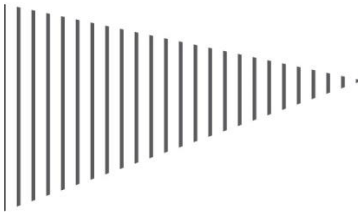


This is a translation into English of the statutory auditor's report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditor's report includes information required by French law, such as the verification of the information concerning the Group presented in the management report. 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, 2022

Statutory auditor's report on the consolidated financial statements

ERNST & YOUNG et Autres



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Sidetrade

Year ended December 31, 2022

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, 2022.

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, 2022 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 the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2022 to the date of our report.

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 and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

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

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 Director's management report.

We have no matters to report as to its fair presentation and its 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 principle 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 made 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 21, 2023

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

Carine Malval



Annual Report

SIDETRADE Group

Head office: 114, rue Gallieni

92100 Boulogne-Billancourt

Consolidated accounts at 31 December 2022

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Financial reports

1. Consolidated balance sheet

Consolidated balance sheet - assets (in €)	Gross values	Amortisation and depreciation	12.2022	12.2021
Uncalled share capital				
Acquisition goodwill	17,922,767	-820,415	17,102,352	20,337,542
Company start-up	30,000	-30,000	0	0
Development costs	3,810,983	-3,310,983	500,000	379,166
Concessions, patents, licences and similar rights	475,273	-382,310	92,963	33,204
Customer relations	3,000,000	-150,000	2,850,000	
Intangible fixed assets	25,239,023	-4,693,708	20,545,314	20,749,912
Constructions	26,543	-26,543	0	0
Facilities, buildings and equipment	327,677	-127,881	199,796	44,278
Other tangible fixed assets	4,003,981	-3,067,674	936,307	1,145,324
Tangible fixed assets	4,358,202	-3,222,098	1,136,103	1,189,601
Shares	174,265	-174,265	0	0
Receivables from equity interests - current	90,761	-90,761	0	0
Loans	359,982		359,982	325,16
Deposits and guarantees deposited	652,346		652,346	707,379
Non-performing assets	597,032		597,032	509,576
Financial fixed assets	1,874,386	-265,026	1,609,360	1,542,171
Fixed assets	31,471,610	-8,180,832	23,290,778	23,481,685
Work in progress in stock				
Customer receivables and related accounts - current	15,767,412	-1,309,981	14,457,431	8,996,520
Customer receivables and related accounts receivable	15,767,412	-1,309,981	14,457,431	8,996,520
Other receivables and adjustment accounts	4,531,329	-38,380	4,492,949	4,401,403
Investment securities - cash equivalents	12,223,071		12,223,071	249,642
Cash	8,109,002		8,109,002	17,754,832
Interest incurred not due - liabilities	26,377		26,377	
Cash and other	20,358,450	0	20,358,450	18,004,474
Prepaid expenses - current	954,921		954,921	1,007,877
Current assets	41,612,111	-1,348,360	40,263,751	32,410,274
Total assets	73,083,721	-9,529,192	63,554,530	55,891,959

Consolidated balance sheet - liabilities (in €)	12.2022	12.2021
Capital	1,451,984	1,436,091
Capital bonuses	4,924,344	4,940,237
Consolidated reserves	22,755,247	18,256,570
Ownership of parent by subsidiary	-6,421,167	-6,578,771
Net income (group share)	3,374,826	4,721,567
Net investment subsidies		
Regulated provisions		
Total equity	26,085,233	22,775,694
Conditional advances	733,892	559,518
Other equity	733,892	559,518
Provisions for risk	595,956	638,483
Provisions for pensions and retirement	124,639	103,192
Provisions for risks and expenses	720,595	741,675
Loans and other financial debts	11,940,920	13,032,540
Deposits and guarantees received	4,636	4,554
Interest incurred on loans	12,733	13,169
Bank credit facilities	30,789	75,299
Financial debts	11,989,078	13,125,562
Advances and deposits received against orders	684,160	282,819
Suppliers and related accounts	2,353,503	2,638,135
Fiscal and social security debts	5,399,920	4,747,920
Other debts	326,399	517,674
Other debts	8,079,822	7,903,729
Deferred income	15,261,750	10,502,962
Total liabilities	63,554,530	55,891,959

