

A photograph of three men in a meeting, overlaid with a red tint. The man on the right is gesturing with his hands while speaking. The man in the middle is wearing glasses and holding a small object. The man on the left is looking towards the speaker. The background shows a modern office interior with large windows.

# ANNUAL OPERATING PLAN 2020

Sören Stamer and Klemens Kleiminger  
19 March 2020



COREMEDIA

Our target for this AOP meeting:  
We kindly ask to approve the  
pre-Corona budget.



Need the budget to work against and have a framework for variable compensation.



With the approved budget in place we immediately suspend the budget and switch to “hand steering” (as we always do).



CoreMedia team is experienced  
in restructuring cases...



... and managed to overcome very critical situations at various times (e.g. 2002, 2006, 2009) incl. the self-financed switch to Recurring Revenues from 2016 to 2019.



That is why you can be sure that we understand that “cash is king” and we will act accordingly.



# INTRODUCTION

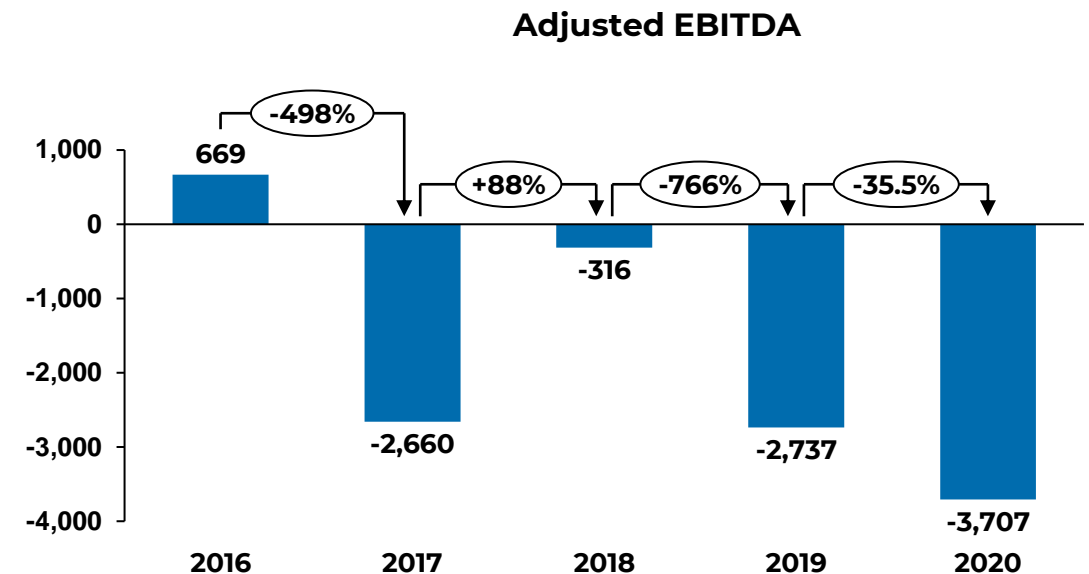
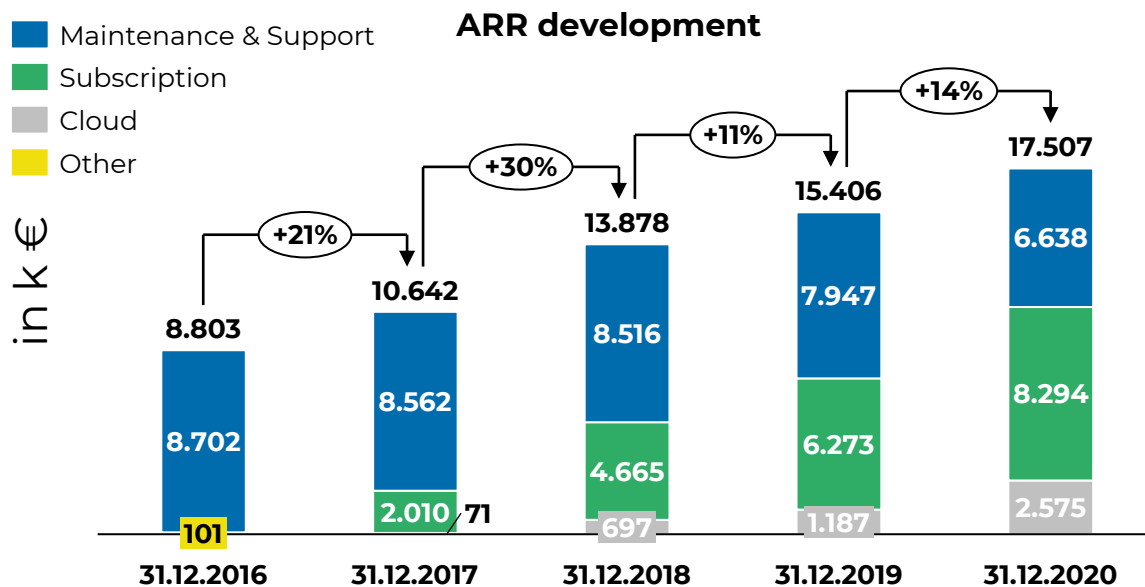
This AOP is presented consistently with how CoreMedia has historically reported its financials; going forward, there will be some adjustments to reporting

