

AMA CORPORATION Plc

Annual Report and Financial Statements

Year ended 31 December 2022

Company Information

Company Registration Number	10341359
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Strategic report

The directors present their strategic report for the year ended 31 December 2022.

Principal activities

AMA Corporation Plc is a company (“Company”) engaged in the holding of and management of business activities of AMA Group (“Group”). The main activities are the research on and development of remote assistance and videoconference solutions and management of intellectual property rights of the companies, and the supervision of the various activities operated by the companies held by AMA Corporation Plc.

The main activities of the Group’s investments are the development of software and the integration of systems for collaborative work, providing advanced, highly-secure remote solutions for connected devices. AMA Group’s XpertEye suite provides assisted reality, dynamic workflow management, and dynamic online scheduling and planning. Combined with smart glasses or other video sources (endoscope, microscope, dermatoscope, etc.), these innovative solutions enable experts and on-site technicians to share data and knowledge in real time, making remote support easier and more effective for users. They meet an increasing need for smart workplace transformation in companies seeking to boost productivity and competitiveness in a wide range of areas such as remote support, training, testing and healthcare.

The consolidated financial statements show a loss for the period after taxation amounting to €(21,387)k (2021: €(9,837)k).

The Group consolidated financial position at the end of the period and trading results for the period are shown in the attached financial statements on pages 32 and 30 respectively.

Recent events and outlook

Global Context

In 2020, AMA experienced a robust growth of over 264%, indicating a significant expansion in the market for remote collaboration among field professionals. This trend was supported by research studies, such as the one conducted by IDC, which projected a \$34 billion augmented reality market by 2024. To maintain its competitive edge and capitalize on this promising market, AMA made substantial investments in 2021 and listed on Euronext Growth Paris in July (GB00BNKGZC51 – ALAMA) of the same year to secure necessary funds for expansion. Furthermore, it hired many employees to support growth in this high-potential market.

However, in late 2021 and throughout 2022, the global economic climate began to tighten due to factors such as supply chain issues, inflation, and geopolitical risks. Consequently, potential clients and existing customers have been taking longer to make investment decisions, leading to a significant downward revision of AMA’s growth projections. This situation is not unique to AMA and is impacting other players in the assisted reality market as well.

Strategic report (continued)

Recent events and outlook (continued)

In response, in June 2022, AMA launched a comprehensive cost-saving plan to reduce its investments and adjust its cost structure to align with the market's size and evolution. As a result, the company has reduced its headcount from 184 at the beginning of 2022 to 87 employees as of 2023, with 41 in Sales & Marketing, 21 in R&D, 18 in Operations, and 7 in Administration/SEA. This reduction in payroll is expected to save approximately €4.7 million for 2023, compared to the expenses that would have been incurred with constant headcount as of June 2022. These cost reductions are expected to pave the way for profitability, and AMA aims to achieve profitability by 2027. However, in 2022, this plan incurred a cost of € 999 k, reflected in the "Non-current operating expenses".

Another decision that had a significant impact on the net result is the impairment of all R&D intangible assets for an impact of €7.4 million in the "Non-current operating expenses" and the non-capitalization of the R&D expenses that were incurred during the second half of 2022 for an amount of €1.4 million. This decision was made in accordance with the cautious approach outlined in IAS 36 and IAS 38 guidelines .

Other significant events of the period:

- AMA Italy has been created on 21 January 2022.
- On 31 January 2022, the Company granted a stock option plan to its employees, corresponding to 5% of AMA Corporation Plc capital (1,112,500 shares). They vest over two years from grant date (service condition) and mature after a six-year period.
- On 1 June 2022, AMA launched a global savings plan focused on scaling back its workforce by more than 60 positions in France and 10 in other countries, with four non-priority commercial business units shut down (Romania, Italy, UK, Canada) and the management of their customers reassigned to the other subsidiaries.
- On 14 June 2022, AMA Corporation Plc subscribed to a capital increase in AMA SA of €7,700k. This operation resulted in an increase in its equity interests in AMA Research & Development SAS, AMA Operations SAS and AMA l'Oeil de l'Expert (Canada).
- On 12 July 2022, Guillemot Brothers SAS became the new holding company of AMA Corporation Plc, following a patrimonial reorganization where Guillemot Brothers Ltd, an English company, transferred its AMA shares to Guillemot Brothers SAS, a French company.
- On 1 November 2022, AMA Operations SAS, AMA Research & Development SAS merged into AMA SA.
- The Group has subscribed to two financial debts for €2,000k and €600k with respectively BPI and Credit Cooperatif in order to fund research & development costs.

Strategic report (continued)

Recent events and outlook (continued)

- Situation in Ukraine / Russia: Beginning on February 24, 2022, Russia significantly intensified its military operations in Ukraine. In response, the European Union (or the “E.U.”), the U.S. and certain other countries have imposed significant sanctions and export controls against Russia, Belarus and certain individuals and entities connected to Russian or Belarusian political, business, and financial organizations, and the E.U., the U.S. and certain other countries could impose further sanctions, trade restrictions, and other retaliatory actions should the conflict continue or worsen. To date, the Company has not experienced any impact on its business and operations. The Company cannot predict the specific extent, duration, or impact that the conflict in Ukraine and the related sanctions and export controls will have on its financial condition and operations. The Company is closely monitoring developments and will take appropriate measures as necessary.
- On 14 March 2023, the Company granted a new stock option plan to its employees and board members corresponding to 5% of AMA Corporation Plc capital (1,134,000 shares). They vest over two years from grant date (service condition) and mature after a six-year period.

Strategic report (continued)

Business performance and key performance indicators

Key Performance Indicators (“KPIs”)

The Key Performance Indicators used by the Board to assess the performance of the business are listed below and discussed in the Strategic Report.

Year ended 31 December		2022	2021	% change
Order Book (€ 000)	(1)	2,265	3,012	-25%
Software part in Revenue (%)	(2)	63%	37%	67%
Client Number (no)	(3)	497	490	1%
New clients (no)	(4)	119	160	-26%
Churn on client number (%)	(5)	22.9%	17.5%	31%
Churn on Revenue PY (%)	(6)	7.9%	2.5%	217%
Average Annual Revenue (€ 000)	(7)	8.4	13.5	-38%
AAR on existing clients (€ 000)	(8)	9.8	17.9	-45%
AAR on new clients (€ 000)	(9)	4.1	4.5	-10%

- (1) Revenue signed but not yet recognised because: (i) The equipment is not delivered yet or (ii) revenue is recognised on the duration of the contract (for licences, Pilots or Services) - see note 7.1 in consolidated financial statements
- (2) Part of revenue linked to software licences on the global revenue.
- (3) Number of clients who generated some revenue in the year.
- (4) Number of clients who generated some revenue in the year, and not in the precedent years.
- (5) Number of clients who didn't generate revenue in the year on the total prior year client number.
- (6) Prior year revenue of clients who didn't generate revenue in the year on the the total prior year revenue.
- (7) Total Revenue on total client number.
- (8) Average Annual Revenue for the existing clients. Existing clients are the clients who generated revenue the precedent year, compared to the total average annual revenue of all the clients of prior year to see the evolution on the same clients.
- (9) Average Annual Revenue for the new clients who are the client who didn't generate revenue the precedent year.

Strategic report (continued)

Consolidated Income Statement (continued)

Revenue evolution

<u>Revenue Evolution (constant exchange rate)</u>			
	2022	2021	Change
Q1	€ 1.1 M	€ 2.2 M	-52%
Q2	€ 1.0 M	€ 1.9 M	-44%
Q3	€ 1.1 M	€ 1.3 M	-17%
Q4	€ 1.0 M	€ 1.3 M	-23%
Total	€ 4.2 M	€ 6.6 M	-37%

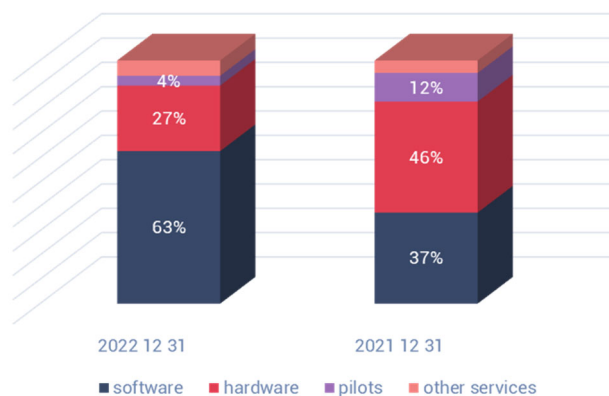
The Group recorded €4.2m of revenues in 2022, compared with €6.6m in 2021, with revenues linked to its core business, selling the XpertEye software suite, climbing 5% to €2.6m, while equipment sales (connected equipment and glasses, smartphones) contracted 63%. These trends continue to reflect the wait-and-see approach observed for clients and prospects facing a deteriorating economic environment.

AMA generated these 2022 revenues with more than 490 clients (as many as in 2021), primarily major groups in diverse sectors, including Merck, Alstom, Air Liquide, Boehringer and KPMG.

AMA has continued to work with its main large clients and welcomed 119 new accounts on board in 2022. 87% of the 15 largest clients in 2020 and 2021 (representing more than 50% of bookings) renewed their contracts or placed new orders in 2022. Nevertheless, AMA recorded a reduction in the average basket for its clients, which face an uncertain economic environment leading them to defer or scale back their investments in the short term, and to renew their connected equipment less frequently.

Product Mix evolution

en K€	2022 12	2021 12	Change
software	€ 2.6 M	€ 2.5 M	5%
hardware	€ 1.1 M	€ 3.0 M	-63%
pilots	€ 0.2 M	€ 0.8 M	-78%
other services	€ 0.3 M	€ 0.3 M	-23%
Total Revenue	€ 4.2 M	€ 6.6 M	-37%



The share of revenue linked to Software and Pilots reached 63% of revenues over the period (vs. 37% in 2021), for a total amount of €2.6m. The share of hardware revenue represents 27% of 2022 revenues, compared to 46% the previous year, and is down 63%. Other services (training, day-to-day support) are also down by 23% and represent 6% of revenues in 2022 compared to 5% in 2021. With software margins at over 98% and hardware margins lower than 25%, the shift in product mix towards more software has a positive mechanical effect on margin improvement.

Strategic report (continued)

Revenues for 2022 benefit from the recurrence of software subscriptions in SaaS mode, and therefore from the many contracts signed in the last quarter of 2020 and in 2021. Thus, 52% of the software revenue recognized in 2022 comes from backlog, i.e. contracts signed in previous years. In 2021, the impact of the backlog in the revenue of the year was even more important and represented 72% of this revenue.

Order Book

At the end of 2022 the Order book amounted to €2.3m. It corresponds mainly to revenue signed but not yet recognized on the software part, which is subscribed for commitments from 12 to 72 months, commitments which are accounted for over time. The Order book is down 25% compared to December 31, 2021 (€3.0m at that date). This trend continues to reflect the wait-and-see approach observed for clients and prospects facing a deteriorating economic environment.

Evolution of the client portfolio

At the end of December 2022, the Group had 497 customers, of which 119 were new. During the year, the Group strengthened its position with existing customers and won new customers. The churn rate is to 7.9% of the 2021 revenue and corresponds mainly to "small customers" representing an average of €4,2k of revenue per customer.

Sales evolution by geographic area

The decline in activity has been observed in all regions, and more particularly in America and Asia. Europe and France remain the main contributors to revenues, representing 75% and 49% of 2022 revenues respectively.

Profitability analysis & Payroll

The operating loss for the year is €12,370k compared to €9,511k in 2021.

The decrease in activity resulted in lower margins, while overhead costs remained globally stable, ultimately impacting current operating income negatively. The global cost-cutting plan initiated in June 2022 had positive impacts in the second half of the year, its effects being not evident on the annual comparison between 2022 and 2021. In 2022, personnel costs increased indeed by €452k (4.7%) compared to 2021 but decreased by 32% between Q1 2022 and Q2 2022.

The decrease in "Other Income" is related to the decision not to capitalize R&D costs as of the second semester of 2022 in accordance with IAS 38.

"Non-current operating expenses" are related to the depreciation of R&D intangible assets under IAS 36 (see note 7.5) for an amount of €7,396k and costs linked to the Group restructuring plan for an amount of €999k.

After net financial costs of €62k and a tax charge of €559k, the overall loss for the year amounts to €21,387k for the Group. This year has been a difficult one for the group, prompting it to make decisions with a strong one-off impact on its results and to start afresh in 2023.

Strategic report (continued)

Consolidated Income Statement (continued)

The table below summarizes the group headcounts per department:

	Dec. 31 2022	Dec. 31 2021	Gap	Contrib.
R&D	20	69	-49	23%
Sales & Marketing	39	64	-25	45%
Cyber, IT, Supply chain	18	35	-17	21%
G&A	10	16	-6	11%
Total	87	184	-97	100%

Research and Development costs

The Group invested an amount of €5,172k in R&D in 2022 (compared to €4,670k in 2021)

The Group decided to depreciate R&D costs capitalized in the precedent years and in the first half of 2022 for an impact of €7.4 million in the 2022 net result. (See note 11.3 in the consolidated accounts)

R&D costs have been expensed in the second half 2022 and not capitalized considering that the capitalization criteria under IAS 38 were not met.

Consolidated balance sheet

Total consolidated assets amounted to €13 648 k.

Consolidated Non-current assets amounted to €2,056k at the end of 2022, compared to €11,903k at the end of 2021, R&D Intangible asset being totally depreciated in 2022 (see note 11.3 in the consolidated accounts).

Consolidated Current assets are mainly composed of Cash and trade receivables.

On 31 December 2022, total shareholders' equity amounted to €5,796k, down €21,105k compared with December 31, 2021.

Financial debts, totaling €3,504k, have increased by €880k as of December 31, 2021. This increase can be attributed to the acquisition of two new loans from BPI (€2m) and Credit Cooperatif (€0.6m), which were used to balance the reimbursement of existing loans.

Consolidated Cash-Flow

As of December 31, 2022, the Group's gross cash position was €8,603k, a decrease of €12,038k from the end of 2021. The main contributor to this reduction was cash consumed in operating activities, which amounted to €10,519k. Additionally, the Group used €1,236k for investing activities, a decrease of €3,983k from the previous year. Cash flow used for financing activities was €293k.

However, the Group maintained financial flexibility with unused credit lines totaling €16m as of April 2023, allowing for potential future development.

Strategic report (continued)

Risks and uncertainties

The Group has performed a review of the key risks which could have a significant adverse impact on its activities, its financial standing or its results. The Group has not identified any other significant risks other than those detailed below.

Principal risk are indicated by (*)

Risks linked to sectors of activities

Technological risk (*)

The Group is a publisher and supplier of software solutions associated with video tools and dedicated to the connected work solutions market. The markets in which the Group operates are marked by rapid technological change, the rapid obsolescence of existing technologies and frequent new product launches. As a result, the Group's offering must constantly be adapted to meet the complex needs of its customers operating in different industries. In addition, the software published by the Group must constantly adapt to the evolution and lifecycle of the hardware supports as well as those of the interfacing with the third-party systems used by the customers. The evolution of one or more hardware components may also make it necessary to update the software published by the Group. In order to maintain its competitive position, the Group must be able to anticipate technological developments and rapidly evolving standards and norms and enhance the functionality of its existing products to meet the demands of its customers. It shall as well be able to design, develop, improve and market new products in a timely and cost-effective manner. The Group's future development and revenue streams therefore depend to a large extent on the financial and human resources allocated to research and development activities. The newly developed solutions may not be the most suitable for the needs of customers, particularly in terms of their evolution over time, and may not allow the synergies expected by the Group. The Group could fall behind in its developments and arrive on the market with an obsolete technology or one in which one of its competitors is already very well established, or develop products based on standards or platforms that would not ultimately be those chosen by its customers. The development costs could also be too high in relation to the price at which the Group might wish to market its products. As new mobile terminals, new platforms and new connected objects are developed, the Group could likewise encounter difficulties in developing new solutions adapted to these terminals, platforms and objects. If the Group is unable to respond appropriately to these situations, this would have an adverse effect on the Group's business, revenues, results, financial condition, prospects and development.