2. Consolidated profit and loss

Consolidated profit and loss (in €)	12.2022	12.2021
Turnover	36,763,257	32,577,893
Production in stock (work in progress)		
Capitalised production	300,000	200,000
Operational subsidies	2,860,740	2,215,971
Provision write-backs and transfer of operating expenses	1,031,171	971,996
Other revenue	2,390,317	2,081,354
Other operational revenue	6,582,229	5,469,321
Operational revenue	43,345,486	38,047,215
Other purchases and external expenses	-10,296,773	-9,563,062
Outgoings	-10,296,773	-9,563,062
Taxes	-407,941	-447,759
Staff salaries	-21,041,327	-16,411,072
Social charges	-5,712,967	-4,858,782
Other payroll costs	-54,624	-106,994
Payroll costs	-26,808,918	-21,376,848
Provisions for depreciation & depreciation on intangible fixed assets	-355,383	-270,008
Provisions for depreciation & depreciation on tangible fixed assets	-466,689	-405,628
Allocation for provisions on operations	-244,872	-209,343
Allocation for provisions for retirement	-21,447	
Allocations for depreciation on current assets	-1,074,616	-776,263
Allocations for amortisation, depreciation and provisions	-2,163,008	-1,661,241
Other exceptional outgoings		-494
Operating expenses	-39,676,641	-33,049,404
Operating income	3,668,845	4,997,811

	12.2022	12.2021
Operating income	3,668,845	4,997,811
Write-backs on provisions of a financial nature	107,140	120,139
Exchange rate gains on financial operations	332,083	137,611
Other financial income	26,469	60,530
Financial income	465,691	318,280
Interest charges	-122,558	-91,262
Losses on financial receivables and investment securities	-26,662	
Exchange rate losses on financial operations	-180,262	-72,721
Other financial costs		-29,66
Allocation for provisions of a financial nature	-22,079	-104,876
Financial expenses	-351,561	-268,889
Profit	114,130	49,391
Current income of integrated companies	3,782,975	5,047,202
Exceptional income on management operations		
Exceptional expenses from previous financial years	26	11,815
Extraordinary income	26	11,815
Exceptional losses on management operations	-3,295	-150
Exceptional losses on previous financial years		-21,036
Exceptional losses	-3,295	-21,186
Exceptional profit	-3,269	-9,371
Tax on profit	-369,141	-320,997
Tax income or expenses		
Deferred tax(ation)	-35,739	4,733
Tax on profit	-404,880	-316,264
Net income of integrated companies	3,374,826	4,721,567
Allocations for depreciation on acquisition goodwill		
Proportion of net income from company equity revaluation		
Consolidated net income	3,374,826	4,721,567
Minority interests		
Net income (group share)	3,374,826	4,721,567

3. Consolidated cash flow

Consolidated cash flow (in €k)	12.2022	12.2021
Net income of consolidated entities	3,375	4,722
Allocations/write-backs and provisions for depreciation	808	487
Variation in deferred tax	36	-5
Gains or losses calculated from fair-value variations		
Elimination of gains or losses from sale of assets		
Elimination of MEE company profit share		
Other items with no impact on cash	13	13
Cash flow from operations	4,231	5,217
Dividends received from equity revaluation		
Variation in working capital requirements (including provisions)	-196	2,167
NET OPERATIONAL CASH FLOW (I)	4,035	7,384
Acquisitions of tangible and intangible assets	-804	-695
Acquisitions of financial fixed assets	-174	-741
Sale of fixed assets		
Reduction of other financial fixed assets	108	8
Impact on variations in scope		-11,117
Net variation in short-term investment		
Internal operations on fixed assets (balance sheet)		
NET INVESTMENT CASH FLOW (II)	-871	-12,546
Loan issues		13,091
Loan repayments	-1,105	-1,090
Changes in investment subsidies	174	
Increases/reductions in capital		112
Net sale (acquisition) of treasury shares	90	-3,375
Net variation in credit facilities	-1	2
NET CASH FLOW GENERATED BY FINANCIAL OPERATIONS (III)	-842	8,740
Exchange rate gains/losses (IV)	75	95
Exchange rate gains/losses on other balance sheet accounts		
EFFECT OF EXCHANGE RATE VARIANCE		
CASH FLOW VARIANCE (I + II + III + IV)	2,398	3,673
Initial cash reserves	17,932	14,259
Opening reallocation		
Initial cash reserves	17,932	14,259
Cash: carried forward / reclass./ Fair-value method difference		
Final cash reserves	20,330	17,932

Presentation of the group and significant events in the financial year

Strong growth of 2022 revenues

For the full year 2022, **Order-to-Cash** activities increased to +18%, thanks to the strong **growth** of their SaaS **subscriptions**, to +22%. The growth in this recurring revenue is the result of record orders in the fiscal year 2031 and in early 2022, which will continue to impact revenue growth throughout the 2022 fiscal year.

'**Order-to-Cash**' **Activities**, a core business within the Company's strategy since 2019, represent **98% of total turnover in 2022**.

Sales & Marketing activities, no longer part of the company's strategy, represent only **2% of turnover in 2022**, and will continue to decline with revenues estimated at **€0.5 million at the end of 2023**. While the revenue decline of this activity impacted the growth by 4% in 2022, their impact will mechanically be much less in 2023.