	Up until now (including today)	Expected: April 2020
<b>Expense accounting</b>	Total cost method	Cost of sales method
<b>Reporting standards</b>	HGB “German GAAP”	IFRS
<b>Consolidation</b>	Excluding holding company (but with expenses for SVB beginning 2021)	Consolidated
<b>Annual adjustments</b>	13 <sup>th</sup> period accounting	Monthly accounting
<b>Adjustment for EBITDA</b>	Not all included yet	All included



# WHERE WE STAND – 2020 AOP

- > As decided in 02/2020 CoreMedia team has been working on Invest Case I and finalized the Pre-Covid 19-Budget
- > Full P/L, Balanced Sheet and Cash-Flow has been produced
- > First two month of CY 2020 (cum.) vs. CY 2019
  - > As always first two month of a quarter almost no new bookings
  - > Total revenues 3% below due to soft consulting revenues
    - > Recurring Revenues 12% (€275k) beyond previous year (Subscription +30%, Cloud +97%)
    - > Consulting revenues 33% (€371k) below previous year
- > Budget 2020: Plan to grow by 14% Annualized Recurring Revenue (ARR)
- > All developments concerning Covid-19, its possible implications, countermeasures and next steps will be discussed in MOR tomorrow



# 2020 AOP KEY ASSUMPTIONS

## 2019 Actual

**Gross Revenue**  
20.9MM

Targeting 90%+ new business to come from Cloud/Subscription licenses. 4% overall revenue projected.

**Recurring Revenue**  
14.6MM

9% growth (ARR+14%) due to full impact of won deals in 2019 and additional planned deals in 2020

**Non-Recurring Revenue**  
6.3

Decrease of reduced planned perpetual license revenues

**Gross Margin**  
20.6MM  
98.8%

Downward pressure on margins due to more Cloud deals.

**OPEX**  
23.4MM  
112%

Significant investment in the product machine, sale & marketing and back office process improvements to fuel growth.

**EBITDA**  
-2.7MM  
-13.1%

Downward pressure on margins due to strategic initiative investments and additional transition expenses for reporting IFRS, management fees etc.

**Addbacks**  
TBD

**Adj EBITDA**  
TBD

Comparison with 2019 after switch of reporting

**Cash EBITDA**  
-2.4MM  
-11.5%

## 2020 Budget

**Net Revenue**  
21.8MM

**Recurring Revenue**  
15.9MM

**Non-Recurring Revenue**  
5.9MM

**Gross Margin**  
21.1MM  
96.8%

**OPEX (incl. all projects)**  
25.9MM  
119%

**EBITDA**  
-4.9MM  
-22.3%

**Addbacks**  
1.2MM

**Adj EBITDA**  
-3.7MM  
-17.0%

**Adj Cash EBITDA**  
-1.9MM  
-8.5%

## 2023 Projection

**Net Revenue**  
36.9MM

**Recurring Revenue**  
29.6MM

**Non-Recurring Revenue**  
7.3MM

**Gross Margin**  
35.3MM  
95.8%

**OPEX (incl. all projects)**  
28.7MM  
77.9%

**EBITDA**  
6.6MM  
17.9%

**Addbacks**  
0.4MM

**Adj EBITDA**  
7.0MM  
18.9%

# KEY ASSUMPTIONS BUDGET 2020 (1)

## Revenue Assumptions

- Existing ramped quota carriers at full realization: Increase in ACV/Seller planned
  - EUR 2,3m new ACV – EMEA (FY 18/19: EUR 2,0m)
    - ACV/Seller approx. € 485k (FY 18/19: € 388k)
  - EUR 1,1m new ACV – US (FY 18/19: EUR 0,5m)
    - ACV/Seller (incl. 50% of Jim/Ben) approx. €246k (FY 18/19: € 98k)
  - EUR 600k perpetual licenses in EMEA (FY 18/19: €348k)
- Seasonality of sales still weighted like distribution of old FY: Q1=7%, Q2=25%, Q3=28%, Q4=40% (FY 18/19: Q1=12%, Q2=24%, Q3=20%, Q4=44%)
- Sales mix : In EMEA majority in subscription, in the US Cloud
  - EMEA approx:
    - 52% Subscription (FY 18/19: 70%)
    - 26% Cloud (FY 18/19: 15%)
    - 22% Perpetual License (FY 18/19: 15%)
  - US approx:
    - 43% Subscription FY (18/19: 0%)
    - 57% Cloud (FY 18/19: 43%)
    - 0% Perpetual License (FY 18/19: 57%)
- Expected Churn of Maintenance &Support (S&M/S&S) approx. 12%, no churn planned to TBL and CMoC
- Total ARR Growth: approx. 14% (CY 2019: 11%)
- Customer Success (Consulting) Revenue EUR 4,7m with 28 TC's (approx. € 183k/Consultant; FY 18/19: € 171k)