❖ *Risks relating to the continuity of the Group's software.*

The software developed and marketed by the Group may be subject to errors, defects and bugs that must be corrected within the timeframes and conditions stipulated in the contracts concluded with its customers. In the event of a failure in the performance of service levels and response times, the Group could incur contractual liabilities and could be required to incur additional costs necessary to correct such anomalies. In addition, any failure in the performance of its services carries a reputational risk with customers.

Strategic report (continued)

Risks and uncertainties (continued)

❖ *Risks related to technological developments*

Finally, the Group is exposed to the risk of inadequacy of the existing infrastructure in the face of an increase in user flows. Since the first quarter of 2021, the Group has dedicated and scalable servers at BT Blue and Microsoft Azure. The information systems management, operations and research and development teams are working together to automate the automatic resizing of resources to meet customer demand. Pending this automation, daily monitoring of platform usage is carried out, and resource adjustments are made directly by the operations information systems department.

Cybersecurity risk (*)

The Group's activities are largely dependent on computerized facilities and data in digital format. It is therefore not technically possible to guarantee the error-free, uninterrupted operation and availability or absolute security of its information systems and solutions. Due to the nature of its activities, the Group is exposed to the risk of various types of IT incidents that could lead to the accidental or voluntary disclosure of confidential and/or business secret information. Incidents may be of internal origin (including non-compliance with internal security policies by the Group's staff) or external (cyber attacks, attempted phishing, intrusion into information systems, etc.). In some cases, these IT incidents may also result in a breach of personal data within the meaning of the regulations applicable in this area. In addition, the development of the Group's security technologies and products depends on the general development of the market for security solutions for networks and connected objects, on its acceptance by users and on customer demand. Due to its rapid growth, the Group has equipped itself with computerized solutions that enable it to respond rapidly to the needs of the Group's various core businesses. In 2020, the information systems department had undertaken to standardize the rules for accessing these solutions by using SSO for all its solutions. This work was finalized in 2021. The security policy applied to user accounts makes it possible to reduce or even cancel the risks associated with this segmentation.

Additional security risks may exist and apply to the Group, particularly in the context of the use of external hosting platforms (e.g. cloud), and given that most of the solutions developed by the Group use the cloud. As a result, the Group is exposed to the risks of failure of the external hosting provider. The Group has taken out the necessary cybersecurity insurance policies to cover such risks, particularly for the research and development subsidiary and the subsidiary in charge of network and IT security.

Strategic report (continued)

Risks and uncertainties (continued)

Procurement risks (*)

❖ *Dependence upon certain suppliers*

The Group may be exposed to a situation of dependence on certain suppliers or subcontractors, in particular with regards to the Company's research and development activities. The products delivered to the Group by its suppliers may not meet the Group's needs for its operations, both in terms of quantity and quality, or may not comply with legislative or regulatory or contractual requirements. The Group is therefore exposed to a risk of supply disruption from its suppliers that could significantly affect the Group's business even if contractual clauses and redundancy guarantee the Group against this eventuality. The Group is also exposed to the risk of losing orders, suffering a delivery default or delay, seeing price variations affect components, and suffering an increase in working capital requirements, even if certain contractual clauses guarantee against this eventuality. Finally, the Group could find itself in a situation where, in the event of insufficient access to immediately available products, it would have to obtain supplies from non-certified or limited-certified suppliers in the relevant markets. Furthermore, products that were previously certified may no longer be certified in the future. In this case, the Group will have to adapt and may distribute products in a given market only to the extent that they are certified in that market.

❖ *Industry competition risk*

The Group operates in the new technologies market and more specifically in the connected work solutions market. The use cases for the solutions proposed by the Group are various and the competitors are numerous, operating in a large number of different activities, such as remote assistance, remote training, inspection, telemedicine, video-conferencing, instruction, etc.)

This market is highly competitive. This competition is following an exponential trend and could see the arrival of new players with large resources, a reputation and a customer base sometimes larger than that of the Group.

If the Group is unable to remain competitive with its current or future competitors, or if it is confronted with competitors who are more successful, particularly because of their size or the resources they are able to mobilize to develop new solutions and/or pre-empt new markets, this will adversely affect its market share, turnover, results, financial situation, prospects and development.

Strategic report (continued)

Risks and uncertainties (continued)

Financial risks

❖ *Transfer pricing policy rules*

The Group is subject, also due to its international activity, to transfer pricing rules, which can be particularly complex and give rise to divergent interpretations between the jurisdictions in which the Group is established. The absence, inadequacy or evolution of its transfer pricing policy as well as changes in tax regulations, or in their interpretation, could have a material adverse effect on the Group's tax position, its effective tax rate or the amount of taxes and other compulsory levies to which it is subject, as well as on its reporting obligations.

A challenge to its tax position by the relevant authorities could result in the Group paying additional taxes, potentially significant reassessments and penalties, or increasing the cost of its products or services in order to pass on these taxes, which could have a material adverse effect on its business, results, financial condition and prospects.

Therefore, in order to limit such impacts, the Group endeavours to monitor and anticipate the risks of changes in tax rules, tax rates or regulations, particularly in terms of transfer pricing, with the assistance of specialised tax firms. The loss position limits this risk at the present time.

Legal risks (*)

❖ *Intellectual property*

The Group's business and success are dependent on the software solutions it develops and owns. Its technology is protected through a combination of intellectual property rights, primarily copyrights, trademarks and domain names. The Group's software is made available through contracts under which the Group or its subsidiaries grant their customers a right to use the software, via transferable user licences to end users, without the right to reproduce, modify or adapt the software and, more generally, without transferring ownership and intellectual property rights relating to the software, with the exception of the assignment of intellectual property rights granted to certain customers over the results obtained and/or generated by the use of the software under the licence.

The Group relies, to a large extent, on the exclusive exploitation rights conferred by its intellectual property and, in particular, the copyrights on the software it develops. The Group's commercial success and viability in the medium and long term will depend on its ability to develop products protected by its own copyrights that do not conflict with copyrights held by third parties. As trademarks are important elements for the identification of the Group's products, trademarks have been filed and registered in France (INPI), China (CNIPA/TMO), Hong Kong (The government of the Hong Kong Special Administrative Region), the European Union (EUIPO), the United Kingdom (IPO), the United States of America (USPTO) as well as in Australia (WIPO). The issue of software copyrights or trademarks is also closely and globally monitored by AMA.

Strategic report (continued)

Risks and uncertainties (continued)

However, the Group may not be able to obtain, maintain or fully protect, for each of its rights, the scope of protection (particularly in terms of geographical coverage or coverage of products and services) adequate to ensure a competitive advantage. The costs related to its defense or to the payment of damages and interest in the event of an unfavorable outcome for the Group may have negative consequences on the Group's activities and financial standing.

❖ *Use of open source and availability of source code*

The use by the Group of open source components may represent (i) an operational and commercial risk depending on the type of open source components integrated and the conditions and limitations provided for in the corresponding license and (ii) a legal risk in the event of compulsory disclosure of the source code related to the open source component modified and improved by the Group or in the event of non-compliance with the conditions imposed by each open source license, in particular in terms of distribution and subsequent marketing.

The open source components used by the Group (i) are not directly related to the "core business" solutions as developed and marketed by the Group and made available to customers and (ii) are limited to bricks that are easily and technically replaceable, without impacting the continuity of the Company's or its subsidiaries' activities.

In addition, the Group is exposed to a known and current risk of default and contractual liability under a guarantee granted to a recurring customer on the absence of recourse to open source components and software as part of the products and services provided by the Group to this customer.

Finally, in the event of bankruptcy, change of principal activity or cessation of business of the Group, certain contracts concluded with its customers and/or suppliers grant the customer and/or supplier a right to access the source code filed by the Company with the Agency for the Protection of Programs ("APP") in order to ensure only the continuity of their services for the duration of the contract.

❖ *Risks related to the protection of personal data*

The Group operates in a market that has seen a strengthening of the applicable regulations on the protection of personal data, which has resulted in the effective implementation of a global compliance program, monitoring of this compliance and adaptation to changes in the requirements imposed by the applicable regulations.

Despite these efforts, the Group remains exposed to the risk of complaints and legal action by third parties, control by the competent authorities and sanctions, including financial sanctions, which may be made public and which may result in reputational risk for the Group.

Given the location of some of its service providers acting as subcontractors, the Group is currently exposed to the risk of non-compliance of certain transfers of personal data outside the European Economic Area with the requirements arising from the RGPD reinforced by the "Schrems II" ruling of the Court of Justice of the European Union ("CJEU") of 16 July 2020.

Strategic report (continued)

Risks and uncertainties (continued)

With more international regulations regarding the protection of personal information with China's PIPL in November 2021 and SCCs in February 2023, Japan's amended APPI in April 2022, the update by the European Commission of the GDPR's SCCs in December 2022, the Company also has to adapt its privacy policy on a global scale.

Risks linked to key personnel and recruitment (*)

During 2021, the Group had to enhance and increase recruitments of qualified personnel in order to accompany and support the development of its activities as it expands into areas that require additional skills. However, in 2022, the Group had to resume its growth in personnel cutting about 70 positions globally. The Group is focused on key teams and personnel in order to enable it to be more agile and benefit from adapted resources. The Group is in competition with other companies to retain such talents and may not be able to retain them. This inability could limit or delay the operation of its technological platform or prevent the development or marketing of its products and thus have a significant adverse effect on the Group, its business, results, prospects, ability to achieve its objectives, financial situation and/or development.

Risks linked to Russia's invasion of Ukraine

The conflict in Ukraine, which broke out in February 2022, has had limited impact on the activity of the Group as the Group doesn't trade with companies in Russia, Belarus or Ukraine, doesn't have subsidiaries or assets in Russia, Belarus or Ukraine, and is not linked with organisations or individuals under sanctions.

Risks linked to inflation

The global situation following the 2020/2021 Covid crises, closely followed by the 2022 Ukraine conflict has induced a change in economic conditions, consumer and professionals demand, and permanent reduction in the value of assets. Inflation may undermine the real value of cash flows and investment's returns through a decline in purchasing power.

Section 172 Statement

In accordance with the Companies Act 2006 (Act), the Directors are required by law to act in good faith to promote the success of the Group for the benefit of the shareholders as a whole and are also required to have regard to the following:

- The likely long-term consequences of any decision:
Strategic Report: Recent events and outlook, pages 4 to 6;
- The interests of the Group's employees:
The Board has a good relationship with the Group's employees and maintains constructive dialogue through members of the executive team. Appropriate remuneration and incentive schemes are maintained to align employees' objectives with those of the Group. The Group's first commitment in its Corporate Social Responsibility action plan is to care about employees' well-being and be aligned with values such as team spirit, agility and passion.
- The need to foster the Group's business relationships with suppliers, customers and others:
Strategic Report: Procurement Risks, page 13;
The Group endeavours to maintain good relationships with its suppliers and customers by contracting on fair business terms and responding promptly to inquiries. One of the Group's values is also to remain customer-centric in order to deliver on time and on cost. Furthermore, customers and suppliers were involved in the Group's CSR consultation. The Group's CSR team, upon decision of the Board, takes it upon itself to contact employees but also suppliers and customers (stakeholders) for a CSR evaluation, the aim being to ensure that the Group's commitments on the CSR strategy are well known and respected: (1) promote the well-being of employees, (2) improve the environmental impact of our value chain, (3) federate and engage responsibly and ethically with stakeholders, and (4) facilitate professionals' lives in the field by offering innovative solutions. Feedback from stakeholders enables the Board to set up a materiality matrix, a tool that makes it possible to identify and prioritize the issues that are most important to and will benefit the Group and its stakeholders.
- The impact of the Group's operations on the community and the environment:
The Group's commitment to its stakeholders has been fairly taken into account with a determined "raison d'être" (purpose) centred on stakeholders and the environment "Enhance professionals' life while preserving the planet". Since 2021, the Group also has been taking part in a carbon footprint assessment which was a starting point to build our climate strategy. Therefore, the Group commits, through the recognised framework Science Based Targets, to reduce CO2 emissions from scope 1 and 2 by 42% by 2030. This is in line with the Paris Agreement that 175 countries signed with the aim of maintaining the world temperatures under 1.5°C. Finally, one of the aims of the XpertEye solution is to allow stakeholders to reduce their carbon footprint by avoiding excess travel. The Group's CSR actions and engagements can be found on the website: <https://www.amaxperteye.com/csr/>

Strategic report (continued)

Section 172 Statement (continued)

- The desirability of the Group to maintain a reputation for high standards of business conduct:
The Board recognises the importance of maintaining high standards of business conduct. The Group operates a Code of Conduct applicable to its employees, suppliers and customers, directors and executive officers. The Group also ensures its suppliers' ethical and fair practices.
- The need to act fairly between shareholders of the Group:
The Board endeavours to treat its shareholders equally and to make significant efforts to ensure effective engagement with both institutional and private shareholders.

By order of the board



Christian Guillemot

Director

26 April 2023

Directors' report

The Board of Directors present their directors' report and the financial statements of the Group for the year ended 31 December 2022.

Proposed dividend

No dividends were distributed in 2022 (2021: €3,977k). The Strategic Report provides details of the Group's performance in the year and its expectations for 2023.

Directors

The directors who held office during the whole year were Christian Guillemot, Claude Guillemot, Gerard Guillemot, Michel Guillemot, Yves Guillemot, Etienne Guillemot, Pascale Laverriere, Nami Itoh and Christine Chan.

Going Concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the directors have considered the business activities as set out in the Strategic report on pages 4 to 10, the financial position of the Group, its cash flows, liquidity position and borrowing facilities as set out in the Consolidated Financial Statements on pages 30 to 89, the Group's principal risks and uncertainties as set out on pages 11 to 16.

At the end of December 2022, the Group had available liquidity of €8.6m and undrawn credit lines of €16m in April 2023.

After making different scenario and forecasts on the level of activity and revenues due to the uncertainties linked to the risks described on pages 11 to 16, and especially the technological risk, the directors believe that the Group is well placed to manage its financing and other significant risks satisfactorily and that the Group will be able to operate within the level of its facilities for the foreseeable future, being a period of at least 12 months from the approval of the financial statements.

In addition to the base case scenario, the directors reviewed two further scenarios as part of its going concern assessment. The first scenario would assume that the Group wouldn't succeed to renew with growth, and would just maintain the same level of revenue for 2023 and 2024 as 2022 at about €4.2m. The least favourable second case scenario, which is not considered likely but however included in the assessment, assumes a revenue for 2022 and 2023 equivalent to the backlog known at the year-end date of some €2.3m. In those two scenarios, recruitment would be frozen and the second one would also lead to other operational costs savings of 15% allowing the Group to continue its business for at least the next 12 months from the approval of the financial statements with its financial resources (cash and credit lines).

Given the availability of credit facilities, which are not subject to covenants and are guaranteed by Guillemot Brothers SAS or secured by the pledge of Guillemot Corporation SAS shares, the directors have determined it to be appropriate for the Group to prepare its financial statements on a going concern basis.

Directors' report (continued)

Going Concern (continued)

In the longer term, in the base case scenario; the Group forecasts anticipate generating the first positive cash-flows during 2027 and estimates negative cash-flows of €(17.6)m over the next five years. To support this requirement, the objective of the Group is to maintain the level of credit lines around €16 m, guaranteed by Guillemot Brothers SAS or pledged securities from Guillemot Corporation, all three of these companies being related parties. Furthermore, the Group intends to investigate in a few years, the use of factoring of trade receivables, or will potentially look to raise funds via convertible bonds or an increase in capital.

