



This is a translation into English of the statutory auditor's report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditor's report includes information required by French law, such as the verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Sidetrade

Year ended December 31, 2019

Statutory auditor's report on the consolidated financial statements

ERNST & YOUNG et Autres



Sidetrade

Year ended December 31, 2019

Statutory auditor's report on the consolidated financial statements

To the Annual General Meeting of Sidetrade,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Sidetrade for the year ended December 31, 2019. These consolidated financial statements were approved by the Board of Directors, on April 4, 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

■ Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

■ Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics (*Code de déontologie*) for statutory auditors.



Justification of Assessments

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

■ Recognition of development costs and turnover

Note 7 to the consolidated financial statements sets out the accounting rules and methods for the recognition of development fees and the recognition of turnover. As part of our assessment of the accounting rules and methods used by your Company, we have verified the appropriateness of the accounting methods specified above and the information given in said note to the consolidated financial statements, as well as their proper application.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' report approved on April 4, 2020. Regarding the events that occurred and the elements known after the date of approval of the consolidated financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the annual general meeting called to decide on these financial statements.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.



Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. 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 consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- ▶ Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- ▶ Obtains 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 internal control.
- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.
- ▶ Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- ▶ Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.



- ▶ Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Paris-La Défense, April 29, 2020

The Statutory Auditor
French original signed by
ERNST & YOUNG et Autres

Jean-Christophe Pernet

Annual report

SIDETRADE group

Head office: 114, rue Gallieni

92100 Boulogne-Billancourt

Consolidated accounts at 31 December 2019



Table of contents

Financial reports	3
1. Consolidated balance sheet	3
2. Consolidated profit and loss	5
3. Consolidated cash flow	7
Presentation of the group and notable events in the financial year	8
4. General principles	10
5. Definition of the scope of consolidation	10
6. Change in the scope of consolidation	10
7. Accounting rules and methods	11
Notes on balance sheet accounts	14
1. Depreciation on acquisition goodwill	14
2. Tangible and intangible assets	14
3. Financial fixed assets	15
4. Customer and related accounts	16
5. Other receivables	16
6. Net cash	17
7. Provisions for expenses	17
8. Variance in consolidated equity	17
9. Conditional advances	19
10. Provisions for risks and expenses	19
11. Financial debts	19
12. Supplier debt	20
13. Fiscal and social debts	20
14. Other debts	20
15. Outgoings to pay	21
Notes to profit and loss accounts	22
16. Turnover	22
17. Other Operational Expenses	22
18. Tax and duties	22
19. Payroll costs	23
20. Allocations for amortisation, depreciation and provisions	23
21. Net Financial Income	23
22. Exceptional income	24
23. Research and development costs	24
24. Income tax and tax expense reconciliation	24
Other information	25
25. Staff numbers	25
26. Off-balance sheet obligations	25
27. Auditor fees	26
28. Senior management pay	26
29. Bank loan obligations	26
30. Obligations with regards additional price payments	26
31. Basic earnings per share	27
32. Information on social security accounts of subsidiaries	27

Financial reports

1. Consolidated balance sheet

BALANCE SHEET - ASSETS	Gross values	Amortisation and depreciation	31/12/2019	31/12/2018
Uncalled Share Capital				
Acquisition goodwill	9,623,763	(820,415)	8,803,348	8,897,159
Company setup expenses	30,000	(30,000)		
Development fees	3,110,758	(2,721,591)	389,167	370,002
Concessions, patents, licences and similar	346,920	(295,284)	51,636	28,021
Fixed Assets	13,111,440	(3,867,290)	9,244,151	9,295,182
Constructions	26,543	(26,543)		36
Facilities, buildings and equipment	56,388	(46,210)	10,178	12,292
Other tangible assets	2,511,299	(1,839,407)	671,892	734,127
Tangible Assets	2,594,230	(1,912,160)	682,070	746,455
Share				0
Loans	263,779		263,779	236,340
Deposits and guarantees deposited	396,322		396,322	349,250
Other customer receivables	130,883		130,883	113,182
Financial fixed assets	790,984		790,984	698,773
Fixed assets	16,496,654	(5,779,449)	10,717,204	10,740,410
Work in progress in stock				
Customer and related accounts - current	8,849,062	(957,514)	7,891,548	7,515,645
Customer and related accounts	8,849,062	(957,514)	7,891,548	7,515,645
Other receivables and adjustment accounts	5,603,956		5,603,956	4,989,836
Investment securities - cash equivalents	730,556		730,556	730,100
Available funds	4,575,846		4,575,846	4,729,375
Cash and other	5,306,402		5,306,402	5,459,475
Provisions for expenses - current	577,500		577,500	561,849
Current assets	20,336,920	(957,514)	19,379,406	18,526,805
Total assets	36,833,574	(6,736,963)	30,096,611	29,267,216
Checking			(0)	(0)

Consolidated balance sheet - liabilities (in euros)	31/12/2019	31/12/2018
Capital	1,416,406	1,402,881
Capital bonuses	4,959,922	4,973,447
Consolidated reserves	11,378,959	9,101,408
Auto-check	(4,511,031)	(2,659,290)
Net income (group share)	2,196,547	2,177,007
Net investment subsidies		
Regulatory provisions		
Total equity	15,440,803	14,995,454
Conditional advances	1,004,234	999,234
Other equity	1,004,234	999,234
Provisions for risk	474,000	781,812
Provisions for pensions and retirement	108,708	147,413
Provisions for risks and expenses	582,708	929,225
Loans and other financial debts	300,000	390,000
Deposits and guarantees received	3,229	3,229
Interest incurred on loans	331	
Bank credit facilities	15,739	655
Financial debts	319,299	393,884
Advances and deposits received against orders	465,661	2,029
Suppliers and associated accounts	1,788,245	2,188,379
Fiscal and social debts	3,328,414	3,491,614
Other debts	170,033	855,491
Other financial debts	5,286,692	6,535,484
Deferred income	6,997,214	5,411,906
Total liabilities	30,096,611	29,267,216
Checking	(0)	(0)

