SIDETRADE

BUY

Here's the Cash

Target Price: **€151**

09 October 2020

Upside: **+51%**

When Covid Separates the Wheat from the Chaff

The current crisis has revealed the incredible solidity of Sidetrade's economic model. In H1 2020, the group recorded: 1/ organic revenue growth of +14%, 2/ an almost doubling of operating profit, 3/ sustained commercial dynamic enabling the group to anticipate the continuation of double-digit revenue growth in 2021. Sidetrade's solutions - which reduce the number of unpaid invoices and therefore accelerates cash collection - are perfectly in line with the needs of organisations seeking to secure their cash flow during the current crisis.

The Digitisation of the Order-to-Cash Process

Financial management of accounts receivable is still largely dominated by tools and practices from a bygone era (telephone, e-mail, Excel, etc.), one that had a relatively low level of software solutions. This is a total aberration, despite the fact that accounts receivable is one of the largest balance sheet items (on the average, 34% of balance sheet totals in France). Also, digitalisation offers an important source of progress both in terms of cash generation (better WCR management with a reduction in DSO) and savings and productivity gains (through the use of intelligent process automation). The size of the addressable market in Europe and the United States offers extremely attractive growth prospects for this emerging market.

A Booming Market

It is for these reasons that the Order-to-Cash market is currently experiencing intense capital activity. From fundraising (High Radius, Rimilia, etc.) to buyouts (VersaPay, Cforia, OnGuard, Rimilia, etc.), this nascent market offers a formidable opportunity for growth since there is not yet an incumbent leader in place leaving only the crumbs for its challengers. The cake is big and the seats at the leaders' table are still there to be conquered. Thanks to its installed base, its platform's functional diversity and its proven capacity for innovation (particularly in AI), Sidetrade is already taking a leading position and is therefore one of the important players in this market.

Initiation with a BUY rating and a TP of €151

In a difficult context, Sidetrade is delivering an exceptional performance. Well positioned in this emerging market that is clearly booming, the company is capable of growing at an average annual rate of approximately +20% over the next 3 to 5 years. We are initiating coverage with a Buy rating and a TP of €151.

Market data

Industry	Software
Share price (€)	100.0
Market cap (€m)	142.5
Market Segment	Euronext Growth
Bloomberg	ALBFR FP

Shareholders

Olivier Novasque	33%
Management	7%
Treasury shares	5%
Free float	55%

€m (31/12)	2019	2020e	2021e	2022e
Sales	**25.7**	**29.5**	**34.6**	**41.6**
Change (%)	*17.0%*	*14.7%*	*17.5%*	*20.1%*
EBIT	**2.3**	**2.0**	**0.8**	**2.8**
as % of sales	*8.9%*	*6.9%*	*2.4%*	*6.8%*
Net profit	2.2	1.9	0.7	2.7
Diluted EPS (€)	1.53	1.12	0.50	1.90
Change (%)	*1%*	*-27%*	*-55%*	*280%*
Dividend (€)	0.00	0.00	0.00	0.00
Yield (%)	*0.0%*	*0.0%*	*0.0%*	*0.0%*
FCF	**1.8**	**4.1**	**-0.1**	**2.1**
ROCE	13.3%	14.4%	5.5%	17.6%
EV/SALES (x)		4.5	3.9	3.2
EV/EBIT (x)		ns	ns	ns
PE (x)		ns	ns	ns
Net debt	-5.0	-9.1	-8.9	-11.0
Gearing (%)	-30%	-49%	-47%	-51%

Midcap Partners estimates

Next event: Q3 revenue - 10/20/2020

Past recommandations

Date	Recommandation
10/09/2019	Buy

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SIDETRADE Overview

Description

Sidetrade is a world leader in Artificial Intelligence in the Cloud solutions aimed at accelerating company revenue and cash flow. Sidetrade provides a SaaS platform enabling the digitisation and automation of processes related to the financial management of accounts receivable, from an order to the collection of funds related to that order (Order-to-Cash or O2C).

Over the last three years, Sidetrade has processed more than 313 million invoices in its Cloud, representing €984bn in transactions for more than six million corporate debtors worldwide.

The "data stream's" significant volume demonstrates the platform's strength which is based on Sidetrade's AI, named AIMIE. Thanks to the neural network and the algorithms for natural language processing, AIMIE is continuously learning from on the company's own data (CRM, ERP, etc.) as well as third party data (company websites, open-data bases…). This is how AIMIE discovers trends and anticipates clients' precise behaviour. This process continues throughout the sales cycle.

Sidetrade has 250 collaborators and is based in Paris, London, Birmingham, Dublin and Amsterdam. It has 2,700 clients in 80 countries.

SWOT Analysis

Strengths

- A pure SaaS model with a recurring subscription-based revenue model that gives great visibility on the company's development
- Diversified and quality customer base (Key Accounts) with a high retention rate (churn less than 5%)
- The platform addresses an emerging market that is still largely under-equipped
- Solid financial structure with a net cash position

Weaknesses

- No downstream O2C offer (Cash Application, Online B2B payment option)
- Limited partner network

Opportunities

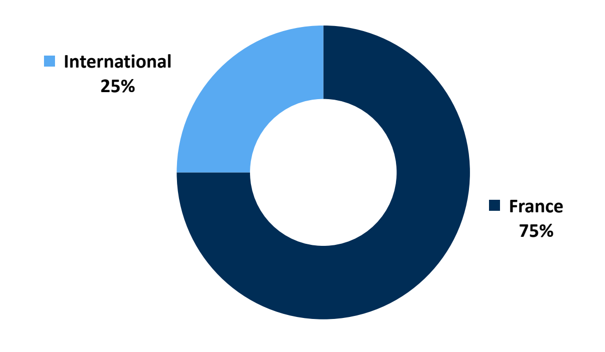
- Acquisitions (technological and functional reinforcement of the platform or acquisition of customer base)
- Development of the indirect sales force (partnership with major consulting firms)
- U.S. development

Threats

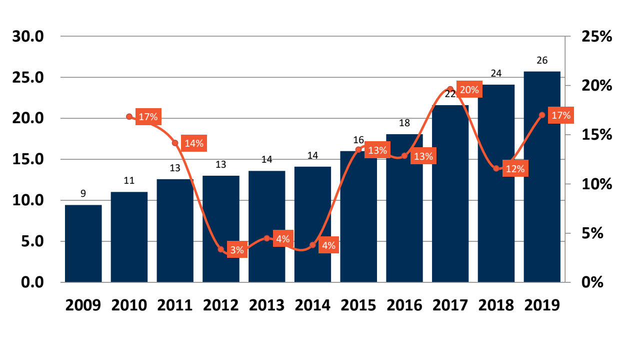
- Emergence of players supported by significant financial resources without any constraints regarding short- and medium-term profitability
- Tensions on human resources in a highly competitive market that could hamper the ability to speed up the recruitment of sales staff

SIDETRADE Overview

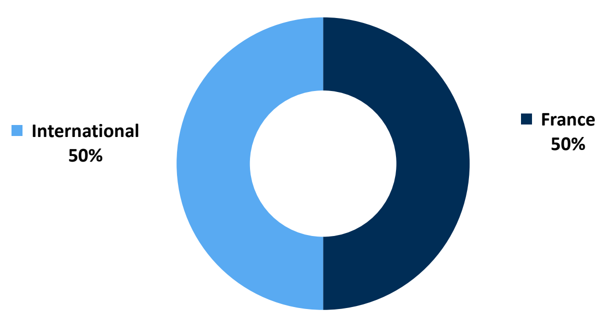
Estimated revenue breakdown



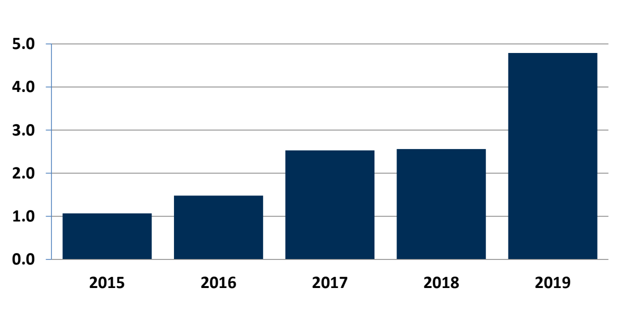
Revenue (€M) & Growth (%) Trends



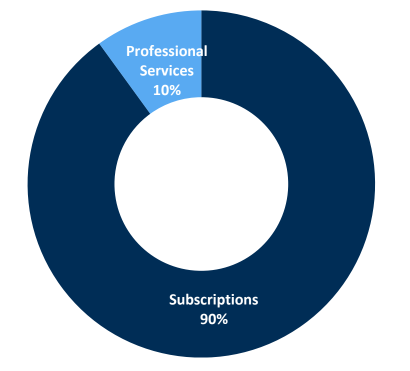
Estimated new bookings breakdown



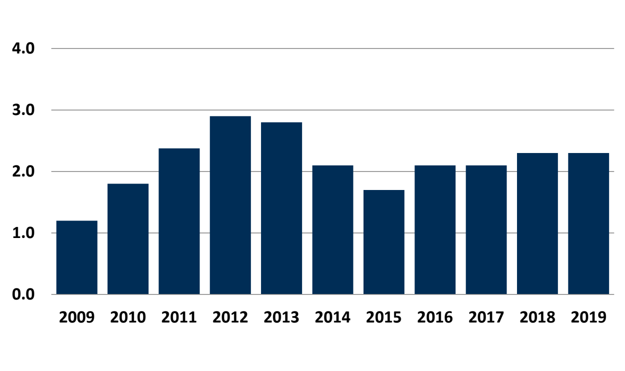
New bookings trends (€M)



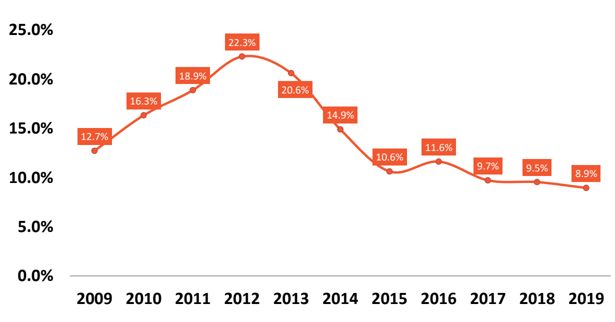
Revenue breakdown



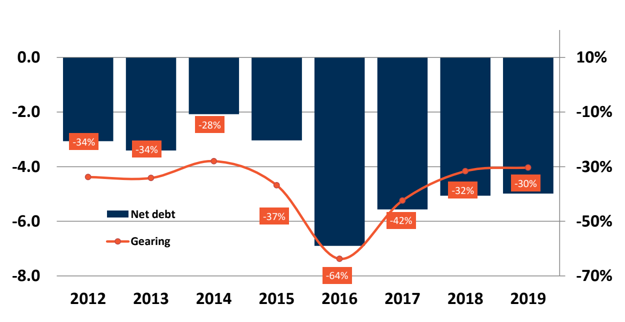
EBIT trends (€M)



MOC trends (%)



Net debt and gearing trends



A Specialist in Accounts Receivable Management

Digitalising the financial management of accounts receivable to improve cash generation

Sidetrade is a software publisher specialising in the financial management of customer relations. Its platform makes it possible to increase company revenue and improve the management of its working capital by securing receivables (acceleration of dispute resolution and cash collection).

The solution, available in SaaS as a subscription, enables all the processes linked to financial management of Customer receivables to be digitised, from the order to payment.

This market, known as Order-to-Cash (using the acronyms OTC or O2C), is the one on which the group has been building its brand image and business over the past 20 years, supported by a Cloud platform offering a unique functional richness. Indeed, it integrates modules that no other Order-to-Cash solution offers (Augmented Retention, Augmented UpSell & Cross-Sell) from the beginning of the cycle. Yet, the group still has between 12 to 18 months of R&D investments in order to fully integrate all the modules.

