 thousand (2021: € 266 thousand).

A reasonable possible change in GBP exchange rate (+5%, calculated from GBP), with all other variables held constant, will have an effect on result and equity of € 17 thousand (2021: € 31 thousand).

A reasonable possible change in INR exchange rate (+5%, calculated from INR), with all other variables held constant, will have an effect on result and equity of € 30 thousand (2021: nil).

A reasonable possible change in JPY exchange rate (+5%, calculated from JPY), with all other variables held constant, will have an effect on result and equity of € 17 thousand (2021: € 42 thousand).

A reasonable possible change in SGD exchange rate (+5%, calculated from SGD), with all other variables held constant, will have an effect on result and equity of € 140 thousand (2021: € 18 thousand).

A reasonable possible change in USD exchange rate (+5%, calculated from USD), with all other variables held constant, will have an effect on result and equity of € 617 thousand (2021: € 749 thousand).

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

Financial instruments

14. Financial instruments

Financial assets

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 amortized cost if it meets both of the following conditions:

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

The financial assets to which CM.com is a party includes loans receivable, trade and other receivables, deposits, equity investments, cash and cash equivalents. These financial assets are subsequently measured at amortized 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 recognized 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 recognized 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 amortized cost

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

Derecognition of financial assets

CM.com derecognizes 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 recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

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

Lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, CM.com's incremental borrowing rate. See note 13.2 for maturity analysis. Generally, CM.com uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

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

Derecognition of financial liabilities

CM.com derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. CM.com also derecognizes 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 recognized 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 recognized 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 recognized 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 recognizes gains and losses on undesignated hedging instruments in profit or loss.

Other disclosures and accounting policies

15. Cash and cash equivalents

Cash and cash equivalents 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	2022	2021
Bank balances	46,916	100,021
Bank balances held by Stichting Derdengelden	35,824	22,037
Cash and cash equivalents in the statement of cash flows	**82,740**	**122,058**

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 soley for the foundation's activities and to be settled with merchants of CM Payments B.V. and Ticketing customers. As the bank balances cannot be used by the Company for it's own activities, these are recorded as restricted cash.

All other liquid assets are payable on demand.

16. Long-term receivables

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

x € 1,000	2022	2021
Deposits & other receivables	2,215	2,610
Other participation	60	60
	2,275	**2,670**
Current portion of long-term receivables	(810)	(518)
	1,465	**2,152**

During 2022 and 2021 no impairment losses have been recognised.

Other receivables

The other receivables as per 31 December 2021 include an undiscounted non-current tax receivable towards the Chinese tax authority for an amount of € 952 thousand.

Other participation

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

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 2021	686	511	60	1,257
Movements:				
Loans granted	-	1,531	-	1,531
Repayments	-	(503)	-	(503)
Paid deposits	438	-	-	438
Acquisitions	(85)	-	-	(85)
Released deposits	23	-	-	23
Currency difference	9	-	-	9
Carrying amount as at 31 December 2021	**1,071**	**1,539**	**60**	**2,670**
Movements:				
Loans granted / advance payment	-	1,016	-	1,016
Repayments	-	(632)	-	(632)
Write-off	-	(952)	-	(952)
Paid deposits	599	-	-	599
Released deposits	(468)	-	-	(468)
Acquisitions	24	-	-	24
Currency difference	18	-	-	18
Carrying amount as at 31 December 2022	**1,244**	**971**	**60**	**2,275**
Current portion 2021	-	(518)	-	(518)
Current portion 2022	-	(810)	-	(810)

17. Trade and other receivables

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

x € 1,000	2022	2021
Trade receivables	25,660	24,645
Trade receivables Stichting Derdengelden	2,105	1,223
Accrued revenue	22,696	20,523
Other receivables and prepayments	7,384	2,935
	57,845	**49,326**

Trade receivables

An expected credit loss provision is accounted for in relation to the accounts receivable. This amount is deducted from the accounts receivable. At the reporting date, €5,548 thousand is provided for (2021: € 372 thousand). CM.com's exposure to credit risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 13.

Other receivables and prepayments

x € 1,000	2022	2021
Prepayments	3,160	2,138
Other receivables	1,759	279
VAT and payroll taxes	1,655	-
Current portion of long-term receivables	810	518
	7,384	**2,935**

The prepayments mainly consists of non-trade prepaid invoices.

18. Borrowings

x € 1,000	2022	2021
Bank loans	20	-
Tax debt long-term	1,053	-
Lease liability	23,689	10,053
	24,762	**10,053**
Current portion of long-term borrowings	(6,878)	(3,709)
	17,884	**6,344**

A reconciliation of the movement in borrowings is presented below:

x € 1,000	2022	2021
Carrying amount as at 1 January	10,053	7,601
Movements:		
Increase in bank loans (via acquisitions)	31	1,001
Increase in tax debt (via acquisitions)	1,117	-
Increase in lease liability (including acquisitions)	20,791	6,720
Redemptions of bank loans	(11)	(1,001)
Redemptions of tax debt	(64)	-
Redemptions of lease liability	(7,162)	(3,853)
Disposal of lease liability	-	(415)
Currency difference	7	-
Carrying amount as at 31 December	**24,762**	**10,053**
Current portion of long-term borrowings	(6,878)	(3,709)
Long term liability as at 31 December	**17,884**	**6,344**

19. Convertible bonds

On 9 September 2021, CM.com issued convertible bonds due September 2026 at 100% of their nominal value in an aggregate principal amount of € 100 million. The convertible bonds have an interest rate of 2% payable semi-annually in arrears in equal instalments on 9 March and 9 September each year, commencing first on 9 March 2022. The convertible bonds have a maturity of five years and a denomination of € 100 thousand each. The bonds are convertible into ordinary shares at the option of the bondholders during the conversion period ending on the earlier of 7 business days prior to the maturity date or any relevant redemption date. The initial conversion price was set at € 53.30 (30% premium over the reference share price).

CM.com will have the option to redeem all, but not some, of the bonds for the time being outstanding at their principal amount together with accrued interest, at any time from 24 September 2024, provided that the volume weighted average price of a share on Euronext Amsterdam shall have exceeded 130% of the conversion price on each of not less than 20 trading days in any period of 30 consecutive trading days. Any outstanding bonds are also redeemable at any time after settlement date if at least 85% of the issued bonds have been converted, settled or redeemed.