Sidetrade's annual turnover is experiencing further **growth of +13%** over 2022 to reach **€36.8 million**. This performance is based on the strong **international growth which represents, for the first time in its history, 54% of total turnover, 24% of which already comes from North America**.

Sidetrade's economic model provides its business with significant resilience, as **90% of its revenue is recurring**, representing a significant advantage in the current and future international environment.

All of **Sidetrade's multi-year contracts are indexed to inflation** (the Syntec for Southern Europe, the UK CPI for Northern Europe and the US CPI for the United States), which allows the total price of SaaS subscriptions each year to be adjusted in line with changes in prices.

Sidetrade therefore has a robust *pricing power* that protects the company's future revenue against uncertainties and inflationary pressures. At present, Sidetrade perfectly combines its sound fundamentals with a highly favourable growth outlook.

Profitability maintained at 10% while investing €7m in North America

Operating income amounted to €3.7 million in 2022, compared to €5.0 million for the previous year. Despite an increase in investments to €7 million, Sidetrade maintained double-digit profitability thanks to solid gross margin growth as well as cost optimisation efforts.

The 2022 Operating Income includes a Research Tax Credit and subsidies for €2.7 million (compared to €2.2 million in 2021), as well as a marginal activation of R&D costs for an amount of €0.3 million (almost identical to that of 2021, which was €0.2 million).

With regard to Corporate Tax, the expense is estimated at €0.4 million in 2022, compared to €0.3 million in 2021.

In the end, Sidetrade's net income in 2022 was €3.4 million, demonstrating a good balance between investments, growth and profitability.

A strengthened financial structure

At 31 December 2022, Sidetrade has **gross cash of €20.3 million** (vs. €18 million in 2021). The company also holds 85,000 equity shares for a value of €12.8 million as of 31 December 2022.

Sidetrade, the financial debt of which amount to €12 million (fixed rate of 1.1%), retains a **strong investment capacity enabling** it to accelerate its expansion.

Creation of a Canadian subsidiary

Sidetrade created a new subsidiary on 30/06/2022, Sidetrade Canada Ltd, to support and develop its activities in the North American market. Its head office is located in Calgary.

Events subsequent to the close of the financial year

N/A

Consolidation methods and principles

4. General principles

The group consolidated accounts were established in accordance with French accounting principles laid down by law no. 85.11 of 3 January 1985 and its implementing decree no. 86.221 of 17 February 1986, and CRC regulation no. 99-02 of 22 June 1999, as amended by ANC regulation 2020-01 of 29 December 2020.

The financial year ending 31/12/2022 covered a period of 12 months, like that ending on 31/12/2021.

The closing date of the accounts for the consolidating company is the same as the closing date for the consolidated companies.

The consolidated accounts are presented in euros.

5. Definition of the scope of consolidation

Scope of consolidation

Consolidated company	Business registration no.	Head office	Country
Sidetrade SA	430007252	114, rue Galliéni, Boulogne Billancourt	France
Sidetrade UK Limited	7742637	Third Floor, 6 Kean Street, London WC2B 4AS / 6th Floor, 4 St Philip's Place, Birmingham B3 2SL, UK	United Kingdom
BrightTarget Limited	09107017	6th Floor, 4 St Philip's Place, Birmingham B3 2SL, UK	United Kingdom
Sidetrade Limited	530457	Ferry House, 2nd Floor Front, 48/53 Lower Mount Street Lower, Dublin 2, D02 PT98	Ireland
Sidetrade B.V.	62973096	Johan Huizingalaan 763A 1066, VH AMSTERDAM	The Netherlands
Sidetrade Canada	2024424893	140 - 4th Avenue SW, Calgary, Alberta T2P 3N3	Canada
Amalto Technologies Corporation	4443806	2002 Timberloch Place Suite 200 The Woodlands Texas 77380 USA	United States
Sidetrade INC	7791780	2002 Timberloch Place Suite 200 The Woodlands Texas 77380 USA	United States

Ownership and consolidation method

Name	Method	% interest (closing)	% interest (starting)	Acquisition/incorporation date
Sidetrade SA	Consolidating company	100.00	100.00	N/A
Sidetrade UK Limited	Fully consolidated	100.00	100.00	16/08/2011
Sidetrade Limited	Fully consolidated	100.00	100.00	19/07/2013
Sidetrade BV	Fully consolidated	100.00	100.00	27/03/2015
BrightTarget	Fully consolidated	100.00	100.00	18/11/2016
Sidetrade INC	Fully consolidated	100.00	100.00	09/01/2020
Sidetrade Canada Ltd	Fully consolidated	100.00	100.00	30/06/2022
Amalto Technologies Corporation	Fully consolidated	100.00	100.00	06/04/2021

At 31 December 2022, the scope includes 8 companies, including one company newly consolidated in 2022 after its creation in June 2022.

All companies are fully included.