Overview of Sidetrade's Order-to-Cash platform

PRODUCT	SUITES	FEATURES
Augmented Cash	Augmented Retention	Augmented Retention predicts revenue at risk either from customers leaving or spending less. Predictions are based on analysis of both internal data sources (sales, financial, customer behavior patterns) and external data signals (gathered by crawling websites and social networks). With this actionable insight, user can then focus marketing activities on the right customers by taking into account both their likelihood to leave and their value to your company.
	Augmented Upsell & Cross-Sell	This solution gives a clear picture of which customers are likely to buy more and which products are best targeted for them. Going beyond simple purchase history, Augmented Upsell & Cross-sell analyzes customer-related data (sales, finance, behavior patterns) as well as company and market-related data gathered externally by crawling websites and social networks, to predict what offer would be best suited for the next marketing and/or sales campaign.
	Credit Risk Management	Credit Risk Management combines payment behavior and financial commitments on an account to better assess customer risk. External financial information sources such as CreditSafe, Ellisphere, Coface, or credit insurers such as Euler Hermes can be integrated to give a complete picture of each customer's risk profile. This can then be shared across all customer-facing departments, ensuring that risk is taken into account at all stages of the customer lifecycle and appropriate credit limits are set by account. Integrated with Sidetrade Automated Cash, it offers a single platform to manage credit limits, insurance guarantees, disputes, and collections.
	Augmented collection	Augmented Collection is the heart of Sidetrade's AI-driven accounts receivable software solution. Aimie, Sidetrade's award-winning AI technology recommends actions based on continual analysis of many variables including your invoice characteristics, revenue history, successful dunning actions, team workload, and customers' payment patterns along with insights from 313+ million payment behaviors and 50+ million dunning actions held within the Sidetrade Payment Intelligence database. As the leading AR automation system globally, Augmented Collection also identifies and automates all routine tasks involved with the receivables management. Modules include Digital Collection, Payment Plans, Cash Target.
	Digital case	Dispute management is a process critical to the success of AR automation. Digital Case streamlines communications between cash collectors and customers by providing an email system directly within Sidetrade Augmented Cash. It increases productivity by automatically assigning inbound queries to the right person or account team, simplifies case management and provides a consolidated view across all stakeholders including sales, operations and delivery managers. Digital Case ensures that resolution process adheres to SLAs.
	Analytics	Analytics is a key part of a world class accounts receivable software package. Based on industry leading Tableau Software, Sidetrade Analytics graphically displays customer, sales and financial data. Details on late payments, changes in payment behavior, and team performance are represented in intuitive, real-time dashboards. Analytics Insights provides packaged reports, while Analytics Discovery gives the flexibility to create customizable reports. Sidetrade analytics finally gives senior Credit Management and Finance leaders visibility across the entire cash collection process.

Source: Company

Built on a 100% Cloud architecture, the platform's operation provides the group with another significant advantage: it gives it a formidable database of several hundred million inter-company transactions from which the group has been able to generate the Artificial Intelligence that is now at the heart of the solution's value proposition. The platform integrates Machine Learning and Artificial Intelligence which, after a real-time analysis of company behaviour, enables them to make recommendations for action to avoid losing customers, detect commercial opportunities, increase revenue and adopt the best dunning strategies. The platform allows the automation of a large number of tasks and actions, thus increasing financial team productivity. These factors have constructed a strong differentiating factor in the market, establishing a high barrier to entry for both incumbent players (who operate through an On-premise offering) and potential emerging players (Native Cloud) who will not have the necessary data to train and develop a powerful AI.

Based on a modular infrastructure, Sidetrade's platform can evolve continuously to meet the changing needs of customers and their organisations. It also allows for rapid deployment at the customer's site, taking between 3 to 6 months. If the platform covers a wide range of processes, the customer can start with one module to meet their most urgent need, and then extend their use of the platform to other modules.

The group should continue to invest, organically and/or by acquisition, to further extend the functions supported by the platform in order to maintain its competitive advantage. In particular, the group has identified certain complementary segments in the downstream part of the Order-to-Cash cycle that could enable it to further enhance its offering. Modules for Cash Application (invoice reconciliation and payment) and B2B Payment could complete the solution.

Covid's leverage effect

The Order-to-Cash process, which integrates all the workflows linked to the customer cycle, from order to collection, is one of an organisation’s most critical processes, and paradoxically one of the least digitised. This is due to its complexity and a heavy legacy based on manual management and a variety of disparate, compartmentalised and rigid systems from different functions (financial, commercial, etc.).

The Covid-19 crisis has nevertheless awoken organisations of the essential fact regarding the importance of cash flow for survival. The rise in unpaid invoices and the race for aid (postponement of tax and social security payments, State-guaranteed loans, etc.) have reminded them that in stressful situations, cash is king. In this context, Sidetrade's offer obviously found a strong resonance with companies; this enabled it to achieve, in Q2 2020, the best commercial performance in its history.

Average percentage of unpaid invoices in France

Source: Sidetrade Invoice Tracker

Sidetrade's platform makes it possible to respond to a large number of critical issues facing companies.

Issues addressed by Sidetrade's platform

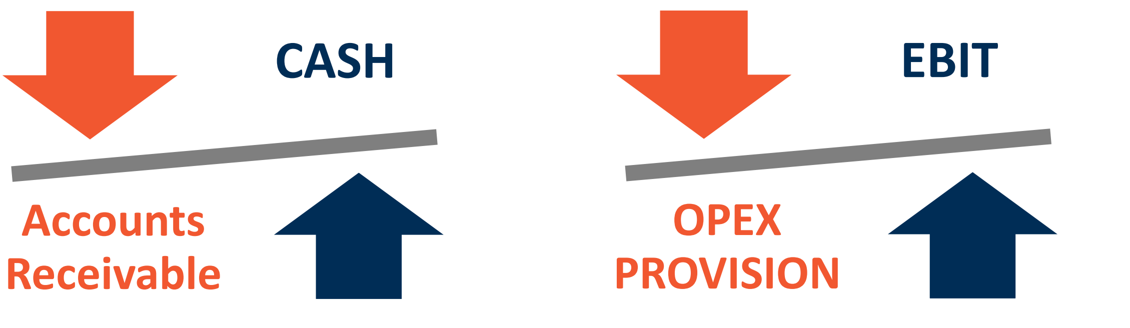
Source: Company

Platform advantages:

Sidetrade's solution functions at many levels:

- Improve dunning procedures, reduce the number of unpaid invoices and speed up the resolution of customer disputes. In accounting terms, this will result in an increase in cash and a decrease in working capital and provisions for doubtful debts.
- Productivity gains and cost savings (estimated at between 25% and 35%). As automation reduces the workload on back-office teams, it is possible to do more with less (downsizing) or to redeploy resources to higher value-added tasks.
- Improving the quality of customer relations and customer loyalty (personalisation and relevance of follow-up actions and customer exchanges, reduction in complaints and disputes, etc.), in particular thanks to the contribution of Aimie (Sidetrade's AI "assistant").
- Transforming an administrative process into a predictive business driver. The Cloud and AI enable sophisticated real-time analysis, enabling improved service through intelligent action propositions.

Impact on the balance sheet **Impact on the P&L**



Source: Midcap Partners

What is the market's size?

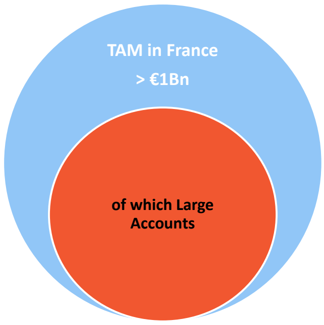
The market is very large and yet still not digitised. It is considered an emerging market where players still need to do major evangelism in order to educate and convince potential users of their solution's benefits. Most actions are still carried out manually, by large workforces armed with simple though disparate tools (Excel, e-mail, telephone, etc.).

There are no studies that precisely evaluate the size of the market today, but the addressable market has been estimated to amount to approximately €10.0bn. All organisations are eligible to employ an Order-to-Cash solution. But given the high volumes of operations and transactions of large companies, they are naturally the ones that have a greater interest in adapting this type of solution. This is where economies of scale and ROI are certainly the most relevant.

For the U.S. market alone, VersaPay - Sidetrade's Canadian competitor - estimated the addressable market at $5.0bn. This estimate was based on a scope of companies generating between $50.0m to $1.0bn in targeted revenue in a number of verticals (Commercial Real Estate / Property Managers, Transport / Logistics, Distribution, Professional Services, etc.).

The European market can be estimated at approximately the same level, approximately €5.0bn, bearing in mind that the English and French markets together should represent around 60% of this total (including €2.0bn for the UK market and over €1.0bn for the French market), to which must be added the Southern European (Iberian Peninsula, Italy), Benelux, and Nordic markets.

Estimated addressable market in France



Estimated U.S. market

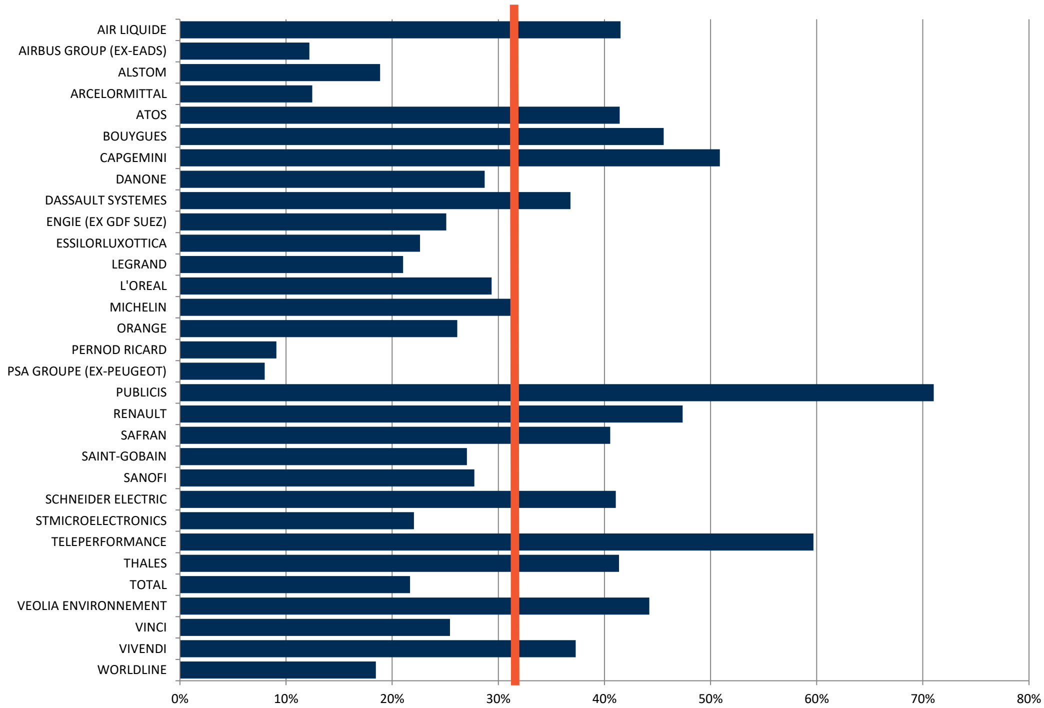
Sources: VersaPay, Midcap Partners Estimations

Unlike the accounts payable management market, the accounts receivable management market is still a relatively emerging market, marked by a still low level of equipment and the need to make potential users aware of the benefits of automating customer relationship financial management processes.

In fact, the market does not yet have a dominate player; the leading positions are still up for grabs. Sidetrade is already in the world's top 3, but the still modest size of the market's players leaves considerable room for growth in view of a market potential that is still largely untapped.

This situation is rather paradoxical considering the importance of accounts receivable on balance sheets, which reflect a cash culture that is still largely insufficient. In order to envision the scale of the sums involved, by just focusing on the CAC40 accounts alone (excluding Banking/Insurance, Real Estate and Retail), on 31 December 2019, accounts receivable represented approximately €176.0bn, amounting to nearly one third of current assets.

Share of accounts receivable in current assets

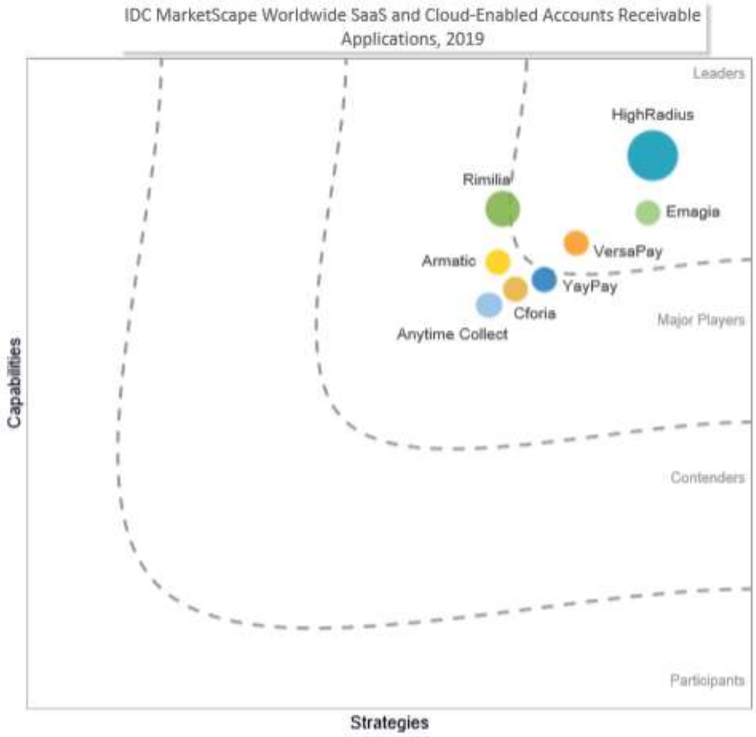


Source: Factset

Competition: the race is on

The market is emerging and no one player has yet taken an overwhelming position. But the buyouts and fundraising observed over the last few months testify to a boom and the willingness of several players to take control of this market.