The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity of CM.com, as follows:

x € 1,000	2022
At 31 December 2020	-
Proceeds of issue of convertible loan	100,000
Transaction costs	(1,675)
Net proceeds from issue of convertible loan	**98,325**
Amount classified as equity	(6,793)
Amount classified as liability	**91,532**
Interest charged (using effective interest rate)	1,116
Carrying amount of liability component at 31 December 2021	**92,648**
Interest charged (using effective interest rate)	1,614
Carrying amount of liability component at 31 December 2022	**94,262**

The equity component of € 5,940 thousand (net of tax) has been credited to the option premium on convertible bond reserve. The tax effect includes a deferred tax liability recognized through equity of €1,698 thousand (2021: € 1,698 thousand) offset by a related deferred tax asset recognized through equity of € 845 thousand (2021: € 1,113 thousand) (note 11).

The interest expense for the year is calculated by applying an effective interest rate of 3,55% to the liability component for the 12 months period. The yield is based on a CCC+ credit rating assigned by Wiserfunding. CapitalIQ is consulted in the yields of 5-year bonds with a B or CCC rating, in which 29 US firms underly the CCC yield curve. Subsequently, the CCC+ interest rate is calculated through exponential interpolation.

The liability component is measured at amortized cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the reporting at 31 December 2022 represents the effective interest rate less interest paid to that date.

20. 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 at reporting date.

x € 1,000	2022	2021
Trade payables	25,241	13,857
Invoices to be received for services	22,864	16,575
VAT and payroll taxes	3,525	2,291
Third party collection payable to content providers	1,302	1,647
Deposits	218	197
Pension contributions	-	171
Payables from Stichting Derdengelden	37,735	23,054
Other accruals	12,185	12,812
	103,070	**70,604**

The other accruals mainly consists of earn-out liabilites relating to acquisitions amounting to € 3,087 thousand as per 31 December 2022 (2021: € 4,694 thousand), non-trade invoices to be received and personnel accruals.

Payables from Stichting Derdengelden relate to the collected amounts from consumers, received on the bankaccounts of the “Stichting derdengelden”. These amounts are to be transferred to merchants of CM Payments B.V. and Ticketing costumers.

21. Contract liabilities

The revenue received in advance mainly consists of prepaid subscription fees (amortized over the contract period on a straight-line basis) or prepaid CPaaS balances (amortized by usage). The amount as per 31 December 2021 is settled in full in 2022. The amount as per 31 December 2022, will be settled in full in 2023.

22. Employee benefits

x € 1,000	2022	2021
Wages and salaries	57,759	40,613
Social security charges	9,104	6,244
Pension costs	1,870	1,265
WBSO subsidy received	(1,812)	(922)
Capitalized development costs	(11,773)	(6,453)
	55,148	**40,747**

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

x € 1,000	Research & Development	Sales & Marketing	General & Admin.	Total
Wages and salaries	16,160	29,310	12,289	57,759
Social security charges	2,909	4,592	1,603	9,104
Pension costs	585	849	436	1,870
WBSO subsidy received	(1,812)	-	-	(1,812)
Capitalized development costs	(11,773)	-	-	(11,773)
	6,069	**34,751**	**14,328**	**55,148**

The average number of employees of CM.com during the year, converted to full-time equivalents (FTE), was 880 (2021: 650), of which 251 FTE are working outside the Netherlands (2021: 165).

The breakdown per department of average FTE is as follows:

x € 1,000	2022	2021
Sales & Marketing	456	352
Research & Development	304	210
General & Administration	120	88
	880	**650**

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 recognized as a cost in profit or loss.

Short-term employee benefits

The undiscounted amount of short-term employee benefits is recognized in the accounting period when the related service was rendered. A provision is recognized 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 recognized when 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 recognized as an income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

23. Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, CM.com revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss under Employee benefits such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss under Employee benefits.

The following share-based payments schemes existed during the period:
- Long-Term Incentive Plans ("LTIP's") for key individuals in senior leadership positions;
- Key Leadership Program ("KLIP") for a small group of employees in key leadership positions;
- Key Person Plan ("KPP") for a number of key employees within CM.com;
- CM.com Awards Plan for some individual remunerations;
- Restricted Share Unit Plan ("RSU") for a number of key talent within CM.com.

Long-Term Incentive Plan

The Management Board recognizes the importance of its employees to the future success of the Company. A Long-Term Incentive Plan ('LTIP') is introduced for key individuals in senior leadership positions. There have been three grants under the LTIPs:

- LTIP 2020-2023 granted at 21 February 2020. During the year ordinary shares were granted to new participants under the same LTIP conditions. Vestingdate is 21 February 2023.
- LTIP 2021-2024 granted at 1 January 2021. During the year ordinary shares were granted to new participants under the same LTIP conditions. Vestingdate is 1 January 2024.
- LTIP 2022-2025 granted at 1 April 2022. Vestingdate is 1 April 2025.

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 Total Shareholder Return (TSR) (30%), Revenue: Average Compound Annual Growth Rate (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 2022:

x € 1,000	1 April 2022	21 April 2022
Share price at grant date	19.4	17.3
Expected volitality	49.9%	50.0%
Vesting period	3.0	2.9
Annual dividend increase	-%	-%
Risk-free interest rate (Eurozone, AScX / US, NASDAQ-100)	0.135/2.57	0.327/2.81
Fair value at grant date	9.07	6.91

Key assumptions to the TSR shares 2021:

x € 1,000	January 2021	May 2021
Share price at grant date	31.0	28.1
Expected volitality	48.1%	48.8%
Vesting period	3.0	2.9
Annual dividend increase	-%	-%
Risk-free interest rate (Eurozone, AScX / US, NASDAQ-100)	(0.761)/ 0.17	(0.689)/ 0.23
Fair value at grant date	38.47	28.58

Key assumptions to the TSR shares 2020:

x € 1,000	February 2020	April 2020
Share price at grant date	17.1	12.6
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 fair value of the LTIP awards granted to employees is recognized as an expense, with a corresponding increase in equity.

Key Person Plan
The Key Person Program (‘KPP’) was introduced for a number of key employees within CM.com and comprise a bonus settled in cash or ordinary shares for no consideration. During 2022 the shares granted in 2020 vested. The shares granted at 1 March 2021 were vested at 1 March 2023. The condition for vesting is that the relevant employee continues to be employed by the Company on 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 2022 and recognized as an expense, with a corresponding increase in liabilities.

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) and comprise of a cumulative total of 50,000 ordinary shares for no consideration. The first vest under this plan was done on the grant date at 18 March 2020 (25.000 shares), the second vest at 18 March 2021 (15.000 shares) and the third and final vest at 18 March 2022 (10.000 shares). There are no market performance conditions in this plan that effected the vesting. The grant date fair value of equity-settled share-based payments awards granted to employees was recognized as an expense, with a corresponding increase in equity.