6. Changes in the scope of consolidation

Consolidated companies include a new concern named Sidetrade Canada Ltd. It is included in the accounts dated 01/07/2022.

7. Accounting rules and methods

The accounts were approved by the Management Board on 28/03/2023. They were established on the basis of the company being a going concern and compliant with the consistency principle of accounting methods (from one financial year to the next).

Acquisition goodwill

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 withdrawn from the company on the date on which control was taken.

Positive goodwill is the difference between the cost of acquisition and the acquirer's share of assets and liabilities identified on the acquisition date. 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 valued each year taking into account the market price at the closing.

Tangible and intangible fixed 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 valued at acquisition cost (purchase price, additional costs, excluding acquisition cost and loan expenses, net of reductions, discounts or rebates obtained) or at production cost.

Intangible fixed assets

- **Research and development costs**

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

In compliance with regulation CRC 2004-06, development costs cannot be recorded as assets unless they relate to specific projects with a strong likelihood of both technical and sales profitability - or economic viability 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) intention to complete the intangible fixed asset and to use it or sell it;
- c) capacity to use or sell the intangible fixed asset;
- d) manner in which the intangible fixed assets will generate probable future economic benefits;
- e) availability of resources (technical, financial and other) to complete the development and use or sell the intangible fixed asset; and,
- f) capacity to reliably value 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, improving existing versions, quality control and testing, and depreciation of related development assets.

- **Customer relations**

A customer relation was identified following an exercise to allocate the purchase price of Amalto in accordance with CRC regulation 99-02. It is depreciated over 20 years.

Accounting treatment of development costs relating to the new version of the software

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 costs are amortised over three years which corresponds to the useful life of each version of the software.

- **Software**

Purchased software is amortised on a straight line basis over a duration ranging from one to five years.

Tangible fixed assets

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

	Useful life	Method
• Fixtures, general and specific installations	Between 5 and 9 years	Straight line basis
• Computing and office equipment	Between 3 and 4 years	Straight line basis
• Furniture	Between 3 and 10 years	Straight line basis

Financial fixed assets

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

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

Treasury shares

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

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

Receivables and debts

Receivables and debts were valued at nominal value.

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

A so-called "statistical" provision is recorded on receivables due at more than 180 days at Sidetrade SA.

Asset adjustment accounts

- **Prepaid expenses**

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

- **Accrued income receivable**

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

Investment securities

Investment securities are accounted for based on the historical cost method. A provision is recorded where a loss in value is recorded.

Recognition of turnover

The method for recognising turnover and associated costs depends on the type of contracts entered into with customers.

- **Provision of services:**

For Sidetrade Network software integration, consulting, training or operational assistance, audit and contentious debt recovery, turnover is accounted for as and when services are provided.

- **Progiciel Sidetrade Network:**

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 subscription contract for the service). As a result, the associated turnover is recorded monthly based on the volume of transactions processed.

Operational subsidies

Operating subsidies are recorded in a revenue account called "operating subsidies".

Provisions for risks and expenses

A provision is recorded 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 an outflow of resources for no consideration at least equal in value, and the amount can be reliably valued.

The amount entered as a provision represents the best estimate of risk on the publication date of the consolidated balance sheet. Provisions are recorded at nominal value (not updated).

Retirement commitments

A provision for retirement and the related deferred tax are recorded in the consolidated accounts. This amount is based on an actuarial calculation on the employee population with the assumptions of staff turnover rates decreasing according to age. The applicable collective agreement is the Syntec agreement.

Deferred tax(ation)

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

Deferred tax assets are recorded based on differences in deductibility over time, tax losses and deficits carried over. A deferred tax asset on deficits carried forward is recorded when it is probable that the relevant tax entity can recover them through a forecast taxable profit.

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

At the end of December 2022, the tax rate applied is 25%.

The research tax credit is accounted for as an operational subsidy.

It is recorded as deferred income when it relates to fixed development costs and write-backs are then recorded based on the depreciation schedule of the given asset.

Currency conversion method for integrated company accounts

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

Financial reports for foreign subsidiaries are established in their operating currency, the currency which is most representative of the given subsidiary's business activities.

Assets and liabilities are converted during the accounts closing process on 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. At 31 December 2022, conversion assets amount to -€155k. The main conversions are linked to conversion differences between EUR/GBP and EUR/USD.

The conversion rates applied are:

Currency	Opening rate	Average rate	Closing rate
GBP	0.8403	0.8524	0.8869
USD	1.1326	1.0516	1.0666
CAD	N/A	1.3689	1.4440

Notes to the balance sheet statement

1. Breakdown of acquisition goodwill

Data in €k	Initial	Increase	Decrease	Final
Acquisition goodwill	21,158	99	3,334	17,923
Depreciation on acquisition goodwill	-820			-820
Net value	20,338	99	3,334	17,102

Following the work to allocate goodwill related to the acquisition of Amalto, a customer relation of €3 million was identified. It is depreciated over 20 years.