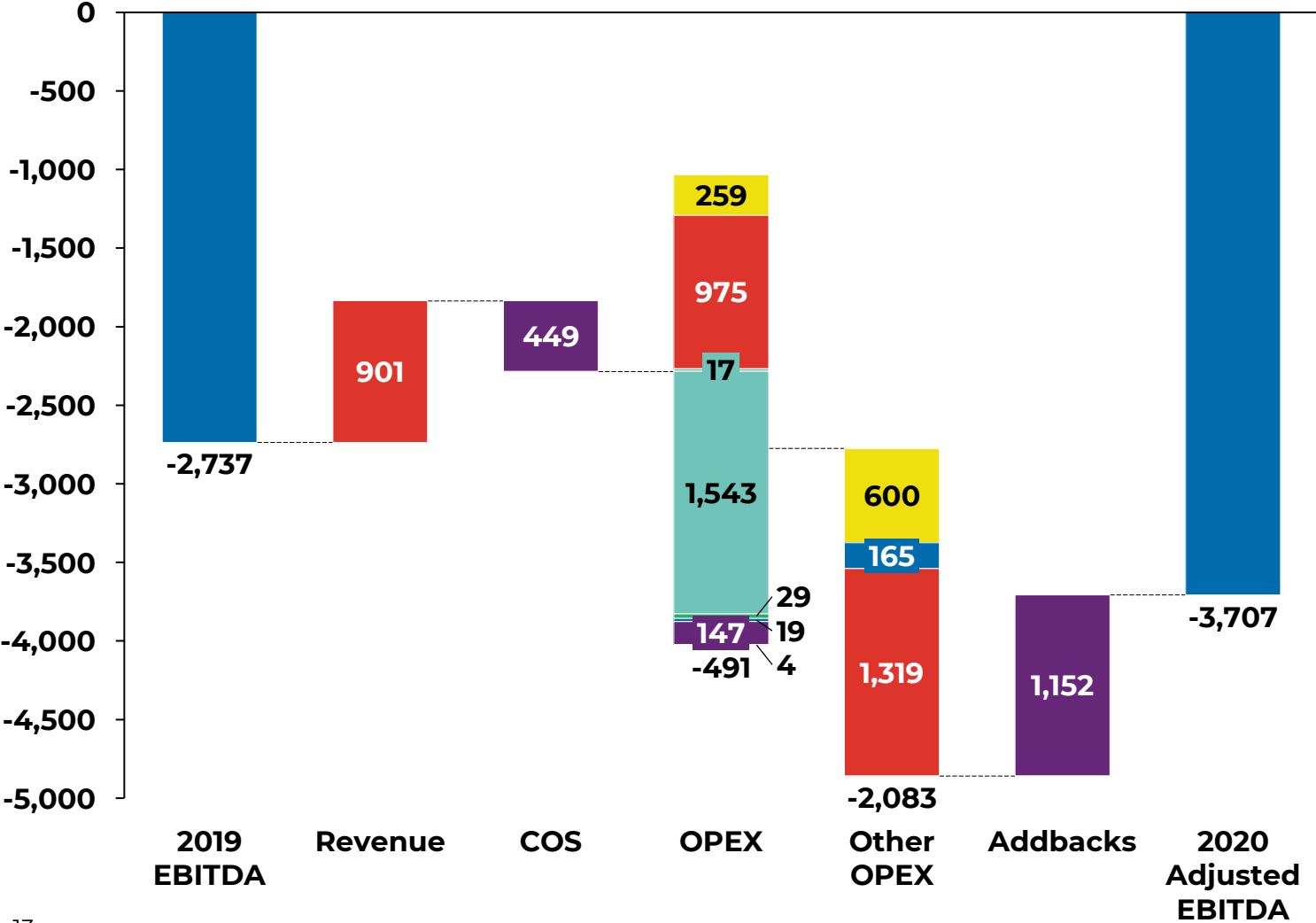
# KEY ASSUMPTIONS BUDGET 2020 (2)

## Cost Assumptions

- External services
  - increases driven by hosting expenses in line with CMoC revenue.
  - Assumption during 2020 the hosting expenses will be in average 44% of CMoC revenue (40% plus a planned price reduction of CMoC).
- Personnel development see details
- Insurance and contribution related to revenues
- Expenses related to personnel (travel, communication and recruitment) grow due to a higher number of staff being on board during CY 2020, but planned reduction of travel costs of 10% to 20%
- Marketing planned with a cost reduction because of less sales events
- Consulting will be lower due to several law firm expenses being cut and employment of Dirk Jovy
- Additional expenses due to OpenGate transition, e.g.
  - Reporting (IFRS, Cost-Of-Sales-Method instead of Total Cost Method, reporting standards)
  - Management Fee
  - Silicon Valley Bank