2. Consolidated profit and loss

Profit and loss in euros)	2019	2018
Turnover	25,695,045	24,067,982
Production in stock (work in progress)		
Capitalised production	250,000	200,000
Operational subsidies	2,332,962	1,941,265
Provision write-backs and transfer of operating expenses	1,296,254	818,987
Other revenue	2,295,653	2,242,360
Other Operational Expenses	6,174,869	5,202,612
Operational revenue	31,869,914	29,270,594
Other purchases and outgoings	(9,077,197)	(9,035,546)
Outgoings	(9,077,197)	(9,035,546)
Tax and duties	(348,311)	(329,440)
Staff salaries	(14,055,204)	(12,255,460)
Social security contributions	(4,399,042)	(4,034,880)
Payroll costs	(18,454,246)	(16,290,340)
Provisions for depreciation & depreciation on intangible assets	(558,719)	(211,042)
Provisions for depreciation & depreciation on tangible assets	(27,561)	(307,431)
Allocation for provisions on operations	(162,000)	(207,066)
Allocation for provisions for retirement		(40,416)
Allocations for depreciation on current assets	(955,299)	(499,541)
Allocations for amortisation, depreciation and provisions	(1,703,580)	(1,265,496)
Other exceptional outgoings	0	1
Operational expenses	(29,583,334)	(26,920,821)
Net operating income	2,286,581	2,349,773

	2019	2018
Net operating income	2,286,581	2,349,773
Reversals of impairment on group shares		4,513
Exchange rate gains on financial operations	238,469	25,081
Other financial income	913	2,087
Financial income	239,382	31,680
Interest charges	(16,441)	(15,081)
Losses on financial receivables and investment securities		(3,496)
Exchange rate losses on financial operations	(243,626)	(56,645)
Other financial costs	(11,749)	
Allocations for depreciation on financial assets		(2,583)
Financial expenses	(271,816)	(77,805)
Net Financial Income	(32,434)	(46,125)
Net income of integrated companies	2,254,147	2,303,648
Exceptional income		
Exceptional expenses on management operations	(86,321)	(163,767)
Exceptional expenses	(86,321)	(163,767)
Exceptional income	(86,321)	(163,767)
Tax on profit	(111,102)	(218,799)
Tax income or expenses	127,439	
Deferred tax	12,384	255,924
Tax on profit	28,721	37,125
Net income of companies integrated	2,196,547	2,177,007
Allocations for depreciation on acquisition goodwill		
Proportion of net income from company equity revaluation		
Net consolidated income	2,196,547	2,177,007
Minority interests		
Net income (group share)	2,196,547	2,177,007

3. Consolidated cash flow

Table of consolidated cash flow (in k€)	2019	2018
Net income of consolidated entities	2,197	2,177
Allocations/write-backs and provisions for depreciation	240	641
Variation in deferred tax	(12)	(256)
Gain or loss calculated from fair-value variations		
Elimination of gain or loss from sale of assets		
Elimination of MEE company profit share		
Cash flow	2,424	2,562
Dividends received from equity revaluation		
Variation in working capital requirements (including provisions)	172	(1,702)
NET OPERATIONAL CASHFLOW (I)	2,596	859
Acquisitions of fixed assets	(831)	(978)
Sale of fixed assets		
Reduction of other financial fixed assets	4	132
Impact on variations in scope		(1,200)
Net variation in short-term investment		
Internal operations fixed assets (balance sheet)		
NET INVESTMENT CASHFLOW (II)	(827)	(2,047)
Loan issues	200	54
Loan repayments	(285)	(191)
Increases/reductions in capital		
Net sale (acquisition) of owned shares	(1,857)	778
Net variation in credit facilities	0	
NET CASH FLOW GENERATED BY FINANCIAL OPERATIONS (III)	(1,942)	642
Exchange rate gain/loss (IV)	4	(1)
Exchange rate gain/loss on other balance sheet accounts		
EFFECT OF EXCHANGE RATE VARIANCE	4	(1)
CASHFLOW VARIANCE (I + II + III + IV)	(168)	(546)
Initial cash reserves	5,459	6,006
Opening reallocation		
Initial cash reserves	5,459	6,006
Cash carried forward / reallocated Reclassification Fair-value method difference		
Final cash reserves	5,292	5,459

Presentation of the group and notable events in the financial year

2019 is the fifth consecutive year of two digit income growth.

Over the year, Sidetrade posted sales of €25.7 million, with strong organic growth of 17% on a like-for-like basis compared to 2018. Sidetrade's revenues have been restated for BtoC services following their termination announced at the end of 2018 (€2M).

Revenue growth is driven by the AI Financials business, which will cross the €20 million threshold in 2019 to €21.3 million, up 17%. This acceleration demonstrates the success of the new AI Financials platform. The AI Sales & Marketing offer also continues to grow, with a 17% increase in fiscal year 2019.