Future developments and Research and Development Activities

Future developments and the Group's approach on research and development activities are discussed in the Strategic Report on pages 4 to 18.

Financial Instruments

Details of the use of financial instruments by the Group are contained in note 21 of the consolidated financial statements.

Post Balance Sheet Events

To retain employees and interest them in AMA's development, the Company has set up a second stock option plan concerning 5% of AMA capital (1,133,500 shares). Stock options were granted on 24 March 2023. They mature after a six-year period and the vesting period is two years as of the grant date, subject to employees' continued presence in the Group.

The conflict in Ukraine, which broke out in February 2022, is a subsequent event that has not led to any adjustments to the financial statements for the year ended 31 December 2022. The Group estimates that this conflict has limited impact on its activity as it doesn't trade with companies in Russia, Belarus or Ukraine, doesn't have subsidiaries or assets in Russia, Belarus or Ukraine, and is not linked with organisations or individuals under sanctions. Consequently, balance sheet assets and liabilities and income statement income and expenses as at 31 December 2022 were recognised and measured without the need to take this event or its consequences into account.

Disclosure of information to auditors

Macalvins LLP was appointed as the statutory auditor during the year. The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

By order of the board, 26 April 2023



Christian Guillemot - Director

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the UK;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of AMA CORPORATION Plc

Opinion

We have audited the financial statements of AMA Corporation Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash-flow statement, the parent company statement of financial position, the parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statement is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) and as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to: Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;

- Evaluating the directors' method to assess the group's and the parent company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern including the review of the cashflow forecasts prepared and obtaining the supporting documentation on credit lines available; and

Independent auditor's report to the members of AMA CORPORATION Plc (continued)

- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern including the review of the cashflow forecasts prepared and obtaining the supporting documentation on credit lines available; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

We have reviewed the statement in respect of Going Concern in the Directors' Report on page 19 and have noted that under all scenarios the Group will require utilisation of its credit facilities during 2023. The Group has multiple credit facilities available to it in addition to existing cash reserves and accordingly we consider the going concern basis to be appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Procedures performed to address matter
<p>Revenue Recognition AMA Corporation PLC (the Group) has reported revenues of €4.3m (2021: €6.6m). The main revenue streams are software service access rights, along with maintenance, technical support and hosting services. Accordingly, there is a risk that revenue is recognised at an incorrect invoice/contract amount, is not recorded in the appropriate accounting period (cut-off) and nor is in line with the provisions of IFRS 15.</p>	<p>Walkthroughs, substantive testing, controls and cut-off</p> <ul style="list-style-type: none"> • Performing test of details of revenue recognised during the year to ensure that revenue is recorded as per the contract fair value price, recognised in a manner that reflects the way in which performance obligations are fulfilled and in line with the provisions of IFRS 15. • Reviewing design and implementation of the key controls in operation • Identifying and investigating manual journal entries posted to revenue. <p>Disclosures We reviewed the adequacy of the Group's disclosures relating to revenue recognition including critical accounting estimates and judgements.</p> <p>Conclusions No material issues were noted.</p>

<p>Intangible assets: Development capitalised costs and intellectual property.</p> <p>Intangible were assets of €27k at 31 December 2022 (2021: €6.9m)</p> <p>We include the quantification and recoverability of these development costs as a key audit matter due to:</p> <ul style="list-style-type: none"> • a risk that capitalised costs do not meet the criteria for capitalisation (existence) as per the provisions of IAS38; and • the estimation involved in determining the future performance of the Cash Generating Unit (CGU) and whether an impairment may be required in accordance with IAS 36 in relation to all intangible assets. <p>During 2022 management elected to impair all intangible assets due to the market downturn and to expense all R&D costs incurred in the second half of the financial year.</p>	<p>Tests performed on intangible assets</p> <p>We have confirmed management's position to fully impair the intangible assets as at 31 December 2022 at Group and Company level.</p> <p>Our procedures in relation to the management assessment included:</p> <ul style="list-style-type: none"> • Challenging the methodology used by management in determining the fair value of the intangible assets in accordance with IAS 36. • Discussing the challenge on applying a Discounted cashflow (DCF) model compliant with the requirements of IAS 36. • Assessing the fair value less cost of sales valuation performed by management based on revenue multiples. • We evaluated the key underlying assumptions used in the valuations including the following: <ul style="list-style-type: none"> • We assessed the appropriateness of the key assumptions used in the revenue forecasts including revenue growth. • We independently performed downside sensitivity analysis on the revenue forecasts used in the model. • We challenged management on the available future funding to sustain the revenue growth used in management's forecast. <p>Based on our review of the discounted cashflow projections and value in use calculations it was determined that the intangible assets</p> <p>Disclosures We considered the adequacy of the Group's disclosures relating to impairment which includes critical accounting estimates and judgements and adequacy of the Group's disclosures relating to development costs capitalised which includes critical accounting estimates and judgements.</p> <p>Conclusions No material issues were noted. We agreed with management's decision to fully impair the intangible assets.</p>
<p>Going concern</p>	<p>See section of Audit Report "Conclusions relating to going concern"</p>
<p>Management override of controls</p>	<p>See section of Audit Report "Auditor's responsibilities for the audit of the financial statements"</p>

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

Overall materiality	€469k
Benchmark applied	1.5% of total assets (based on June 2022 interim results)
Rationale for benchmark	<p>The Group is still at an early stage of development and therefore the users are likely to be less focused on profit indicators such as PBT and EBITDA.</p> <p>We have set materiality close to the mid-range of our benchmark for total assets on the following considerations – the company has only recently listed in July 2021; the group structure is not unduly complex and the consolidation process is straightforward and contains no complex journals.</p> <p>In addition, management have the appropriate experience and qualifications for this size of entity.</p>
Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>We set performance materiality at €328k, which represents 70% of overall materiality</p>
Triviality threshold	We agreed with the directors that we would report to them misstatements identified during our audit above €23k as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	€309k
Benchmark applied	1% of total assets (based on June 2022 interim results)
Rationale for benchmark	<p>The Group is still at an early stage of development and therefore the users are likely to be less focused on profit indicators such as PBT and EBITDA.</p> <p>We have set materiality close to the mid-range of our benchmark for total assets on the following considerations – the company has only recently</p>

	<p>listed in July 2021, the group structure is not unduly complex and the consolidation process is straightforward and contains no complex journals.</p> <p>In addition, management have the appropriate experience and qualifications for this size of entity.</p>
Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>We set performance materiality at €216k, which represents 70% of overall materiality</p>
Triviality threshold	<p>We agreed with the directors that we would report to them misstatements identified during our audit above €15k as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.</p>

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, AMA Corporation Plc, AMA UK, AMA Inc and AMA GMBH, were subject to full scope audit performed by the group audit team. AMA SA, AMA China and AMA HK were subject to full scope audits performed by local auditors. Entities subject to analytical review procedures were determined to be quantitatively and qualitatively immaterial to the group audit. The table below summarizes the group audit scope:

Corporate Entity	Approach
AMA CORP	Full audit
AMA INC	Full audit procedures
AMA SRL	Specific audit procedures
AMA GMBH	Full audit procedures
AMA UK	Full audit
AMA HK	Full audit - Local auditor
AMA CHN	Full audit - Local auditor
AMA SA	Full audit - Local auditor
AMA CANADA	Analytical review procedures
AMA ITALY	Analytical review procedures
AMA JAPON	Analytical review procedures
AMA ESPAGNE	Analytical review procedures

Independent auditor's report to the members of AMA CORPORATION Plc (continued)

At the parent company level, the group audit team tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report to the members of AMA CORPORATION Plc (continued)

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, anti-money laundering regulation and Euronext Growth Market regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to research and development costs capitalized and to impairment of non-current assets, revenue recognition (which we pinpointed to the cut-off) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;

Independent auditor's report to the members of AMA CORPORATION Plc (continued)

- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Pankaj Rajani (Senior Statutory Auditor)
for and on behalf of Macalvins Limited
Chartered Accountants
and Statutory Auditors
7 St John's Road
Harrow
Middlesex
HA1 2EY

Date: 26/4/2023

CONSOLIDATED INCOME STATEMENT

€ 000	Notes	31 Dec. 2022	31 Dec. 2021
Revenue	7.1.	4 285	6 572
Cost of sales	7.3.	(1 578)	(2 202)
Other income	7.2.	2 567	4 095
Other purchases and external expenses	7.3.	(3 870)	(4 648)
Personnel expenses	7.4.	(10 159)	(9 707)
Amortisation of property, plant and equipment and intangible assets	11. and 12.	(3 071)	(3 144)
Other expenses	7.3.	(544)	(477)
Current operating loss		(12 370)	(9 511)
Non-current operating expenses	7.5.	(8 395)	
Non-current operating loss		(8 395)	-
Financial income	8.	113	86
Financial expense	8.	(175)	(370)
Net financial expense		(62)	(284)
Loss before income tax		(20 827)	(9 795)
Taxation	9.	(559)	(42)
Loss for the year		(21 387)	(9 837)
Profit (loss) for the year attributable to :			
Owners of the Group		(21 384)	(9 878)
Non-controlling interests		(3)	41
Earnings per share			
Basic earnings per share (in euros)	10	(1,08)	(0,50)
Diluted earnings per share (in euros)	10	(1,08)	(0,50)

The notes on pages 36 to 89 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ 000	Notes	31 Dec. 2022	31 Dec. 2021
Loss for the year		(21 387)	(9 837)
Remeasurements of the net defined benefit liability (asset) (actuarial gains and losses)	7.4.3	59	32
Deferred tax on actuarial gains and losses		(15)	(8)
Total items that may not be recycled through profit and loss		44	24
Foreign currency translation differences		2	30
Total items subsequently recycled through profit and loss		2	30
Total other comprehensive income, net of tax		47	54
Total comprehensive loss		(21 340)	(9 784)
Attributable to:			
Owners of the Group		(21 339)	(9 828)
Non-controlling interests		(2)	44

The notes on pages 36 to 89 form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

€ 000		31 Dec. 2022	31 Dec. 2021
Intangible assets	11.1.	27	6 867
Property, plant and equipment	11.2.	731	2 221
Right-of-use assets	12.	1 024	2 050
Financial assets	13.	218	168
Deferred tax assets	9.	56	598
Non-current assets		2 056	11 903
Inventories	14.	927	1 683
Research tax credit receivable		398	266
Trade receivables and related accounts	15.	1 054	1 996
Other current assets	15.	611	1 733
Cash and cash equivalents	16.	8 603	20 641
Current assets		11 592	26 320
Total assets		13 648	38 223
Share capital	17.1	3 207	3 207
Share premium and reserves		34 161	34 161
Foreign currency translation reserve		69	67
Retained earnings		(31 759)	(10 143)
Equity attributable to owners of the Group		5 679	27 293
Non-controlling interests	5.4.	117	(392)
Total shareholders' equity		5 796	26 901
Loans and borrowings	19.	2 813	852
Lease liabilities	12. and 19.2.	444	1 119
Defined benefit liability	7.4.	106	185
Deferred tax liabilities	9.3.	1	3
Non-current liabilities		3 368	2 160
Current tax liabilities		2	49
Loans and borrowings	19.	691	1 772
Lease liabilities	12. and 19.2.	583	958
Trade and other payables	20.	752	1 943
Contract liabilities (deferred income)	7.1.	1 456	2 130
Current provisions	18.	134	381
Other current liabilities	20.	867	1 929
Current liabilities		4 484	9 162
Total liabilities		7 852	11 322
Total shareholders' equity and liabilities		13 648	38 223

CONSOLIDATED BALANCE SHEET (continued)

The notes page 36 to 89 form part of these financial statements.

These financial statements were approved and authorised for issue by the board of directors on 26 April 2023

and were signed by:

A handwritten signature in black ink, appearing to read 'Christian Guillemot', with a large, sweeping initial 'C'.

Christian Guillemot

Director

AMA Corporation Plc
Company No. 10341359

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ 000	Note	Equity attributable to owners of the Group				Total	Non-controlling interests	Total equity
		Share capital	Share premium	Foreign currency translation reserve	Retained earnings			
Balance at 31 Dec. 2020		6 245	-	40	500	6 784	(745)	6 039
Profit / (loss) for the year					(9 878)	(9 878)	41	(9 837)
Other comprehensive income				28	23	50	3	54
Profit / (loss) and other comprehensive income		-	-	28	(9 856)	(9 828)	44	(9 784)
Capital increase	17.1	940	34 161			35 101		35 101
Capital reduction allocated to Guillemot Brothers' shareholder loan	3.1	(3 977)			3 977	-		-
Distribution					(3 977)	(3 977)		(3 977)
Increase in non-controlling interests with no change in control	5.2.				(672)	(672)	330	(342)
Equity-settled share-based payments	7.4.				2	2	0	2
Other changes (*)					(116)	(116)	(22)	(138)
Total transactions with owners of the Group		(3 037)	34 161	-	(787)	30 337	309	30 646
Shareholders' equity at 31 Dec. 2021		3 207	34 161	67	(10 143)	27 293	(392)	26 901
Profit / (loss) for the year					(21 384)	(21 384)	(3)	(21 387)
Other comprehensive income				1	44	45	2	47
Profit / (loss) and other comprehensive income		-	-	1	(21 340)	(21 339)	(2)	(21 340)
Increase in non-controlling interests with no change in control	5.2.				(530)	(530)	511	(19)
Equity-settled share-based payments	7.4.				254	254	-	254
Total transactions with owners of the Group		-	-	-	(276)	(276)	511	235
Shareholders' equity at 31 Dec. 2022		3 207	34 161	69	(31 759)	5 679	117	5 796

(*) Other changes: During the year ended December 31, 2021, the IFRS Interpretations Committee discussed how to assess whether a cloud computing arrangement contains an asset or is a service contract. After analysis, we have recorded directly in reserves cloud computing implementation costs that do not meet the definition of an intangible asset (IAS 38) for €116 k.

The notes page 36 to 89 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

€ 000	Notes	31 Dec. 2022	31 Dec. 2021
		€ 000	€ 000
Loss for the year		(21 387)	(9 837)
<i>Adjustments for:</i>			
– Depreciation of right of use assets	12.	1 061	881
– Depreciation of property, plant and equipment	11.	10 669	677
– Amortisation of intangible assets	11.2	(1 263)	1 591
– Net financial expense	8	62	284
– Loss or gain on sale of property, plant and equipment	11.2	237	130
– Cost of share-based payment	7.4.4	254	2
– Income tax expense / (income)	9.1	559	42
– Restructuring provision	18	35	
– Other non-cash items		(273)	(171)
Total adjustments		11 342	3 436
Operating cash flow before change in working capital and income tax		(10 045)	(6 401)
<i>Effect of changes in:</i>			
– Inventories	14.	635	(230)
– Trade receivables and related accounts	15.	975	1 589
– Contract liabilities	7.1	(710)	(426)
– Advances and downpayments	20.	141	(79)
– Trade payables and related accounts	20.	(1 192)	955
– Provisions and employee benefits	7.4.3	(24)	45
– Other receivables/current liabilities	15 & 20	(85)	(192)
Total changes		(260)	1 661
Operating cash flow before income tax paid		(10 305)	(4 740)
Income tax paid	9.	(214)	(362)
Net cash used in operating activities		(10 519)	(5 102)
Acquisition of property, plant and equipment and intangible assets	11.	(290)	(1 986)
Disposals of property, plant and equipment and intangible assets	11.	832	7
Capitalised development costs	11.	(2 195)	(3 670)
Investment grants (incl. Research tax credit offsetting capitalised costs)		441	483
Acquisition of financial assets		(118)	(77)
Disposal of financial assets		68	20
Net interest received		24	2
Net cash provided by (used in) investing activities		(1 239)	(5 222)
Capital increase	17.	-	34 948
Proceeds from new loans and borrowings	19.	2 603	986
Repayment of loans and borrowings	19.	(1 725)	(5 205)
Payment of lease liabilities	12.	(1 071)	(860)
Interest paid on loans and bank overdrafts	19.	(81)	(110)
Interest paid on lease liabilities	12.	-	(13)
Acquisition of non-controlling interests	5.2.	(19)	(75)
Net cash provided by (used in) financing activities		(293)	29 672
Net increase (decrease) in cash and cash equivalents		(12 051)	19 348
Cash and cash equivalents at January 1		20 641	1 240
Effect of movements in exchange rates on cash held		13	53
Cash and cash equivalents at 31 Dec		8 603	20 641

The notes page 36 to 89 form part of these financials' statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Presentation of the Group

AMA Corporation PLC ("the Company") is domiciled in the United Kingdom. The Company's registered office is located Flat 3-2 Cresswell Gardens, London, SW5 0BJ . The consolidated financial statements comprise those of the Company and its subsidiaries (together referred to as "the Group").