# EBITDA BRIDGE



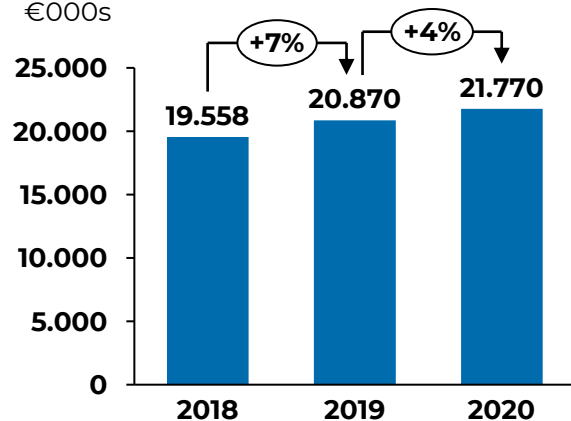
in EUR '000		
	Revenue	EBITDA
2019	20,869	(2,737)
Increased Sales	901	452
OPEX Variance		
Personnel		(1,543)
Premises		(29)
Marketing		259
T&E		(19)
Consulting		975
Recruitment		(147)
Bad Debt		17
Other		(4)
Other OPEX		
Product Invest		(600)
CM projects		(165)
Open Gate costs		(1,319)
Addbacks		1,152
2020	21,770	(3,707)