Record number of orders taken: 88% increase

In 2019, new customer orders jumped by 88% to reach a record 4.8 M€ subscriptions on an annual basis (vs 2.6 M€ in 2018). They demonstrate a certain visibility of Sidetrade's growth in turnover for 2020 and subsequent years. These new customers have committed to initial contract terms averaging 41.4 months.

The performance of orders for new key accounts is even more spectacular, with an all-time high of €4.2 million in annual subscriptions (vs. €2 million in 2018), up 113%. This record increase of 295% in new subscriptions to € 3.8 million on an annual basis (vs € 1 million for the 2018 financial year) is mainly due to AI Financials. Over the period, new prestigious clients have consolidated Sidetrade's presence in its main geographical markets.

This spectacular growth in activity can be explained by: **1/** the ability of Aimie, Sidetrade's AI, to increase operational performance, **2/** a market dynamic in search of new productivity levers and **3/** an improvement in Sidetrade's commercial efficiency.

- Aimie, new digital assistant to increase operational performance

Thanks to the improvement of customer data processing, Artificial Intelligence is now more and more used in companies to improve efficiency, reduce processing costs and improve customer relations. For financial departments, the processing of massive volumes of invoices, a personalised customer relationship for reminders, anticipating payment behaviour, etc. are perfect candidates for using machine learning algorithms. Aimie benefits from learning on more than 300 million payment experiences (953 billion euros of transactions) and is continuously improving. Its business reminder recommendations are on average 53% more effective than those set by humans. At the same time, Aimie reduces by 51% the tasks that do not generate payments and thus frees up time for operational staff.

Significant events in the financial year

The Group's Operating Income is €2.3 million for 2019.

Operating Profit includes a Research Tax Credit of €2 million (vs. €1.9 million in 2018) as well as a capitalization of R&D expenses of €0.25 million (vs. €0.2 million in 2018).

The net income is 2.2 m€ which is an increase of +1%

The Sidetrade group has a solid financial structure with a cash position of 5.3 M€ at 31 December 2019 and almost zero debt (0.3 M€).

The group also holds 103,038 shares for an estimated value of 6.9 m€ at 31 December 2019.

Significant events subsequent to closure

Prior to Covid 19 pandemic: a growing market

The global market for AI Financials supply chain software is expected to be over \$3 billion by 2024, according to a study by Research & Markets. In a context where financial services are digitising and with good technological lead and commercial efficiency, Sidetrade is well positioned to increase its global market share and continue its growth.

Pandemic Covid 19

In the face of this unprecedented crisis, the robustness of Sidetrade's 100% SaaS model should generate increasing revenues in the 2020 financial year.

In a context of unprecedented uncertainty, Sidetrade has already finalised the modelling of several budget scenarios in order to test its financial solidity in the face of the Covid-19 pandemic. Given the extent of the crisis to date, Sidetrade is adopting extremely conservative assumptions of a slowdown in commercial activity in order to simulate a "crash test" scenario and adjust its investments accordingly. In this model, Sidetrade's management makes the following assumptions for the current year:

- A drastic reduction in new subscriptions (new customers) of 67% on average against budget targets over the first nine months of 2020.
- A gradual return to normal for new orders envisaged only from Q4 2020, which historically has little impact on current year sales, given the inclusion of subscription revenue on a pro rata basis.

The 100% SaaS software publisher will rely more than ever on the robustness of its subscription model to weather the crisis:

89% of its revenues are recurring and based on multi-year contracts (41.4 months on average).

The record order intake achieved in 2019 (+88% with €4.8m of annual recurring revenues signed in 2019) will have a significant impact on revenue growth in FY2020.

The historically low churn rate in 2019 (3.9%) is expected to remain low in 2020 in a context where cash collection and management of payment terms will be a vital issue for all BtoB companies.

As a result, and despite the pessimistic scenario adopted, Sidetrade's management is confident in its ability to post growing revenues in the financial year 2020.

Adjustment of planned investments to remain profitable in the coming year.

On the expenditure side, Sidetrade has taken the decision (to date) to adjust significantly downwards the acceleration of investments planned for 2020 by taking the following measures with immediate effect:

- All budgeted recruitments are frozen until June 2020.
- The opening of the United States is postponed to 1 September 2020.
- All non-priority expenditure has been revised downwards until 30 June 2020.

These measures, which are already in force, will generate savings of more than €3 million compared to the expenses initially budgeted for the 2020 financial year.

These provisions may be reviewed and strengthened if necessary.

As a result, and still assuming the pessimistic scenario adopted, Sidetrade's management is confident in its ability to post a positive Operating Profit for the financial year 2020.

Sidetrade has a solid financial cash flow structure.

At March 23 2020, the company had a cash position of €5.3 million and the equivalent of €5.9 million in treasury shares. In addition, Sidetrade has virtually no debt and could benefit potentially from government measures to facilitate access to bank debt.

Consolidation methods and principles

4. General principles

The group consolidated accounts were established in accordance with French accounting principles as laid down by law no. 85.11 of 3 January 1985 and its implementation decree no. 86.221 of 17 February 1986, and CRC regulation no. 99- 02 of 22 June 1999, modified by CRC regulation no. 2005- 10 of 3 November 2005.

The financial year ending 31/12/2019 was for a period of 12 months as was the financial year ending 31/12/2018.

The date of closure of accounts in the consolidating company is identical to that of the consolidated companies.

The consolidated accounts are in euros.