The Group is a software developer and systems integrator for collaborative work, providing advanced, highly-secure remote solutions for connected devices. The Group's XpertEye suite provides augmented reality, dynamic workflow management, and dynamic online scheduling and planning. Combined with smart glasses or other camera sources (endoscope, microscope, dermatoscope, etc.), these innovative solutions enable experts and on-site technicians to share data and knowledge in real time, making remote support easier and more effective for users. They meet an increasing need for smart workplace transformation in companies seeking to boost productivity and competitiveness in a wide range of areas such as remote support, training, testing and healthcare.

2. Basis for preparation

2.1. Statement of compliance

The Group financial statements for the year ended 31 December 2022 have been prepared in accordance with UK-adopted International Accounting Standards (IFRSs). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages []to [].

2.2. Changes in accounting standards

The Group applied the following new standards, amendments and interpretations which were issued and mandatory at 31 December 2022:

- Amendments to IFRS 3 Business Combinations– Reference to the Conceptual Framework, whose application is for annual reporting periods beginning on or after 1 January 2022;
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use, whose application is for annual reporting periods beginning on or after 1 January 2022;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract, whose application is for annual reporting periods beginning on or after 1 January 2022;
- Annual Improvements to IFRS Standards 2018-2020 – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture, whose application is for annual reporting periods beginning on or after 1 January 2022.

These amendments had no impact on the financial statements.

The Group did not elect for early application of the following main new amendments which were issued but were not mandatory at 31 December 2022. The Company has not elected for early application:

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, whose application is for annual reporting periods beginning on or after 1 January 2023;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Disclosure of Accounting Policies, whose application is for annual reporting periods beginning on or after 1 January 2023;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Amendments to IAS 8 – Definition of Accounting Estimates, whose application is for annual reporting periods beginning on or after 1 January 2023;
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction, whose application is for annual reporting periods beginning on or after 1 January 2023;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, whose application is for annual reporting periods beginning on or after 1 January 2024 (not yet approved by the UE).

The expected impacts from these amendments are not expected to be material.

2.3. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Estimates may be revised if the circumstances on which the estimate was based change and new information is provided. Actual values may differ from estimates if assumptions or conditions change. The impact of changes in estimates is recognised prospectively. Consequently, a change in conditions may lead to different estimates in the Company's financial statements in the future.

▪ *Judgments*

Information on the judgments relating to accounting policies with the most significant impact on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 7.1 – Revenue recognition: determining performance obligations and the timing for recognising the revenue allocated to each

Note 11 – Development costs: determining whether capitalization criteria were met

Note 12 – Lease term: determining whether the Group is reasonably certain to exercise renewal options.

▪ *Assumptions and uncertainties relating to estimations*

Information on the assumptions and uncertainties relating to estimations entailing a significant risk of material adjustments to the carrying amount of assets and liabilities for the year ended 31 December 2022 is included in the following notes:

Note 7.4.3. – Measurement of the obligations relating to defined benefit plans: estimate of main actuarial assumptions (discount rate, salary increase rate and mortality rate)

Note 7.4.4. – Share-based payment: determining the fair value of free preference shares based on a discounted cash flows, main assumptions being the discount rate, the long-term growth rate and other key operational assumptions

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Notes 9.3 and 9.4. – Recognition of deferred tax assets: availability of future taxable profit based on business plans against which it is possible to use tax losses carried forward and deductible temporary differences

Note 11.3 – Impairment tests: main assumptions in order to measure the recoverable amounts

Note 12. – Leases: main assumptions, in particular discount rates and lease terms

Note 14. – Inventories and work in progress: estimates of inventory impairment, based on a case-by-case analysis of inventories to determine whether they are obsolete

Note 18. – Provisions and contingent liabilities: provision estimates (number of Google Pixel telephones and estimated purchase costs).

2.4. Functional and presentation currency

The consolidated financial statements are presented in euros, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.5. Foreign currencies

2.5.1. Foreign currency transactions

Transactions denominated in foreign currencies are translated into the respective functional currencies of Group companies using the exchange rates effective at the transaction dates. The functional currency of Group entities is their local currency, except in the case of the holding company AMA Corporation Plc whose functional currency is the euro.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at foreign exchange rates ruling at the dates the transaction occurred.

2.5.2. Foreign operations

The assets and liabilities of foreign operations are translated into euros at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euros at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in Other Comprehensive Income (OCI) and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non-Controlling Interests.

2.6. Basis of measurement

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Significant events of the period

In 2022:

- AMA Italy has been created on 21 January 2022.
- On 31 January 2022, the Company granted a stock option plan to its employees, corresponding to 5% of AMA Corporation Plc capital (1,112,500 shares). They vest over two years from grant date (service condition) and mature after a six-year period.
- On 1 June 2022, AMA launched a global savings plan focused on scaling back its workforce by more than 60 positions in France and 10 in other countries, with four non-priority commercial business units shut down (Romania, Italy, UK, Canada) and the management of their customers reassigned to the other subsidiaries.
- On 14 June 2022, AMA Corporation Plc subscribed to a capital increase in AMA SA of €7,700k. This operation resulted in an increase in its equity interests in AMA Research & Development, AMA Operation and AMA l'Oeil de l'expert Canada.
- On 12 July 2022, Guillemot Brothers SAS becomes the new holding company of AMA Corporation Plc, following a patrimonial reorganization where Guillemot Brothers Ltd, an English company, transferred its AMA shares to Guillemot Brothers SAS, a French company.
- On 1 November 2022, AMA Operations, AMA Research & Development merged into AMA SA.
- The Group has subscribed to two financial debts for €2,000k and €600k with respectively BPI and Credit Cooperatif in order to fund research & development costs.
- The Group decided to depreciate its R&D intangible assets capitalized at the end of June 2022 for an amount of €7,396 k, and expense the new R&D costs incurred in the second semester of 2022 for an amount of €1,424 k.
- Situation in Ukraine / Russia:
 - o Beginning on February 24, 2022, Russia significantly intensified its military operations in Ukraine. In response, the European Union (or the "E.U."), the U.S. and certain other countries have imposed significant sanctions and export controls against Russia, Belarus and certain individuals and entities connected to Russian or Belarusian political, business, and financial organizations, and the E.U., the U.S. and certain other countries could impose further sanctions, trade restrictions, and other retaliatory actions should the conflict continue or worsen.
 - o To date, the Company has not experienced any impact on its business and operations.
 - o The Company cannot predict the specific extent, duration, or impact that the conflict in Ukraine and the related sanctions and export controls will have on its financial condition and operations. The Company is closely monitoring developments and will take appropriate measures as necessary.

In 2021:

- The capital transactions performed by AMA Corporation Plc were:
 - o On 7 January 2021, AMA Corporation Plc reduced capital by allocating £3,600k to the Guillemot Brothers current account (€3,977k at the spot exchange rate);
 - o On 19 May 2021, non-controlling interests were acquired:
 - Contribution in kind of 415 AMA Research and Development SAS shares, valued at €111k, paid by the issue of 57,650 AMA Corporation Plc shares;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Contribution in kind of 414 AMA Opérations SAS shares, valued at €48k, paid by the issue of 25,179 AMA Corporation Plc shares;
 - On 21 May 2021, the par value of shares was reduced while the number of shares was multiplied by 8. Since then, the par value of the shares has been £0.125.
 - Following these transactions, AMA Corporation Plc share capital amounts to £2,083k (€2,427k), or 16,662,632 shares.
 - On 1 July 2021, AMA Corporation Plc increased capital by issuing 5,457,390 new shares at a price of €6.60 in connection with its initial public offering on Euronext Growth Paris. Gross proceeds from the new share issue amounted to approximately €36m.
 - On 4 August 2021, AMA Corporation Plc partially exercised its greenshoe option leading to the issue of 335,793 additional new shares at the IPO price of €6.60 per share, for a total of €2.2m.
 - Costs relating to this initial public offering (underwriting, legal counsel, communication, audit, etc.) were deducted from the issue premium for approximately €3.2m.
-
- The Company started restructuring the Group to increase its equity interest in subsidiaries.
 - On 11 August 2021, the Group opened AMA XpertEye K.K., a new distribution subsidiary in Tokyo, to enable XpertEye solutions to rapidly deploy services for the Japanese market.
 - On 10 September 2021, AMA Corporation Plc repaid €3.2m of the Guillemot Brothers Ltd shareholder loan.
 - On 27 December 2021, the Group opened AMA Xperteye SL, a new distribution subsidiary in Barcelona to enable XpertEye solutions to rapidly deploy services for the Spanish market.
 - In 2021, €227,000 of the previously recognised provision for the replacement of Google Pixel telephones was reversed. An additional €71k in provisions were recognised to cover the costs of replacing telephones delivered in early 2021.
 - The Group was not materially affected by Brexit.
 - On 29 October 2021, the Group released its revised product roadmap and revenue assumptions for 2021 and 2022, initially estimated at more than €15m and €32m, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Subsequent events

- On 14 March 2023, the Company granted a new stock option plan to its employees and board members corresponding to 5% of AMA Corporation Plc capital (1,134,000 shares). They vest over two years from grant date (service condition) and mature after a six-year period.

5. Consolidation scope

5.1. Accounting policies relating to the consolidation scope

Consolidation of subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has power over an entity, is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements as of the date control is obtained and ends when control ceases.

All balance sheet assets and liabilities, transactions and income and expense relating to intercompany transactions are eliminated (except for gains or losses resulting from transactions denominated in foreign currencies).

5.2. Consolidation scope

The consolidated companies are as follows:

Company Name	Country	Business activity	31 Dec. 2022			31 Dec. 2021		
			Percentage interest	Percentage control	Consolidation method	Percentage interest	Percentage control	Consolidation method
AMA CORPORATION	UK	Parent company	Parent company	Parent company	FC	Parent company	Parent company	FC
AMA SA	France	Distribution & support functions	98,59 %	99,35 %	FC	84,32 %	92,02 %	FC
AMA R&D	France	Research & development	-	-	N/A	98,40 %	100,00 %	FC
AMA OPS	France	Logistics	-	-	N/A	98,40 %	100,00 %	FC
AMA XPERTEYE INC	USA	Distribution	88,40 %	88,40 %	FC	85,50 %	85,50 %	FC
AMA XPERTEYE SRL	Romania	Distribution	89,11 %	89,11 %	FC	85,55 %	85,56 %	FC
AMA XPERTEYE GMBH	Germany	Distribution	86,20 %	86,20 %	FC	85,55 %	85,50 %	FC
AMA XPERTEYE UK	UK	Distribution	86,20 %	86,20 %	FC	85,00 %	85,00 %	FC
AMA XPERTEYE HK	Hong Kong	Distribution	85,00 %	85,00 %	FC	85,00 %	85,00 %	FC
AMA XPERTEYE SHANGHAI	China	Distribution	100,00 %	100,00 %	FC	100,00 %	100,00 %	FC
AMA OEIL DE L'EXPERT CANADA	Canada	Distribution	69,01 %	70,00 %	FC	59,02 %	70,00 %	FC
AMA JAPAN	Japan	Distribution	85,00 %	85,00 %	FC	85,00 %	85,00 %	FC
AMA SPAIN	Spain	Distribution	100,00 %	100,00 %	FC	100,00 %	100,00 %	FC
AMA ITALY	Italy	Distribution	100,00 %	100,00 %	FC	-	-	N/A

FC: fully consolidated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.3. Changes in consolidation scope

In 2022, AMA Italy has been created on 21 January 2022.

On 14 June 2022, AMA Corporation Plc subscribed to a capital increase in AMA SA of €7,700k. This operation resulted in an increase in its equity interests in AMA Research & Development, AMA Operations and AMA l'Oeil de l'expert Canada (9.99%).

On 1 November 2022, AMA SA, AMA Research & Development merged into AMA SA. This operation has no impact on financial consolidated statements.

In 2022, the Group acquired the following additional equity interests:

- 2.9% in AMA Xperteye Inc.
- 3.56% in AMA Xperteye Srl.
- 0.65% in AMA Xperteye GmbH
- 1.2 % in AMA Xperteye Ltd (in the United Kingdom).
- 14.27% in AMA SA

In 2021, the subsidiary AMA Xperteye K.K. was created, as well as AMA Xperteye Sociedad Limitada (SL) in Spain.

The changes in non-controlling interests without a loss of control that were recognised in equity were as follows:

In 2021 the Group acquired the following additional equity interests:

- 15.57% in AMA SA
- 26.43% in AMA Research and Development
- 26.37% in AMA Operations
- 14.80% in AMA Xperteye Inc
- 15.55% in AMA Xperteye Srl
- 15.55% in AMA Xperteye GmbH
- 15% in AMA Xperteye Limited (in Hong Kong)
- 37.13% in AMA Xperteye Ltd (in the United Kingdom)
- 10.90% in AMA l'œil de l'expert (in Canada)

The main variations in the scope of consolidation involve related parties (one of the main managers and Guillemot Brothers Ltd) (see 22.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5.4. Non-controlling interests

Changes in the Group's equity interests in a subsidiary that do not result in a loss of control are recognised as equity transactions.

The following table provides a summary of information relating to Group subsidiaries with significant non-controlling interests after eliminating intercompany transactions:

31 Dec. 2022	AMA SA	AMA Operations	AMA Research and Development	Other distribution subsidiaries	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
Percentage non-controlling interests	1%	N/A	N/A	N/A	
Non-current assets	1 759	-	-	258	2 017
Current assets	9 552	-	-	1 024	10 576
Non-current liabilities	3 257	-	-	100	3 357
Current liabilities	(2 053)	-	-	738	(1 315)
Net assets	10 107	-	-	445	10 552
Net assets attributable to non-controlling interests	63	-	-	55	117
Revenue	2 060	-	-	2 044	4 104
Profit / (loss) for the year	(808)	-	-	64	(744)
Other comprehensive income	44	-	-	7	51
Profit / (loss) and other comprehensive income	(763)	-	-	71	(692)
Net profit / (loss) allocated to non-controlling interests	(11)	-	-	9	(2)

31 Dec. 2021	AMA SA	AMA Operations	AMA Research and Development	Other distribution subsidiaries	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
Percentage non-controlling interests	16%	2%	2%	N/A	
Non-current assets	1 563	1 508	449	356	3 875
Current assets	5 501	481	777	1 564	8 323
Non-current liabilities	969	766	214	188	2 137
Current liabilities	5 750	1 013	(85)	1 466	8 144
Net assets	346	209	1 097	266	1 917
Net assets attributable to non-controlling interests	(450)	4	2	51	(392)
Revenue	2 740	-	-	3 571	6 311
Profit / (loss) for the year	101	77	(41)	116	252
Other comprehensive income	8	4	11	12	36
Profit / (loss) and other comprehensive income	110	81	(30)	128	288
Net profit / (loss) allocated to non-controlling interests	17	1	(0)	26	44

The US and German subsidiaries are the most significant entities included within "Other distribution subsidiaries".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Segment information

6.1. Operating segments

In accordance with IFRS 8, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the entity's chief operating decision maker;
- for which discrete financial information is available.