CM.com Awards Plan
The CM.com Awards Plan has been introduced for some individual remunerations. This is a non-recurring program which comprises ordinary shares for no consideration. During 2022 the shares granted in 2021 were vested. The condition for vesting is that the relevant employee continues to be employed by the Company at vesting 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.

Restricted Share Unit Plan
The Restricted Share Unit Plan (‘RSU’) was introduced during 2022 to create competitive advantage in attracting, motivating and retaining key talent within CM.com and comprise ordinary shares for no consideration. The condition for vesting is that the relevant employee is still employed by the Company on vesting date and has not given or have not been given notice of termination of employment. 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.

Shares

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

	Long-Term Incentive Plan	Key Person Plan	Key Leadership Plan	CM.com Awards	Restricted Share Unit Plan
At 1 January 2021	26,853	13,379	25,000	-	-
Granted	17,240	15,394	-	3,145	-
Forfeited	-	(753)	-	(155)	-
Exercised	-	(487)	(15,000)	-	-
Expired	-	-	-	-	-
At 31 December 2021	**44,093**	**27,533**	**10,000**	**2,990**	**-**
Granted	35,482	-	-	-	38,572
Forfeited	(10,977)	(9,387)	-	(667)	-
Exercised	-	(12,837)	(10,000)	(2,323)	(1,830)
Expired	-	-	-	-	-
At 31 December 2022	**68,598**	**5,309**	**-**	**-**	**36,742**

None of the outstanding shares are exercisable at 31 December 2022.

Cash-settled share-based payments

The Company issues to certain employees share appreciation rights ("SARs") that require the Company to pay the intrinsic value of the SAR to the employee at the date of exercise. The Company has recorded liabilities of € 89 thousand (2021: € 215 thousand). The Company recorded total expenses of minus € 3 thousand (2021: € 144 thousand). The total intrinsic value at 31 December 2022 € 11.36 (2021: € 27.80).

Expenses

The expenses of the different plans can be specified as follows:

x € 1,000	2022	2021
LTIP (equity-settled)	232	331
KPP (equity-settled)	71	219
KPP (cash-settled)	(3)	144
KLIP (equity-settled)	7	59
CM.com Awards (equity-settled)	2	64
RSU (equity-settled)	236	-
	545	**817**

24. Other operating expenses

x € 1,000	2022	2021
Housing expenses	3,085	1,532
Operating expenses	7,502	4,323
Office expenses	120	48
Car expenses	276	240
Marketing and sales expenses	10,896	7,806
Expected credit losses	5,435	238
Other staff expenses	9,792	6,606
General expenses	6,221	4,791
	43,327	**25,584**

The capitalized development costs (see note 22) have partly been allocated to the general expenses for an amount of € 3,608 thousand (2021: € 2,242 thousand). This charge mainly relates to Workspace and IT expenses.

In the housing expenses an amount of € 1,749 thousand (2021: € 764 thousand) relates to short-term leases. In the car expenses an amount of € 174 thousand (2021: € 116 thousand) relates to short-term leases. The other staff expenses mainly consists of contractors and agency personnel expenses amounting to € 4,663 thousand (2021: € 3,484 thousand).

25. Financial income and expenses

Financial income

x € 1,000	2022	2021
Bank interest received	22	8
Fair value gains	4,613	1,744
Other interest received	105	96
Currency results	-	204
	4,740	**2,052**

Fair value gains relates to reassessment of earn-out liabilities measured at fair value through profit and loss.

Financial expenses

x € 1,000	2022	2021
Bank interest paid	365	142
Interest on convertible bond	3,614	1,116
Fair value losses	504	2,270
Interest expense earn-out liability	-	375
Other interest paid	370	204
Currency results	110	-
	4,963	**4,107**

Fair value losses relates to reassessment of earn-out liabilities measured at fair value losses through profit and loss.

26. Commitments and guarantees

Guarantees

As of 31 December 2022, the legal entities that are part of the group have granted guarantees amounting to € 136 thousand (2021: € 67 thousand).

27. Group structure, related parties and remuneration key management Personnel

CM.com N.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
CM.com N.V.	Breda (The Netherlands)	Holding company	100%
CM.com Netherlands B.V.	Breda (The Netherlands)	CPaaS, SaaS solutions & Ticketing services	100%
CM.com International B.V.	Breda (The Netherlands)	CPaaS, SaaS solutions & Ticketing services	100%
CM Payments B.V.	Breda (The Netherlands)	Payments processing	100%
CM Platform B.V.	Breda (The Netherlands)	R&D	100%
Global Ticket B.V.	Breda (The Netherlands)	Ticketing services	100%
Elitech Group B.V.[1]	Breda (The Netherlands)	Holding company	100%
The Selfservice Company B.V.[2]	Breda (The Netherlands)	Conversation platform services	100%
The Selfservice Company Solutions B.V.	Breda (The Netherlands)	Conversation platform services	100%
ROBIN Software B.V.[1]	Breda (The Netherlands)	Customer services	100%
SEPASoft B.V.	Breda (The Netherlands)	Point of Sale Gateway	100%
PayPlaza B.V.	Breda (The Netherlands)	Point of Sale Gateway	100%
PayPlaza Gov Solutions B.V.	Breda (The Netherlands)	Point of Sale Gateway	100%
Your Ticket Provider B.V.	Breda (The Netherlands)	Ticketing services	100%
Get-a-Ticket B.V.	Breda (The Netherlands)	Ticketing services	100%
Tracedock B.V.	Breda (The Netherlands)	First Party Data collection	100%
CM.com R&D 1 B.V.	Breda (The Netherlands)	R&D	100%
CM.com R&D 2 B.V.	Breda (The Netherlands)	R&D	100%
CM.com R&D 3 B.V.	Breda (The Netherlands)	R&D	100%
CM.com R&D 4 B.V.	Breda (The Netherlands)	R&D	100%
CM.com R&D 5 B.V.	Breda (The Netherlands)	R&D	100%
CM.com R&D 6 B.V.	Breda (The Netherlands)	R&D	100%
CM.com R&D 7 B.V.	Breda (The Netherlands)	R&D	100%
CM.com R&D 8 B.V.	Breda (The Netherlands)	R&D	100%
CM.com R&D 9 B.V.	Breda (The Netherlands)	R&D	100%
CM.com R&D 10 B.V.	Breda (The Netherlands)	R&D	100%