# 2020 AOP SUMMARY

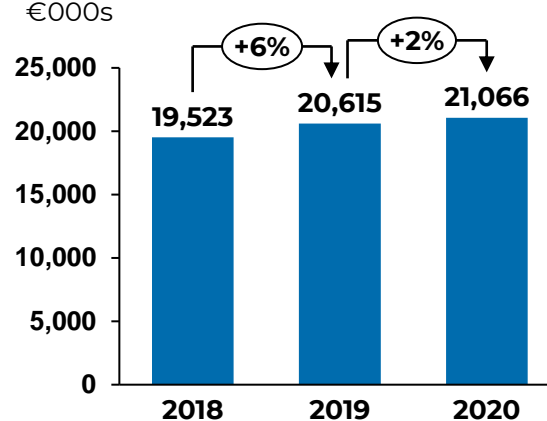
## Revenue

€000s



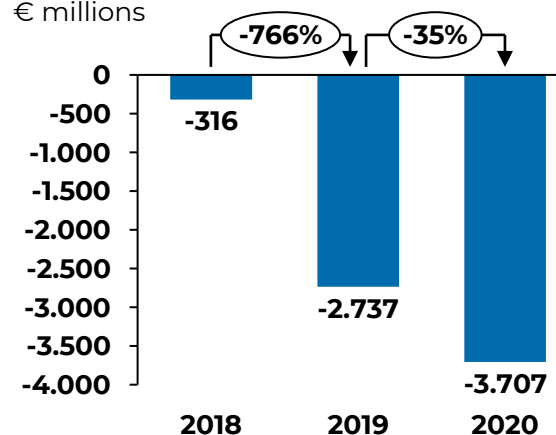
## Gross Profit

€000s



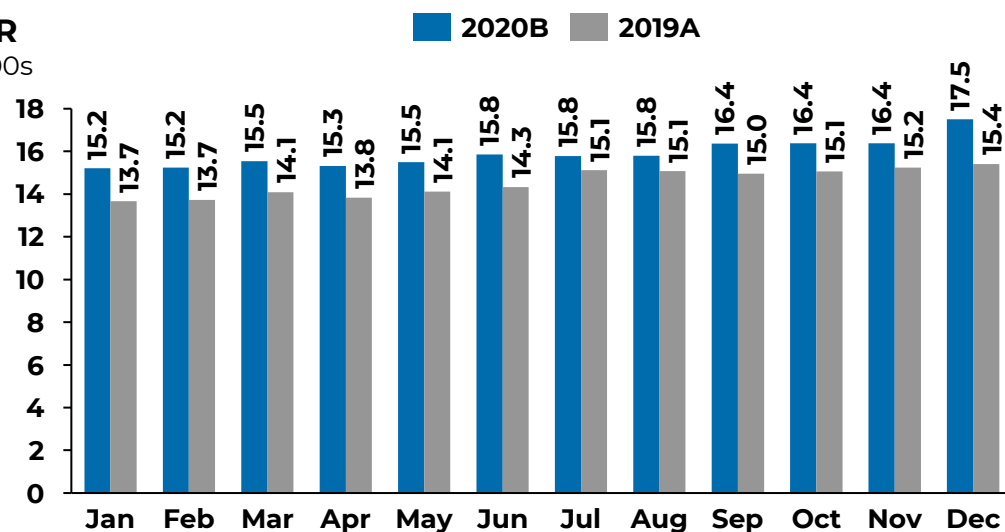
## Adjusted EBITDA

€ millions



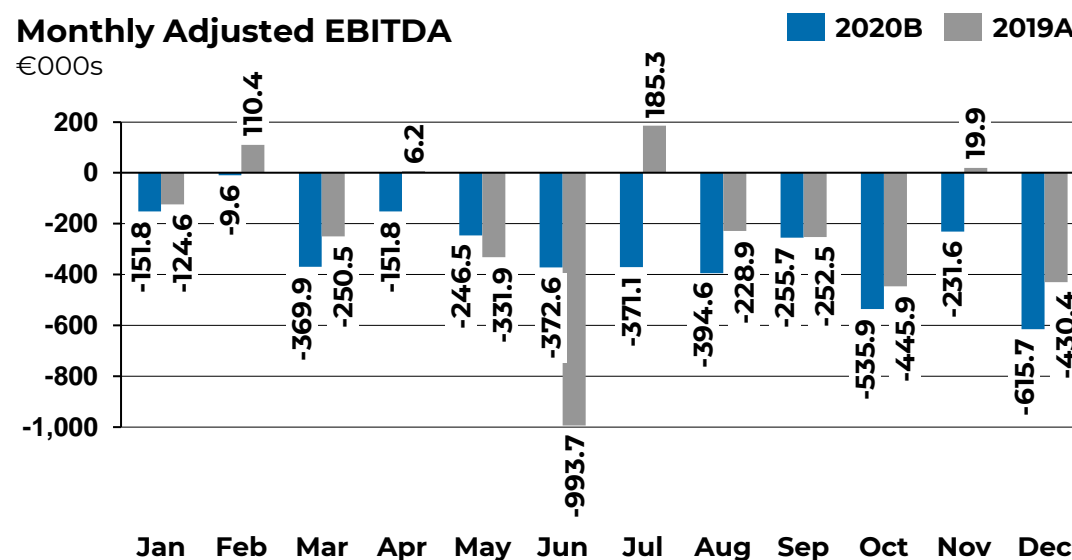
## ARR

€000s



## Monthly Adjusted EBITDA

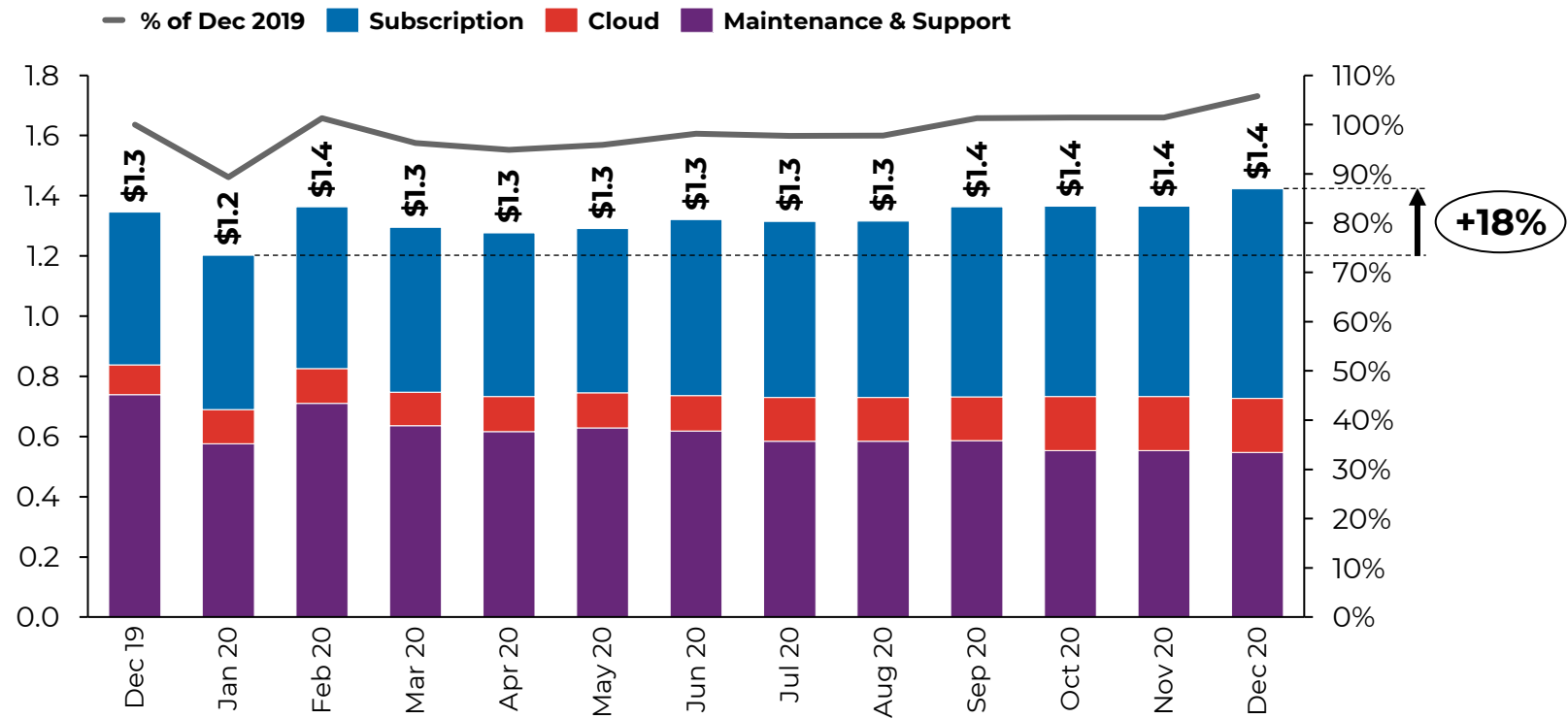
€000s



# RECURRING REVENUE

## Monthly Revenue

€ millions; % growth YTD



### Management Discussion

- Recurring revenue shall grow by 9,2% especially driven by Subscription and Cloud
- Maintenance & Support shall shrink due to cancellations and low Perpetual License Revenues



# CUSTOMER RETENTION

## TTM customer Churn

€ thousands

	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Total 2020
Existing	512	538	537	532	533	533	534	534	534	534	534	533	6,389
New			12	12	12	52	52	52	97	97	97	163	646
<b>Subscription</b>	<b>512</b>	<b>538</b>	<b>548</b>	<b>543</b>	<b>545</b>	<b>585</b>	<b>586</b>	<b>586</b>	<b>632</b>	<b>632</b>	<b>632</b>	<b>696</b>	<b>7,035</b>
Existing	114	115	111	111	111	111	111	111	111	111	111	111	1,342
New			---	6	6	6	34	34	34	69	69	69	326
<b>Cloud</b>	<b>114</b>	<b>115</b>	<b>111</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>145</b>	<b>145</b>	<b>145</b>	<b>180</b>	<b>180</b>	<b>180</b>	<b>1,668</b>
Starting position	662	646	645	650	641	653	636	634	634	634	634	634	7,703
Identified churn	- 16		---			- 4						- 6	- 25