5. Definition of the scope of consolidation

The scope of consolidation

Entreprise consolidée	SIREN/ N° immatriculation	Siège social	Pays
Sidetrade SA	430007252	114, rue Galliéni, Boulogne Billancourt	France
Sidetrade UK Limited	07742637	2nd Floor, Waverley House 7-12 Noel Street, London, W1F 8GQ	Royaume Uni
Sidetrade Limited	530457	Behan House 10 Mount Street Lower Dublin 2	Irlande
Sidetrade B.V.	62973096	Johan Huizingalaan 763A 1066 VH Amsterdam	Pays Bas
BrightTarget Limited	09107017	Four Oaks House, Lichfield Road, Sutton Coldfield, B74 2TZ	Royaume Uni

Retention and mode of consolidation

Libellé	Méthode	% d'intérêt (Clôture)	% d'intérêt (Ouverture)	Date d'acquisition/ création
Sidetrade SA	Consolidante	100,00	100,00	N/A
Sidetrade UK Limited	Intégration globale	100,00	100,00	16/08/2011
Sidetrade Limited	Intégration globale	100,00	100,00	19/07/2013
Sidetrade BV	Intégration globale	100,00	100,00	27/03/2015
BrightTarget	Intégration globale	100,00	100,00	18/11/2016

At 31 December 2019, the scope of consolidation included 5 companies as per the consolidation of the previous financial year; All companies are included in totality.

6. Change in the scope of consolidation

The scope of consolidation has not changed during the financial year.

7. Accounting rules and methods

The accounts were approved by the management board on 02 April 2020. They were established on the basis of the company being a going concern and compliant with the principle of the consistency of accounting methods (from one financial year to the next).

Acquisition goodwill

The acquisition goodwill determined on initial consolidation of a company is equivalent to the difference between the cost of acquisition of shares and the proportion of equity removed from the company at the date control was taken.

Positive goodwill is the difference between the cost of acquisition and the acquirer's share of assets and liabilities identified at the date of acquisition. Positive acquisition goodwill is recorded in the "acquisition goodwill" asset account.

Acquisition goodwill is depreciated across a timescale which reflects, as closely as possible, the assumptions made and the strategy established at acquisition. New regulations established in 2016 stipulate that acquisition goodwill cannot be written off.

Acquisition goodwill is evaluated each year taking into account the projected profitability of the entities in question.

Tangible and intangible assets

Fixed assets are recorded in compliance with general accounting rules CRC 99- 03 issued and updated by regulations CRC 2002-10, CRC 2002-07 and CRC 2004-06 on the management of assets and their depreciation.

Fixed assets are evaluated at cost of acquisition (purchase price, additional costs, excluding acquisition and loan expenses, net of reductions, discounts or rebates obtained) or at their cost of production.

Fixed Assets

- **Research and development costs**

Research costs based on prior analysis, are recorded directly in expenses for the financial year.

In application of regulation CRC 2004-06, development costs cannot be recorded as assets unless they are related to specific projects with a strong likelihood of both technical and sales profitability - or economically viable for projects developed over several years. This means adhering to the following criteria:

- a) Technical feasibility of the completion of the intangible fixed asset with regard to its implementation or sale;
- b) The intention to complete the intangible fixed asset and to use it or sell it;
- c) The potential to use or sell the intangible fixed asset;
- d) The manner in which and likelihood that the intangible fixed assets will generate future economic benefit
- e) The availability of resources (technical, financial and other) to complete the development and use or sell the intangible fixed asset; and,
- f) The ability to evaluate in a reliable manner the expenses attributable to the intangible fixed assets during development;

Development costs incurred prior to establishing the technical feasibility are recorded as a cost as and when incurred.

Development costs are mainly payroll costs and external subcontracting costs attributed to the development of new modules for the Sidetrade Network software, for improving existing versions, for quality assurance and testing and depreciation of relevant development assets.

Accounting treatment of development costs for the new software version

Development costs for the new version and previous releases of the software were recorded in accounts as intangible fixed assets where the company considers that they meet the necessary criteria for activation. Activated development fees are amortised over three years which corresponds to the useful life of each version of the software.

- **Software**

Purchased software is amortised linearly over a duration between one and five years.

Tangible Assets

Tangible fixed assets are accounted for at acquisition cost. Depreciation for tangible fixed assets is calculated according to the following methods and durations:

	Useful life	Method
• Fixtures, general and specific installations	Between 5 and 9 years	Linear
• Computing and office equipment	Between 3 and 4 years	Linear
• Buildings	Between 3 and 10 years	Linear

Financial fixed assets

Financial fixed assets include deposits and guarantees paid, accounted for at nominal value and the share of the construction effort capitalised.

Cash allocated to a liquidity contract are accounted for in other financial fixed assets.

Own shares

The value of own shares is deducted from equity at purchase value.

Where shares are sold outside the group, the net income of sale and corresponding tax are recorded directly in consolidated reserves.

Receivables and debts

Receivables and debts were evaluated at their nominal value

A provision for depreciation of customer receivables is entered on a case-by-case basis when an event changes the net value of the receivable (i.e. company in administration etc.)

Asset adjustment accounts

- **Provisions for expenses**

These are expenses paid or accounted for and attributable to the following financial year.

- **Income to receive**

These are receivables which are expected to be received in the following financial year and attributable to the financial year closed.

Transferable securities

Transferable investment securities are accounted for according to the historical cost method. A provision is entered where a latent loss is observed.

Integration of turnover

The method for integrating turnover and associated cost depends on the nature of contracts signed with customers

- **Provision of services:**

For Sidetrade Network software integration activity, consulting, training or operational assistance, audit and recovery litigation and debt recovery, revenue is accounted for as services are provided.