IDC MarketScape Worldwide SaaS and Cloud-Enabled Accounts Receivable Applications



Source: IDC

As of very recently, only IDC began covering this market segment with the first edition of its MarketScape dating to 2019. Gartner and Forrester have not yet initiated a study, although Gartner is in discussion with several market suppliers, including Sidetrade.

IDC's MarketScape does not reference Sidetrade, which can perhaps be explained by Sidetrade's very European focus (for now) and its absence from the North American market (even though Sidetrade is gaining U.S. clients via the U.K.). The development of the group's presence on the American territory should, in the future, change the situation. Given its standing in the Order-to-Cash market, not to mention its technological advance, and in view of the marginal position of other players mentioned in the study, it is possible to speculate that Sidetrade will sooner or later be listed in the IDC study or by other research firms that will eventually cover this market.

Sidetrade's main competitors include:

- HighRadius is considered the market’s number one, even though a large part of its income seems to come from integration activities. Thus, it is not a given that HighRadius' software revenue is significantly higher than Sidetrade's. HighRadius is a U.S. company, founded in 2006, with dual headquarters in Houston and India, plus offices in London and Amsterdam. The company raised $125.0m (Series B) in early 2020 for a valuation of over $1.0bn, through the participation of ICONIQ Capital, Susquehanna Growth Equity and Citi Ventures. This brings the total amount raised by HighRaduis to $175.0m (the last round for $50.0m was raised in September 2017). No public data is available, but we estimate that its revenue is in the $70.0m range and that the company is not profitable. It employs more than 1,000 people. The company is present in the U.S. and is starting to develop in Europe.

- VersaPay is a Canadian competitor, listed on the stock exchange in 2010 and acquired for C$126.0m (approximately €81.0m) in February 2020 by Great Hill Partners. VersaPay's 2019 revenue is estimated to be C$9.0m (approximately €6.0m), for an increase of about 90%. The gross margin is slightly above 80%, but the operating profit is significantly negative (most likely in excess of C$10.0m) due to sustained investment efforts in both R&D (estimated at over C$5.0m) and S&M (about C$6.0m). The company employs approximately 120 people and operates only on the North American continent, and targets a clientele of small accounts rather than large ones.

- Onguard is a Dutch competitor, the leader in the Netherlands but absent from other European countries. The company was acquired in February 2020 by the Norwegian publisher VISMA for €35.0m. It is expected to earn revenue in excess of €10.0m but mainly on a traditional licence-maintenance model. It employs about 120 people.

Other names not included in the IDC study should also be cited:

- GetPaid, acquired in 2005 by SunGard, in turn acquired by FIS in 2015. A historical player in the American market, but with an offer that has a marked technological gap having missed the switch to SaaS and AI. The group has little presence in Europe (where it probably has revenue of only a few million dollars).

- Billtrust, an American company with approximately 500 employees, is completely absent from the European market. Its successive capital raising exceeds $100.0m.

Other actors referenced by the IDC study include:

- Cforia, an American company with about 30 employees. It was bought out last July by Gemspring Capital, a PE fund. According to our estimates, it generates less than $10m, mainly on a traditional Licences/Maintenance model, even though the company had recently started to migrate to a SaaS model (which still has little impact on group revenue).

- YayPay, an American company with approximately 60 employees, was acquired last July by Quadient (formerly Neopost) for €17.0m. According to our estimates, YayPay's revenue is approximately €2.0m.

- Rimilia, a British company with about 120 employees, was created in 2008 and has grown by self-financing until it launched two rounds of funding (in July 2017 for $25.0m and in February 2020 for $15.0m) from Kennet Partners, Eight Roads Venture and SVB Capital, with the aim of accelerating its growth in Europe and the United States. The company saw revenue of £6.2m for the financial year ended July 2019, up +35%, for a net loss of -£6.3m. We estimate that revenue through July 2020 of about £8.0m. The company has been managed by Kevin Kimber since 2019, who notably launched ServiceNow's activities in EMEA between 2006 and 2012 (increasing the ARR from <$1.0m to more than $140.0m). Blackline has announced that is acquired the company on 3 October for €150.0m (€120.0m upfront and €30.0m in earn-out).

Some of the major ERP suppliers on the market (such as SAP or Oracle) have an O2C offer, but they remain little known and rarely deployed. Functionally, these solutions are very rudimentary compared to specialised solutions. Moreover, none of them are available in SaaS, which leads to numerous disadvantages (long and expensive deployment, poor user experience, lack of flexibility, etc). Finally, since the ERP systems of large groups are often heterogeneous, it is generally more appropriate to use a specialised, independent O2C solution to consolidate all the data by interfacing with all the existing applications.

The table below summarises the extent of the features offered by the market's main players:

Comparison of the features offered by the main Order-to-Cash solutions

	Sidetrade	highradius	FIS GETPAID	cforia	Onguard	Rimilia
Collection / Disputes management						
Predictive KPIs	✔	x	x	x	x	x
Rule-based collection	✔	✔	✔	✔	✔	x
AI-driven collection	✔	✔	x	x	x	x
E-billing	x	US only	✔	✔	✔	x
Bulk-printing	✔	✔	x	✔	x	x
Dispute management	✔	✔	✔	✔	x	x
AI-driven case management	✔	x	x	x	x	x
Customer portal / Digital collection	✔	✔	✔	✔	x	x
Online payment	x	✔	✔	✔	✔	x
Cash application	x	✔	✔	✔	✔	✔
Cash forecasting	✔	✔	✔	x	✔	✔
Mobile application	✔	x	x	x	x	x
Third party application	✔	x	x	x	x	x
Risk management						
Internal credit limits	✔	✔	✔	✔	✔	x
Financial info providers	✔	✔	✔	✔	✔	x
Credit insurance	✔	x	x	x	✔	x
Analytics						
Pre-defined dashboards	✔	✔	✔	✔	✔	✔
Dashboard self-building	✔	x	✔	x	x	x

Sources: Companies

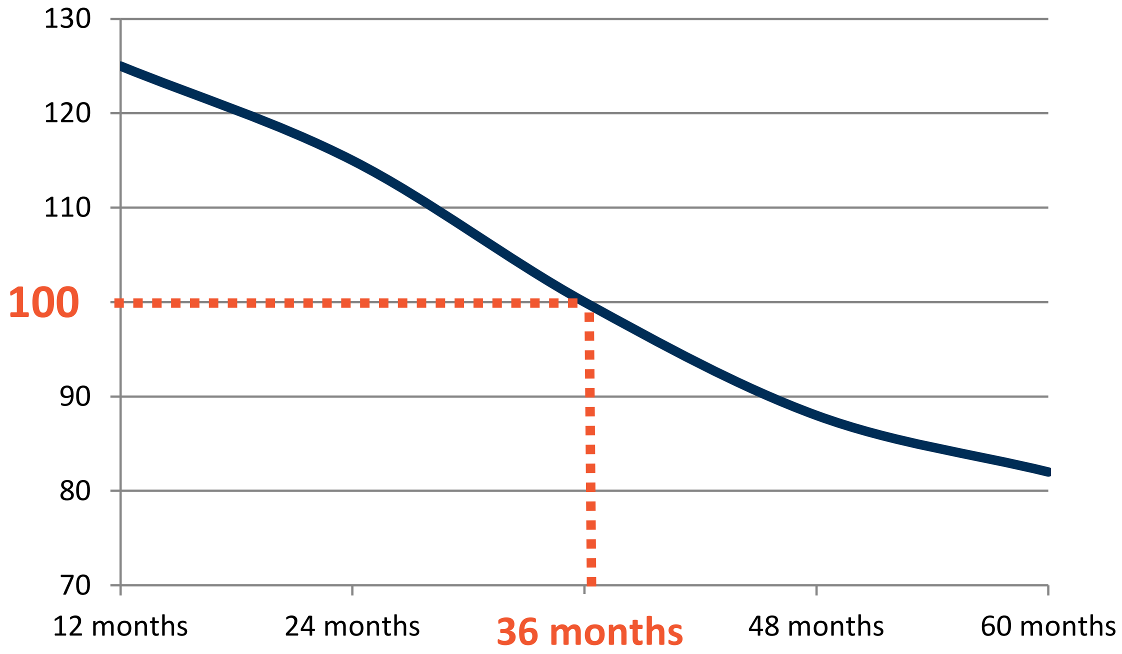
A Recurring and Profitable Business Model

Revenue and billing model

Sidetrade is a pure SaaS publisher. Approximately 90% of its revenue comes from subscription and approximately 10% from Professional Services, namely consulting, deployment and training services around its software. Its billings, independent of the number of users (which distinguishes it from other suppliers whose pricing is based on licenses dependant on the number of workstations), depend on:

- Customer revenue, namely invoice volumes passing through the Sidetrade platform. This amount is determined contractually. In the event of overruns, the group applies a marginal rate on the excess amount.
- The functional modules chosen by customers. The platform includes five main module families: order development (reduction of churn and increase of UpSell and Cross-Sell), credit risk management, dunning management, dispute management and Analytics.
- The commitment's length, bearing in mind that the standard contract has a duration of 36 months which serves as a reference for the contract's valuation. The customer will get a discount for a longer contract, and conversely, pay more for a shorter one. Contracts are renewed by tacit agreement and the renewal period is systematically equivalent to the initial subscription period.

Pricing model based on duration of commitment



Source: Company

Regarding Key Accounts, which is Sidetrade's core business, the average annual income from a subscription amounts to nearly €0.1m. Added to this amount is revenue from Professional Services (consulting, implementation, training), representing about 80% of the value of the first year's subscription. Professional Services represent approximately 10% of the group's revenue.

The churn rate is relatively low; amounting to only 5% in 2018, then falling to 3.9% in 2019 and about 4.0% is expected in 2020. These levels are well below industry standards (more or less 10%) and can be explained by the current context where increased importance is being given to cash collection.

Sales model

The sales model is essentially based on a direct sales model, which still accounts for more than 95% of new bookings. Sales are supported by a marketing team based in London and Dublin and responsible for supplying the sales force with leads. The sales force is organised into two zones: Continental Europe (including France) and Northern Europe (including the U.K. and the Nordics). A third zone was due to open in the United States this year (until now addressed from the U.K.). The crisis has delayed the group's projects by 6-9 months, but business in the United States should nevertheless be launched by the end of the year.

The sales force is made up of land sales representatives supported by pre-sales. The major markets (France, the United Kingdom and, in the future, the United States) should have about ten field sales representatives. Sales cycles last between 3 and 6 months, as does the time it takes to integrate the solution with the customer.

Since mid-2019, the group has been expanding indirect sales. The group has recruited two partnership managers to develop alliances, targeting major consulting firms in particular. Thanks to their privileged access to CFOs and their status as trusted third parties, they have a prescription power that could provide significant leverage on Sidetrade product sales.

This strategy will still take time before it delivers results, but it could have a significant multiplier effect on the group's commercial presence in the market. In particular, Sidetrade has initiated steps with the Big 4's consulting branches (KPMG, Deloitte, EY, PwC) and some strategy consulting firms (BCG, Roland Berger). Collaboration with KPMG (also a user of the Sidetrade platform) has resulted in the publication of a joint study on cash culture in times of crisis (link here).

Commercial targets

Key accounts are the historical users of the platform. More than 90% of revenue is generated by companies with revenue of more than €500.0m, from a wide variety of sectors (Utilities, Financial Services, Logistics, Industry, Retail, IT, etc.).

Examples of the group's clients

Source: Company

Since the beginning of 2020, the group has been seeking to strengthen its sales organisation to extend its addressable market to the Mid-Market and Small Business segment in France and the United Kingdom. The size of the deals in the Mid-Market and Small Business segment are significantly smaller than those of the large accounts, but the market depth is much greater.

This initiative still requires some hindsight to judge these results, but it is a way for the group to occupy ground and not leave an empty space that would favour the arrival of new entrants who could attack the market from the bottom. This initiative was built in an opportunistic fashion during the lockdown, the group having offered free access to its platform until the end of S1 2020 (after having simplified and restricted the functionalities of its platform so that it could be quickly taken over by SMEs), enabling it to attract several dozen SMEs.