The Group's chief operating decision maker refers to the members of the Executive Committee and the Board of Directors.

The Group comprises ten distribution subsidiaries, covering three geographic areas corresponding to the following segments:

- Europe, which includes subsidiaries in France, Germany, the UK, Romania, Italy and Spain and which primarily invoice customers in Europe;
- North America, which includes subsidiaries in the United States and Canada and which primarily invoice customers in the North American area;
- Asia, which includes subsidiaries in Hong Kong, Shanghai and Japan and which primarily invoice customers in the Asia area.

The subsidiaries in each geographic area correspond to operating segments with similar economic characteristics.

All of the subsidiaries offer similar products and services but are strategically monitored by geographic area.

Information relating to each operating segment is presented below. Operating income and adjusted EBITDA for each segment are used to measure performance as management considers that this information is the most relevant for understanding the earnings of each segment compared with earnings from other entities. Adjusted EBITDA is defined as operating income plus depreciation, amortisation and impairment of property, plant and equipment and intangible assets, and share-based payment expenses.

The other items in the income statement, including financial income and expenses as well as taxes, are not monitored on a segment-by-segment basis and are deemed to relate to the Group as a whole.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Period ended December 31, 2022	Europe	North America	Asia	Registered office, support functions and intragroup	Total
Revenue	3 054	841	269	121	4 285
Cost of sales	(675)	(202)	(66)	337	(606)
Inventory changes	-	-	21	(767)	(746)
Partnership commissions	(52)	-	(2)	-	(54)
Leased Xperteye Amortisation and rental costs	(5)	(6)	(1)	(228)	(240)
Margin excluding in inventory depreciation	2 322	634	220	(537)	2 640
Reversal / Depreciation of inventory	-	-	-	111	111
Other income	65	1	3	2 215	2 284
Other purchases and external expenses	(826)	(485)	(409)	(2 150)	(3 870)
Personnel expenses	(1 372)	(667)	(501)	(7 620)	(10 159)
Other depreciation of property, plant and equipment and intangible assets	(348)	(141)	(93)	(2 249)	(2 831)
Other amortisation of property, plant and equipment and intangible assets	-	-	-	-	-
Other non-current expenses	(143)	7	(9)	(398)	(544)
Intersector*	677	687	833	(2 197)	-
Current operating loss	376	36	44	(12 825)	(12 370)
Other non-current expenses	(63)	-	-	(8 332)	(8 395)
Non-current operating loss	(63)	-	-	(8 332)	(8 395)
- Depreciation of property, plant and equipment and intangible assets	353	146	95	2 477	3 071
- Other non-current expenses/(income)	63	-	-	8 332	8 395
- Share-based payments	-	-	-	254	254
Adjusted EBITDA	728	182	138	(10 094)	(9 045)

In 2022, three major events had an impact on the EBITDA of the Group. The events have been restated in the "Adjusted EBITDA" to provide an accurate reflection of the Group's financial performance. The following adjustments were made:

- An exceptional charge of €7,396k for the depreciation of R&D intangible assets, which falls under the category of "Amortisation and depreciation of property, plant and equipment and intangible assets."
- Non-current expenses of €999k linked to the redundancy plan.
- The share-based stock option plan granted to employees, which amounted to €254k.

31 Dec. 2021	Europe	North America	Asia	Registered office, support functions and intragroup	Total
Revenue	4 259	1 708	415	190	6 572
Cost of sales	(1 567)	(776)	(183)	165	(2 361)
Inventory changes	-	-	23	196	219
Partnership commissions	-	-	-	-	-
Leased Xperteye Amortisation and rental costs	(94)	(239)	(42)	103	(273)
Margin excluding in inventory depreciation	2 598	693	213	653	4 158
Reversal / Depreciation of inventory	-	-	-	26	26
Other income	0	-	3	3 936	3 939
Other purchases and external expenses	(904)	(432)	(357)	(2 884)	(4 578)
Personnel expenses	(1 925)	(691)	(292)	(6 800)	(9 707)
Other depreciation of property, plant and equipment and intangible assets	(215)	(62)	(56)	(2 539)	(2 872)
Other non-current expenses	(61)	(1)	28	(443)	(477)
Intersector*	797	584	478	(1 859)	-
Current operating loss	291	91	17	(9 910)	(9 511)
Other non-current expenses	-	-	-	-	-
Other non-current income	-	-	-	-	-
Non-current operating loss	-	-	-	-	-
- Depreciation of property, plant and equipment and intangible assets	309	301	98	2 436	3 144
- Other non-current expenses/(income)	-	-	-	-	-
- Share-based payments	-	-	-	1	1
Adjusted EBITDA	599	393	115	(7 473)	(6 366)

In 2021, the increased profit margin on purchase of consumables compared to 2020 is explained by a favourable product mix, with higher sales of software (see Note 7.1).

*Reinvoicing between the AMA Corporation Plc parent company or AMA SA and distribution subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6.2. Geographic information

Data relating to revenue per geographic area, based on the entity issuing the invoices, break down as follows:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
UK	70	221
France	2 060	2 740
USA	825	1 702
Romania	69	141
Germany	976	1 347
Hong Kong	69	154
China	182	261
Canada	16	7
Japan	18	-
Total revenue	4 285	6 572

The decline in revenues concerns all geographical regions.

As part of the global cost saving plan launched by the Group in June 2022, the commercial activities of the subsidiaries in the UK, Romania, Hong Kong and Canada have been taken over by the commercial teams of the other subsidiaries.

Non-current assets by geographic area were as follows:

	31 Dec. 2022	31 Dec. 2021
UK	0	8 136
France	1 759	3 520
Other countries	297	248
TOTAL	2 056	11 903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Operating data

7.1. Revenue

Revenue

In accordance with IFRS 15 "Revenue from Contracts with Customers", revenue is recognised when each performance obligation is fulfilled, which is when control of the goods or service is transferred to the customer in exchange for the amount of consideration to which the Group expects to be entitled.

The Group provides customers with a comprehensive service suite, including access rights to XpertEye software in SaaS mode primarily, along with maintenance, technical support and hosting services. These may be combined with equipment, such as smart glasses connected to a dedicated smartphone, microscopes, endoscopes or other equipment. There are three types of offers:

- **Lite - "Bring Your Own Device"**: browser-based solution enabling customers to work together remotely on any of their own compatible devices, including smartphones, tablets and portable computers, over a secure connection. No equipment is provided by the Group.
- **Essential**: Plug & Play remote maintenance and support solution using autonomous smart glasses provided by the Group and featuring XpertEye software in SaaS mode.
- **Advanced**: remote maintenance and support solution with advanced functionalities, enabling users to connect several external video sources, including smart glasses, microscopes, endoscopes and cameras, using a dedicated smartphone.

Management exercised its judgment and determined that revenue was primarily generated by the following performance obligations, based on below-mentioned considerations:

- XpertEye solution:
 - Equipment sales (smart glasses, smartphones, tablets, cameras and other accessories). This is a distinct performance obligation from XpertEye software access since i) XpertEye software can be used without dedicated equipment by direct browser connection (Lite formula) and ii) smart glasses and smartphones, without XpertEye software, have their own features. The link is functional, not transformative. Revenue is recognised on the date control is transferred, which corresponds to the date of delivery to the customer.
 - Sale of services corresponding to SaaS access to XpertEye software ("on-premises" solutions are not material) and associated services (technical support for customers, maintenance and hosting where applicable). The SaaS solution and associated services are distinct performance obligations which are performed over the same periods, at a similar pace. Revenue is recognised on a percentage completion and straight-line basis as costs are relatively stable throughout the contract.
 - "Pilot" contracts (option including a trial period of 1 to 12 months) comprising:
 - Equipment leases, corresponding to a distinct lease component within the scope of IFRS 16, classified as an operating lease, with lease payments recognised on a straight-line basis;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Access to XpertEye software in SaaS mode, and services relating to maintenance, technical support for customers and hosting which are distinct performance obligations, which are performed over the same periods, at a similar pace. Revenue is recognised on a percentage completion and straight-line basis;
- Sales of other one-off services, including training and project management, which are distinct performance obligations with revenue being recognised on the date the services are rendered.

Contracts correspond to purchase orders associated with general terms and conditions of sale, as well as, in certain cases, framework agreements with no volume commitments. Contracts may be entered into for up to 72 months, and are generally not cancellable without the payment of significant penalties.

Transaction prices are fixed and are subject to non-significant penalties for late delivery.

There is no major issue regarding price allocation among the various services as separate contractual prices are provided for separate services, with different recognition timing, and generally correspond to the standalone sales price.

The costs of obtaining and fulfilling contracts are expensed as it occurs.

Costs of obtaining and performing contracts are not significant.

The Group acts as principal when purchasing and selling equipment. Xperteye software is installed on equipment before resale. Additionally, AMA has primary liability to end customers (warranty and after-sales service), bears inventory risk, and sets equipment prices at its own discretion.

There are no other material agent/principal considerations.

Revenue is split as follows:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Software & support services	2 688	2 516
Equipment sales	1 154	2 994
Pilot contracts	172	772
XpertEye solution revenue	4 015	6 281
Other services	270	291
Total revenue	4 285	6 572

The Group experienced a decline in turnover by 34.8% compared to the previous year. However, revenues linked to its core business, selling the XpertEye software suite, increased by 6.8% to €2,688k. On the other hand, sales of equipment such as connected equipment, glasses, and smartphones dropped significantly by 61.5%. These trends continue to reflect the wait-and-see approach observed for clients and prospects facing a deteriorating economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Contract liabilities

Services invoiced at the start of the period (primarily annually) that mainly relate to software and directly associated services, and which have not yet been recognised under revenue are recognised under prepaid income, i.e. contract liabilities.

Changes in contract liabilities (prepaid income) is split as follows:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Contract liabilities at 1 January	2 130	2 487
Increase in amounts received, net of revenue recognised for the period	1 128	1 704
Revenue recognised for the period included in opening amount	(1 803)	(2 062)
Contract liabilities at 31 December	1 456	2 130

Order book

"Order book" refers to the aggregate amount of services still to be performed at the reporting date under contracts with customers as defined in IFRS 15, i.e. contracts creating enforceable rights and obligations between the parties.

Revenue from such contracts relates to the software and ancillary services provided under firm, multi-annual orders at the reporting date, as invoicing is generally performed on an annual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At 31 December 2022:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	TOTAL
Total amount of transaction price allocated to incomplete services at the reporting date	1 590	561	116	2 267

At 31 December 2021:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	TOTAL
Total amount of transaction price allocated to incomplete services at the reporting date	2 219	615	178	3 012

The lower order book at 31 December 2022, compared with 31 December 2021, is due to the decline in orders signed in 2022.

Major customers

In 2022, proceeds from a single customer in the Group's Europe operating segment accounted for approximately 8% of total Group revenue (2021: 6%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7.2. Other income

Capitalised production reflects capitalised development costs.

Operating grants that offset expenses incurred by the Group are recognised in profit or loss under other income on a systematic basis in the periods in which the expenses are recognised.

Investment grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; subsequently, they are recognised in profit or loss under other income on a systematic basis over the useful life of the asset.

The French research tax credit (CIR) is accounted for as a government grant. More specifically, it is recognised as an investment grant as it offsets capitalised development costs.

Other income breaks down as follows:

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
	€ 000	€ 000
Capitalised own production	2 195	3 670
Operating grants	16	196
Other operating income	356	230
Total other operating income	2 567	4 095

Other operating income mainly comprises the reversal of the €283k provision for Google Pixel telephones (see Note 18) and the reversal of the €64k for the depreciation of trade receivables.

The decrease in capitalised own production is due to the accounting treatment of R&D costs on the second half of 2022. These costs have been expensed and not capitalized (see note 11)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7.3. Operating expenses

Operating expenses break down as follows:

		31 Dec. 2022	31 Dec. 2021
		€ 000	€ 000
Equipment purchases		(889)	(2 447)
Change in inventories		(746)	219
Inventory impairment reversal		111	26
Partnership commissions		(54)	
Total cost of sales		(1 578)	(2 202)
Total employee benefits	7.4.3.	(10 159)	(9 707)
Non-stock purchases		(133)	(322)
Lease expenses	12.	(138)	(372)
General sub-contracts		(738)	(835)
Professional fees		(923)	(1 117)
Travel & entertainment		(506)	(373)
Trade fairs & marketing fees		(450)	(346)
Other		(982)	(1 282)
Total other purchases and external expenses		(3 870)	(4 648)
Total amortisation and depreciation of property, plant and equipment, intangible and right of use assets	11. & 12.	(3 071)	(3 144)
Taxes		(141)	(197)
Other		(403)	(279)
Total other expenses		(544)	(477)

At 31 December 2022, the increase in "Travel & entertainment" is mainly related to the recovery of business travels after the slowdown due to the COVID-19 pandemic.

The increase in "Trade fairs & marketing fees" is related to the partnership with the Route du Rhum sailing regatta.

The "Other" caption, under Other purchases and external expenses, related to recruitment (approximately €155k) and temporary employment costs (approximately €47k), transport costs (€70k), banking services (€114k), telephony (€140k), maintenance costs (€261k) and insurance costs (€76k).

The "Other" caption, under Other expenses, relates to non-recoverable credit loss (€29k), non-recoverable VAT (€29k), net income from assets transferred (€237k), depreciation of receivables for expected losses (€58k) and expenses related to a project with Crescent, a medical start up (€50k). The project was abandoned due to the restructuration of AMA group.

At 31 December 2021, "General sub-contracts" mainly reflected the secondment of employees seconded by digital services companies to support the Company's R&D development.

The increase in "Professional fees" relates to the secondment of a sales representative and project manager in Japan by a consulting firm. This item also includes fees relating to the Company's listing (Audit, Advisory and financial communication) and consulting services for the ISO certifications obtained in 2021 (ISO 27001 and 9001).

The "Other" caption, under Other purchases and external expenses, relates to recruitment costs (approximately €270k), temporary employment costs (approximately €200k), interest on guarantees provided by Guillemot Brothers (€133k), transport costs (€130k), telephony (€120k) and renovation and cleaning.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Statutory Audit fees

The Group paid the following fees to its statutory auditors in 2022 and 2021:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Statutory audit of the group and company financial statements	91	83
Services provided by associated firm in the statutory audit of subsidiary undertakings	42	20
Non-statutory audit services		203
Statutory audit fees	133	306

The Non-statutory audit services in 2021 were in respect of audit services provided to facilitate the IPO in July 2021.

7.4. Personnel and headcount

7.4.1. Headcount

Headcount corresponds to full-time equivalents including employees on fixed-term contracts, open-ended contracts and similar in the various foreign countries where the Group operates.

	31 Dec. 2022	31 Dec. 2021
Managers	71	126
Others employees	15	44
Total headcount at 31 December	86	170
Average headcount in the period	148	141

The Company's organisation was restructured at the end of the period, with Group headcount decreasing to 86 at year-end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7.4.2. Personnel expenses

Personnel expenses are recognised as the related service is provided.

Personnel expenses break down as follows:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Wages and salaries	(6 843)	(6 812)
Social security costs expect post-employment	(2 594)	(2 416)
Post-employment defined contribution expenses	(465)	(433)
Post-employment defined benefit expenses	(4)	(45)
Equity-settled share-based payments	(254)	(2)
Total	(10 159)	(9 707)

The increase in personnel expenses mainly reflects the higher number of average headcount in 2022 compared to 2021 (see Note 7.4.1) and is also explained by the impact of new share-based payments (see Note 7.4.4).

Details on key management personnel compensation are presented in Note 7.4.5.