- **Sidetrade Network software**

The company markets its Sidetrade Network software based mainly on annual or multi-annual subscription contracts or as maintenance services (when not included in the service contract subscription) As a result, the associated turnover is entered monthly based on the volume handled.

Provisions for risks and expenses

A provision is entered when a commitment (legal, regulatory or contractual) exists as a result of past events, when it is probable or certain that it will result in the consumption of resources with less or no income, and that the amount can be evaluated reliably.

The amount entered as a provision represents the best estimate of risk at the date of publication of the consolidated balance sheet. Provisions are entered at face value, not updated.

Commitments to retirement funds

In application of the preferential method recommended by regulation 99-02, a provision for redundancy / retirement and related deferred tax was recorded in the consolidated accounts.

Deferred tax

The group calculates deferred tax based on the variable carry-forward method based on the differences between accounting and fiscal values of assets and liabilities in the balance sheet. Deferred tax is recorded in accounts at the interest rate applicable at the date of publication of the accounts, adjusted to take account of changes in French tax legislation and current tax rates.

Deferred tax assets entered are based on differences in deductibility over time, financial losses and deficits carried over. A deferred tax asset on tax loss carried forward is recorded when the tax entity concerned is likely to recover them through expected taxable profit.

Deferred tax assets are recorded as net assets or liabilities by fiscal entity.

At the end of December 2019, the tax rate retained is 28%.

The Research Tax Credit is accounted for as an operational subsidy.

It is entered as deferred income when related to fixed development costs and is subject to write-back as the asset concerned is depreciated.

Currency conversion methods for integrated company accounts

When consolidated accounts for foreign companies are established in a currency other than the euro, the conversion method retained is "the rate at closing method":

Financial accounts for foreign subsidiaries are established in their operating currency, the currency which is most representative of the activity of the subsidiary concerned.

Assets and liabilities are converted during the accounts closure procedure at the date of the balance sheet and the conversion for profit and loss accounts is based on the annual average rate.

Rate differences on long-term current accounts are entered directly in a translation reserve account. At 31 December, conversion assets total 22 k€. The main conversions are between euros and GBP.

The conversion rates used are:

Currency	Opening rate	Average rate	Closing rate
GBP	0.8945	0.8754	0.8508

Notes on balance sheet accounts

1. Depreciation on acquisition goodwill

Data in K euro	Opening	Increase	Decrease	Closing
Acquisition goodwill	9,718	346	(440)	9,624
Depreciation on acquisition goodwill	(820)			(820)
Net Value	8,897	346	(440)	8,803

Acquisition goodwill has decreased by 400 k€ following an additional price calculation for the acquisition of companies BrightTarget and Iko System in 2016 and Data Publica in 2017.

2. Tangible and intangible assets

The gross values are laid out in the table as follows:

Data in K euro	Opening	Increase	Decrease	Other variance	Closing
Acquisition goodwill	9,718	346	(440)		9,624
Development fees	2,861	250			3,111
Concessions, patents, licences and similar	313	34			347
Company setup expenses	30				30
Fixed Assets	12,921	630	(440)		13,111
Constructions	27				27
Facilities, buildings and equipment	49	7		1	56
Other tangible assets	2,237	273		1	2,511
Tangible Assets	2,313	279		2	2,594
Tangible and intangible assets	15,234	909	(440)	2	15,705

The increase in development costs (+250 k€) is due to activations carried out during the financial year.

Concessions, patents and other similar rights apply to software required for development work.

The increase in tangible fixed assets during the 2019 financial year relates to the acquisition of computing equipment and R&D infrastructure.

The detail of depreciation is presented in the following table:

Data in K euro	Opening	Allocation	Other variance	Closing
Amortisation on acquisition goodwill	(820)			(820)
Amortisation on development fees	(2,491)	(231)		(2,722)
Amortisation on concessions, patents and similar	(285)	(10)		(295)
Amortisation on company creation expenses	(30)			(30)
Fixed Assets	(3,626)	(241)		(3,867)
Depreciation on new buildings	(27)			(27)
Depreciation on installations, equipment and tooling	(36)	(10)		(46)
Depreciation on other fixed tangible assets	(1,503)	(336)		(1,839)
Tangible Assets	(1,566)	(346)		(1,912)
Tangible and intangible assets	(5,192)	(587)		(5,780)
Net Value	10,042			9,926

3. Financial fixed assets

The gross values are laid out in the table as follows:

Data in K euro	Opening	Increase	Decrease	Closing
Loans	236	27		264
Deposits and guarantees deposited	349	51	(4)	396
Other customer receivables	113	18		131
Financial fixed assets	699	96	(4)	791
Equity-consolidated assets				
Financial assets	699	96	(4)	791

Loans and deposits concern mainly:

- Construction projects (264 k€)
- The rent deposit on the Boulogne head office (122 k€)
- The deposit on the rent of buildings in Paris (122 k€)
- The deposit on the rent of Sidetrade UK Limited buildings (77 k€)
- The BPI loan guarantee (15 k€)

The remaining cash liquidity account is recorded as non-performing debt for an amount of 131 k€

4. Customer and related accounts

Customer receivables are broken down as follows:

Data in K euro	31/12/2019	31/12/2018
Customer receivables	7,863	7,741
Bad customer debt	626	348
Invoices to raise	360	222
Gross value	8,849	8,311
Provisions	(958)	(795)
Net Value	7,892	7,516

Provisions for customer depreciation (958 k€ at 31 December 2019) vary as follows:

Data in K euro	Opening	Increase	Decrease	Closing
Provisions for depreciation	(795)	(955)	793	(958)
Provisions for depreciation	(795)	(955)	793	(958)

Allocations for provisions for depreciation on doubtful debts are recorded in the account "provisions for liabilities on current assets" (955 k€)

Income from write-backs on provisions for depreciation on doubtful debts are recorded in the account "operating income - provision write-backs" (793 k€)

All customer receivables not depreciated are due within one year

5. Other receivables

Other receivables are broken down as follows:

Data in K euro	31/12/2019	31/12/2018
Supplier advances	319	351
Staff debts	2	3
Tax on profit (fiscal)	4,095	3,435
Fiscal receivables excluding IS	542	555
Deferred tax - assets	523	511
Other debtors	122	135
Other receivables	5,603	4,990

At 31 December 2019, the account "Tax on Profits" includes:

- The Research Tax Credit (CIR) for 2017(280 K), 2017 (1,888 k€) and 2019 (1,926 k€)

Deferred tax on assets includes the activation of 225 k€ of deficits carried forward and the impact of processing equity stock for 264 k€.

Other receivables are due within one year except for deferred tax assets.

6. Net cash

Data in K euro	31/12/2019	31/12/2018
Investment securities - cash equivalents	731	730
Available funds	4,575	4,729
Interest incurred not due - liabilities.		
Active cash flow	5,306	5,459
Credit facilities (debts)	1	1
Cash liabilities	1	1
Net cash	5,305	5,459

7. Provisions for expenses

Provisions for expenses can be broken down as follows:

Data in K euro	31/12/2019	31/12/2018
Provisions for outgoings - rent	36	115
Provisions for outgoings - other	541	447
Provisions for expenses	578	562

The “others” account mainly concerns software rental for 280 k€ at 31 December 2019.

8. Variance in consolidated equity

Data in K euro	Capital	Capital bonuses	Reserves	Auto-check	Group conversion reserves	Net income (group share)	Equity (group share)
As at 31/12/2018	1,403	4,973	9,145	(2,659)	(44)	2,177	14,995
Allocation of net income N-1			2,177			(2,177)	
Distribution / gross payment							
Cash and subscribed capital variation	14	(14)					
Net income						2,197	2,197
Others increase / decrease							
Reclassification / change of method			92	(1,852)			(1,760)
Currency conversion / exchange rate difference					8		8
Other							
As at 31/12/2019	1,416	4,960	11,415	(4,511)	(36)	2,197	15,441

103,038 own shares were cancelled at 31 December 2019 under the own shares liquidity holdings contract for 4,511k€.

Exchange differentials were recorded in equity (8 k€)

Composition of share capital

At 30 June 2019 shared equity is composed of 1,416,406 shares of a nominal value of 1€ each, equivalent to a share capital of 1,416,406€. The 13,525 euros difference against 2018 is due to the increasing capital resulting from the issue of 13,525 fully acquired free shares.

Free share allocation plan

June 2017 plan

Authority was given to the board by the General Assembly on 22 June 2017 to attribute free shares to employees and eligible legal representatives of the company within 3% of capital, equivalent to 41,700 shares. This delegation of authority was authorised for a period of 36 months from 22 June 2017.

The board of 04 April 2019 authorised an initial list of 41 people to whom free shares could be attributed, representing a total of 24,443 shares up to a maximum dilution of 1.7%.

As at 31/12/2019	Page
Date of General Meeting	22/06/2017
Date of board meeting	04/04/2019
Number of shares authorised	41,700
Number of shares allocated	28,056
Number of void allocations	3,613
Number of shares issued	0
Total number of shares which can be issued	
Total number of shares	24,443
- of whom company officers	1,820
Number of people concerned	41
- of whom company officers	1

Share buyback scheme and liquidity contract

The liquidity contract was conferred on the company Bourse Gilbert Dupont by the Sidetrade group with resources at 31 December 2019 of:

Data in K euro	31/12/2019	31/12/2018
Number of shares	103,038	76,180
Evaluation	4,511	2,659
Balance in cash account	131	113

9. Conditional advances

Data in K euro	31/12/2018	Increase	Decrease	31/12/2019
Conditional advances	999	200	(195)	1,004
Conditional advances	999	200	(195)	1,004

Conditional advances corresponding to the following aids:

- An "Innovation advance" previously accounted for at IKO System for 650 k€, granted by Bpifrance for a total of 850 k€ of which 650 k€ was paid in 2016 for the development of a B2B marketing platform. This aid is subject to deferred reimbursement.
- Aid provided by Bpifrance for a project aiming to collect data on companies, to be used by B2B sales and marketing, previously accounted for at Data Publica for 349 k€.

10. Provisions for risks and expenses

Data in K euro	31/12/2018	Increase	Decrease	31/12/2019
Provisions for risk	782	62	(370)	474
Provisions for pensions and retirement	147		(39)	108
Provisions for risks and expenses	929	62	(409)	582

Provisions for risk at 31 December 2019 correspond mainly to various works tribunals disputes (287 k€) and a provision for supplier disputes (187 k€).

The calculation of liability for retirement payouts is compliant with standard IAS19 and the refresh rate used is 2.0%. The total at 31 December 2019 is 108 k€ including social security contributions.

The average age of Sidetrade group staff at 31 December 2019 is 37 years old. Average length of service at 31 December 2019 is calculated to be 4.36 years.