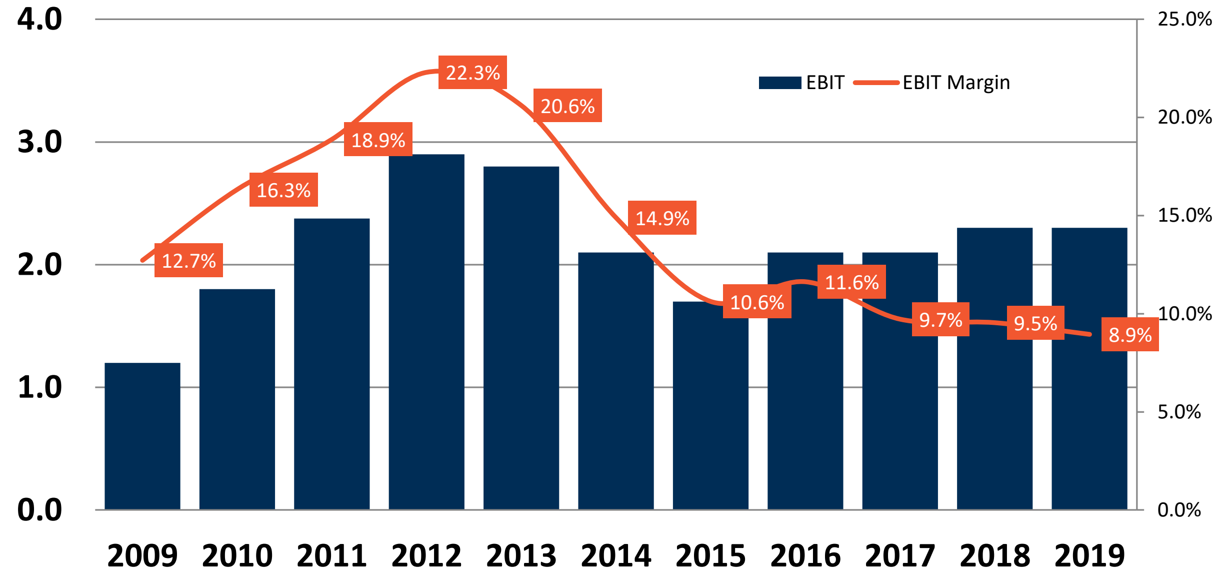
A high gross margin

Sidetrade recorded a high gross margin of approximately 80%, close to its normal level given the current state of the business mix. This results from a gross margin exceeding 90% for software, which is offset by a lower gross margin for Professional Services (in the 15% to 20% range). A change in the mix that would further dilute the share of Professional Services in revenue, would increase the group's gross margin rate. We estimate that each point gained by subscriptions in the revenue mix would bring a gain of 1 point on the gross margin rate. The main expense items relate to the cost of cloud hosting, security costs and the costs associated with the team responsible for implementing the solutions.

A historically profitable model

Sidetrade has long been profitable. The group's operating margin has averaged 10% of revenues over the last 5 years. The margin was even higher than this level over the previous five years (17.5% on average), with in particular two years (2012 and 2013) in which the operating margin rate exceeded 20% of revenue.

Operational profitability over the last 10 years

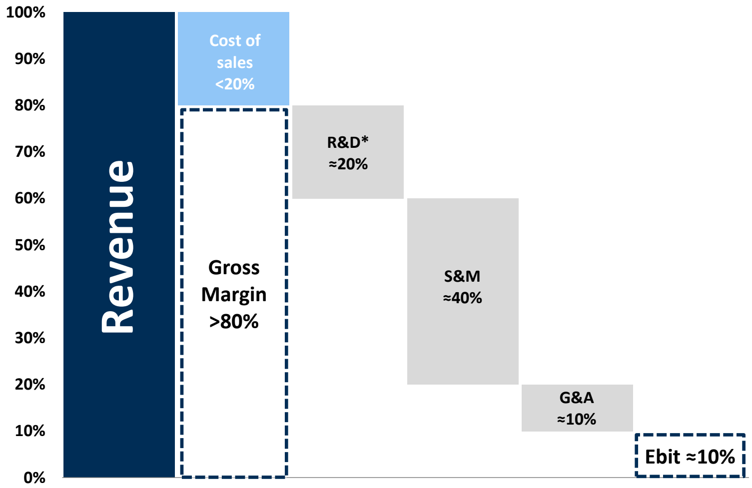


Source: Factset

Simplified snapshot of the group's P&L

The graph below illustrates in a schematic and approximate way what we believe to be a snapshot of the income statement by destination of the group in recent years, resulting in an operating margin rate of 10%.

Sidetrade's simplified P&L

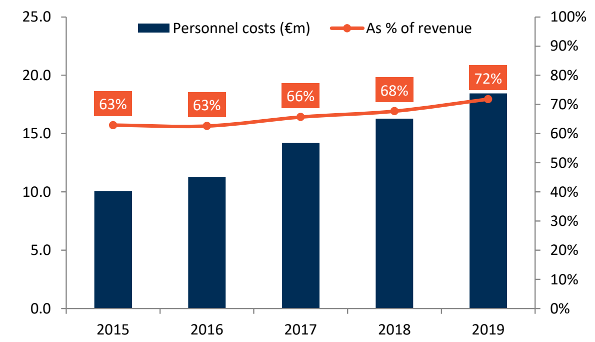


*Excluding Research Tax Credits

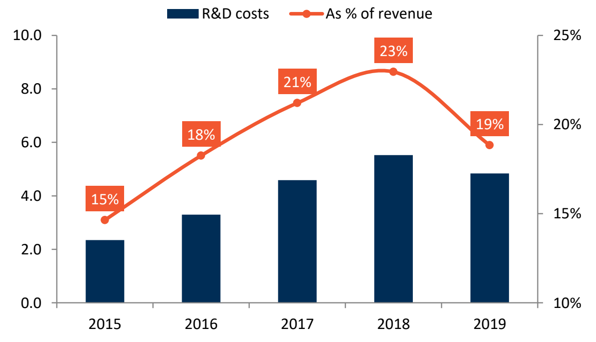
Source: Midcap Partners Estimations

The OPEXs are mainly made up of Sales & Marketing expenses (approximately 40% of revenue on average in recent years in our opinion) and Research & Development expenses (approximately 20% of revenue on average in recent years in our opinion, excluding Research Tax Credits). The majority (more than two thirds) of these costs are personnel costs.

Personnel costs trends



R&D costs trends



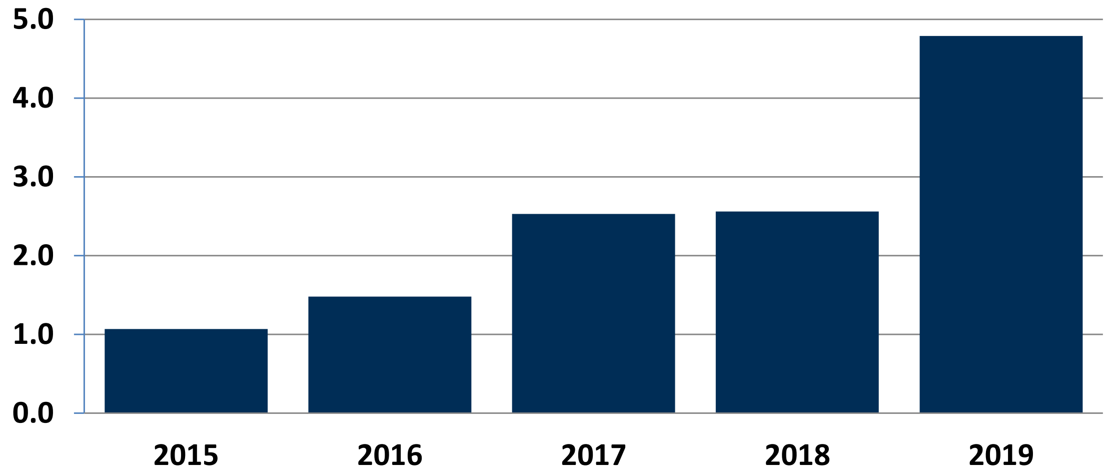
Source: Company

Maintaining Growth in the Storm

2020 growth has been secured by 2019 trade gains

Sidetrade is a pure SaaS model so that the company benefits from strong business recurrence. This is reinforced by a particularly low churn rate. Revenue growth this year is largely due to the growth in new SaaS contracts won and signed in 2019, with annual recurring revenue (Annual Recurring Revenue or ARR) of €4.8m, a very strong increase compared with 2018 (€2.6m). On average, one third of new bookings for year *n* are recognised as revenue in year *n* and two thirds in year *n+1*.

Evolution of new bookings over the last 5 years (€M)

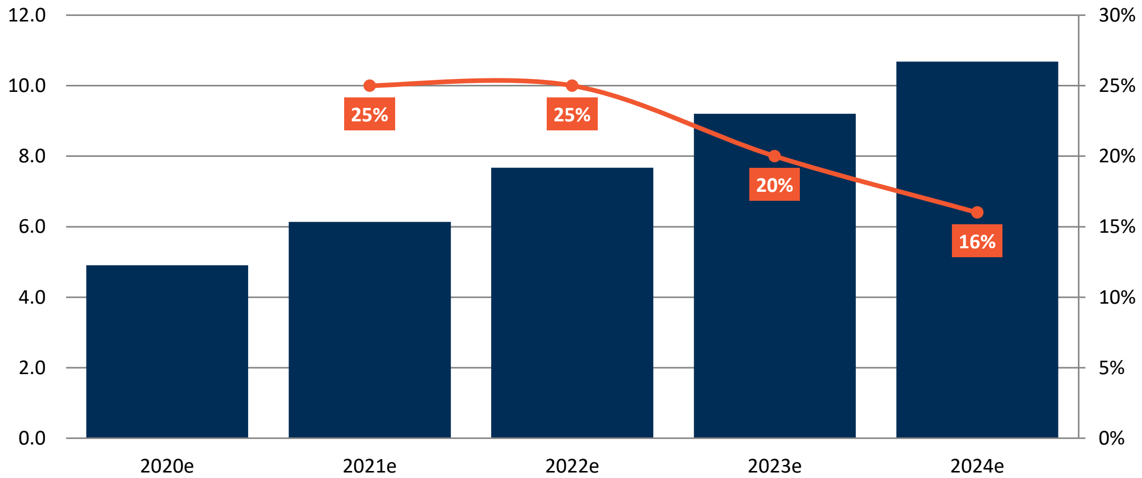


Sources: Company, Midcap Partners estimations

New bookings growth projections for 2020-2024

Growth in new bookings is the key indicator for assessing the group's commercial momentum at any given moment, with revenue largely reflecting the dynamics of past commercial activity. For 2020, the group should be able to generate a level of new bookings that is broadly comparable to the historical level of 2019, that is, approximately €4.5m to €5.0m. Beyond that, we estimate that the group should be able to grow its new bookings at an average annual rate of more than 20%, which would represent around €1.5m more recurring annual revenue each year.

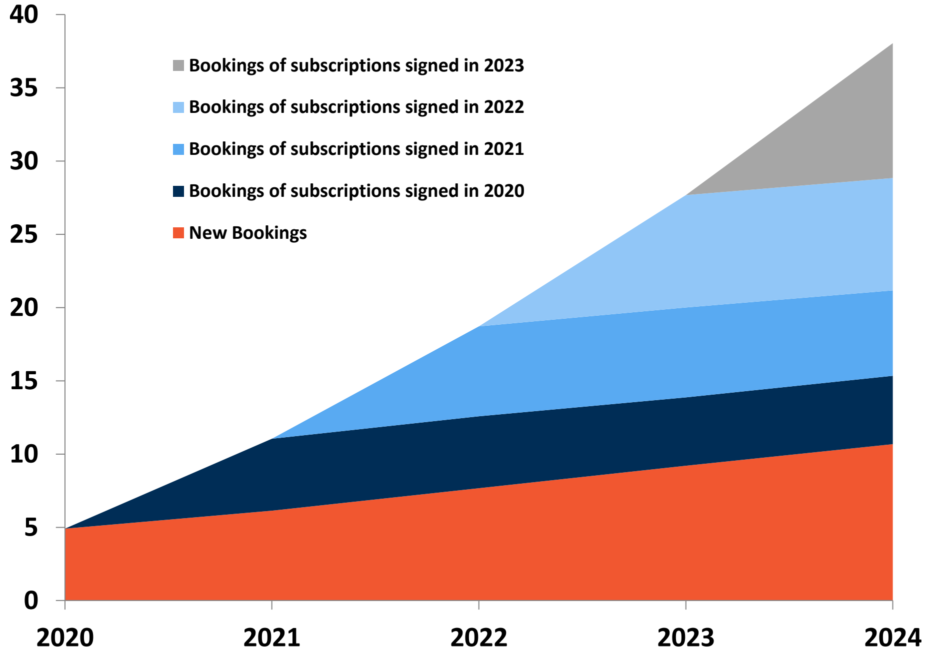
Estimated growth of new bookings over 2020-2024



Source: Midcap Partners Estimations

Taking into account a limited churn (<5%), the sustained momentum of new SaaS contract wins, building a cascade of recurring revenues, makes it possible to anticipate a billable order book that is growing strongly over the coming years. The graph below projects the evolution of bookings on SaaS subscription revenue (excluding professional services) for contracts signed from 2020 onwards.