Downsell	- 1	- 2		- 9	---	- 14	- 2	- 0	- 0	- 0	0	- 4	- 32
Upsell		1	5		13								19
<b>Existing</b>	<b>646</b>	<b>645</b>	<b>650</b>	<b>641</b>	<b>653</b>	<b>636</b>	<b>634</b>	<b>634</b>	<b>634</b>	<b>634</b>	<b>634</b>	<b>624</b>	<b>7,665</b>
New			1	1	1	3	3	3	5	5	5	9	37
Churn	---	---	- 15	- 26	- 26	- 21	- 53	- 53	- 53	- 86	- 86	- 86	- 505
<b>Maintenance &amp; support</b>	<b>646</b>	<b>645</b>	<b>636</b>	<b>616</b>	<b>629</b>	<b>619</b>	<b>584</b>	<b>584</b>	<b>586</b>	<b>553</b>	<b>553</b>	<b>547</b>	<b>7,197</b>

## Management Discussion

- Churn of approx. 12% for S&S only
- No churn planned for Subscription and Cloud
- Expected churn for freenet (- €128k ACV) from Q2 and Bild.de (- €397k ACV) from Q4 onwards
- Unidentified churn planned with approx. 5 % from Q3 onwards



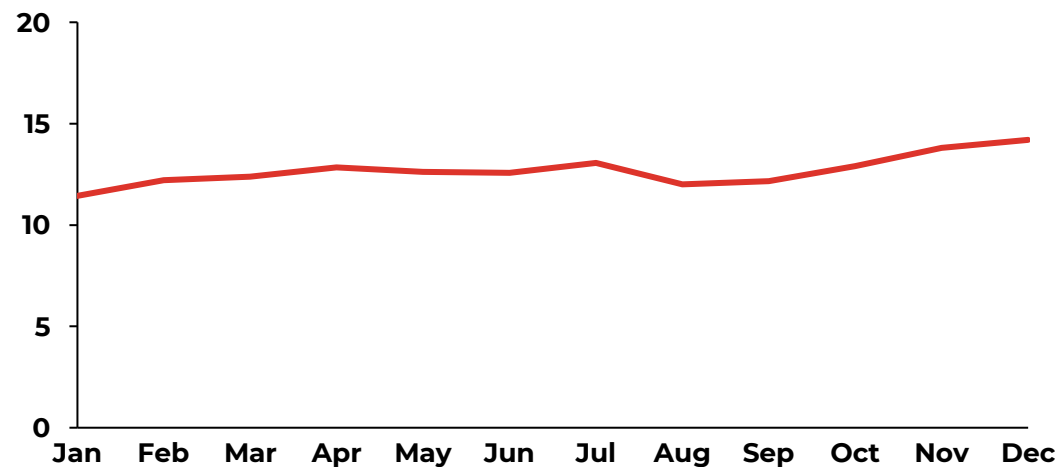
# AVAILABILITY, NET DEBT, CASH

in EUR '000

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Availability</b>												
Cash	3,067	2,289	2,019	1,570	1,781	1,738	1,261	2,315	2,067	1,327	417	- 58
Revolver Utilization	---	---	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Revolver Availability	3,000	3,000	---	2,000	2,000	---	2,000	2,000	---	2,000	2,000	---
<b>Total Availability</b>	<b>6,067</b>	<b>5,289</b>	<b>3,019</b>	<b>4,570</b>	<b>4,781</b>	<b>2,738</b>	<b>4,261</b>	<b>5,315</b>	<b>3,067</b>	<b>4,327</b>	<b>3,417</b>	<b>942</b>