7.4.3. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined benefit plans

The Group's defined benefit obligations correspond to retirement indemnities paid to employees in France.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Group's obligations relating to defined benefit plans are recognised under liabilities and estimated using the actuarial valuation method. Actuarial valuations are based on assumptions with regard to employee turnover, mortality, salary increases and the discount rate. The actuarial valuation method used is the Projected Unit Credit Method, based on the final monthly salary.

The service cost is recognised under personnel expenses. It includes the current service cost and past service cost resulting from plan amendments or curtailments, recognised in full in profit or loss for the period in which they occur, and gains or losses on plan settlements.

The interest cost, corresponding to the measurement to present value of the obligations, is recognised in net financial income or expense.

Actuarial gains and losses arising from remeasurements of liabilities are recognised under other items of comprehensive income and may not to be recycled through profit or loss.

The IFRIC's final agenda decision issued on 24 May 2021 on Attributing Benefit to Periods of Service (particularly retirement benefits) under IAS 19 has no material impact for the Company.

Defined contribution plans

Contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is possible.

Retirement benefits

Changes in the present value of the retirement benefit obligation is split as follows:

	Defined benefit obligations	
	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Balance at 1 January	185	171
Recognised under net income		
Current service cost	4	45
Recovery for employment safeguard plans	(28)	
Past service cost		
Interest cost	4	2
Total	(20)	46
Included in other comprehensive income		
Actuarial losses / (gains)	(59)	(32)
Total	(59)	(32)
Other		
Benefits paid		
Total	-	-
Balance at 31 December	106	185

The cost reduction plan has led to reduce the total headcount at the end of the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The entity is exposed to interest risk, salary risk and longevity risk.

The main actuarial assumptions used at the reporting date were as follows:

	31 Dec. 2022	31 Dec. 2021
Discount rate	3,77%	0,98%
Salary increase rate	2,00%	2,00%
Retirement age	64 years	67 years
Mortality rate	AMA mortality table	AMA mortality table

In 2022, the actuarial assumptions on retirement age changed from 67 years to 64 years. This assumption is based on the French pension reform.

The discount rate was determined based on the yield of long-term high-grade corporate bonds with maturities equivalent to the term of the obligations in question.

The duration is the weighted average term of the retirement benefit obligation (period between the current date and probable date of payment of the retirement benefit). The duration was 17 years at 31 December 2022, compared with 24 years at 31 December 2021.

Sensitivity analysis of retirement benefits

At the reporting date, reasonably possible changes to one of the relevant actuarial assumptions would have affected the retirement benefit obligation as follows (other assumptions remaining constant):

	31 Dec. 2022		31 Dec. 2021	
	Increase	Decrease	Increase	Decrease
	€ 000	€ 000	€ 000	€ 000
Discount rate (change of 50 basis points)	(9)	10	(21)	24
Salary increase rate (change of 50 basis points)	11	(9)	25	(22)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7.4.4. Share-based payment

Free preference shares are granted to AMA SA employees under equity-settled share-based plans.

The fair value determined at the grant date (fair value of the shares less the present value of future dividends estimated over the vesting period) is expensed, with the offsetting amount recognised as an increase in equity, over the vesting period. The amount expensed is adjusted to reflect the rights for which it is estimated that service conditions will be fulfilled, so that the amount ultimately recognised is based on the rights that actually meet service conditions at the acquisition date.

The fair value of free preference shares was estimated based on discounted cash flows, main assumptions being the discount rate, the long-term growth rate and other key operational assumptions.

Certain employees of the group hold ordinary shares issued by AMA XpertEye Inc. and AMA XpertEye GmbH. As these investments are held *pari passu*, at a value deemed to correspond to their fair value, and are settled in equity, no expense was recognised in the statement of comprehensive income in accordance with IFRS 2 Share-based Payment.

Stock options

On 31 January 2022, AMA Corporation plc granted 1 112 500 stock options (SO) to employees and a corporate representative of AMA CORP, AMA SA, AMA US, AMA Germany, AMA Shanghai, AMA Srl, AMA Japan, AMA Italy and AMA UK. The vesting period is two years. The contractual term is on January 30, 2028.

The fair value of the stock options was measured based on Black-Scholes model. The inputs used to measure the 2022 stock options fair value at grant date are as follows:

	2022 stock option plan
Fair value at grant date (in Euros)	0,59
Share price at grant date (in Euros)	1,94
Exercise price of the option (in Euros)	2,03
Expected volatility (weighted average)	41,40%
Expected life span	6 years
Maturity	4 years - mid-life
Expected dividend	-
Risk-free interest rate (based on government bonds)	-0,24%
	0% for founders and directors
Turnover rate	10% for managers 50% for employees

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Free shares

On 2 July 2018 and 1 January 2020, the Group set up free preference share plans for AMA SA employees. The vesting period is two years as of the grant date, at the end of which ownership of the preference shares is transferred to the beneficiaries (vested date), subject to their continued presence as Group employees.

The main characteristics and conditions relating to the granting of free shares in connection with these plans are as follows:

	Number of shares granted	Grant date	Vesting conditions	Contractual term of the grant	Fair value	Expected yield
2020 free share plan	21 000	January 1, 2020	Presence in the company	24 months	0,1509	-

In 2022 and 2021, changes in the number of free shares and stock options were as follows:

	31 Dec. 2022		31 Dec. 2021	
	Shares nb	Options nb	Shares nb	Options nb
Outstanding at 1 January	20 500	-	20 500	-
Lapsed during the period	- 20 500	- 172 500	-	-
Exercised during the period				
Granted during the period		1 112 500		
Outstanding at 31 December	-	940 000	20 500	-

Stock options are not yet exercisable at 31 Dec 2022.

In financial years 2022 and 2021, €254k and €2k, respectively, were expensed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7.4.5. Key management personnel compensation (related parties)

Key management personnel, corresponding to members of the Management Board and Board of Directors, received the following compensation:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Short-term employee benefits and contributions to defined contribution plans	1 325	1 424
Post-employment benefits under defined benefit plans	(3)	21
Share-based payment	51	-
Total	1 374	1 446

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit and defined contribution plans (see Note 7.4.2.) and share-based payments (see Note 7.4.4.).

Liabilities relating to post-employment defined benefit plans for key management personnel amounted to €62k at 31 December 2022 and €90k at 31 December 2021.

The highest paid director received €104k (€163k at 31 December 2021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7.5. Non-current operating expenses

In June 2022, AMA launched a comprehensive cost-saving plan to reduce its investments and adjust its cost structure to align with the market's size and evolution. Non-current operating expenses relates to the Group restructuring plan for €999k. It includes €919k for employment safeguard plans (including a provision for €35k), €107k of termination benefits costs and a retirement benefits recovery for €27k. The global savings plan focused on scaling back its workforce by more than 60 positions in France and 10 in other countries, with four non-priority commercial business units shut down (Romania, Italy, UK, Canada).

In 2022, the company decided to impair all its intangible assets due to the market downturn and the decrease in its market capitalization, considered as an impairment indication. Non-current operating expenses include €7,396k in intangible assets amortization.

8. Net financial income and expense

Foreign exchange gains and losses

Foreign exchange gains and losses on all Group transactions denominated in foreign currencies are recognised in profit or loss and presented under 'net financial income (expense)'.

Interest expense

Income and expenses from loans, financial debt and lease liabilities are recognised in accordance with the effective interest rate method.

Group financial income and expense is split as follows:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Interest expense on loans and lease liability	(82)	(90)
Interest expense on Guillemot Brothers' shareholder loan	(1)	(33)
Foreign exchange losses	(88)	(245)
Other interest expense	(4)	(2)
Interest and related expenses	(175)	(370)
Foreign exchange gains	89	84
Other financial income	24	2
Interest and related income	113	86
Total	(62)	(284)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Income tax

Income tax

Income tax includes current tax expense (income) and deferred tax expense (income), calculated in compliance with the legal provisions of the country where the income is taxed. Current and deferred taxes are recognised in profit and loss, except if they relate to items recognised in other comprehensive income, directly in equity or in connection with business combinations.

The Group deems that French value-added business tax (CVAE) meets the definition of corporate income tax as described in IAS 12.2 (Taxes based on taxable profit).

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are only recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be used. Future taxable profit is determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profit adjusted for reversals of existing temporary differences is used, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profit improves.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the assets are used or liabilities settled, using tax rates enacted or substantively enacted at the reporting date, and reflecting uncertainty relating to income taxes, if any.

Deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9.1. Income tax expense

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Current tax expense	(26)	(78)
Deferred tax profit / (expense)	(524)	56
French value-added business tax (CVAE)	(10)	(19)
TOTAL	(559)	(42)

Deferred tax expense is mainly related to the derecognition of deferred tax assets related to AMA SA tax loss carryforwards (see note 9.3).

Deferred taxes were determined considering the new tax regulation adopted in France in 2022, which is 25%. Also, the Finance Act 2021 confirmed an increase in UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This change of tax rates had no material impact.

9.2. Tax proof

Reconciliation of the effective and theoretical tax rates was as follows:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Loss before income tax	(20 827)	(9 795)
Normative tax rate	19%	19%
Theoretical tax expense	3 957	1 861
Reconciliation with the effective tax rate		
- Research tax credit (CIR)	4	92
- Changes in unrecognised losses	(4 493)	(1 888)
- Unrecognised deferred tax	(77)	
- Tax rate differences excluding UK	(11)	(41)
- Other differences	60	(66)
Income tax (expense) / income	(559)	(42)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9.3. Breakdown of assets (liabilities), net of deferred tax

Changes in deferred tax balances break down as follows:

	Opening balance at 31 Dec. 2021	Change in profit or loss	Change in OCI	Change in shareholders' equity	31 Dec. 2022		
					Net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets relating to tax loss carryforwards	428	(428)	-	0	0	-	(0)
Defined benefit liabilities	46	(5)	(15)	-	26	26	-
Elimination of gains from intercompany transactions	77	(77)	-	-	0	0	-
Finance lease adjustments (IFRS 16)	7	(6)	-	0	1	1	(0)
Other adjustments	36	(8)	-	(0)	28	29	1
Impact of change in tax rate	-	-	-	-	-	-	-
TOTAL DEFERRED TAX	595	(524)	(15)	(0)	56	56	1

	Opening balance at 31 Dec. 2020	Change in profit or loss	Change in OCI	Change in shareholders' equity	31 Dec. 2021		
					Net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets relating to tax loss carryforwards	408	20	-	0	428	428	(0)
Defined benefit liabilities	43	12	(8)	-	46	46	-
Elimination of gains from intercompany transactions	50	27	-	-	77	77	-
Finance lease adjustments (IFRS 16)	3	4	-	(0)	7	6	(1)
Other adjustments	(3)	(7)	-	46	36	40	4
Impact of change in tax rate	-	-	-	-	-	-	-
TOTAL DEFERRED TAX	502	56	(8)	45	595	598	3

In 2021, deferred tax assets relating to tax loss carryforwards primarily relate to AMA SA. In 2022, these deferred tax assets were derecognized as, in accordance with the Group tax planning, it is not expected to recover the related tax losses carried forward within the next four years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9.4. Unrecognised deferred tax assets

AMA Corporation Plc tax losses were not capitalised at 31 December 2022 or 31 December 2021. In general, the Group do not recognize deferred tax assets for tax losses if they are not likely to be recovered within the next four years.

	31 Dec. 2022		31 Dec. 2021	
	Gross values	Tax impact	Gross values	Tax impact
	€ 000	€ 000	€ 000	€ 000
UK	31 225	7 806	21 250	4 038
France	8 989	2 247	6 245	1 561
TOTAL	40 214	10 053	27 495	5 599

In the United Kingdom, tax loss carryforwards amounting to a maximum of £5,000k may be used annually, and 50% beyond this threshold.

In France, tax loss carryforwards amounting to a maximum of €1,000k may be used annually, and 50% beyond this threshold.

9.5. Uncertainty over income tax treatments

The Group had no material uncertainty over income tax treatments within the meaning of IFRIC 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Earnings per share

10.1. Basic earnings per share

Basic earnings per share is calculated using the earnings attributable to holders of ordinary shares and the weighted average number of outstanding ordinary shares as follows.

Earnings attributable to holders of ordinary shares (basic):

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Net earnings attributable to owners of the Company	(21 384)	(9 878)
Net earnings attributable to holders of ordinary shares	(21 384)	(9 878)

Weighted average number of ordinary shares (basic):

	31 Dec. 2022	31 Dec. 2021
	shares no	shares no
Ordinary shares at 1 January	19 867 607	44 800 000
Capital decrease		(28 800 000)
Capital increase		6 455 815
Weighted average number of ordinary shares at 31 December	19 867 607	19 867 607
Basic earnings per share in €	(1,08)	(0,50)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10.2. Diluted earnings per share

Diluted earnings per share is calculated using the earnings attributable to holders of ordinary shares and the weighted average number of outstanding ordinary shares as follows, adjusted for the effects of all potentially dilutive ordinary shares.

Earnings attributable to holders of ordinary shares (diluted):

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Net earnings attributable to holders of ordinary shares (basic)	(21 384)	(9 878)
Net earnings attributable to holders of ordinary shares (basic)	(21 384)	(9 878)

Weighted average number of ordinary shares (diluted):

	31 Dec. 2022	31 Dec. 2021
	shares no	shares no
Weighted average number of ordinary shares (basic)	19 867 607	19 867 607
Weighted average number of ordinary shares (diluted) at 31 December	19 867 607	19 867 607
Earnings per share in €	(1,08)	(0,50)

Weighted average number of ordinary shares (diluted) at 31 December 2022 does not include the outstanding stock options.

Indeed, as the result of continuing operations is a loss, instruments giving deferred rights to capital such as stock options have an anti-dilutive effect. They are therefore not considered, and basic earnings per share are therefore identical to diluted earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Intangible assets and property, plant and equipment

11.1. Intangible assets

Research and development costs

Research costs are expensed as they are incurred.

Development costs are capitalised and recognised as intangible assets if and only if the costs can be reliably measured and the Group can demonstrate the technical and commercial feasibility of the product or process, its probable future economic benefits, its intention, and the availability of sufficient resources to complete development and use or sell the asset. If these conditions are not met, development costs are expensed as they are incurred. After initial recognition, development costs are recognised at cost less accumulated amortisation and impairment.

Management applied its judgment in order to determine whether the above-mentioned criteria were met for each development project. In particular, Management distinguished between significant upgrades of the XpertEye solution, for which development costs are capitalized, and minor updates and correction of bugs, for which costs are expensed. Also, management support that significant upgrades generate incremental economic benefits.

State investment grants are initially recognised at fair value in deferred income if there is reasonable assurance that they will be received and the Group will meet their conditions. They are then deducted from subsidised assets, leading to a reduction in the related depreciation expense. The research tax credit is treated as a State grant. It is therefore recognised as an investment grant since it offsets capitalised development costs and is deducted from net assets.

The main impairment indicators that can trigger an impairment test are problems of technical feasibility and lack of market opportunities.

Other intangible assets

Other intangible assets mainly comprise software licences. They have a finite useful life and are recognised at cost less accumulated amortisation and impairment.

Amortisation

Amortisation is calculated on a straight-line basis over the estimated useful life of the assets.