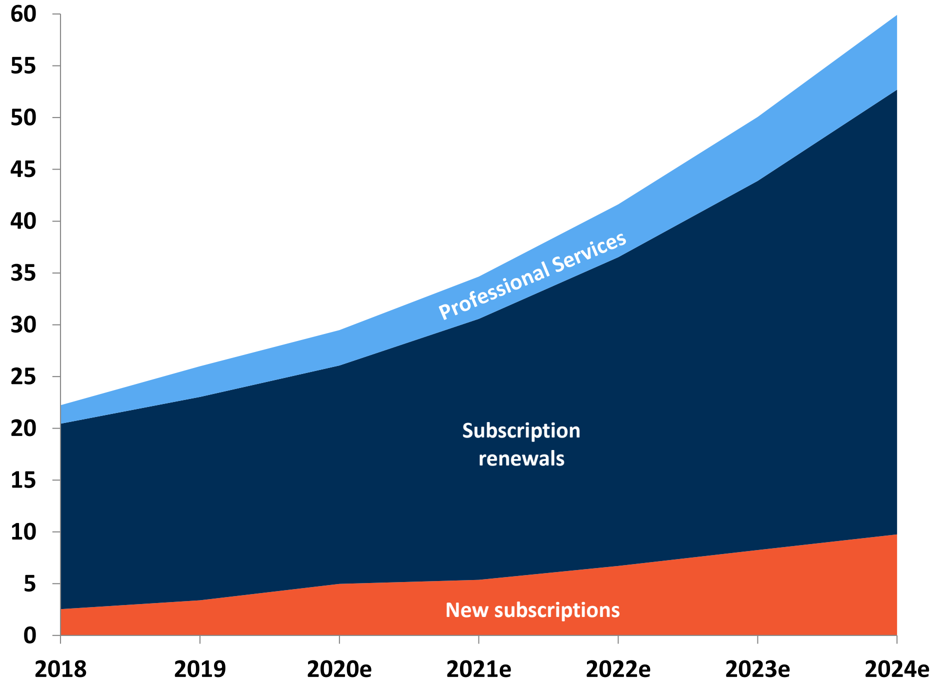
Changes in cumulative bookings (excluding Professional Services) from 2020



Source: Midcap Partners Estimations

Taking into account the estimated historical outstanding amount of existing contracts (prior to 2020 signings), this enables the following revenue development forecasts to be projected:

Estimated revenue trends - 2020-2024



Source: Midcap Partners Estimations

The group's growth strategy will be based on the following drivers:

- **The conquest of new customers:** As the equipment rate of organisations is still relatively low, this is still an extremely important growth driver. New business growth remains closely linked to the development of the sales force. Accelerating growth requires prior investment in Sales & Marketing, which pays for itself relatively quickly compared to the level of the ARR and a high customer retention rate. The group attracts a few dozen new customers every year. The depth of the market provides the company with a large reservoir of opportunities for the years to come.

- **UpSell and Cross-Sell:** Once a customer has adopted a solution, Sidetrade develops the account by: 1/ extending the number of modules used by the customer and 2/ equipping new entities within the group's scope. The functional enhancement of the platform makes it possible to continue selling to customers by covering an ever wider range of their needs. The richer the platform is, the stronger the customer's support will be over time. UpSell and Cross-Sell account for approximately 40% of new orders, demonstrating the group's ability to grow and expand its footprint from within its customer base.

- **International development:** While the group is strong in France (about 75% of revenue), the commercial dynamic is clearly propelled by international order intake, particularly in the UK, Sidetrade's second largest market. International business should in fact represent approximately 50% of new orders (though this may vary greatly from one quarter to the next). A new field of growth should open up in 2021 with the United States, a region that the group had initially planned to open up in spring-2020, was put on hold due to Covid.

- **Development of indirect sales:** This is still very marginal in the group's order intake but is an important driver for the future. The group is particularly targeting large consulting firms (Deloitte, KPMG, etc.) which have the ear of company financial management. Sidetrade would like to use their power of influence with CFOs to diversify and enrich their source of dealflows. This is a long-term project, which was initiated 12 to 18 months ago, and could eventually become a significant driver.

Awaiting the 2024 Strategic Plan

2020 will be a good year

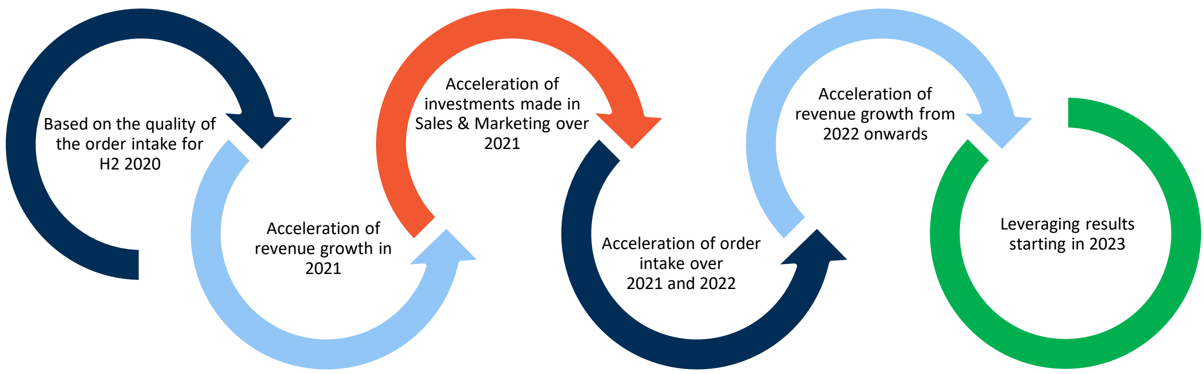
We anticipate revenue growth of nearly 15% to €29.5m. Considering a gross margin rate that should consolidate in the range of 80% of revenue, we anticipate an operating profit of €2.0m, enabling the group to attain an operating margin rate of about 7%. It should be noted that model's strong recurrence (almost 90% of revenue is subscription-based) and the controlled management of OPEX (in particular the acceleration or slowing down of investments in R&D or Sales & Marketing) generally gives the company fairly good visibility regarding the evolution of its results.

A new growth plan expected in early 2021

The group should be prepared to present a new 4-year strategic plan in H1 2021. We understand that this plan will be first and foremost an ambitious growth plan aimed at establishing Sidetrade as the market leader in Order-to-Cash. The group has a growth potential capable of doubling if not tripling in size within a few years.

This growth strategy will be supported by an investment effort in Sales & Marketing, the scale of which will depend on the direction of order intake in the coming quarters. The better the order intake, the more the group will be able to invest in Sales & Marketing, as the growth in recurring revenue will cover the effort required to increase its sales capacity.

Investment and development strategy



Source: Midcap Partners

The quality of the new bookings for Q3 and Q4, which will largely determine the extent of the revenue growth to be expected in 2021, will therefore be a deciding factor in measuring the scale of the Sales & Marketing investments that the group will be able to make next year.

Assuming that H2 2020 order intake is well oriented, which to date seems to be taking shape, we must therefore wait for 2021:

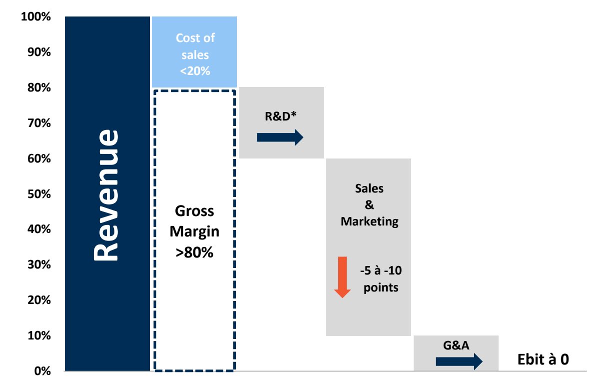
- An acceleration of investments in Sales & Marketing,
- which will absorb the incremental revenue brought by 2020's new bookings,
- and most likely a flattening of the results, even if no losses are expected (the group should remain profitable).

The investment drive that will be made in 2021 should take full effect starting in 2022, given the time needed for 1/ recruitment, 2/ training and the ramp-up time required for a sales representative to be operational (4 to 6 months), 3/ the length of the sales cycle (4 to 6 months).

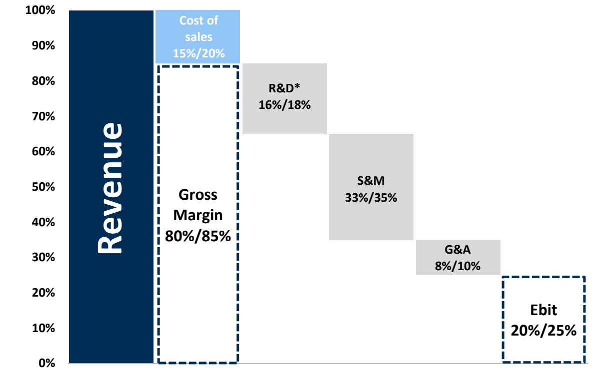
S&M expenses, which represent approximately 50% of OPEX and 40% of revenue, should therefore increase significantly over 2021, even if it is still too early to precisely assess the extent of this increase. Nevertheless, it can be assumed that the increase should represent at least several revenue points.

Eventually, the acceleration of revenue growth and attaining a critical mass will allow a better amortisation of the OPEX, and notably of the Sales & Marketing expenses. Sidetrade should be able to deliver an operating margin rate between 20% and 25% of revenue (a level that the company has already reached in the past and which leads us to consider that there is no question regarding the group's ability to be significantly profitable).

Scenario of 2021 P&L trends



Scenario for long-term normalised profitability



**Excluding Research Tax Credits* *Source: Midcap Partners Estimations*

The United States should become an important growth driver over the next few years

After France and the United Kingdom, which are the group's two big markets, we understand that Sidetrade is expected to launch a new growth offensive in the United States, which is obviously a huge market with considerable potential. Sidetrade already has customers in the US without even having a local presence. The setting up of an organisation with dedicated commercial resources in the region should enable Sidetrade to change gears and truly boost its market share.

What growth rate can the group sustain over the next few years?

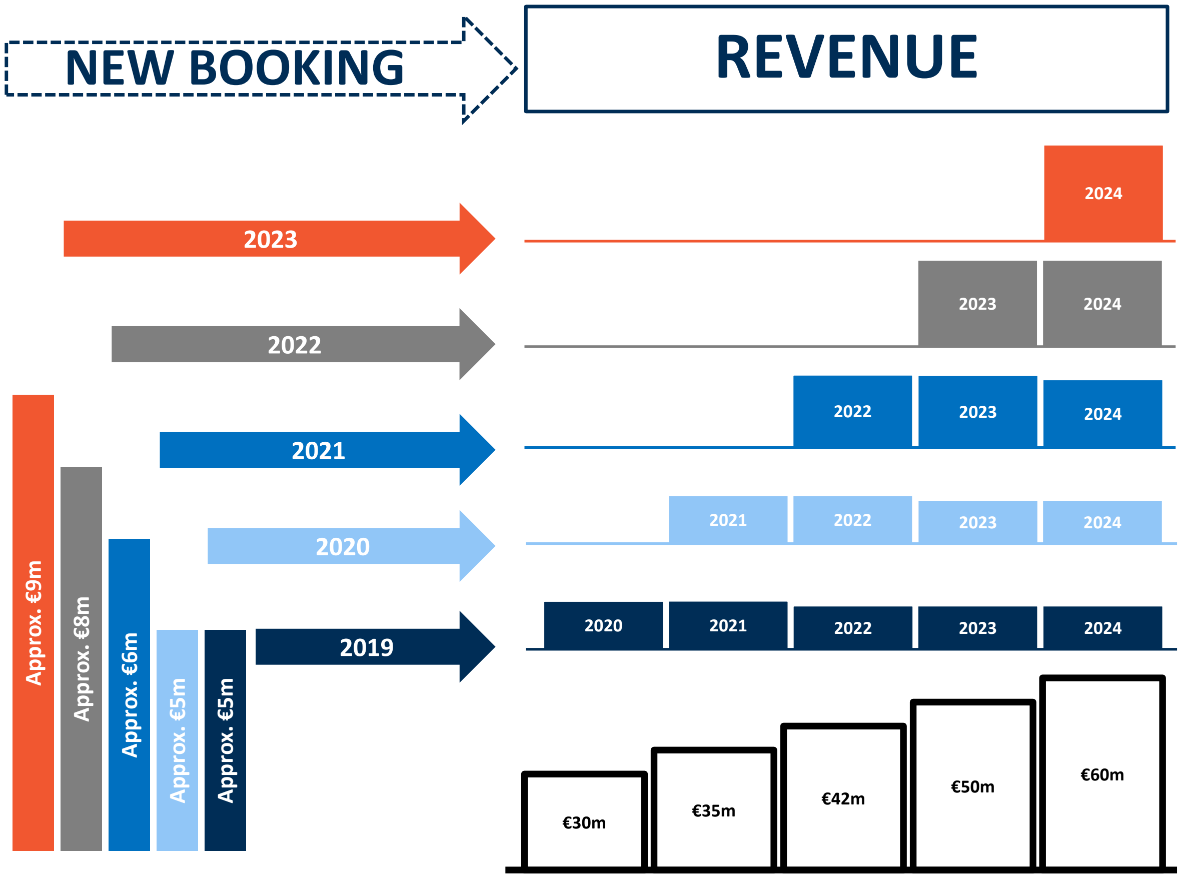
Sidetrade benefits from an extremely sound economic model, thanks to a high level of recurrent income, supported by a low churn rate (sustainably below 5%). Thus, in a worst case scenario, one in which the group could not generate any new bookings growth, it could easily and sustainably increase revenue by about 12% per year on average in our opinion.