11. Financial debts

Financial debts are broken down as follows:

Data in K euro	31/12/2018	Increase	Decrease	31/12/2019
Interest incurred on loans		16		16
Loans from credit establishments - active	390		(90)	300
Deposits and guarantees received	3			3
Financial debts	393	16	(90)	319

Sidetrade holds a debt previously accounted for at Iko System. This loan granted by Bpifrance in 2016 concerns the financing of intangible expenses linked to the industrial and commercial launch of an innovation.

The initial amount was for 300 k€ and the balance due at 31 December 2019 is 225 k€.

Sidetrade holds a loan previously accounted for at Data Publica. This is a participative launch loan granted by the OSEO group for an initial amount of 150 k€ whose balance due at 31 December 2019 is 75 k€.

12. Supplier debt

Supplier debt is broken down as follows:

Data in K euro	Closing	Opening
Suppliers	1,217	1,507
Invoices not received	571	682
Fixed asset suppliers		
Supplier debts	1,788	2,188

13. Fiscal and social debts

Tax and social security debts are broken down as follows:

Data in K euro	Closing	Opening
Paid leave	544	827
Provisions for bonuses	334	415
Social security contributions	1,018	232
VAT to pay out	304	1,158
State - other outgoings	1,108	716
Other	(5)	(4)
Tax on profit (fiscal)	26	148
Fiscal and social debts	3,328	3,492

The corporate income tax debt corresponds mainly to a reminder for the Sidetrade SA 2017 tax credit (18 K€).

All other debts are due within one year.

14. Other debts

Other debts are broken down as follows:

Data in K euro	Closing	Opening
Customer credit notes to raise		24
Customers in credit		60
Other debts	85	682
Outgoings to pay	85	89
Other debts	170	855

The other debts are mainly made up, for 67 K€, of Eurofirmo repayable advances.

The costs to be paid concern mainly a commercial dispute (63 k€).

All other debts are due within one year.

15. Outgoings to pay

Expenses to pay are broken down as follows:

Data in K euro	Closing	Opening
PPA Customers	208	24
NPF Suppliers	571	682
Fiscal and social debts	993	1,470
Paid leave	544	827
Provisions for bonuses	334	415
Expense accounts	8	4
Tax on salaries	66	173
Various	42	51
Outgoings to pay	1,772	2,176

Notes to profit and loss accounts

16. Turnover

During the 2019 financial year, the group achieved total sales of 25,695 K€, up 7% compared to 2018 (17% on a comparable basis, restated for BtC services for €2M).

The revenue is broken down by product line as follows:

In K euros		STN activities and services	Consulting and Audit	Total
	2019	25,463	232	25,695
	2018	23,669	399	24,068
Growth		8%	-42%	7%

17. Other Operational Expenses

Data in K euro	2019	2018
Capitalised production	250	200
Operational subsidies	2,333	1,941
Provision write-backs and transfer of operating expenses	1,296	819
Other revenue	2,296	2,242
Other Operational Expenses	6,175	5,203

The operating subsidy account corresponds mainly to the research tax credit for 2,031 k€ for the financial year 2019:

- A pro-rata share of 113 k€ of this was deferred as income corresponding to the activated portion of development costs.
- 95 k€ of previous deferred income was included in profit in 2019

The total CIR was 1,862 k€ at 31 December 2018.

Provision write-backs concern provisions for customer depreciation (793 k€), provisions for retirement liabilities (38 k€) and provisions for risks and expenses (469 k€).

The "other income" account corresponds mainly to invoicing of electronic mail sending services (2,194 k€)

18. Tax and duties

Data in K euro	2019	2018
Tax and duties on salaries	(109)	(77)
Other and duties	(240)	(252)
Tax and duties	(348)	(329)

Tax and duties include mainly the CVAE (Company Value Added Contribution) for 202 k€.

19. Payroll costs

Data in K euro	2019	2018
Staff salaries	(14,055)	(12,255)
Social security and insurance expenses	(4,399)	(4,035)
Payroll costs	(18,454)	(16,290)

Personnel expenses amounted to 18,454 K€.

The 2018 financial year is not subject to an allocation for employee profit-sharing reserve.

20. Allocations for amortisation, depreciation and provisions

Data in K euro	2019	2018
Provisions for depreciation & depreciation on intangible assets	(559)	(211)
Provisions for depreciation & depreciation on tangible assets	(28)	(307)
Accrued charges/amt. deferred charges		
Allocation for provisions on operations	(162)	(207)
Allocation for provisions for retirement		(40)
Allocations for depreciation on current assets	(955)	(500)
Operational Allocations	(1,704)	(1,265)

Allocations for intangible fixed assets concern mainly development fees (231 k€)

Allocations for tangible fixed assets concern mainly computing hardware and R&D infrastructure at Sidetrade (247 k€)

Operating provisions mainly concern a provision for industrial tribunal risks.

Allocations for depreciation of current assets concern statistical customer provisions.

21. Net Financial Income

Data in K euro	2019	2018
Write-backs on depreciation for financial assets		5
Exchange rate gains on financial operations	238	25
Other financial income	1	2
Financial income	239	32
Interest charges	(16)	(15)
Losses on financial receivables and investment securities		(3)
Exchange rate losses	(244)	(57)
Other financial costs	(12)	
Allocations for depreciation on financial assets		(3)
Financial expenses	(272)	(78)
Net Financial Income	(32)	(46)

The financial income is essentially constituted of currency exchange gains and losses.