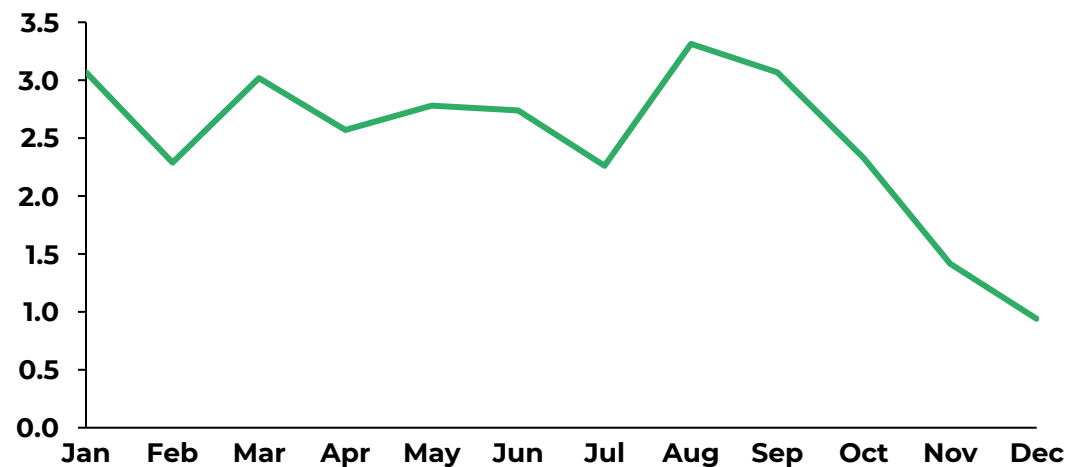
In EUR Millions

## Net Debt



In EUR Millions

## Cash



\* incl. 1MM Revolver + 0.8MM Lower Purchase Price

# FTE DEVELOPM. – INVEST CASE I

Total FTE end of quarter

	Total FTE				
	31.12.19	Q1	Q2	Q3	Q4
PC	47,6	48,9	48,9	48,9	48,9
Support	3,8	3,6	3,6	4,6	4,6
PM	6,4	6,4	5,4	5,4	6,4
Sales	26,2	29,4	30,4	30,4	32,4
PS	43,9	41,4	43,4	43,4	43,4
MK	9,0	7,5	8,5	8,5	8,5
IS	14,5	16,3	17,3	17,3	19,3
MB	3,0	3,0	3,0	3,0	3,0
Trainees	8,0	7,0	7,0	7,0	8,0
	162,4	163,4	167,4	168,4	174,4

**HIRING TEMPORARILY FROZEN**

- Product Center:
  - 2 developer (replacement)
- Support:
  - 1 Support in US (new)
- Sales:
  - 1 KAM in US (new)
  - 2 Lead Development Reps in US (new)
  - 1 Ecosystem, Partnerlead (new)
  - 1 Internal Support (new)
  - 1 Presales in EMEA (replacement)
- Customer Success:
  - no increases are planned
  - FTE development because exits are planned from Q2 onwards and new hires are already in Q1 included
- Internal Service:
  - 1 Controller
  - 1 Accountant
  - 1 Legal / HR (Legal was external)
  - 2 IT admin (1 new, 1 replacement)



# 2020 HEADCOUNT ADDITIONS

**HIRING TEMPORARILY FROZEN**

Position	Hire Date	Annual total comp (€)	Note
<b>Marketing</b>			
Chief Marketing Officer	April 2020	310,670	Postpone to May 2020
<b>Human Resources</b>			
VP Human Resources	November 2020	100,670	Postpone to after 2021
<b>Customer Success</b>			
Customer Success Manager	June 2020	90,000	Postpone to October 2020
TC 1 - EMEA	April 2020	61,230	
TC 2 - EMEA	August 2020	76,230	Postpone to 2021
TC 3 - EMEA	May 2020	76,230	
TC 4 - EMEA	October 2020	61,230	Postpone to 2021
TC 5 - USA	June 2020	80,000	Postpone to October 2020
TC 6 - USA	August 2020	80,000	Postpone to 2021
<b>Sales</b>			
KAM – Farmer (EMEA)	October 2020	169,000	Postpone to December 2020
KAM – Hunter (USA)	October 2020	209,670	Postpone to December 2020
Lead Development Rep II	June 2020	72,703	Postpone to December 2020
Ecosystem, Partnerlead	October 2020	144,736	Postpone to October 2020
Internal Support	March 2020	63,699	Postpone to March 2020
<b>Controlling</b>			
Controlling	May 2020	75,670	
<b>Accounting</b>			
Senior Accountant	May 2020	75,670	Postpone to December 2020
<b>Product Management</b>			
Product Manager	December 2020	85,000	Postpone to December 2020
<b>IT</b>			
Senior IT Administrator	December 2020	65,670	Postpone to 2021
<b>Product Center/Support</b>			
Support US	July 2020	80,000	Postpone to October 2020