2. Intangible and tangible fixed assets

The breakdown of gross values is shown in the table below:

Data in €k	Initial	Increase	Decrease	Final
Acquisition goodwill	21,158	99	3,334	17,923
Development costs	3,511	300		3,811
Concessions, patents, licences and similar rights	389	87		475
Company start-up	30			30
Customer relations		3,000		3,000
Intangible fixed assets	25,087	3,486	3,334	25,239
Constructions	27			27
Facilities, buildings and equipment	122	205		328
Other tangible fixed assets	3,808	196		4,004
Tangible fixed assets	3,957	402		4,358
Tangible and intangible fixed assets	29,044	3,887	3,334	29,597

The increase in development costs (+€300k) is due to activations carried out during the financial year.

“Concessions, patents and similar rights” apply to software purchased for development work.

The increase in tangible fixed assets during the 2022 financial year relates primarily to the acquisition of computing equipment and R&D infrastructure.

The breakdown of amortisation and depreciation is shown in the table below:

Data in €k	Initial	Allocation	Other variance	Final
Amortisation on acquisition goodwill	(820)			(820)
Amortisation on development costs	(3,132)	(179)		(3,311)
Amortisation on concessions, patents and similar rights	(355)	(27)		(382)
Amortisation on company start-up expenses	(30)			(30)
Depreciation on Customer relations		(150)		(150)
Intangible fixed assets	(4,338)	(356)		(4,694)
Depreciation on constructions	(27)			(27)
Depreciation on facilities, buildings and equipment	(78)	(50)		(128)
Depreciation on other tangible fixed assets	(2,662)	(405)		(3,068)
Tangible fixed assets	(2,767)	(455)		(3,222)
Tangible and intangible fixed assets	(7,105)	(811)		(7,916)
Net value	21,939	3,076	3,334	21,681

3. Financial fixed assets

The breakdown of gross values is shown in the table below:

Data in €k	Initial	Increase	Decrease	Final
Shares				
Receivables from equity interests - current				
Loans	325	35		360
Deposits and guarantees deposited	707	56	111	653
Non-performing assets	510	87		597
Financial fixed assets	1,542	179	111	1,609
Equity method securities				
Financial assets	1,542	179	111	1,609

Loans and deposits mainly include:

- construction projects (€360k)
- rent deposit for the Boulogne head office (€161k)
- surety on BPI loans (€342k)

The remaining cash on the available funds account is recorded as non-performing assets amounting to €597k.

4. Customer receivables and related accounts receivable

Customer receivables are broken down as follows:

Data in €k	12.2022	12.2021
Customer receivables	14,266	9,143
Bad debts	1,168	542
Invoices to raise	333	349
Gross value	15,767	10,034
Provisions	(1,310)	(1,037)
Net value	14,457	8,997

Provisions for depreciation of customer receivables (€1,310k at 31 December 2022) vary as follows:

Data in €k	Initial	Increase	Decrease	Final
Provisions for depreciation	(1,037)	(1,082)	809	(1,310)
Provisions for depreciation	(1,037)	(1,082)	809	(1,310)

Allocations for provisions for depreciation on doubtful debts are recorded in the "Provisions for liabilities on current assets" account (€1,082k).

Income from write-backs on provisions for depreciation on doubtful debts are recorded in the "Operational revenue - provision write-backs" account (€809k).

All other customer receivables are due within one year.

5. Other receivables

Other receivables are broken down as follows:

Data in €k	12.2022	12.2021
Suppliers, advances	45	116
Staff debts	1	2
State - Tax on profit	2,509	2,357
Fiscal receivables excluding tax on profit	915	839
Deferred tax - assets	747	783
Other debtors	276	304
Other receivables	4,493	4,401

At 31 December 2022, the "Tax on Profit" account primarily includes the research tax credit for the 2022 financial year (€2.3m).

The item "Fiscal receivables excluding tax on profit" mainly includes VAT receivables.

Deferred tax on assets mainly includes the activation of €201k of deficits carried forward and the impact of processing treasury stock for €515k.

6. Net cash

Data in €k	12.2022	12.2021
Investment securities - cash equivalents	12,223	250
Cash	8,109	17,755
Interest incurred not due - liabilities	26	
Working cash	20,359	18,005
Credit facilities (debts)	31	75
Cash liabilities	31	75
Net cash	20,329	17,930

7. Prepaid expenses

Prepaid expenses are broken down as follows:

Data in €k	12.2022	12.2021
Prepaid expenses - Rent	275	218
Prepaid expenses - Other	680	790
Prepaid expenses	955	1,008

The "Other" account mainly includes software rentals amounting to €351k for Sidetrade SA at 31st December 2022.