The estimated useful lives for the current and comparative reporting periods are:

- Development costs: 5 years
 - Software: 1-5 years
- Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Intangible assets are split as follows:

€ 000	31 Dec. 2021	Additions	Disposals	Amortisation for the period	Others changes	Reclassifications	31 Dec. 2022
Development costs	10 057	714	-	-	-	268	11 039
Concessions, licences and similar rights	64	-	-	-	-	(64)	-
Software	382	2	(5)	-	-	68	448
Intangible assets in progress	655	1 031	(84)	-	-	(273)	1 328
Other intangible assets	1	-	(1)	-	-	-	-
Intangible assets (gross)	11 158	1 747	(90)	-	-	-	12 816
Amortisation of development costs	(3 920)	-	-	(7 119)	-	-	(11 039)
Amortisation of concessions, licences and similar rights	(8)	-	-	(16)	-	24	-
Amortisation of software	(363)	-	-	(34)	(0)	(24)	(421)
Amortisation of other intangible assets	(1)	-	1	-	-	-	-
Amortisation of intangible assets in progress	-	-	-	(1 328)	-	-	(1 328)
Amortisation/impairment of intangible assets	(4 291)	-	1	(8 498)	(0)	-	(12 788)
Total net value	6 867	1 747	(89)	(8 498)	(0)	-	27

€ 000	31 Dec. 2020	Additions	Disposals	Amortisation for the period	Others changes	Reclassifications	31 Dec. 2021
Development costs	6 669	2 526	-	-	-	862	10 057
Concessions, licences and similar rights	-	28	(44)	-	-	80	64
Software	462	50	-	-	(95)	(35)	382
Intangible assets in progress	1 058	669	(51)	-	(119)	(906)	655
Other intangible assets	1	-	-	-	-	-	1
Intangible assets (gross)	8 190	3 273	(96)	-	(214)	-	11 158
Amortisation of development costs	(2 360)	-	-	(1 560)	-	-	(3 920)
Amortisation of concessions, licences and similar rights	-	-	-	(8)	-	-	(8)
Amortisation of software	(369)	-	-	(23)	30	-	(363)
Amortisation of other intangible assets	(1)	-	-	-	-	-	(1)
Amortisation/impairment of intangible assets	(2 730)	-	-	(1 591)	30	-	(4 291)
Total net value	5 461	3 273	(96)	(1 591)	(184)	-	6 867

The company decided to impair all its intangible assets due to the market downturn and the decrease in its market capitalization, considered as an impairment indication (see note 11.3, for an impact of €7,396k in the amortization of the period). Furthermore, the company decided to take a prudent approach and not capitalize any new R&D costs incurred during the second semester of 2022, without signs of recovery or growth.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11.2. Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment.

The proceeds or loss from the disposal of property, plant and equipment is recognised under net earnings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

The estimated useful lives for the current and comparative reporting periods are:

- XpertEye equipment: 2 years
- Other equipment and tooling: 2-5 years
- Office and computer equipment: 2-5 years
- Furniture: 3-10 years
- Transport equipment: 2 to 4 years
- Technical and general improvements: 3 to 14 years
- Other property, plant and equipment: 3 to 14 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Property, plant and equipment breaks down as follows:

€ 000	31 Dec. 2021	Additions	Disposals	Depreciation for the period	Effects of changes in foreign exchange rates	Reclassifications	31 Dec. 2022
XpertEye equipment - rental use	990	51	(324)	-	-	32	749
XpertEye equipment - internal use	942	46	(96)	-	-	86	977
Technical facilities, equipment and tooling	148	65	(14)	-	0	0	199
Transportation equipment	37	-	(18)	-	-	-	19
Computer equipment	1 091	90	(302)	-	(1)	-	879
Plant and equipment in progress	-	-	-	-	-	-	-
Advances and downpayments for a real estate project	817	-	(817)	-	-	-	-
Other property, plant and equipment	378	46	(221)	-	2	-	205
Property, plant and equipment (gross value)	4 403	298	(1 792)	-	2	118	3 028
Dep. XpertEye equipment - rental use	(718)	-	295	(240)	-	-	(662)
Dep. XpertEye equipment - internal use	(664)	-	92	(235)	-	-	(807)
Dep. of technical facilities, equipment and tooling	(134)	-	19	(109)	(0)	-	(224)
Dep. of transportation equipment	(37)	-	18	-	-	-	(19)
Dep. of computer equipment	(453)	-	220	(250)	1	-	(483)
Dep. of other PPE	(176)	-	155	(80)	(0)	-	(102)
Depreciation/impairment of property, plant and equipment	(2 182)	-	798	(914)	(0)	-	(2 297)
Total net value	2 221	298	(994)	(914)	1	118	731

€ 000	31 Dec. 2020	Additions	Disposals	Depreciation for the period	Effects of changes in foreign exchange	Reclassifications	31 Dec. 2021
XpertEye equipment - rental use	872	126	(91)	-	-	83	990
XpertEye equipment - internal use	639	193	(24)	-	-	133	942
Technical facilities, equipment and tooling	124	24	0	-	(0)	-	148
Transportation equipment	56	-	(19)	-	-	-	37
Computer equipment	483	617	(15)	-	6	-	1 091
Advances and downpayments for a real estate project	-	817	-	-	-	-	817
Other property, plant and equipment	258	119	-	-	1	-	378
Property, plant and equipment (gross value)	2 432	1 895	(148)	-	7	216	4 403
Dep. XpertEye equipment - rental use	(500)	-	50	(268)	-	-	(718)
Dep. XpertEye equipment - internal use	(509)	-	14	(169)	-	-	(664)
Dep. of technical facilities, equipment and tooling	(103)	-	-	(31)	0	-	(134)
Dep. of transportation equipment	(50)	-	18	(5)	-	-	(37)
Dep. of computer equipment	(301)	-	15	(164)	(3)	-	(453)
Amt/Dép. autres immobilisations corp. - Location	(136)	-	-	(40)	0	-	(176)
Depreciation/impairment of property, plant and equipment	(1 600)	-	98	(677)	(3)	-	(2 182)
Total net value	832	1 895	(50)	(677)	5	216	2 221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11.3. Impairment tests

In accordance with IAS 36 “Impairment of assets”, the Group regularly checks for indications of impairment to intangible assets and property, plant and equipment with finite useful lives. If an indication of impairment is found, the Group tests for impairment to measure whether the carrying amount of the assets (or groups of assets corresponding to cash-generating units) is higher than the recoverable amount of the assets, defined as the higher of value in use or fair value less disposal costs.

During the year 2022, the Group’s market capitalization declined by more than 80% which constitutes an indication of impairment. To determine if the carrying amount of R&D at the end of June 2022 exceeded its recoverable amount, the company used the value-in-use method. The value in use method involves estimating the future cash flows that the R&D’s cash-generating unit (CGU) will generate over the useful life of 5 years. All assets of the Group being largely dependent, budgets realized and validated by the management for all the Group are the most relevant inputs for estimating the future discounted cash flow generated by this R&D’s CGU.

The comparison of this recoverable amount estimated under reasonable and supportable assumptions to the carrying amount of the Group’s net assets led to depreciate R&D capitalized costs for their total amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Leases

When a contract is signed, the Group determines whether it is or contains a lease.

The contract is or contains a lease if it grants the right to use an identified asset for a period of time in return for payment. To assess whether or not a contract grants the right to control an identified asset throughout the asset's useful life, the Group examines whether: i) the contract involves use of an identified asset, ii) the Group has the right to enjoy almost all economic benefits from the use of the asset throughout its useful life, and iii) the Group has the right to make decisions concerning the use of the asset.

The Group recognises a "right-of-use" asset and a lease liability on the date the contract comes into effect. The "right-of-use asset" is initially measured at cost, i.e. the initial amount of the lease liability restated for any lease payments that have already been made at the commencement date, plus any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the site on which it is located, less any lease incentives received.

The right-of-use asset is then depreciated on a straight-line basis from the commencement of the lease term, unless the lease stipulates that ownership of the underlying asset shall be transferred to the Group when the lease expires, or the cost of the "right-of-use" asset takes into account the fact that the Group will exercise a purchase option. In that case, the "right-of-use" asset is depreciated over the useful life of the underlying asset, determined on the same basis as the useful life of property, plant and equipment. Additionally, the "right-of-use" asset is regularly written down if impairment losses occur and is adjusted for some remeasurements of the lease liability.

At the commencement date, the lease liability is measured at the present value of lease payments over the lease term that have not yet been paid at that date. The discount rate used is the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group generally uses the latter as its discount rate.

Management determines the incremental borrowing rates from interest rates granted by various sources of external financing, for a term similar to that of the lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extend (or not terminated). The following factors are in general most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Otherwise, the Group considers all factors including historical lease durations and the cost and business disruption required to replace the leased asset.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under the residual value guarantee;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; payments made during the renewal period if the Group is reasonably certain to extend the lease; and payments of penalties for terminating the lease, unless the Group is reasonably certain not to terminate the lease.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured to reflect changes to future lease payments: from a change in an index or a rate; from a change in amounts the Group expects to be payable under the residual value guarantee; if the Group reassesses the likelihood that it will exercise the option to purchase the underlying asset or extend or terminate the lease; or if in-substance fixed lease payments are revised.

When the lease liability is remeasured, the carrying amount of the right-of-use asset is adjusted, or if the carrying amount of the right-of-use asset is reduced to zero, the remaining amount of the remeasurement is recognised in profit or loss.

The Group has chosen not to recognise a right-of-use asset or lease liability for short-term leases with a term of 12 months or less, or for leases of low-value assets (less than €5 thousand). These lease payments are recognised as expenses.

The Group recognises deferred tax assets and liabilities for lease liabilities and right-of-use assets, respectively, considering that tax deductions are applied to liabilities.

The Group is also a lessor as explained in Note 7.1.

In the course of its business, the Group leases premises and vehicles and accesses dedicated servers with a lease component.

For office space, lease terms are 1 to 5 years

Until 2020, there was a France-specific “3-6-9-year” lease, for which a nine-year term is generally used, given the lack of penalties and material economic incentives in accordance with the position of the IASB Interpretations Committee and the conclusions of the French Accounting Standards Authority (ANC) on the topic. Immovable improvements are not material and have a similar useful life to the residual value of the leases. This mainly concerns fixed lease payments that depend on an index.

Since 2021, a non-renewable three-year tenancy-at-will lease has been underwrite on AMA SA. This lifetime has been used as life of the lease office.

At 31 December 2022, there is only one lease office remaining in France.

Leases for vehicles and IT equipment feature fixed lease payments and terms of approximately three years. Early termination options are not reasonably certain to be exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The leases for dedicated servers feature fixed lease payments. They have terms ranging from 12 to 60 months and are tacitly renewed. Renewal is not deemed reasonably certain. For these leases, the Group has chosen not to separate the service components, but rather to recognise all components as a single lease component.

Right-of-use assets break down as follows:

	Land and buildings	Vehicles	Servers	Other	TOTAL
	€ 000	€ 000	€ 000	€ 000	€ 000
Balance at Dec. 31, 2020	500	59	552	-	1 110
Depreciation for the period	(427)	(66)	(387)	(0)	(881)
Additions to right-of-use assets	1 031	159	928	6	2 124
Derecognition of right-of-use assets	(276)	-	(52)	-	(328)
Foreign currency gains (losses)	24	-	-	-	24
Balance at Dec. 31, 2021	852	151	1 041	5	2 050
Depreciation for the period	(586)	(78)	(394)	(2)	(1 061)
Reversal of impairment	-	-	-	-	-
Additions to right-of-use assets	195	30	410	-	635
Derecognition of right-of-use assets	(145)	(28)	(443)	-	(616)
Foreign currency gains (losses)	15	(0)	-	0	15
Balance at Dec. 31, 2022	331	75	614	4	1 024

The decrease in right-of-use assets in 2022 was mainly due to a €443k decrease in server leases and a €145k decrease related to a contract termination of office lease.

The related impact on profit and loss and cash flow is as follows:

- Amounts recognised in net profit (loss)

Amounts recognised in net profit (loss)

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Interest on lease liabilities	(31)	(13)
Depreciation charge	(1 061)	(881)

The expense recognised for leases of low-value assets or leases for less than one year is not material.

- Amounts recognised under cash flows:

Amounts recognised under cash flows

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Total cash outflows attributable to leases	1 071	860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Financial assets

Unconsolidated equity investments are recognised at fair value through profit or loss.

Loans and guarantees are initially recognised at fair value and subsequently at amortised cost.

Financial assets break down as follows:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Non-consolidated equity investments	4	4
Other non-consolidated deposit - non-current	100	-
Loans, guarantees and other receivables - non-current	115	164
Financial assets	218	168

Following the new Credit Cooperatif €600k borrowings, the group purchased €100k securities as a deposit. The securities were pledged for the whole amount (see Note 23).

14. Inventories and work in progress

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is determined using the weighted average cost method.

Estimates of inventory impairment are based on a case-by-case analysis of inventories to determine whether they are obsolete.

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Gross amount	1 419	2 286
Impairment	(493)	(603)
Net	927	1 683

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Inventories mainly comprise glasses and accessories.

In 2021, an additional impairment loss of €76k was recognised for few products (Iristick glasses, cases, etc.). A €88k reversal was recorded for other products, which were sold in 2021 (e.g. Google Glasses and some Pixels).

In 2022, the decrease in inventory volume is linked to the decline in activity. An additional impairment of €384k was recognised for obsolete glasses (old Realwear and google glass) and smartphones ordered in too large quantities. A €495 k reversal was recorded for glasses or other products sold to brokers or employees. Inventory is regularly reviewed to identify discontinued items or items that pose resale difficulties.

15. Trade and other receivables, other current assets

Trade receivables and other operating receivables are initially recognised at fair value, and subsequently at amortised cost, which is generally their nominal amount.

In accordance with IFRS 9, the Group applies the simplified approach to measure trade receivables, and recognises the loss allowance at an amount equal to lifetime expected credit losses.

Unrecoverable losses are historically low. Receivables are regularly reviewed to identify potential litigation risks and credit risk. Disputed receivables are generally written off.

Trade receivables and other current assets break down as follows:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Trade and other receivables	1 117	2 064
Impairment of receivables for expected losses	(63)	(68)
Total trade and other receivables	1 054	1 996
Current tax receivables	398	266
Prepaid expenses	295	443
State receivables (excl. income tax) - current	111	941
Staff and social security receivables	63	48
Other current assets	142	301
Total other current assets	611	1 733

Note 21.2.3 contains further information on the impairment of trade receivables and the Group's exposure to credit risk.

The decrease in trade receivables at 31 December 2022 reflects the slowdown in business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Cash and cash equivalents

Cash and cash equivalents comprised funds held at banks. Cash equivalents are short-term, highly liquid investments that are easily convertible into a known cash amount and subject to negligible risk of change in value. At 1 January 2021, 31 December 2021 and 31 December 2022, the Group had no cash equivalents.

In the cash flow statement, this line item corresponds to cash and cash equivalents after deducting bank overdrafts.

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Bank accounts	8 603	20 641
Demand deposits	-	-
Cash and cash equivalents reported in the statement of financial position	8 603	20 641
Bank overdrafts repayable on demand and used for cash management purposes	-	(0)
Cash and cash equivalents reported in the statement of cash flows	8 603	20 641

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Equity

17.1. Share capital

Share capital comprises ordinary shares.

Capital increase costs are recognised in equity.

AMA Corporation Plc's share capital breaks down as follows:

	Shares capital		Share premium	Shares capital		Share premium
	31 Dec. 2022			31 Dec. 2021		
	Nb of shares	€ 000	€ 000	Nb of shares	€ 000	€ 000
Shares outstanding at 1 January	22 455 815		34 161	5 600 000	6 245	
Capital reduction				(3 600 000)	(3 977)	
Contribution of equity interests by AMA R&D and AMA OPS				82 829	97	62
Multiplication of shares by 8				14 579 803		
Initial public offering				5 793 183	843	34 099
Shares outstanding at 31 December – fully paid	22 455 815	3 207	34 161	22 455 815	3 207	34 161

The par value of ordinary shares is €0.143.

On 7 July 2021, AMA Corporation Plc performed a share capital reduction (reduction of 3,600,000 shares) by allocation to the Guillemot Brothers current account.

On 19 May 2021, AMA Corporation Plc acquired additional shares in AMA Research and Development and AMA Operations, settled through a capital increase (issue of 57,650 shares for the contribution in kind of AMA Research and Development shares and issue of 25,179 shares for the contribution in kind of AMA Operations shares).

On 21 May 2021, the par value of the shares was reduced, multiplying the number of shares by 8.