# P&L BY MONTH

Revenue in € k

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Revenues</b>	<b>1,579</b>	<b>1,769</b>	<b>1,733</b>	<b>1,744</b>	<b>1,775</b>	<b>1,919</b>	<b>1,751</b>	<b>1,757</b>	<b>1,962</b>	<b>1,790</b>	<b>1,847</b>	<b>2,144</b>	<b>21,770</b>
Other income	1	13	8	8	8	8	8	8	8	8	8	8	<b>90</b>
External services	---	- 49	- 61	- 64	- 64	- 64	- 75	- 75	- 75	- 89	- 89	- 89	<b>- 794</b>
<b>Gross Profit</b>	<b>1,580</b>	<b>1,733</b>	<b>1,679</b>	<b>1,688</b>	<b>1,719</b>	<b>1,862</b>	<b>1,683</b>	<b>1,689</b>	<b>1,894</b>	<b>1,709</b>	<b>1,766</b>	<b>2,063</b>	<b>21,066</b>
<i>Gross Margin %</i>	<i>100.1%</i>	<i>98.0%</i>	<i>96.9%</i>	<i>96.8%</i>	<i>96.8%</i>	<i>97.1%</i>	<i>96.1%</i>	<i>96.1%</i>	<i>96.5%</i>	<i>95.5%</i>	<i>95.6%</i>	<i>96.2%</i>	<i>96.8%</i>
OPEX	- 1,735	- 1,732	- 1,965	- 1,773	- 1,914	- 2,234	- 1,894	- 1,982	- 2,048	- 2,144	- 1,897	- 2,524	<b>- 23,842</b>
Product Invest	---	---	---	---	---	---	- 100	- 100	- 100	- 100	- 100	- 100	<b>- 600</b>
CM projects	- 11	- 3	- 10	- 31	- 6	- 6	- 68	- 6	- 6	- 6	- 6	- 6	<b>- 165</b>
Open Gate costs	- 8	- 92	- 414	- 217	- 172	- 90	- 110	- 62	- 24	- 29	- 23	- 78	<b>- 1,319</b>
<b>Reported EBITDA</b>	<b>- 173</b>	<b>- 94</b>	<b>- 710</b>	<b>- 333</b>	<b>- 373</b>	<b>- 467</b>	<b>- 488</b>	<b>- 461</b>	<b>- 284</b>	<b>- 570</b>	<b>- 260</b>	<b>- 645</b>	<b>- 4,859</b>
EBITDA Addbacks	<b>21</b>	<b>84</b>	<b>340</b>	<b>182</b>	<b>127</b>	<b>94</b>	<b>117</b>	<b>66</b>	<b>29</b>	<b>34</b>	<b>28</b>	<b>29</b>	<b>1,152</b>
<b>Adjusted EBITDA</b>	<b>- 152</b>	<b>- 10</b>	<b>- 370</b>	<b>- 152</b>	<b>- 246</b>	<b>- 373</b>	<b>- 371</b>	<b>- 395</b>	<b>- 256</b>	<b>- 536</b>	<b>- 232</b>	<b>- 616</b>	<b>- 3,707</b>
<i>Adjusted EBITDA %</i>	<i>-9.6%</i>	<i>-0.5%</i>	<i>-21.3%</i>	<i>-8.7%</i>	<i>-13.9%</i>	<i>-19.4%</i>	<i>-21.2%</i>	<i>-22.5%</i>	<i>-13.0%</i>	<i>-29.9%</i>	<i>-12.5%</i>	<i>-28.7%</i>	<i>-17.0%</i>
Change in Deferred Revenue	2,234	6	- 80	- 732	- 527	767	1,741	- 1,205	- 24	- 408	- 949	1,025	1,847
<b>Adjusted Cash EBITDA</b>	<b>2,083</b>	<b>- 4</b>	<b>- 450</b>	<b>- 884</b>	<b>- 774</b>	<b>394</b>	<b>1,370</b>	<b>- 1,599</b>	<b>- 280</b>	<b>- 944</b>	<b>- 1,181</b>	<b>409</b>	<b>- 1,860</b>
<i>Adjusted Cash EBITDA %</i>	<i>131.9%</i>	<i>-0.2%</i>	<i>-26.0%</i>	<i>-50.7%</i>	<i>-43.6%</i>	<i>20.5%</i>	<i>78.3%</i>	<i>-91.0%</i>	<i>-14.3%</i>	<i>-52.7%</i>	<i>-63.9%</i>	<i>19.1%</i>	<i>-8.5%</i>





Sören Stamer  
Klemens Kleiminger

COREMEDIA