8. Variance in consolidated equity

Data in €k	Capital	Capital bonuses	Reserves	Ownership of parent by subsidiary	Group conversion reserves	Net income (group share)	Equity (group share)
At 31/12/2021	1,436	4,940	18,187	(6,579)	69	4,722	22,776
Allocation of net income for N-1			4,722			(4,722)	
Distribution/gross payment							
Cash and subscribed capital variation	16	(16)					
Net income						3,375	3,375
Other increases/decreases							
Restatement on Treasury shares			(68)	158			90
Currency conversion/exchange rate difference					(155)		(155)
Other							
At 31/12/2022	1,452	4,924	22,841	(6,421)	(86)	3,375	26,085

The amount of the cancellation of 85,305 own shares held at 31 December 2022 in the scope of a liquidity and own-share holding contract amounting to €6,421k.

Restatement of rate differences were recorded in equity (-€155k).

Composition of the share capital

At 31 December 2020, equity is composed of 1,451,984 shares with a nominal value of €1 each, i.e., share capital of €1,451,984. The variance from 2021, to the sum of 15,893 euros, results from the increase in equity due to the issue of 15,893 vested free shares.

Bonus share allocation plan

Authority was granted to the Management Board by the General Meeting on 17 June 2021 to allocate bonus shares to Company employees and/or eligible corporate officers within the limit of 3% of capital, i.e., 43,000 shares. This authority was granted for a period of 38 months with effect from 17 June 2021.

The Management Board of 8th June 2022 drew up an initial list of 54 individuals who could benefit from the bonus share allocation plan representing a total of 17,442 shares, i.e., a maximum dilution of 1.2%.

At 31/12/2022	Bonus share allocation plan
Date of the General Meeting	17/06/2021
Date of the Management Board meeting	08/06/2022
Number of shares authorised	43,000
Number of shares allocated	17,442
Number of void allocations	483
Number of shares issued	0
Total number of shares which can be issued	
Total number of shares	43,000
- Of whom corporate officers	862
Number of individuals concerned	54
- Of whom corporate officers	1

Share buyback scheme and liquidity contract

Under liquidity and buyback contracts granted to the brokerage firm MIDCAP PARTNERS by Sidetrade Group, the following resources were recorded in the liquidity contract at 31 December 2022:

Data in €k	12.2022	12.2021
Number of shares	85,305	85,816
Valuation	6,421	6,579
Balance on the available funds account	597	510

9. Conditional advances

Data in €k	Initial	Increase	Decrease	Final
Conditional advances	559	417	243	734
Total conditional advances	559		243	734

Conditional advances correspond to the following aids:

- an "Innovation advance" previously accounted for at IKO System for €650k, granted by Bpifrance for a total of €850k, of which €650k was paid in 2016 to develop a B2B marketing platform. This aid is subject to deferred reimbursement. The total amount of repayments for the financial year amounts to €243K.
- Eurofirmo: a project to develop a comprehensive and up-to-date database on all EU companies and its tools in order for it to be used via a B2B marketing platform. This aid is subject to deferred reimbursement. The total amount of repayable advances amounts to €417K as of 12/31/2022.

10. Provisions for risks and expenses

Data in €k	Initial	Increase	Decrease	Final
Provisions for risk	460	238	124	574
Provisions for pensions and retirement	103	21		125
Other provisions	178	22	178	22
Provisions for risks and expenses	742	281	302	721

Provisions for risk at 31 December 2022 correspond to various Employment Tribunal disputes (€574k).

Other provisions at 31 December 2022 correspond to provisions for exchange losses (€22k).

The calculation of provisions for retirement complies with IAS standard 19 and the adjustment rate applied is 4.0%. The amount at 31 December 2022 is €125k.

This amount is based on an actuarial calculation on the employee population with the assumptions of staff turnover rates decreasing according to age. The average age of Sidetrade Group employees at 31 December 2022 is 39.54. The retirement age is 65 years. Average length of service at 31 December 2022 is 5.89 years.

11. Financial debts

Financial debts are broken down as follows:

Data in €k	Initial	Increase	Decrease	Final
Interest incurred on loans	13			13
Loans from credit institutions - current	13,033		1,092	11,941
Deposits and guarantees received	5			5
Financial debts (excluding bank credit facilities)	13,050		1,092	11,959

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

The initial amount was €300k and the balance due at 31 December 2022 is €45k, including €45k at under one year.

Sidettrade holds a loan previously accounted for at Amalto SA. This loan of an initial sum of €500k was granted by Société Générale. The remaining balance due at 31/12/2022 is €178K, including €101K at under one year.

Sidettrade has also taken out three loans totalling €13M following the acquisition of the company Amalto in April 2021 for this amount.

- BNP loan for the sum of €6.5m, 82-month loan at a rate of 0.8%, repayable quarterly in arrears, the last repayment set for 29/04/2028. The remaining balance due at 31/12/2022 is €5.2m, including €924K at under one year.