Name	Registered office	Principal activities	Share in issued share capital
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%
Building Blocks Holding B.V.[3]	Breda (The Netherlands)	Consumer AI technology	100%
Building Blocks B.V.[3]	Breda (The Netherlands)	Consumer AI technology	100%
Blocks B.V.[3]	Breda (The Netherlands)	Consumer AI technology	100%
CM.com Ticket Guarantee N.V.[4]	Breda (The Netherlands)	Ticket guarantees	100%
CM.com Belgium N.V.	Zaventem (Belgium)	Marketing and sales office	100%
Appmiral BVBA	Mechelen (Belgium)	Ticketing services	100%
CM.com Germany GmbH	Frankfurt (Germany)	Marketing and sales office	100%
CX Company GmbH	Dusseldorf (Germany)	Conversation platform services	100%
CM Telecom UK Ltd.	London (UK)	Marketing and sales office	100%
Elitechnology Limited	London (UK)	Conversation platform services	100%
CM Telecom France SAS	Paris (France)	Marketing and sales office	100%
CM Telecom Hong Kong Ltd.	Hong Kong (China)	Marketing and sales office	100%
CM Telecom Shenzhen Co. Ltd.	Shenzhen (China)	Marketing and sales office	100%
CM Telecom Singapore Private Ltd.	Singapore (Singapore)	Marketing and sales office	100%
CM.com Japan K.K.	Tokyo (Japan)	Marketing and sales office	100%
CM Telecom South Africa Ltd.	Cape Town (South Africa)	Marketing and sales office	100%
CM.com US Inc.	Wilmington, Delaware (USA)	Marketing and sales office	100%
CM Telecom FZ-LLC	Dubai (UAE)	Marketing and sales office	100%
CM Communication Platform & Technology, S.L.U.	Barcelona (Spain)	Marketing and sales office	100%
PayPlaza Espana S.L.	Madrid (Spain)	Point of Sale Gateway	100%
CMCOM Turkey Elektronik Haberlesme Ltd Sti	Turkey	Marketing and sales office	100%
CM.com Kenya Ltd.	Nairobi (Kenya)	Marketing and sales office	100%
Communication Platform India Private Limited	Bankalore (India)	Marketing and sales office	100%
CM.com Italy S.r.l.	Milan (Italy)	Marketing and sales office	100%
CM.COM Mexico, S. de R.L. de C.V.	Mexico City (Mexico)	Marketing and sales office	100%
CM.com Brasil Ltda.	Sao Paulo (Brasil)	Marketing and sales office	100%

Name	Registered office	Principal activities	Share in issued share capital
CM.com Kazakhstan Limited Liability Company	Almaty Kazakhstan	Marketing and sales office	100%
CM.com Denmark AS	Copenhagen	Marketing and sales office	100%

[1] The entity was merged into CM.com Netherlands B.V. on 5 October 2022.
[2] The entity was merged into Elitech Group B.V. on 4 October 2022.
[3] This entity is acquired on 1 March 2022 by CM.com Netherlands B.V.
[4] This entity was incorporated on 14 September 2022 by CM.com N.V.

Related parties

CM.com has a rental agreement with CM Campus B.V. The rental charged by CM Campus B.V. is at arm's length and amounted to € 1.1 million during 2022 (2021: € 0.8 million). CM Campus B.V. is related by its shareholders (2 members of the Management Board of CM.com N.V.). The outstanding balance of the current account as at 31 December 2022 was € 302 thousand (2021: € 4 thousand). The total outstanding balance related to leases as at 31 December 2022 was € 8,862 thousand (2021: € 3,997 thousand). Of these leases a total of € 826 thousand is short-term (2021: € 634 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	2022	2021
Short-term employee benefits	1,317	1,248
Post-employment benefits	18	16
Share based payments	201	124
	1,536	**1,388**

Remuneration supervisory board

x € 1,000	2022	2021
Compensation	262	168
	262	**168**

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 and audited.

28. 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. as well as by other Deloitte member firms to the Company and its subsidiaries:

x € 1,000	Deloitte
Audit fees	741
Other services	9
	750

The comparative figures for 2021 are as follows:

x € 1,000	Deloitte
Audit fees	733
Other services	-
	733

The above includes the audit fees with respect to the Dutch statutory audits, which cannot be split from the total audit fees. The fees also include the fee for local statutory financial statements outside the Netherlands for an amount of € 226 thousand (2021: € 208 thousand).

29. 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 affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates inherently contain a degree of uncertainty. Actual results may differ from these estimates under different assumptions or conditions.

The areas where the most significant judgments and estimates are made are revenue, useful life of non-current assets, deferred tax asset recoverability, purchase price allocation, expected credit losses, impairments and the impact of the Russia-Ukraine conflict.

Critical judgements in applying the Group's accounting policies

Revenue

If CM.com has control of goods or services when they are delivered to a customer, then CM.com is the principal in the sale to the customer, otherwise CM.com is acting as an agent. Whether CM.com is considered to be the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between CM.com and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows. Scenarios requiring judgement to determine whether CM.com is a principal or an agent include, for example, those where CM.com delivers third-party content to customers.

Russia-Ukraine conflict

We adhere to all international sanctions that are applicable to our organization. In the beginning of 2022 we were in the process of opening an office in Russia. As a result of the Russia – Ukraine conflict we have terminated all operations in Russia. The impact of the conflict on the operations of CM.com are deemed to be immaterial.

Key sources of estimation uncertainty

Impairment of non-financial assets

As stated in note 5, intangible assets acquired in a business combination are capitalized and amortized 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 5 for a description of the specific estimates and judgements used and the net book values of intangible assets.

As stated in note 6, a forecast period of five years is used for the value-in-use calculation, used for the impairment test on goodwill and intangible assets with indefinite useful life (e.g. domain names). The cashflow projections are based on the financial forecast approved by the Management Board, covering a three-years period (2023-2025). The cash flow projections beyond that three year period are based on expected revenue growth, derived from our mid-term guidance which focusses on gross profit growth, resulting in a growth rate of 45% for SaaS and 39% for Payments. CGU's are tested for impairment by comparing the carrying amount of each CGU to its recoverable amount. The Management Board has assessed the reasonableness of the assumptions on which its current cash flow projections are based.