But the group's ambition is clearly aimed at accelerating market share gains. As indicated above, this acceleration will be correlated to the Sales & Marketing expenses that the group is prepared to invest. Investments are correlated to growth: the more sustained the investments in sales & marketing, the more the group will have the capacity to accelerate the growth of its order intake and subscription base.

The core assumption is that the group should be able to increase the annual recurring revenue included in its new bookings by an average of €1.5m each year. Based on a new bookings base of nearly €5.0m expected in 2020, virtually stable compared with 2019, this will lead to annual growth of just over 20% in order intake over the next four years. By rolling out the model until 2024, this would bring revenue to approximately €60.0m, with an average annual growth rate in revenue approaching +20%.

These projections do not include any contributions from acquisitions, which could also augment these figures.

Snapshot of Sidetrade's economic model and a synthesis of our estimates



Source: Midcap Partners

Sidetrade Valuation

DCF Valuation

Our valuation is based on the following assumptions:

- Our growth forecasts for 2020-2024 as detailed above. Beyond that, we assume a slowdown in the rate of growth of new orders (TCAM of +5% over 2025-2030) allowing us to close in on our assumption of a growth rate to infinity (+1%). Taking into account the model's growing recurrence, the TCAM of the revenue comes out at +13%.
- Our current operating margin forecasts for 2020-2024. Beyond this, the anticipated slowdown in the growth of order intake and Sales & Marketing investments should provide significant operating leverage. Our target operating margin rate is 25%.
- A virtually zero corporate tax rate over the next few years (flattening of results and use of loss carry-forwards inherited from acquisitions), which is then normalised at 25%.
- Working capital requirements representing 6% of revenue.
- Capex representing 2.5% of revenue.
- A WACC of 8.6% calculated on the basis of a beta of 1.1x, a market risk premium of 8.0% and a risk-free rate of -0.25%.
- A growth rate to infinity of +1%.

DCF Model

€M	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Sales	29.5	34.6	41.6	50.1	59.9	71.2	83.5	96.4	109.4	122.3
Change	*14.7%*	*17.5%*	*20.1%*	*20.3%*	*19.7%*	*18.8%*	*17.4%*	*15.4%*	*13.5%*	*11.8%*
EBITA	**2.0**	**0.8**	**2.8**	**4.7**	**6.9**	**9.5**	**13.1**	**17.6**	**23.4**	**30.6**
Margin	*6.9%*	*2.4%*	*6.8%*	*9.5%*	*11.5%*	*13.4%*	*15.6%*	*18.3%*	*21.4%*	*25.0%*
Taxes	0.0	0.0	0.0	0.0	1.0	2.3	3.2	4.3	5.7	7.5
NOPAT	**2.0**	**0.8**	**2.8**	**4.7**	**5.9**	**7.2**	**9.9**	**13.3**	**17.7**	**23.1**
D&A	*0.7*	*0.8*	*1.0*	*1.2*	*1.4*	*1.6*	*1.9*	*2.2*	*2.5*	*2.8*
in % of sales	*2.3%*	*2.3%*	*2.3%*	*2.3%*	*2.3%*	*2.3%*	*2.3%*	*2.3%*	*2.3%*	*2.3%*
ΔBFR	-2.4	0.8	0.5	0.7	0.2	0.2	0.2	0.2	0.2	0.2
CAPEX	0.9	0.9	1.0	1.3	1.5	1.8	2.0	2.3	2.6	2.8
in % of sales	*3.0%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.4%*	*2.4%*	*2.3%*	*2.3%*
Restructuring	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF	4.2	0.0	2.3	3.9	5.6	6.9	9.5	13.0	17.4	22.8
Discounted FCF	**4.1**	**0.0**	**1.9**	**3.0**	**3.9**	**4.5**	**5.7**	**7.2**	**8.8**	**10.7**

Sum of discounted FCF	50
Discounted Terminal Value	143
EV	**193**
(-) Net debt	-11
(-) Minorities	0
(-) Pension & Provisions	0
(-) Others liabilities	0
(+) Sidetrade Shares	7
Equity value	**210**
Number of shares	1.4
Value per share	**146**

Source: Midcap Partners Estimations

Sensitivity table

Value per share					
WACC	**Perpetuity growth rate**				
	0.00%	0.50%	1.00%	1.50%	2.00%
7.6%	156	164	174	185	198
8.1%	144	151	159	168	179
8.6%	134	139	146	154	162
9.1%	124	129	135	141	149
9.6%	116	121	125	131	137

Value per share					
Ebit Margin	**Perpetuity growth rate**				
	0.00%	0.50%	1.00%	1.50%	2.00%
20.0%	112	117	122	128	135
22.5%	123	128	134	141	149
25.0%	134	139	146	154	162
27.5%	144	151	158	166	176
30.0%	155	162	170	179	189

Source: Midcap Partners Estimations

Peers' Valuation

As the group's competitors are not listed, we have valued Sidetrade by reference to pure SaaS players including Cloud platforms addressing the Finance / Accounting verticals (Anaplan, Avalara, Bill.com, Blackline, Coupa, Workiva, Xero) or specialists in automation and data analysis (Alteryx, Appian).

Presentation of peers

Comparable	Description
alteryx	Alteryx is a provider of Analytic Process Automation (APA) platform. The Alteryx APA platform unifies analytics, data science and business process automation in one easy-to-use platform. It enables analytic producers, regardless of technical acumen, to quickly and easily transform data into actionable insights and deliver improved data-driven business outcomes. Users leverage Alteryx platform to quickly and easily discover, access, prepare, and analyze data from a multitude of sources, then deploy and share analytics at scale. The ease-of-use, speed, and sophistication that our platform provides is enhanced through intuitive and highly repeatable visual workflows.
Anaplan	Anaplan is a cloud-native enterprise SaaS company helping global enterprises orchestrate business performance. Anaplan platform brings a fundamental shift from the legacy approach to planning, which is typically confined to the finance department and uses a patchwork of outdated and disconnected tools and manual processes that are often overly complex, slow, inefficient, and static. Anaplan platform enables dynamic, collaborative, and intelligent planning across all areas of an organization, including finance, sales, supply chain, and other corporate functions (HR, etc.). It enables organizations to manage their people, products and customers with agility.
Appian	Appian provides a low-code automation platform that accelerates the creation of high-impact business applications, enabling customers to automate the most important aspects of their business. Appian low-code automation platform employs an intuitive, visual interface and pre-built development modules that reduce the time required to build powerful and unique applications. It automates the creation of forms, data flows, records, reports and other software elements that would otherwise need to be manually coded. This functionality greatly reduces the iterative development process, allowing for real-time application optimization and ultimately shortening the time from idea to deployment.
Avalara	Avalara is a provider of cloud-based tax compliance automation, designed to improve accuracy and efficiency by automating the processes of determining taxability, identifying applicable tax rates, collecting taxes, preparing and filing returns, remitting taxes, maintaining tax records, and managing compliance documents. Avalara helps businesses of all sizes get tax compliance right. In partnership with leading ERP, accounting, ecommerce, and other financial management system providers, Avalara delivers cloud-based compliance solutions for various transaction taxes, including sales and use, VAT, GST, excise, communications, lodging, and other indirect tax types.
bill.com	Bill.com is a provider of cloud-based software that simplifies, digitizes, and automates complex, back-office financial operations for small and midsize businesses. Customers use the Bill.com platform to manage end-to-end financial workflows and to process payments. The Bill.com AI enabled, financial software platform creates connections between businesses and their suppliers and clients. It helps manage cash inflows and outflow. Customers use the platform to generate and process invoices, streamline approvals, send and receive payments, sync with their accounting system, and manage their cash.
BLACKLINE	BlackLine is a Software-as-a-Service business that is transforming and modernizing the way finance and accounting departments operate. Their cloud-based software platform supports critical finance and accounting processes, including the financial close, account reconciliation, intercompany accounting and controls assurance. Because their software automates these processes and allows them to function continuously, they are empowering companies of all industries and sizes around the globe to improve the integrity of their financial reporting, achieve efficiencies and enhance real-time visibility into their operations.
coupa	Coupa Software is a provider of cloud-based platform for business spend. It helps customers maximize their spend under management, achieve significant cost savings and drive profitability. Coupa provides a unified, cloud-based spend management platform that connects hundreds of organizations representing the Americas, EMEA, and APAC with millions of suppliers globally. The Coupa platform provides greater visibility into and control over how companies spend money. Customers – small, medium and large – have used the Coupa platform to bring billions of dollars in cumulative spend under management.
Workiva	Workiva is a provider of connected reporting and compliance cloud-based platform. The Workiva platform offers controlled collaboration, data linking, data integrations, granular permissions, process management and a full audit trail. 3,510 organizations, including nearly 75% of Fortune 500 companies, subscribed to the platform. It enables customers to connect data from ERP, Governance Risk & Compliance and CRM platforms as well as other third-party cloud and on-premise systems. Once the data is connected in the Workiva platform, users can automate data and workflow updates, track every change and create trusted reports and regulatory filings.
xero	Founded in 2006 in New Zealand, Xero is a cloud-based accounting software platform for small businesses with over 2 million+ subscribers globally. Through Xero, small business owners and their advisors have access to real-time financial data any time, anywhere and on any device. Xero offers an ecosystem of over 800 third-party apps and 200 plus connections to banks and other financial partners.

These SaaS platforms are unique because:

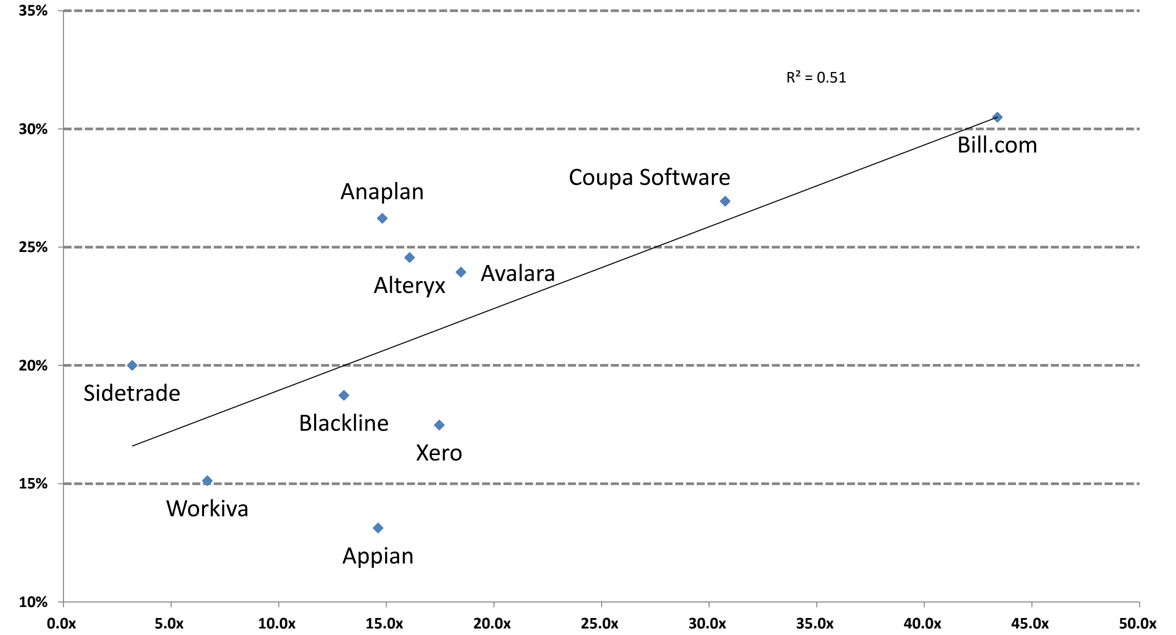
- They offer relatively high average growth rates for revenue over the next three years of between +15% and +30%
- They are in a sustained development and investment cycle, resulting in half of them not yet being profitable.