- BPI loan for the sum of €5m, 84-month loan at a rate of 1.07% with repayment of principal deferred for 8 quarters followed by 20 quarterly repayments in arrears covering redemption of principal and payments of interest, the first of these due on 31/07/2023 and the last on 30/04/2028. The remaining balance due at 31/12/2022 is €5m, including €500K at under one year.

- BPI loan of €1.5m, 84-month loan at a rate of 1.07% with repayment of principal deferred for 8 quarters followed by 20 quarterly repayments in arrears covering redemption of principal and payments of interest, the first of these due on 31/07/2023 and the last on 30/04/2028. The remaining balance due at 31/12/2022 is €1.5m, including €155K at under one year.

12. Supplier debts

Supplier debts are broken down as follows:

Data in €k	12.2022	12.2021
Suppliers	1,126	1,387
Invoices not received	1,227	1,251
Fixed asset suppliers		
Supplier debts	2,354	2,638

All supplier debts are due within one year.

13. Fiscal and social security debts

Fiscal and social security debts are broken down as follows:

Data in €k	12.2022	12.2021
Paid leave	933	735
Provisions for bonuses	733	791
Social charges	1,367	1,287
VAT to pay out	317	384
State - other outgoings	1,618	1,175
Other	28	35
State - tax on profit	404	341
Fiscal and social security debts	5,400	4,748

All other debts are due within one year.

14. Other debts

Other debts are broken down as follows:

Data in €k	12.2022	12.2021
Other debts	326	518
Other debts	326	518

The other debts mainly consist of the translation differences liabilities (€192K) and a provision for earnout following the acquisition of the company Amalto SA (€99K).

15. Outgoings to pay

Outgoings to pay are broken down as follows:

Data in €k	12.2022	12.2021
PPA Credit notes to be issued	345	51
NPF Unbilled payables	1,227	1,251
Fiscal and social security debts	1,807	1,621
Paid leave	933	735
Provisions for bonuses	733	791
Expense accounts	5	34
Tax on salaries	97	22
Various	40	39
Outgoings to pay	3,380	2,922

Notes to the profit and loss statement

16. Turnover

During the 2022 financial year, the group achieved a total turnover of €36,763k, an increase of 13% compared to 2021.

The turnover in the financial year is broken down by service lines as follows:

In €k		OTC Platform subscriptions	Services	Total
	2022	31,039	5,724	36,763
	2021	26,987	5,592	32,578
Growth		15%	+2%	13%

17. Other operational revenue

Data in €k	12.2022	12.2021
Capitalised production	300	200
Operational subsidies	2,861	2,216
Provision write-backs and transfer of operating expenses	1,031	972
Other revenue	2,390	2,081
Other operational revenue	6,582	5,469

The "Operating subsidy" account mainly corresponds to the research tax credit for €2.3 million for the 2022 financial year:

- A portion (€113k) of this tax credit was recorded as deferred income corresponding to the activated share of development costs.
- €98k of previous deferred income was included in the 2022 profit.

Provision write-backs mainly relate to provisions for customer depreciation (€809k).

The "other income" account mainly corresponds to invoicing of electronic mail sending services (€2,247k).

18. Taxes

Data in €k	12.2022	12.2021
Tax on salaries	(153)	(153)
Other tax and duties	(255)	(294)
Taxes	(408)	(448)

Tax and duties mainly include the CVAE (company added value contribution) amounting to €123k and tax on salaries of €153k.

19. Payroll costs

Data in €k	12.2022	12.2021
Staff salaries	(21,041)	(16,411)
Social security and disability insurance expenses	(5,713)	(4,859)
Other payroll costs	(55)	(107)
Payroll costs	(26,809)	(21,377)

Payroll costs amounted to €26,809k.

No allocation to the employee profit-sharing reserve was made in the 2022 financial year.

20. Allocations for amortisation, depreciation and provisions

Data in €k	12.2022	12.2021
Provisions for depreciation & depreciation on intangible fixed assets	(355)	(270)
Provisions for depreciation & depreciation on tangible fixed assets	(467)	(406)
Allocation for provisions on operations	(245)	(209)
Allocation for provisions for retirement	(21)	
Allocations for depreciation on current assets	(1,075)	(776)
Operational allocations	(2,163)	(1,661)

Allocations for intangible fixed assets mainly include development costs (€179k) and customer relations (€150k).

Allocations for tangible fixed assets mainly include computing equipment and R&D infrastructure at Sidetrade (€355k).

Allocations for depreciation relate to provisions for employee litigation.

Allocations for depreciation of current assets relate mainly to provisions for depreciation of customer receivables.