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 live of the intangible assets and property, plant and equipment, which could possible result in accelerated amortization 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. We have reassessed the useful lives of the capitalized developments nothing no change is required in FY 2022

Taxes
Deferred tax assets are recognized 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 recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Expected credit losses
On each reporting date the Company determines the impairment of trade and other receivables using a model (e.g. flow rate method) which estimates the lifetime expected credit losses that will be incurred on these receivables. The financial assets are assessed collectively in buckets based on due date. These assessments include any change in credit risk due to the continued or changing impact of the current macroeconomic developments including high inflation rates, and the war between Russia and Ukraine. For more information on credit risk exposure refer to note 13.

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 2021 and 2022 an earn-out has been included in the purchase price allocation. 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.

30. Subsequent events

Subsequent events
There are no subsequent events.

31. Changes in presentation

Change in accounting policies
New standards, amendments and/or interpretations to existing IFRS standards became effective in 2022. These new standards, amendments and interpretations, as far as they are relevant, have no material impact on the valuation and classification of assets and liabilities of the Group, nor on its income statement or cash flows.

IFRS 17 relating to insurance contracts is in effect per the start of 2022. As CM.com recently set-up a legal entity to sell ticket guarantees this standard will have effect on our financial statements for 2023 and onward. We have ensured the data is available within the company from start, to be able to comply with the reporting requirements of IFRS 17. The impact of IFRS 17 on the financials for the year 2022 is not material.

New standards, amendments and/or interpretations to existing IFRS standards have been published that only need to be applied to accounting periods beginning on or after 1 January 2023. As far as these standards, amendments and interpretations are applicable to the Company, these are expected to have no effect on the valuation and classification of assets and liabilities. The Company has decided not to opt for early adoption.

Corporate Financial Statements

Corporate statement of financial position as at 31 December 2022

(After proposal of appropriation of result)

Assets

x € 1,000	Note	2022	2021
			(restated)
Non-current assets			
Intangible assets	1	2,777	2,943
Property, plant and equipment	2	1,332	1,713
Right-of-use assets	3	2,386	6,655
Financial fixed assets	4	26,811	32,694
Total non-current assets		**33,306**	**44,005**
Current assets			
Receivables, prepayments and accrued income	5	89,570	79,792
Cash and cash equivalents		28,344	74,545
Total current assets		**117,914**	**154,337**
Total assets		**151,220**	**198,342**

Equity and liabilities

x € 1,000	Note	2022	2021
Shareholders' equity			(restated)
Share capital		1,736	1,730
Legal reserve		31,358	20,626
Share premium reserve		127,733	124,794
Equity component of convertible bond		5,940	6,208
Treasury shares		(861)	-
Foreign currency translation reserve		1,888	708
Accumulated deficits		(114,236)	(56,693)
Total shareholders' equity	6	**53,558**	**97,373**
Non-current liabilities			
Convertible bond	8	94,262	92,648
Deferred tax liability	7	1,328	1,654
Financial liabilities	8	-	3,417
Total non-current liabilities		**95,590**	**97,719**
Current liabilities			
Current liabilities, accruals and deferred income	9	2,072	3,250
Total current liabilities		**2,072**	**3,250**
Total Equity and Liabilities		**151,220**	**198,342**

Corporate statement of profit or loss and other comprehensive income for the year ended 31 December 2022

x € 1,000	Note	2022	2021
			(restated)
Revenue		10	-
Total income		**10**	**-**
Employee benefits expenses	10	(1,090)	(1,104)
Amortisation and depreciation	1/2/3	(1,253)	(1,865)
Other operating expenses		(5,007)	(4,156)
Operating Loss		**(7,340)**	**(7,125)**
Financial income	11	2,828	1,706
Financial expenses	11	(4,190)	(1,284)
Loss before tax		**(8,702)**	**(6,703)**
Income tax	12	(9,500)	(1,476)
Loss after tax		**(18,202)**	**(8,179)**
Result participations		(26,011)	(28,885)
Net result for the year		**(44,213)**	**(37,064)**
Other comprehensive income, net of tax		1,147	888
Total comprehensive loss		**(43,066)**	**(36,176)**

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.

Prior period misstatement

When valuing participating interests with a negative net equity value, the Company should also be taking into account the other long-term interests in these participations which classify as a component of the net investment. As per 31 December 2021 there was no netting of these other long-term interest, part of the receivable of group companies with the participating interest with a negative net equity value. Therefor the receivable of group companies (see note 5) was overstated for an amount of € 20,705 thousand. As a result, the share in loss of negative participations, recognised under result participations in the profit and loss account, was understated for that amount. The material prior period misstatement in the corporate financial statements for the financial year 2021 decreases the net result with an amount of minus € 20,705 thousand (note 6).

x € 1,000	Note	Restated	Reported prior year
Receivables (Group companies)	5	79,792	100,497
Equity (Accumulated deficits)	6	97,373	118,078
Result of participations		(28,885)	(8,180)

Financial fixed assets

Participations 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. Participating interests with a negative net equity value are valued at nil. This likewise takes into account other long-term interests that should effectively be considered part of the net investment in the participating interest. 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). An associate where no significant influence is exercised are valued at cost, and if applicable, less impairment losses.

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 and loss account. This result is determined on the basis of the accounting principles applied by CM.com N.V.

Legal reserve

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. The legal reserve for foreign currency translation of participations in group companies is determined individually. The legal reserve for capitalized development cost is recognised for costs based on hours spend by R&D employees of CM.com and capitalized on the balance sheet as Platform (software). Only self-generated assets are taken into account, so no external cost or development costs identified and capitalized in the event of an acquisition.

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 2020	1,487	2,993	3,145	7,625
Additions	-	-	-	-
Divestments	-	-	-	-
At 31 December 2021	**1,487**	**2,993**	**3,145**	**7,625**
Additions	-	-	-	-
Divestments	-	-	-	-
At 31 December 2022	**1,487**	**2,993**	**3,145**	**7,625**
Amortisation and Impairment				
At 31 December 2020	504	2,576	1,239	4,319
Amortisation	-	299	64	363
At 31 December 2021	**504**	**2,875**	**1,303**	**4,682**
Amortisation	-	104	62	166
Divestments	-	-	-	-
At 31 December 2022	**504**	**2,979**	**1,365**	**4,848**
Net book value				
At 31 December 2021	983	118	1,842	2,943
At 31 December 2022	983	14	1,780	2,777
Estimated useful lives (years)	indefinite	10	10 / indefinite	

During 2022 and 2021 no impairments losses have been recognised.