Revenue growth and EBITDA margin rate expected by analyst consensus

Company Name	Ticker	Country	Market Value (€m)		EBITDA margin			EBIT margin			CAGR '19A-'22E
			Equity	EV	2020	2021	2022	2020	2021	2022	Sales
Saas Company											
Alteryx, Inc. Class A	ayx-us	United States	6,536	6,074	9%	15%	19%	9%	13%	18%	25%
Anaplan, Inc.	plan-us	United States	7,376	6,516	-6%	-2%	4%	-11%	-7%	-1%	26%
Appian Corporation Class A	appn-us	United States	2,362	2,133	-11%	-9%	-6%	-13%	-11%	-7%	13%
Avalara Inc	avlr-us	United States	10,136	4,430	-1%	1%	6%	-4%	-2%	2%	24%
Bill.com Holdings, Inc.	bill-us	United States	7,337	5,777	-8%	-12%	-6%	-10%	-14%	-9%	30%
BlackLine, Inc.	bl-us	United States	4,685	2,360	11%	11%	13%	7%	8%	10%	19%
Coupa Software, Inc.	coup-us	United States	17,263	9,116	14%	16%	20%	7%	9%	13%	27%
Workiva, Inc. Class A	wk-us	United States	1,974	1,584	-2%	-1%	4%	-3%	-2%	2%	15%
Xero Limited	xro-au	New Zealand	9,823	5,402	22%	24%	28%	8%	11%	16%	17%
			Median		**(1%)**	**1%**	**6%**	**(3%)**	**(2%)**	**2%**	**24%**
			Average		**3%**	**5%**	**9%**	**(1%)**	**1%**	**5%**	**22%**
Sidetrade					**9%**	**5%**	**9%**	**7%**	**2%**	**7%**	**17%**

Sources: Factset, Midcap Partners

Multiple EV/Sales 2021 vs CA CAGR 19-22



Sources : Factset, Midcap Partners

Multiples of peer companies

Company Name	Ticker	Country	Market Value (€m)		EV/Sales		
			Equity	EV	2020	2021	2022
Saas Company							
Alteryx, Inc. Class A	ayx-us	United States	6,536	6,074	20.2x	16.1x	11.8x
Anaplan, Inc.	plan-us	United States	7,376	6,516	18.6x	14.8x	11.6x
Appian Corporation Class A	appn-us	United States	2,362	2,133	16.5x	14.6x	12.6x
Avalara Inc	avlr-us	United States	10,136	4,430	22.7x	18.5x	14.6x
Bill.com Holdings, Inc.	bill-us	United States	7,337	5,777	41.2x	43.4x	33.4x
BlackLine, Inc.	bl-us	United States	4,685	2,360	15.4x	13.0x	10.8x
Coupa Software, Inc.	coup-us	United States	17,263	9,116	38.8x	30.7x	24.2x
Workiva, Inc. Class A	wk-us	United States	1,974	1,584	7.6x	6.7x	5.8x
Xero Limited	xro-au	New Zealand	9,823	5,402	20.5x	17.5x	14.6x
			Median		**20.2x**	**16.1x**	**12.6x**
			Average		**22.4x**	**19.5x**	**15.5x**
Sidetrade	**albfr-fr**				**4.5x**	**3.8x**	**3.1x**
vs. Peers' Average					*(80%)*	*(80%)*	*(80%)*

Sources: Factset, Midcap Partners

U.S. SaaS platforms are trading at an average EV/Sales ratio above 16x with a significant standard deviation (between 6x and a bit more than 40x) depending on whether average annual growth is close to +15% or +30%. By applying these multiples discounted by 50% (size effect, listing place, etc.) to Sidetrade, we have obtained a valuation of €208 per share, representing an upside of 100%.

Sidetrade's valuation based on U.S. SaaS platform multiples

Discount application on multiples	**50%**
Valuation Year	**2021E**

	EV/Sales
2021E figure (EURm)	34.6
2021E multiple	16.1x
2021E multiple @50% discount	8.0x
2021E EV	**279**
Debt net	(11)
2021E equity value	**289**
No shares	1.4
FV/share	**208**
% upside/downside	108%

Sources: Factset, Midcap Partners

Valuation by reference to Esker

As a complement, we have carried out the same valuation exercise with reference to the valuation of Esker, the only listed French player operating a SaaS platform (90% of revenue).

Revenue growth and EBITDA margin rate expected by analyst consensus

Company Name	Ticker	Country	Market Value (€m)		EBITDA margin			EBIT margin			CAGR '19A-'22E
			Equity	EV	2020	2021	2022	2020	2021	2022	Sales
Esker SA	alesk-fr	France	871	507	20%	20%	21%	12%	12%	13%	13%

Sources: Factset, Midcap Partners

Peer company Multiples

Company Name	Ticker	Country	Market Value (€m)		EV/Sales		
			Equity	EV	2020	2021	2022
Esker SA	alesk-fr	France	871	507	7.6x	6.6x	5.7x

Sources : Factset, Midcap Partners

By applying Esker multiples discounted by 20% (size effect) to Sidetrade, we obtained a valuation of €140 per share, representing an upside of 40%.

Valuation based on Sidetrade multiples

Discount application on multiples	**20%**
Valuation Year	**2021E**

	EV/Sales
2021E figure (EURm)	34.6
2021E multiple	6.6x
2021E multiple @20% discount	5.3x
2021E EV	**183**
Debt net	(11)
2021E equity value	**194**
No shares	1.4
FV/share	**140**
% upside/downside	40%

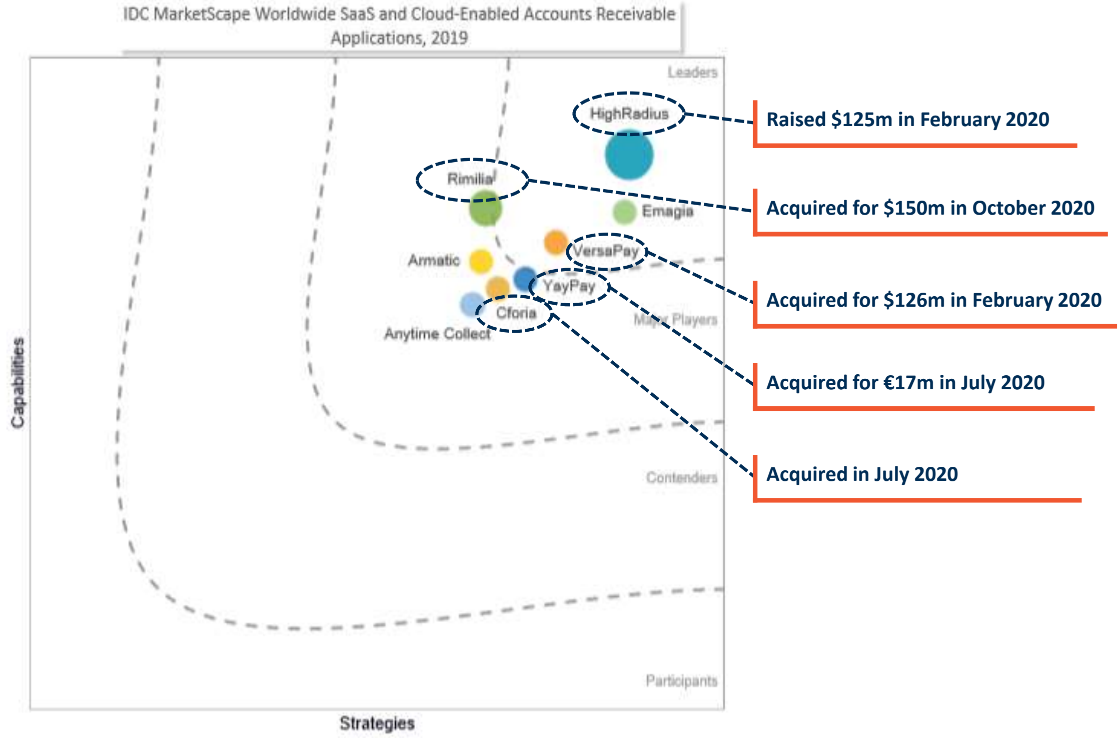
Sources: Factset, Midcap Partners

Valuation Based on Transactions

The Order-to-Cash market is booming. To take only the players listed in the IDC study, 6 of the 9 companies were either the subject of a fund raising or a takeover in 2020. This intense capital-intensive activity reflects a growing appetite for the Order-to-Cash market, which is attracting a lot of attention and interest. These various investments are clear signals that the potential of the Order-to-Cash market is being revealed with an expected acceleration of its growth.

A highly sought-after market

IDC MarketScape: Worldwide SaaS and Cloud-Enabled Accounts Receivable Applications Vendor Assessment



Sources: Midcap Partners, Companies

Based on the available information, we can identify the following elements with regard to the valuation:

- The latest fundraising of $125.0m by Highradius was based on a valuation of more than $1.0bn. It shows a multiple of 15x revenue.
- the acquisition of VersaPay for $126.0m resulted in a multiple of 14x revenue.
- the acquisition of YayPay for €17.0m resulted in a multiple of 8.5x revenue.
- the acquisition of Rimilia for €150.0m resulted in a multiple of 15x revenue.

Based on the average of these ratios, Sidetrade's valuation is close to €390m.

Valuation summary

Based on a multi-criteria approach (with a DCF valuation weighted at 75% and a peer valuation weighted at 25%, of which 15% referring to Esker's EV/Revenue 2021 multiple and 10% referring to the EV/Revenue 2021 multiples of American SaaS platforms), we obtain a target price of €151.

Annexes

ANNEX 1: Governance

Board of Directors	Description
	**Olivier Novasque, CEO** Linkedin
	**Christelle Dhrif, Director** Linkedin
-	**Access2Net, represented by Pierre-Yves Dargaud, Director** Linkedin
-	**X-Ange, represented by Cyril Bertrand, Director** Linkedin

Conseil de Direction	Description
	**Olivier Novasque, President - Founder** Linkedin
	**Stéphane Bédère, Chief Customer Officer** Linkedin
	**Christelle Dhrif, Chief Communications Officer** Linkedin
	**Frédéric Dupont-Aldiolan, Chief Services Officer** Linkedin
	**Rob Harvey, Chief Product Officer** Linkedin
	**Philippe Gangneux, Chief Financial Officer** Linkedin
	**Mark Sheldon, Chief Technology Officer** Linkedin
	**David Turner, Chief Marketing Officer** Linkedin
	**Delphine Vantours, Chief People Officer** Linkedin

ANNEX 2: Statutory auditors and certification of financial statements

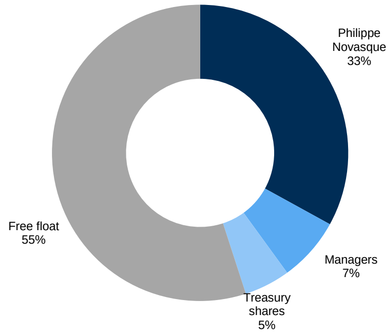
Accounting standards	French GAAP
Statutory auditors	EY
Certified accounts	Certified without reserve
Key audit points	Recognition of revenue and R&D expenses

Fees	**Missions**	**2015**	**2016**	**2017**	**2018**	**2019**
EY	Statutory audit	44.0	48.0	43	43	49
	Others services	--	--	--	--	--
Total (€k)		44	48	43	43	49
in % of revenue		**0.28%**	**0.27%**	**0.20%**	**0.18%**	**0.19%**

Source: Company

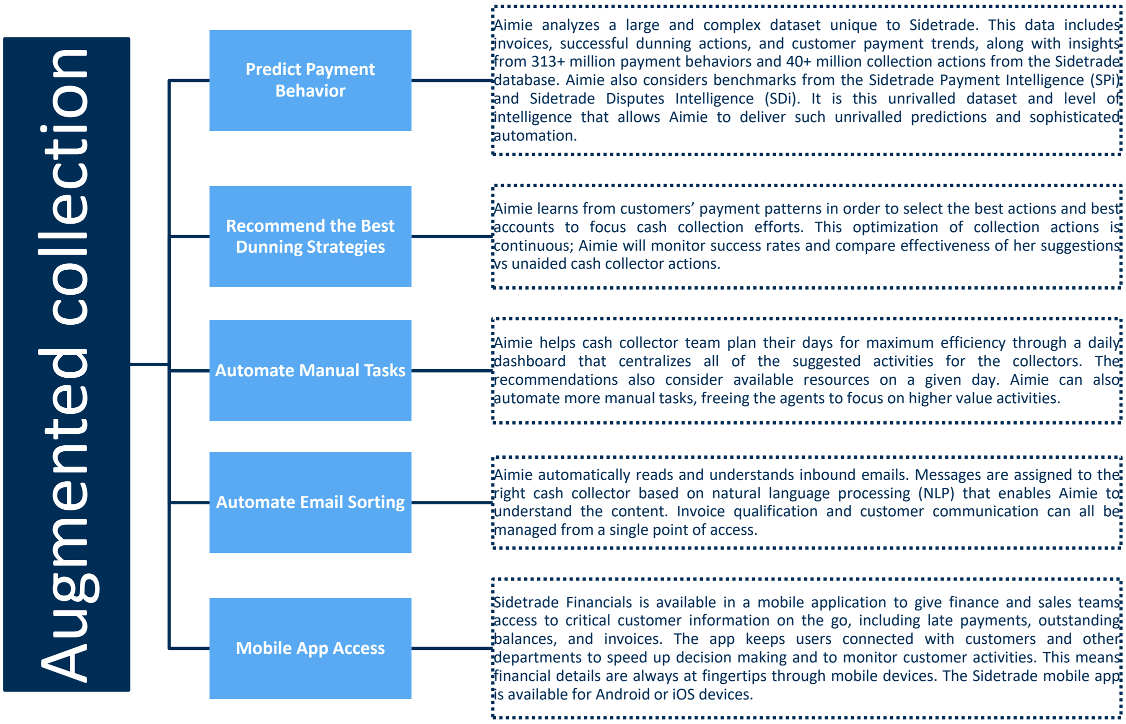
ANNEX 3: Shareholders

Breakdown of capital (%)



Source: Company

ANNEX 4: Detailed review of Sidetrade platform module functionalities



Source: Company

Digital Case

Predictive Case Intelligence

Every inbound email is processed by Aimie to automatically assign it to the relevant collection agent. Aimie learns your patterns by training herself on your historical data. Over time, Aimie learns with each new customer interaction to increase accuracy on account identification and the types of complaints.