21. Profit

Data in €k	12.2022	12.2021
Write-backs on depreciation for financial assets	107	120
Exchange rate gains on financial operations	332	138
Other financial income	26	61
Financial income	466	318
Interest charges	(123)	(91)
Losses on financial receivables and investment securities		
Exchange rate losses	(180)	(73)
Other financial costs	(27)	
Allocations for depreciation on financial assets	(22)	(105)
Financial expenses	(352)	(269)
Profit	114	49

The financial result stands out with a profit balance of €114K.

22. Exceptional profit

Data in €k	12.2022	12.2021
Exceptional expenses from previous financial years		12
Provision write-backs		
Exceptional income on management operations		
Extraordinary income	-	12
Penalties	(3)	
Exceptional expenses from previous financial years		(21)
Losses on receivables		
Staff redundancy costs		
Allocations for amortisation and depreciation		
Exceptional losses on management operations		
Exceptional losses	(3)	(21)
Exceptional profit	(3)	(9)

The exceptional result is a loss of €3K.

23. Research and development costs

Total research and development costs for the financial year amount to €7,151k and mainly include salaries (including social security contributions) and external outsourcing costs.

Sidettrade activated €300k in development costs for the 2022 financial year.

24. Tax on profit and tax reconciliation

Data in €k	12.2022	12.2021
Tax on profit	(369)	(321)
Tax credits		
Deferred tax(ation)	(36)	5
Tax on profit	(405)	(316)

Tax reconciliation is broken down as follows:

Data in €k	
Pretax profit	3,780
Consolidating entity tax rate	25%
Theoretical tax	945
Effect of individual tax provisions	18
Effect of rate differences	92
Non-capitalisation of losses	(45)
Effect of base differences	475
THEORETICAL TAX COST	405
REAL TAX COST	405

The rate differences are due to the tax rates on foreign subsidiaries.

The base differences are due to the different restatements of tax results.

Other information

25. Headcount

The headcount at 31 December 2022 is 294 employees.

The headcount is broken down as follows:

- 201 Men and 93 Women
- 290 permanent contracts and 4 fixed-term contract
- 113 management level staff, 5 employees and supervisors, 2 trainees and 174 other staff (foreign subsidiaries)

The average headcount over the financial year was 280 employees.

26. Off-balance sheet commitments

In €k	12.2022	12.2021
Market guarantees and counter-indemnities		
Securities, mortgages and real guarantees		
Agreements, deposits and guarantees agreed	100	34
Other commitments made		
Total commitments made	100	34
Market guarantees and counter-indemnities		
Securities, mortgages and real guarantees		
Agreements, deposits and guarantees received		
Other commitments received		
Total commitments received	0	0

Commitments granted relate to long-term commitments for company cars (€100k).

27. Auditor remuneration

In Euros	Amount		%	
	2022	2021	2022	2021
Audit				
* Auditing, certification, examination of individual and consolidated accounts	76,267	61,480	100%	100%
- Issuer	76,267	61,480	100%	100%
- Consolidated subsidiaries worldwide				
* Other work and services directly related				
- Issuer				
- Consolidated subsidiaries worldwide				
Sub-total	76,267	61,480	100%	100%
Other services rendered by networks to fully consolidated subsidiaries				
* Legal, fiscal, corporate				
* Other				
Sub-total				
Total	76,267	61,480	100%	100%

28. Senior management pay

Pay for members of the management board is not shown as this would imply an individual salary.

29. Bank loan commitments

- A guarantee of €78k was given when the €1.5 million BPI loan was taken out in May 2021.
- A guarantee of €250k was given when the €5 million BPI loan was taken out in May 2021.

30. Additional price payment commitments

An earnout on the acquisition of Amalto SA is payable depending on future turnover. An earnout of the sum of €99k corresponding to management estimates was provided for at 31/12/2022.

31. Basic earnings per share

Net earnings per share are calculated with the net earnings of the consolidated whole as the numerator, 3,374,826 euros in 2022 (4,721,567 euros in 2021) and the following denominator: the number of ordinary shares outstanding in the financial year 2022, i.e. 1,451,894 shares (1,436,091 shares in 2021).

In Euros	31/12/2022	31/12/2021
Net income	3,374,826	4,721,567
Number of shares	1,451,984	1,436,091
Average number of shares	1,444,037	1,430,794
Diluted share numbers	1,469,426	1,454,874
Earnings per share	2.324	3.288
Net diluted earnings per share	2.297	3.245

32. Specific information on subsidiaries' corporate accounts

SIDETRADE Limited (registration no.: 530457)

Sidetrade Limited (registration no.: 530457) is a subsidiary included in the consolidated financial statements of Sidetrade SA.

It availed itself of the exemption from filing its financial statements for the financial year ending on 31st December 2022 with the Company Registration Office provided for by article 357 of the Companies Act 2014 because it meets the conditions set forth in lines 357 a) to 357 h) of this article.