2. Property, plant and equipment

The movements in the tangible assets are as follows:

x € 1,000	Platform (Hardware)	Furniture & fixtures	Vehicles	Hardware & software workplace	Leasehold improvements	Total
Costs						
At 31 December 2020	2,648	1,150	104	1,036	419	5,357
Additions	-	-	-	1	-	1
Divestments	-	-	-	-	-	-
At 31 December 2021	**2,648**	**1,150**	**104**	**1,037**	**419**	**5,358**
Additions	-	-	-	-	-	-
Divestments	-	-	-	-	-	-
At 31 December 2022	**2,648**	**1,150**	**104**	**1,037**	**419**	**5,358**
Depreciation						
At 31 December 2020	1,634	600	67	770	162	3,233
Depreciation	185	74	7	109	37	412
Divestments	-	-	-	-	-	-
At 31 December 2021	**1,819**	**674**	**74**	**879**	**199**	**3,645**
Depreciation	184	73	-	87	37	381
Divestments	-	-	-	-	-	-
At 31 December 2022	**2,003**	**747**	**74**	**966**	**236**	**4,026**
Net book value						
At 31 December 2021	829	476	30	158	220	1,713
At 31 December 2022	645	403	30	71	183	1,332
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	Buildings	Platform (Hardware)	Platform (Software)	Vehicles	Total
Costs					
At 31 December 2020	5,770	3,073	1,127	159	10,129
Additions	-	-	-	-	-
Ending of lease agreements	-	-	-	-	-
At 31 December 2021	**5,770**	**3,073**	**1,127**	**159**	**10,129**
Additions	-	-	-	-	-
Ending of lease agreements	(5,770)	-	-	-	(5,770)
At 31 December 2022	**-**	**3,073**	**1,127**	**159**	**4,359**
Depreciation					
At 31 December 2020	1,276	695	338	67	2,376
Depreciation	657	308	113	20	1,098
Ending of lease agreements	-	-	-	-	-
At 31 December 2021	**1,933**	**1,003**	**451**	**87**	**3,474**
Depreciation	274	307	113	12	706
Ending of lease agreements	(2,207)	-	-	-	(2,207)
At 31 December 2022	**-**	**1,310**	**564**	**99**	**1,973**
Net book value					
At 31 December 2021	3,837	2,070	676	72	6,655
At 31 December 2022	-	1,763	563	60	2,386

The lease agreements between CM.com N.V. and Campus B.V. relating to the office buildings have been ended in 2022.
New lease agreements have been entered into between CM.com Netherlands B.V. and CM Campus B.V. 1 and CM Campus 2 B.V.

4. Financial fixed assets

x € 1,000	2022	2021
Participations in group companies:		
CM.com Netherlands B.V.	-	10,052
CM Payments B.V.	9,637	10,930
CM.com International B.V.	3,797	-
CM.com Belgium N.V.	3,619	3,308
CM Telecom Hong Kong Ltd.	3,437	-
CM.com Germany GmbH	460	-
CM.com Brasil Ltda	187	-
CM Platform B.V.	147	-
CM.com Ticket Guarantee N.V.	81	-
CM.com Denmark A/S	54	54
Communication Platform India Private Limited	47	18
	21,466	**24,362**
Receivables from associated companies	**-**	**2,829**
Other participations	60	60
Deposits	38	50
Deferred tax assets	5,247	5,393
Other	**5,345**	**5,503**
Total financial fixed assets	**26,811**	**32,694**

During 2022 and 2021 no impairments losses have been recognised. Total share in result of group companies according to profit and loss amounts to minus € 26,011 thousand (2021: minus € 28,885 thousand), € 1,180 thousand (2021: € 578 thousand) relates to revaluation of foreign participations in group companies.

See note 27 of the consolidated statement of financial position the overview of group of legal entities. The Company intends to file a 403-statement for CM.com Netherlands B.V., CM Platform B.V. and it's subsidiaries (CM.com R&D 1-13 B.V.'s) with the Chamber of Commerce effective from 2022 onwards.

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 2021	24,362	2,829	5,503
Movements:			
Share in result of group companies	(26,011)	-	-
Investments	8,388	-	-
Repayments	-	(2,829)	-
Netting receivables with negative participations in group companies	13,547	-	-
Movement in deferred tax asset	-	-	(146)
Movement in deposits	-	-	(12)
Currency result	1,180	-	-
Carrying amount as at 31 December 2022	**21,466**	**-**	**5,345**

Receivables from associated companies
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. The interest rate was 6%. As of 2022 the loan is fully repaid.

In 2017, CM.com granted a loan to CM Telecom France SAS of € 1,125 thousand. The interest rate was 4%. As of 2022 the loan is fully repaid.

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

The deferred tax assets consist of carry forward losses relating to the fiscal unity CM.com N.V. for corporate income tax, please refer to note 11 of the consolidated statement.

5. Receivables, prepayments and accrued income

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

x € 1,000	2022	2021
		(restated)
Accounts receivable	243	626
Group companies	88,692	78,167
Affiliated companies	4	4
Prepayments	72	183
Taxes	559	812
	89,570	**79,792**

The interest charged on the current account with group companies is 2% (2021: 2%).

There is no repayment schedule agreed and no securities are granted. The current account relations will be relieved periodically.

6. Shareholders' equity

The movements in equity are as follows:

x € 1,000	Share capital	Share premium reserve	Equity component of convertible bond	Treasury shares	Capitalized development costs	Foreign currency translation reserve	Accumulated deficits	Total
							(restated)	
Balance at 1 January 2021	1,724	122,691	-	-	18,148	(180)	(21,991)	120,392
Result for the year	-	-	-	-	-	-	(37,064)	(37,064)
Movement of reserve	-	-	-	-	2,478	-	(2,478)	-
Other comprehensive income	-	-	-	-	-	888	-	888
Convertible bond (net of tax)[1]	-	-	6,208	-	-	-	-	6,208
Issuance of shares related to business combinations	5	1,972	-	-	-	-	4,299	6,276
Issuance of shares to employees	1	131	-	-	-	-	541	673
Balance at 31 December 2021 (Restated)	**1,730**	**124,794**	**6,208**	**-**	**20,626**	**708**	**(56,693)**	**97,373**
Result for the year	-	-	-	-	-	-	(44,213)	(44,213)
Movement of reserve	-	-	-	-	10,732	-	(10,732)	-
Other comprehensive income	-	-	-	-	-	1,180	(33)	1,147
Convertible bond (net of tax)[1]	-	-	(268)	-	-	-	-	(268)
Purchase of treasury shares	-	-	-	(3,585)	-	-	-	(3,585)
Issuance of shares related to business combinations	4	2,645	-	2,660	-	-	(2,725)	2,584
Issuance of shares to employees	2	294	-	64	-	-	160	520
Balance at 31 December 2022	**1,736**	**127,733**	**5,940**	**(861)**	**31,358**	**1,888**	**(114,236)**	**53,558**

[1] The equity component of the convertible bond is presented net of tax (note 19 of the consolidated financial statements). It includes a Deferred tax liability recognized through equity offset by a related deferred tax asset recognized through equity, see note 11 of the consolidated financial statements.