22. Exceptional income

Data in K euro	2019	2018
Exceptional income from previous financial years		
Provision write-backs		
Other exceptional income		
Exceptional income		
Penalties	(72)	(56)
Exceptional expenses from previous financial years	(5)	-
Loss on receivables	-	-
Staff redundancy costs	(9)	(47)
Allocations for amortisation provisions	-	-
Exceptional expenses		(61)
Exceptional expenses	(86)	(164)
Exceptional income	(86)	(164)

Exceptional expenses mainly include the payment of commercial disputes for 72 K€.

23. Research and development costs

Total research and development costs for the financial year amount to 4,841 k€ and include essentially salaries (including social security contributions) and external subcontractor costs.

Sidetrade activated 250 k€ of development costs for the financial year 2019.

24. Income tax and tax expense reconciliation

Data in K euro	2019	2018
Tax on profit	(111)	(219)
Tax credits	127	
Deferred tax	12	256
Tax on profit	29	37

Tax expense reconciliation is broken down as follows:

Data in K euro	
Pre-tax income (loss)	2,168
Tax rate of the consolidating entity	33.33%
Estimated tax	723
Effect of specific tax measures (including CIR)	777
Effects of rate differences	248
Non activation of deficits	(269)
Effects of base rate differences	(4)
ESTIMATED TAX TO PAY	(29)
TAX TO PAY	(29)

The effect of fiscal measures concerns mainly the re-categorisation of CIR as subsidies (2,008 k€)

The variation in rates is due to the different tax rates of foreign subsidiaries.

Other information

25. Staff numbers

There were 239 employees at 31 December 2019

Staff numbers are broken down as follows:

- 158 men and 81 women
- 237 permanent contracts, 1 fixed term contract, 1 placement contract
- 114 management level staff, 9 employees and supervisors, and 116 other staff (foreign subsidiaries)

The average number of staff over the financial year was 234 people.

26. Off-balance sheet obligations

In K€	2019	2018
Market guarantees and counter-indemnities		
Securities, mortgages and real guarantees		
Agreements, deposits and guarantees agreed	78	122
Other guarantees agreed		
All guarantees agreed	78	122
Market guarantees and counter-indemnities		
Securities, mortgages and real guarantees		
Agreements, deposits and guarantees received		
Other guarantees received		
All guarantees received	0	0

The obligations given are the long-term obligations to company cars (78 k€)

27. Auditor fees

In Euros	Amount		%	
	2019	2018	2019	2018
Audit				
* Auditors, certification, inspection of individual and consolidated accounts	49,063	42,865	100%	100%
- Issuer	34,344	31,318	70%	73%
- Subsidiaries integrated overall	14,719	11,547	30%	27%
* Other directly linked services				
- Issuer				
- Subsidiaries integrated overall				
Subtotal	49,063	42,865	100%	100%
Other services provided by networks to overall integrated subsidiaries				
* Legal, tax, social security				
* Other				
Subtotal				
Total	49,063	42,865	100%	100%

28. Senior management pay

The pay for senior management (board) is not indicated because it would imply an individual salary.

29. Bank loan obligations

Sidetrade holds a 300 k€ loan previously accounted for at Iko System.

This loan granted by Bpifrance in 2016 (total effective rate: TME + 2.57%). Its purpose was to finance intangible expenses related to the industrial and commercial launch of an innovation. The balance due at 31 December 2019 is 225 k€.

Sidetrade holds a loan previously accounted for at Data Publica. This is a participative launch loan granted by Bpifrance in 2013 over 8 years (overall effective interest rate: Euribor 3 month average + 3.8%) for an initial amount of 150 k€ whose balance due at 31 December 2018 is 105 k€ The balance due at 31 December 2019 is 75 k€.

30. Obligations with regards additional price payments

The additional prices accounted for at 31 December 2018 were paid in the second semester of 2019.

No price differential was estimated at 31 December 2018 for the acquisition of the companies BrightTarget and Iko System in 2016 and Data Publica in 2017.

The price differential which might be incurred in 2020 with regards to the acquisition of BrightTarget have not been calculated to date.

31. Basic earnings per share

The basic earnings per share is calculated with the net consolidated income as a numerator (2,196 547 euros in 2019, 2,177 007 euros in 2018) and as the denominator: the weighted average number of ordinary shares in circulation during the 2019 financial year which is 1,413,025 shares (1,399 301 shares in 2018).

In euros	31/12/2019	31/12/2018
Net income	2,196,547	2,177,007
Number of shares	1,416,406	1,402,881
Average number of shares	1,413,025	1,399,301
Number of diluted shares	1,440,849	1,431,156
Income per share	1.551	1.552
Diluted earnings per share	1.524	1.521

32. Information on social security accounts of subsidiaries

Sidetrade Limited (registration number: 530.457)

Sidetrade Limited (registration number: 530457) is a subsidiary included in the consolidated financial accounts of Sidetrade SA.

It was exempted from submitting financial accounts for the financial year to 31 December 2019 by the Company Registration Office as permitted under article 357 of the Companies Act 2014, because it satisfied the conditions of clause 357 a) to 357 h) of this article.

Sidetrade UK Limited (registration number: 07.742.637)

Sidetrade UK Limited (registration number: 07742637) is a subsidiary included in the consolidated financial accounts of Sidetrade SA.

Its financial statements to 31 December 2019 are exempt from the audit required by the Companies Act based on article 479A of the Companies Act 2006.

BrightTarget Limited (registration number: 09,107,017)

Bright Target Limited (registration number: 09107017) is a subsidiary included in the consolidated financial accounts of Sidetrade SA.

Its financial statements to 31 December 2019 are exempt from the audit required by the Companies Act based on article 479A of the Companies Act 2006.