

2019 Annual Results

A new year of double-digit growth, like for like:

Revenue up 17% and Operating Profit up 44%.

The solidness of Sidetrade's SaaS model is expected to generate continued growth and profits in financial year 2020.

More than ever, cashflow is the lifeblood of business.

London, United Kingdom – 28 April 2020 | Sidetrade (Euronext Growth: ALBFR.PA), the Artificial Intelligence platform dedicated to accelerating company revenue and cashflow, releases their annual results for fiscal 2019, and forecasts growth and profits in 2020, despite the crisis.

Olivier Novasque, CEO of Sidetrade, had this to say:

Over the last twenty years, we have ceaselessly built our company on solid foundations. Despite the impact and uncertainty of this crisis, our robust SaaS model is expected to continue delivering high growth and profitability in 2020, which, under the circumstances, would be a victory indeed. The period we are going through is a unique opportunity to demonstrate the resilience of our business model.

What's more, the crisis is acting as a catalyst for a change that has been underway for nearly a decade: all digital has become the new normal. In this new paradigm, finance teams are the front line in ensuring cashflow, the lifeblood of their companies. More than ever, they are realizing that the latest AI technologies are essential tools to develop digital interactions with their customers and speed up payment. Sidetrade is actively preparing the business community to bounce back, since order-to-cash management is going to be a matter of survival in coming weeks and months."

A new year of double-digit growth, like for like: Revenue up 17% and Operating Profit up 44%.

Sidetrade (million euros)	2019	2018	Variation
Like-for-like Revenue	25.7	22.1	+17%
B2C Services	-	2.0	-
Annual Revenue	25.7	24.1	+ 7%
Like-for-like Operating Profit	2.3	1.6	+44%
B2C Services	-	0.8	-
Operating Profit	2.3	2.3	-3%
Net Profit	2.2	2.2	+1%

The 2019 consolidated accounts have been reviewed by our statutory auditors. Their certification report has been issued after finalization of the procedures required for the Annual Report.

In 2019, the booked Annual Recurring Revenue (ARR) from new customers shot up 88%, hitting a record level of €4.8m in new annual subscriptions vs. €2.6m in 2018. These subscriptions provide visibility for Sidetrade's revenue growth in 2020 and beyond.

Sidetrade's annual revenue totaled €25.7m, representing remarkable organic growth of 17% vs. 2018, like for like. Let us recall that Sidetrade revenue no longer includes B2C Services, since this business line was phased out, as announced in 2018.

This phenomenal sales growth was buoyed by the core Financials AI business, which reached €21.3m in 2019, up 17%. This acceleration reflects the attractiveness of the latest release of the Financials AI platform. Sales & Marketing AI business is also growing steadily, up 17% in 2019.

Operating profit exceeded expectations (up 44%)

Operating profit reached €2.3m in 2019, up 44% vs. the previous year, like for like. This great performance can be explained by a €2m increase in gross margin, which reached 78% of sales. SaaS subscriptions contributed 94% of this gross margin, confirming the incremental profitability of Sidetrade's pure SaaS business model.

In 2019, Sidetrade invested an additional €2m in sales and marketing resources to uphold the company's remarkable growth. In R&D, 2019 saw the convergence of three Sidetrade technologies, further enhancing efficiency.

Earnings incorporate a research tax credit of €2.1m (vs. €1.9m in 2018), as well as activation of €0.25m in marginal R&D expenses (virtually identical to 2018).

A solid financial structure on 31/12/2019

Sidetrade maintains a solid financial structure with gross treasury of €5.3M and financial debt kept down to €0.3M. Sidetrade held 103,000 of its own shares at a value of €6.9M as of 31 December 2019.

Despite the Covid-19 crisis, the robustness of Sidetrade's 100% SaaS model is expected to drive revenue growth in FY 2020.

In an unprecedented period of uncertainty, Sidetrade has already finalized several budget scenarios in order to test its financial solidness, faced with the impact of the Covid-19 pandemic. Given the severity and scale of the crisis to date, Sidetrade has made extremely conservative hypotheses to construct a "stress test" scenario and adjust investments accordingly. Here were Sidetrade's current business assumptions:

- Drastic reduction (67% on average) in new subscription contracts (new customers) during the first three quarters of FY2020 vs. budget targets.
- Progressive return to normal, with new orders expected in 2020 Q4, which historically has had little impact on yearly revenue, given that subscription income is recognized pro rata.

Beyond this scenario, as a software vendor of 100% SaaS solutions, Sidetrade can count, more than ever, on the robustness of its subscription model to weather the crisis:

- 89% of revenue is recurrent, and based on multi-year contracts (41.1 months, on average).
- A record number of bookings in 2019 (88%, hitting a level of €4.8m in new annual subscriptions from deals signed in 2019) will have a significant positive impact on 2020 revenue growth.
- The exceptionally low churn rate in 2019 (3.9%) is expected to continue into 2020, in a setting where cash collection and credit management will be vital issues for all B2B companies.

For these reasons, Sidetrade management has every confidence in the firm's capacity to grow revenue in 2020, despite even a worst-case scenario.

Investment adjustments to ensure a profitable year

In terms of expenses, Sidetrade is significantly scaling down investments originally planned for the present fiscal year:

- All budgeted hiring frozen until June 2020.
- Opening of US affiliate postponed until September 2020.
- All non-essential costs slashed until 30 June 2020.

These measures, already in force, are generating savings of well over €3m against expenses initially budgeted for 2020. The measures may be extended as needed.

To date, Sidetrade has not needed to use either the exceptional cash support measures made available by governments or the short time working scheme.

Rock solid finances in 2020



As of 24 April 2020, Sidetrade maintains a rock solid financial structure with gross treasury of €7.2m (vs. €5.3m on 31 December 2019). The company's debt level is virtually nil. Moreover, if necessary, Sidetrade would be eligible for government-backed access to bank loans.

Let us recall that, as of 24 April 2020, Sidetrade still holds 103,000 of its own shares at a value of €6.5M.



Next publication

First Quarter Sales for 2020: 12 May 2020 (after stock market closes)

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About Sidetrade (www.ww.sidetrade.com)

Sidetrade (Euronext Growth: ALBFR.PA) accelerates company revenue and cashflow. Its Artificial Intelligence, Aimie, is able to recognize and anticipate customer behavior in order to recommend, in real time, the best strategies for sales and finance teams. Aimie reinforces three pillars of the customer journey: sales development, loyalty and collection speed. Sidetrade has a global reach, thanks to its 250 talented employees based in Paris, London, Birmingham, Dublin, and Amsterdam. Used in 80 countries, Sidetrade's technology enables more than 2,700 businesses of all sizes and from all sectors to be more competitive.

For further information, visit us at www.sidetrade.com and follow us on Twitter [@Sidetrade](https://twitter.com/Sidetrade).

In case of a discrepancy between the French and English versions of this press release, only the French version should be deemed valid.