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

x € 1,000	2022	2021
		(restated)
Accumulated deficits as per consolidated financial statements	(82,881)	(35,575)
Cumulative share in result of negative participations	3	(492)
Capitalised development costs	(31,358)	(20,626)
Accumulated deficits as per corporate financial statements	**(114,236)**	**(56,693)**

Net result can be reconciled with the consolidated financial statements as follows:

x € 1,000	2022	2021
		(restated)
Net result as per consolidated financial statements	(44,741)	(17,490)
Share in result of negative participations	528	1,131
Restatement result of negative participations	-	(20,705)
Net result as per corporate financial statements	**(44,213)**	**(37,064)**

7. Deferred tax liabilities

Deferred tax liabilities mainly relates to the valuation of the convertible bond.

x € 1,000	2022	2021
Carrying amount as at 1 January	1,654	959
Mutations through equity	-	1,698
Mutations through profit or loss	(326)	(1,003)
Carrying amount as at 31 December	**1,328**	**1,654**

8. Financial liabilities

For an explanation of the convertible bond and other long-term debt, please refer to the note 18 and note 19 of the consolidated statement of financial position.

9. Current liabilities, accruals and deferred income

x € 1,000	2022	2021
Trade accounts payable	403	353
Other taxes	96	-
Accruals and deferred income	1,519	1,926
Current portion of borrowings	54	971
	2,072	**3,250**

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.

10. Employee benefits

As the board is remunerated via CM.com Netherlands B.V., the employee benefits mainly consist of long-term share based payment plans and short-term incentive plans. We refer to note 27 of the consolidated financial statements and the remuneration report.

All tables as included in the Remuneration Report are audited.

11. Financial income and expenses

Financial income relates to interest on receivables group companies (note 5).

Financial expenses mainly consists of interest expenses on the convertible bond (note 19 of the consolidated statements).

12. Income tax

The income tax expenses increased to € 9.5 million compared to € 1.5 million in 2021. This is a result from non-recognition of a deferred tax asset (€ 11.5 million) relating to losses of subsidiaries that are part of the fiscal unity of CM.com N.V., which are expensed in the result of CM.com N.V., head of the fiscal unit, according to DAS 272.803.

13. Subsequent events

There are no company specific subsequent events.

Proposed appropriation of result for the financial year 2022

The Management Board proposes, with the approval of the Supervisory Board, that the result for the financial year 2022 should be transferred to reserves.

Other disclosures

Management and Supervisory Board statement

The members of the Supervisory Board signed the financial statements in order to comply with their statutory obligation pursuant to Article 2:101, paragraph 2, of the Dutch Civil Code.

The members of the Management Board signed the financial statements in order to comply with their statutory obligation pursuant to Article 2:101, paragraph 2, of the Dutch Civil Code and Article 5:25c, paragraph 2 sub c, of the Financial Markets Supervision Act.

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 2022 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 December 2022 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 2022, and of its result and its cash flows for the year ended 31 December 2022 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 2022, and of its result for the year ended 31 December 2022 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 2022.
2. The following statements for the year ended 31 December 2022: the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement.
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 2022.
2. The corporate statement of profit or loss and other comprehensive income for the year ended 31 December 2022.
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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information as included in the following paragraphs supporting our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality
Based on our professional judgement we determined the materiality for the financial statements as a whole at € 3.398.000. The materiality is based on 1.2% 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 € 169 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.

Scope of fraud and compliance with laws and regulations

Audit approach fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the system of internal control, including:
- the risk assessment process;
- management's process for responding to the risks of fraud and monitoring the system of internal control;
- how the Supervisory Board exercises oversight.

We also obtained understanding of the outcomes of these processes.

We evaluated the design and implementation and where relevant operating effectiveness aspects of the system of internal control and in particular the fraud risk assessment, including the code of conduct, whistle blower procedures and incident registration. We evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We involved Deloitte's forensic specialists in these processes. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

In connection with the presumed risks of financial statement fraud, we considered fraud in relation to management override of controls, including evaluating whether there was evidence of bias by the Management Board and other members of management. Our procedures include an assessment of the the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, as these may be indicative of fraudulent financial reporting. With respect to the element of bias, we evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements represent a risk of fraudulent material misstatement. We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

We incorporated elements of unpredictability in our audit, including changes of scoping of entities and adding new keywords in our journal entry testing as well as applying increased data analytics in the audit of revenues. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. For significant transactions we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Impairment testing, going concern evaluation, useful lives of non-current assets and business combinations including purchase price allocations are attention areas in our audit as these are subject to significant management judgement.

We made inquiries with management, those charged with governance and with others within the Company, including the Legal Counsel, Internal Audit, Compliance Department and Financial Reporting and Accounting. We obtained written representations that all known instances of (suspected) fraud and other irregularities have been disclosed to us.

Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 29 of the financial statements.

Our procedures did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We differentiate our audit approach between two categories:

- Rules and regulations that directly impact the financial reporting
- Rules and regulations that indirectly may have material impact on the financial statements

In the first category, we considered adherence to (corporate)tax law and financial reporting regulations including 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. These directly impact the financial statements and are integral to our audit.

In the second category, we considered 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. This category includes 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 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 however 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 for these matters that indirectly impact the financial statement is limited to:

(i) inquiry of the Management Board, the Supervisory Board, the Compliance Officer, the Risk 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.
(ii) request and obtain written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Naturally, 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.

Audit approach going concern

The responsibilities of the Management Board and the Supervisory Board and ourselves, are outlined in the “Description of responsibilities regarding the financial statements” section below.

Our procedures to evaluate management’s going concern assessment included, amongst others:

- Considering whether management identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks)
- Considering whether management's going concern assessment includes all relevant information of which we are aware as a result of our audit and inquired with management regarding management's most important assumptions underlying their going concern assessment;
- Evaluating management's current budget including cash flows for at least twelve months from the date of preparation of the financial statements, current developments in the industry and all relevant information of which we are aware as a result of our audit;
- Analyzing the financial position per balance sheet date in relation to the financial position per prior year balance sheet date to assess whether events or circumstances exist that may lead to a going concern risk, including compliance with relevant covenants; and
- Performing inquiries with management as to their knowledge of going concern risks beyond the period of the management's assessment.