Integrated Mailbox

Digital Case brings Sidetrade Augmented Cash closer to the customer with an integrated mailbox to manage email communication. An inbound email automatically results in a case, which Aimie attaches on the customer account and categorizes according to the type of complaint. All communication sent and received towards the resolution are stored within the case file.

Case Management

When a case is created, all of the relevant details are stored to provide centralized visibility across internal stakeholders, including the invoice associated to the case, case history and timeline, the cash collector managing the case, internal and external email communication. It also provides templates to quickly assist with responses.

Resolution Management

Digital Case offers the ability to merge and reassign cases to other cash collectors. If the situation warrants, Digital Case can manage credit memo requests. The information can be sent automatically to your ERP system so that the credit memo can be issued.

SLA Management

Digital Case provides a smart tracking system to monitor your dispute-to-resolution times. Alerts can be triggered if cases are not being managed according to your pre-defined timeframes to ensure your cash collectors are meeting your customer service expectations.

Reporting

Digital Case provides a dashboard to give you visibility into key metrics, including the number of cases by status, category and time elapsed. It also provides details on the average age of all cases and the average resolution time.

Credit Risk Management

Integrated Risk Management

Credit Risk Management allows you to set appropriate credit limits by account. Integrated with Sidetrade Augmented Cash, you have a single software platform to manage credit limits, insurance guarantees, disputes, and collections. Your risk analysts can monitor changes in account details, manage alerts, and set personal to-dos.

Risk Analytics

Sidetrade's Credit Risk Management software consolidates all available data on the customer, including payer profile, external financial information sources (CreditSafe, Ellisphere, and others), and credit insurer guarantees (Atradius, Coface, Euler Hermes, and others).

Streamlined Visibility

Credit Risk Management simplifies communication and information sharing across all of your customer-facing departments. Your internal teams have visibility into third-party credit scores, which can help them to focus on the right customers. Commercial teams can quickly see valid approvals and address their credit requests directly to your risk management team.

Source: Company

Analytics

Analytics Insights

Analytics Insights gives you prebuilt reports to visualize key indicators from your customer sales and financial data so you can best manage your accounts receivable. Standard reports provide insights into key metrics, such as ageing balances, invoice status, DSO, and total outstanding with the capability to drill deeper into any metric.

Analytics Discovery

Analytics Discovery allows you to create your own reports based on your most important accounts receivable performance indicators with more than 100 custom filters, including companies, items, entities, outstanding balances, and unreconciled payments. Insights can easily be shared across the organization with relevant departments.

Manage Resource Allocation

Analytics provides insights to focus your collections team on cash potential and measure team productivity. Reports shows analysis of completed actions by each member of your team, the cash generated from the actions, and trends over time. Analytics provides additional insight from the reporting available in Digital Case to allow you to measure team and individual performance.

Tableau Software

Analytics is based on industry leading technology from Tableau. Sidetrade uniquely integrates Tableau capabilities in a software-as-a-service model to give powerful data-driven insights into your accounts receivable process. As a leading provider of business intelligence tools, Tableau helps companies to quickly analyze, visualize and share information.

Source: Company

FINANCIAL DATA

Income statement

€M		2016	2017	2018	2019	2020e	2021e	2022e
Net sales		**18.1**	**21.6**	**24.1**	**25.7**	**29.5**	**34.6**	**41.6**
Growth		*12.8%*	*19.8%*	*11.3%*	*6.8%*	*14.7%*	*17.5%*	*20.1%*
	% of sales	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
External costs		7.2	8.2	9.0	9.1	10.4	12.2	14.6
Personnel costs		11.3	14.2	16.3	18.5	21.6	26.7	30.2
Taxes		0.3	0.3	0.3	0.3	0.4	0.5	0.6
Other current product and liabilities		-3.2	-4.1	-4.4	-4.9	-5.6	-6.4	-7.5
EBITDA		2.5	3.0	2.8	2.7	2.7	1.6	3.8
	% of sales	*13.9%*	*13.9%*	*11.6%*	*10.5%*	*9.2%*	*4.7%*	*9.1%*
Net depreciation, amortization and provisions		0.4	0.9	0.4	0.4	0.7	0.8	1.0
Non-current operating expenses		0.0	0.0	0.2	0.1	0.0	0.0	0.0
EBIT		**2.0**	**2.1**	**2.2**	**2.2**	**2.0**	**0.8**	**2.8**
	% of sales	*11.2%*	*9.8%*	*9.1%*	*8.6%*	*6.9%*	*2.4%*	*6.8%*
Result of equity affiliates		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result		0.0	-0.1	0.0	0.0	-0.1	-0.1	-0.2
Income tax		-0.2	-0.1	0.0	0.0	0.0	0.0	0.0
	Tax rate	*12%*	*3%*	*-1%*	*-2%*	*0%*	*0%*	*0%*
Net income		1.8	2.0	2.2	2.2	1.9	0.7	2.7
Minority interests		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income group share		**1.8**	**2.0**	**2.2**	**2.2**	**1.9**	**0.7**	**2.7**

Balance sheet

€M	2016	2017	2018	2019	2020e	2021e	2022e
Goodwill	4.2	8.5	8.9	8.8	8.8	8.8	8.8
Tangible & intangible fixed assets	1.7	1.1	1.1	1.1	1.3	1.4	1.5
Financial assets	0.7	0.8	0.7	0.8	0.8	0.8	0.8
Accounts receivables	5.2	5.9	7.5	7.9	9.0	10.6	12.8
Other currents assets	2.0	3.0	5.6	6.2	4.0	5.7	7.4
Cash	7.2	6.0	5.5	5.3	9.4	9.3	11.4
Assets	**21.0**	**25.3**	**29.3**	**30.1**	**33.4**	**36.6**	**42.6**
Shareholder's equity	10.8	13.1	16.0	16.4	18.4	19.1	21.8
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.8	0.7	0.9	0.6	0.6	0.6	0.6
Financial debt	0.3	0.4	0.4	0.3	0.3	0.3	0.3
Accounts payable	2.8	2.4	2.2	1.8	2.4	2.8	3.4
Other currents liabilities	6.3	8.6	9.8	11.0	11.7	13.8	16.5
Liabilities	**21.0**	**25.3**	**29.3**	**30.1**	**33.4**	**36.6**	**42.6**

Cash flow statement

€M	2016	2017	2018	2019	2020e	2021e	2022e
Cash flow from operations	2.5	3.1	2.6	2.4	2.6	1.5	3.6
Change in WCR	1.1	-1.9	-1.7	0.2	2.4	-0.8	-0.5
Operating cash flow	**3.7**	**1.1**	**0.9**	**2.6**	**5.0**	**0.7**	**3.1**
Capex	-0.3	-0.6	-1.0	-0.8	-0.9	-0.9	-1.0
FCF	**3.4**	**0.6**	**-0.1**	**1.8**	**4.1**	**-0.1**	**2.1**
Disposal of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impact of changes of scope	-2.1	-1.2	-1.1	0.0	0.0	0.0	0.0
Dividends	-0.7	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase/sale of shares	-0.2	-0.6	0.8	-1.9	0.0	0.0	0.0
Change in debt	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net change in cash	**0.3**	**-1.2**	**-0.5**	**-0.2**	**4.1**	**-0.1**	**2.1**

FINANCIAL DATA

KEY RATIOS

	2017	2018	2019	2020e	2021e	2022e
Sales growth	20%	11%	7%	15%	18%	20%
Ebit margin	10%	9%	9%	7%	2%	7%
Net margin	9%	9%	9%	7%	2%	6%
EPS	1.4	1.5	1.6	1.1	0.5	1.9
Dividend per share	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Yield	0%	0.0%	0.0%	0.0%	0.0%	0.0%
WCR as % of sales	-10%	5%	5%	-4%	-1%	1%
DIO	NM	NM	NM	NM	NM	NM
DSO	99	114	112	112	112	112
DPO	NA	NA	NA	NA	NA	NA
FCF	0.6	-0.1	1.8	4.1	-0.1	2.1
FCF yield				2.9%	ns	1.5%
Conversion rate (FCF/EBITDA)	19%	ns	66%	151%	ns	55%
CAPEX/Sales	3%	4%	3%	3%	3%	3%
ROE	15%	14%	13%	10%	4%	12%
ROA	8%	7%	7%	6%	2%	6%
ROCE	18%	14%	13%	14%	6%	18%
Gearing	-42%	-32%	-30%	-49%	-47%	-51%
EV/CA				4.5x	3.9x	3.2x
EV/EBITDA				49.3x	81.5x	34.6x
EV/EBIT				ns	ns	ns
PE				ns	ns	ns

MIDCAP PARTNERS vs CONSENSUS

	2020e		2021e		2022e	
	Midcap Partners	Consensus	Midcap Partners	Consensus	Midcap Partners	Consensus
Sales	29.5	29.0	34.6	35.2	41.6	42.3
EBITDA	2.7	3.2	1.6	3.3	3.8	4.9
EBIT	2.0	2.3	0.8	2.1	2.8	3.5
EPS	1.1	1.4	0.5	1.3	1.9	2.2

Disclaimer

This document may refer to valuation methods defined as follows:

1/DCF method: discounting future cash flows generated by the business's operations. Cash flows are determined using the analyst's financial forecasts and models. The discount rate used is the weighted average cost of capital, defined as the weighted average cost of the company's borrowings and the theoretical cost of its equity as estimated by the analyst.
2/ Comparables method: application of stock-market valuation multiples, or multiples observed for recent transactions. These multiples may be used as benchmarks and be applied to the company's financial aggregates to determine its valuation. The sample is constituted by the analyst according to the company's characteristics (size, growth, profitability, etc.). The analyst may also apply a premium/discount based on his perception of the company's characteristics.
3/ Asset-based method: estimation of the value of the equity on the basis of the revalued assets and corrected for the value of the liability.
4/ Discounted dividend method: discounted future value of estimated dividend flows. The discount rate applied is generally the cost of capital.
5/ Sum of the parts method: this method consists of estimating the different activities of a company, by using the most appropriate assessment method for each, then calculating the total.

Recommendation scale:

Buy: expected over-performance above 10% compared to the market within 6 to 12 months
Neutral: expected to outperform or under-perform the market within a range of +10% and -10%, within 6 to 12 months
Sell: expected to under-perform the market by more than 10% within 6 to 12 months

Detection of conflicts of interest:

Company	Closing price (€)	Rating	Warning
SIDETRADE	100	Buy	D,G

A LOUIS CAPITAL MARKETS – MCP or any legal entity related to it holds more than 5% of the issuer's total issued capital; B The issuer holds over 5% of the totality of capital issued by LOUIS CAPITAL MARKETS - MCP or a related legal entity;
C LOUIS CAPITAL MARKETS - MCP, alone or with other related legal entities, is related to the issuer through other significant financial interests;
D LOUIS CAPITAL MARKETS - MCP or any legal entity related to it is a market maker or a liquidity provider with which a liquidity contract has been concluded in relation to the issuer's financial instruments;
E LOUIS CAPITAL MARKETS - MCP or any legal entity related to it has, within the last twelve months, acted as lead manager or joint lead manager for an offer relating to the issuer's financial instruments, and that offer has been made public;
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G LOUIS CAPITAL MARKETS - MCP and the issuer have agreed on the supply by the former to the latter of a service for the production and circulation of the investment recommendation concerning the said issuer.

Breakdown of recommendations

At 01/10/2020, the recommendations issued by the Midcap research team at LOUIS CAPITAL MARKETS – MCP break down as follows:

Rating	Midcap Partners coverage universe	of which Investment banking services
Buy	74%	81%
Neutral	23%	17%
Sell	2%	0%
Under review	1%	2%

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