Under supervision of the management Board and the Supervisory Board, Management has assessed the going concern assumption, as part of the preparation of the consolidated financial statements, and disclosed this in the Financial Statements (note 2 Basis for preparation). Management's going concern assessment with a projection period until June 30, 2024 is based on the assumptions used in a mid-term strategic plan. This plan is expected to lead to structurally positive EBITDA towards year end 2023 and structurally cash flow positive towards year end 2024. Based on sensitivity scenarios and their outcome, Management Board believes that no events or conditions give rise to doubt about the ability of the group to continue in operation of at least twelve months after the adoption of the financial statements.

Given the 31 December 2022 available cash position and the 2021 and 2022 cash use as a consequence of the strategic choices made by management, we have sensitized certain of the assumptions underlying the improvement of the EBITDA and cashflows as presented in the mid-term guidance. We have requested management to develop a number of other scenarios based on the actual 2022 financial performance, net of the cash spent on acquisitions and one-off cost. Our procedures did not result in outcomes contrary to management's assumptions and judgments used in the application of the going concern assumption. Accordingly, we concur with the application of the going concern assumption for the 31 December 2022 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.

The matters considered as key to our audit changed compared to prior year:

- Accounting for acquisitions is not longer considered as a key audit matter as in comparison to prior year only one business combination was done in 2022.
- Impairment testing on goodwill and intangible assets with indefinite useful life is considered as a new key audit matter considering the significant increase in carrying value, the actual performance in 2022, and limited headroom within the CGU Payments.

Capitalization and amortization of internal development costs is still considered as a key audit matter considering the complexities as explained below and as the balance significant increased compared to prior year.

Key audit matter – Impairment test goodwill and intangibles assets with indefinite useful life

Description

As of 31 December 2022, the net bookvalue of the goodwill increased to an amount of € 29.4 million (2021: € 22.2 million) and intangibles assets with indefinite useful live amount to € 1.6 million (2021: € 1.6 million). These assets are subject to an annual impairment test by management in accordance with IFRS. Platform related intangibles also increased from € 37.9 million to € 49.6 mllion and are also subject to annual impairment testing by management.

Management indicates that the value in use (“VIU”) of the CGU has been based on the three year forecast 2023-2025 and that for the years 2026 and 2027 an expected revenue growth in line with CM’s mid-term guidance, which focusses on gross profit growth, has been applied. For the period thereafter the VIU calculation includes 2.44% long-term inflationary growth. Management has determined post-tax WACC for the individual CGU between 11.5%-13.5%. Management disclosed that no impairments have been reported in 2022.

For the CGU Payments the headroom is limited. Headroom refers to the amount the value in use exceeds the carrying value (the capital invested in the CGU calculated in accordance with IAS 36) of the CGU. In view of the significance (increase) of the amounts involved and the management judgement involved in projecting future revenues, gross profits and cash flows, we decided to report on this as Key Audit Matter.

How the key audit matter was addressed in the audit

Based on our materiality level, the requirements in IFRS and the applicable auditing standards, we have audited the impairment test in relation to the valuation of the intangible assets subject to impairment testing.

We have gained insight in the process regarding this management estimate as well as evaluated the design and implementation of the relevant internal controls.

We have, based on our evaluation, adopted a substantive audit approach and did not rely on internal controls. Our substantive audit procedures have mainly focused on:

- Assessment of the impairment model, the calculated WACC and the long-term and inflationary growth, using Deloitte valuation experts.
- Obtaining and evaluating the budget of 2023 and the 2023-2025 forecast prepared by management in connection with the mid-term guidance as approved by the Supervisory Board. We attended the Audit Committee meetings during which the budget and 2023-2025 forecasts have been discussed and approved. We performed several procedures to challenge the budget by among others recalculation, review of external market information and peer group benchmarking.
- Assessment including sensitivity testing of the key assumptions in the impairment model (revenue growth) and discuss the results thereof with management and the Management Board.
- The accuracy and completeness of the related disclosures in the annual report.

Observations

Management projected autonomous growth rates for revenues and gross profit for 2023-2025 mostly exceeding actual historical growth rates. Representative historical information to benchmark the projections is limited mainly due to the investments and related changes within the Company the last years.

Particularly for the CGU Payments the headroom is limited. Management indicated that CGU Payments revenues and gross profits will benefit from new technologies that are ready to be deployed. We discussed these technologies and understand that these are expected to improve the total margin as until now some of the activities are performed by external suppliers. At this point in time, we have no indications to consider the forecasts of CGU Payments to be unrealistic.

In combination with the uncertainties that are reflected by management in note 6 of the disclosures, we consider the accounting and presentation acceptable.

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 as included in note 5 of the financial statements. Internal capitalized development costs are significant to the audit given the net book value involved of € 31.4 million as per December 31, 2022 (2021: € 20.6 million). In 2022, the capitalized internal costs (primarily payroll costs of developers) amounted to € 15.4 million (2021: € 8.6 million). The capitalized costs in 2022 are substantially higher then in 2021 as a result of a higher hourly rate in combination with a higher number of hours capitalized due to additional fte's employed. In 2022, the Company employed approximately on average 304 fte's (2021: 210 fte's) within the research and development department (note 22).

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.

Due to estimates and the increasing amounts involved 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.

CM.com is in the process of formalizing its internal controls surrounding hour registrations and on the recognition of development hours. In 2022 these were not yet operating effectively. Accordingly, we adopted a non-control reliance approach and 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 whether the increase in the rate is accurate and complete conform IAS 38.

We noted higher hourly rates as a consequence of higher incurred employee benefit expenses and increase in operating expenses related to development activities.

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

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 of the development costs and the disclosure requirements conform IAS 38 were properly met in note 5.

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.

European Single Electronic Reporting Format (ESEF)

CM.com N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the (partly) marked-up consolidated financial statements, as included in the reporting package by CM.com N.V. complies in all material respects with the RTS on ESEF.

The Management Board is responsible for preparing the annual report including the financial statements in accordance with RTS on ESEF, whereby the Management Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N ‘Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:
- obtaining an understanding of the Company's financial reporting process, including the preparation of the reporting package;
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board 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, the Management Board 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, the Management Board is responsible for assessing the Company's ability to continue as a going concern.

Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Management Board 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.

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 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, 6 March 2023

Deloitte Accountants B.V.
Jan Hendriks