For its initial public offering, AMA Corporation Plc performed a capital increase by issuing 5,457,390 new shares on 1 July 2021. On 4 August 2021, AMA Corporation Plc partially exercised its greenshoe option leading to the issue of 335,793 additional new shares.

17.2. Capital management

The Group's policy is to maintain a solid capital base in order to keep the trust of investors, creditors and the market, as well as to support future business development. The Group's business activities are also financed through bank loans and credit facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Provisions and contingent liabilities

A provision is recognised when the Group has a legal or constructive obligation at the reporting date, as a result of a past event, which will probably result in an outflow of resources in an amount that can be reliably estimated.

The amount provisioned is the best estimate of the expenditure needed to settle the present obligation at the reporting date.

Provisions for Google Pixel telephones are measured by management based on the number of Google Pixel telephones in inventory and the amount of purchase costs of new telephones bought in replacement.

	Provision for replacement Google Pixel telephones	Provision for employment safeguard plans	Others provisions	TOTAL
	€ 000	€ 000	€ 000	€ 000
Balance at Dec. 31, 2020	538	-	-	538
Provisions made during the year	71	-	-	71
Recovery for the period (provision used)	(227)	-	-	(227)
Recovery for the period (provision not used)	-	-	-	-
Balance at Dec. 31, 2021	381	-	-	381
Provisions made during the year	-	35	-	35
Recovery for the period (provision used)	(283)	-	-	(283)
Recovery for the period (provision not used)	-	-	-	-
Balance at Dec. 31, 2022	98	35	-	134

In 2020, a €538k provision was recognised for the upcoming replacement of Google Pixel telephones purchased by clients. The XpertEye Advanced APK (Android Package Kit), developed in 2020 and slated for release in 2021, were not compatible with the Google Pixel currently embedded in the XpertEye Advanced solution, or compatibility would require overly costly development. This provision has been partially reversed for a total amount of €227k. An additional €71k provision was recognised to cover the costs of replacing telephones delivered in 2021 before the APK release. This resulted in a provision of €381k as at December 31, 2021.

In 2022, this provision has been partially reversed for a total amount of €283k. This resulted in a provision of €98k as at December 31, 2022.

In 2022, a €35k provision was recognised for employment safeguard plans (termination benefits).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Loans and borrowings

19.1. Main terms and conditions

Financial liabilities are initially recognised at fair value less transaction costs, and subsequently at amortised cost using the effective interest rate method.

In accordance with the IFRS 1 exemption for government loans, starting from the transition date, the Group chose to apply IFRS 9 and IAS 20 prospectively to BPI interest-free loans taken out before the transition date. Accordingly, these loans were carried at their nominal amount. They were not remeasured at fair value at the date of initial recognition and no grant component was recognised.

The terms and conditions of current loans are as follows:

€ 000	Currency	Annual nominal interest rate	Year of maturity	Nominal value	31 Dec. 2022 Carrying amount	31 Dec. 2021 Carrying amount
BPI France €500 thousand loan	EUR	Fixed rate	2023	500	75	175
CIC €1,500 thousand loan	EUR	Fixed rate	2021	1 500	-	152
BPO €1,000 thousand loan	EUR	Fixed rate	2022	1 000	-	173
BPI €750 thousand loan	EUR	Fixed rate	2023	750	225	375
CREDIT COOP €500 thousand loan	EUR	Fixed rate	2021	500	-	500
CIC €500 thousand loan	EUR	Fixed rate	2022	500	55	169
BPO €900 thousand loan	EUR	Fixed rate	2023	900	303	560
CIC €400 thousand loan	EUR	Fixed rate	2024	400	194	293
CREDIT COOP €600 thousand loan	EUR	Fixed rate	2029	600	600	-
BPI France €2,000 thousand loan	EUR	Fixed rate	2028	2 000	2 000	-
Other financial liabilities due within one year and accrued loan interest					52	47
Total bank loans				8 650	3 504	2 444
Arkea credit line	EUR	Floating rate	2025	5 000		
CIC credit line	EUR	Floating rate	2023	4 000		
Société Générale credit line	EUR	Floating rate	2027	3 000		
Crédit Agricole credit line	EUR	Floating rate	Undetermined	2 500		
LCL credit line	EUR	Floating rate	Undetermined	1 500		
Total available credit lines				16 000	-	-
Current account with AMA CORP	EUR / GBP	Floating rate		0	- 0	170
Total Guillemot Brothers' current account				0	- 0	170
Total				24 650	3 504	2 614

Fixed rates range from 0% to 1.9%, while floating rates range from EURIBOR 3M +1.5%.

The Group has subscribed two financial debts for €2,000k and €600k with respectively BPI and Credit-Cooperatif in order to fund research & development costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19.2. Change in loans and borrowings distinguishing cash and non-cash flows

Changes to loans and borrowings and lease liabilities in 2022 and 2021 were as follows:

31 Dec. 2021	Cash flows			Changes in non-cash flows						31 Dec. 2022
	Cash inflows from new debt	Interest paid	Repayment of borrowings	Foreign exchange gains (losses)	Interest expense	Non-cash from new leases	Impact of IFRS 16 - Leases	Capital reduction by allocation to GB current account	Reclass.	
€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Bank loans	852	2 600	(1 545)	-	-	-	-	-	907	2 813
Current account with Guillemot Brothers Ltd	-	-	-	-	-	-	-	-	-	-
Total non-current borrowings and financial liabilities	852	2 600	(1 545)	-	-	-	-	-	907	2 813
Non-current lease liabilities	1 119	-	(1 071)	8	-	635	(629)	-	382	444
Bank loans	1 555	-	(83)	0	83	-	-	-	(907)	639
Bonds	-	-	-	-	-	-	-	-	-	-
Accrued loan interest	2	-	3	-	-	-	-	-	-	5
Other financial liabilities due within one year	45	3	-	0	-	-	-	-	-	47
Current account with Guillemot Brothers Ltd	170	-	(170)	-	-	-	-	-	-	(0)
Total current borrowings and financial liabilities	1 772	3	(81)	0	83	-	-	-	(907)	691
Current lease liabilities	958	-	-	7	-	-	-	-	(382)	583

in 2022, the Company has subscribed two financial debts for €2,000k and €600k as detailed in Note 19.1. The Company also repaid the rest of the Guillemot Brothers loan for €170k.

31 Dec. 2020	Cash flows			Changes in non-cash flows						31 Dec. 2021
	Cash inflows from new debt	Interest paid	Repayment of borrowings	Foreign exchange gains (losses)	Interest expense	Non-cash from new leases	Impact of IFRS 16 - Leases	Capital reduction by allocation to GB current account	Reclass.	
€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Bank loans	2 397	-	(1 275)	-	-	-	-	-	(270)	852
Current account with Guillemot Brothers Ltd	-	-	-	-	-	-	-	-	-	-
Total non-current borrowings and financial liability	2 397	-	(1 275)	-	-	-	-	-	(270)	852
Non-current lease liabilities	675	(13)	(860)	11	13	2 124	(332)	-	(497)	1 119
Bank loans	1 275	9	(111)	1	111	-	-	-	270	1 555
Bonds	-	-	-	-	-	-	-	-	-	-
Accrued loan interest	1	1	-	-	-	-	-	-	-	2
Other financial liabilities due within one year	45	8	(9)	2	-	-	-	-	-	45
Current account with Guillemot Brothers Ltd	(0)	-	(3 807)	-	-	-	-	3 977	-	170
Total current borrowings and financial liabilities	1 321	18	(3 816)	2	111	-	-	3 977	270	1 772
Current lease liabilities	449	-	-	11	-	-	-	-	497	958

In 2021, the Company repaid €3,807k of the Guillemot Brothers loan. The Company did not draw down any of its available credit facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Trade accounts payable, other current liabilities

Trade payables are initially recognised at fair value, and subsequently at amortised cost, which is generally their nominal amount.

Trade payables and other current liabilities break down as follows:

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
	€ 000	€ 000
Trade payables	752	1 943
Staff and social security payables - current	724	972
Tax payables (excl. income tax)	124	931
Prepaid income (excl. client contracts)	-	-
Other payables - current	19	26
Total other liabilities	867	1 929
Total	1 619	3 872

The decrease in trade payables was mainly due to a decrease in accrued invoices.

At AMA Corporation Plc accrued invoices went from €393k in 2021 to €167k in 2022. The decrease is explained by the absence of fees in connection with the initial public offering (€203k in 2021).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Financial instruments and risk management

21.1. Classification and fair value of financial instruments

The fair value hierarchy is as follows:

- Level 1: fair value based on quoted prices traded in active markets
- Level 2: fair value measured based on observable inputs (other than the quoted prices included in level 1)
- Level 3: fair value measured using valuation techniques based on unobservable inputs

€ 000	Accounting category	Fair value level	31 Dec. 2022		31 Dec. 2021	
			Carrying amount	Fair value	Carrying amount	Fair value
			€ 000	€ 000	€ 000	€ 000
Loans, guarantees and deposit	Amortised cost	Level 2 - Note 2	214	214	164	164
Non-consolidated equity investments	Fair value through P&L	Level 3 - Note 3	4	4	4	4
Total non-current financial assets			218	218	168	168
Trade and other receivables	Amortised cost	Note 1	1 054	1 054	1 996	1 996
Cash and cash equivalents	Amortised cost	Note 1	8 603	8 603	20 641	20 641
Total current financial assets			9 657	9 657	22 637	22 637
Total assets			9 875	9 875	22 805	22 805
Bank loans and other financial liabilities	Amortised cost	Level 2 - Note 5	2 813	2 729	852	870
Current account with Guillemot Brothers Ltd	Amortised cost	Level 2 - Note 5	-	-	-	-
Total non-current financial liabilities			2 813	2 729	852	870
Non-current lease liabilities	Amortised cost	Level 2 - Note 4	444	N/A	1 119	N/A
Bank loans and other financial liabilities	Amortised cost	Level 2 - Note 5	691	712	1 602	1 617
Current account with Guillemot Brothers Ltd	Amortised cost	Level 2 - Note 5	- 0	- 0	170	170
Trade payables	Amortised cost	Note 1	752	752	1 943	1 943
Bank overdraft	Amortised cost	Note 1	-	-	-	-
Total current financial liabilities			1 443	1 464	3 715	3 730
Current lease liabilities	Amortised cost	Level 2 - Note 4	583	N/A	958	N/A
Total liabilities			5 283	4 193	6 644	4 600

Note 1 - The carrying amount of current financial assets and liabilities is deemed to be approximately their fair value.

Note 2 - The difference between the carrying amount and fair value of loans and guarantees is deemed immaterial.

Note 3 - The fair value of unconsolidated equity investments is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 4 - As allowed for under IFRS, the fair value of lease liabilities and their level in the fair value hierarchy is not presented.

Note 5 - The fair value of loans and borrowings was estimated using future cash flows discounted at a market rate.

21.2. Risk management

The Group is exposed to interest rate risk, currency risk, credit risk and liquidity risk.

21.2.1. Interest rate risk

The Group has fixed-rate loans as well as variable credit facilities (EURIBOR plus a percentage). At 31 December 2022, the Group had no instruments hedging its exposure to interest rate risk.

The main characteristics of the interest rates of financial instruments are presented in Note 19.1

Analysis of interest rate sensitivity of variable-rate instruments

A reasonably likely change of 50 basis points to interest rates at the reporting date would have no impact on consolidated net profit or loss.. .

In 2022, the Group did not use its floating rate credit lines. Therefore, no interests were booked in the consolidated financial statements.

Impact of IBOR reform

The main benchmark interest rates are being reformed around the world. For example, some interbank offered rates (IBOR) will be replaced by other risk-free rates in an endeavour known as IBOR reform. Through its financial instruments, the Group is exposed to IBORs that are slated for replacement or modification under the reform, which is affecting all markets.

The Group estimates that the IBOR reform will not affect its management of risk, particularly as it has no hedge accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21.2.2. Currency risk

The Group is exposed to currency risk insofar as the functional currency used by Group entities differs from the currency used to recognise certain sales, purchases, payables and receivables. The functional currencies of the Group's entities are local currencies, except for the holding company AMA Corporation Plc, which uses the euro as its functional currency. The main currencies in which these transactions are recognised are the euro (EUR), US dollar (USD) and pound sterling (GBP).

At 31 December 2022 and 2021, the Group had no instruments hedging its exposure to currency risk.

The quantitative data used to analyse the Group's exposure to currency risk is summarised below.

(000 of foreign currency)	At 31 December 2022							
	EUR	GBP	USD	CNY	RON	HKD	CAD	JPY
Trade and other receivables	0	0	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0	50	0
Cash and cash equivalents	32	417	32	2	0	140	0	0
Loans and borrowings	335	15	20	805	0	0	0	(1 109)
Trade and other payables	0	31	195	0	0	70	0	0
Other current liabilities	0	0	0	0	0	0	0	0
Total	367	463	247	807	0	210	50	(1 109)

(000 of foreign currency)	At 31 December 2021							
	EUR	GBP	USD	CNY	RON	HKD	CAD	JPY
Trade and other receivables	0	0	0	19	0	0	0	0
Other current assets	0	79	0	240	0	0	121	0
Cash and cash equivalents	28	98	638	0	0	140	0	0
Loans and borrowings	900	(5)	213	0	0	0	0	0
Trade and other payables	30	0	453	0	0	171	108	0
Other current liabilities	58	0	0	0	0	0	0	0

The following exchange rates were applied for the main currencies.

Euro	Average exchange rate		Spot exchange rate at the reporting date	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
	EURO	1,00	1,00	1,00
USD	1,05	1,18	1,07	1,13
RON	4,93	4,92	4,95	4,95
GBP	0,85	0,86	0,89	0,84
HKD	8,25	9,20	8,32	8,83
CNY	7,08	7,63	7,36	7,19
CAD	1,37	1,48	1,44	1,44
JPY	138,01	130,70	140,66	130,38

A reasonably possible strengthening (or weakening) of the euro, US dollar or pound sterling exchanged against other currencies at 31 December would affect the valuation of the financial instruments in foreign currencies, and net income in the amounts shown below. For the purposes of this analysis, all other variables were held constant, particularly interest rates, and the impact of forecast sales and purchases were not taken into account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

<u>31 Dec. 2022</u>	<u>Net income</u>	
	<u>Increase</u>	<u>Decrease</u>
	€ 000	€ 000
<i>EUR (10% change)</i>	503	(615)
<i>USD (10% change)</i>	(44)	36
<i>RON (10% change)</i>	0	0
<i>GBP (10% change)</i>	64	(52)
<i>HKD (10% change)</i>	(0)	0
<i>CNY (10% change)</i>	5	(4)
<i>CAD (10% change)</i>	1	(1)
<i>JPY (10% change)</i>	(1)	1

<u>31 Dec. 2021</u>	<u>Net income</u>	
	<u>Increase</u>	<u>Decrease</u>
	€ 000	€ 000
<i>EUR (10% change)</i>	274	(335)
<i>USD (10% change)</i>	37	(31)
<i>RON (10% change)</i>	0	0
<i>GBP (10% change)</i>	23	(19)
<i>HKD (10% change)</i>	(0)	0
<i>CNY (10% change)</i>	4	(3)
<i>CAD (10% change)</i>	0	(0)
<i>JPY (10% change)</i>	0	0

21.2.3. Credit risk

Credit risk is the risk of financial loss the Group would incur if a client or counterparty to a financial instrument defaulted on its contractual obligations. The carrying amounts of financial assets represent maximum exposure to credit risk.

Cash and cash equivalents

The Group's cash and cash equivalents are held with top-ranking banking counterparties and financial institutions.

The Group deems that its cash and cash equivalents present almost no credit risk, given the credit ratings of its counterparties.

Trade receivables and contract assets

The Group's exposure to credit risk is mainly influenced by individual client characteristics. However, Management also considers factors that could impact the credit risk of its clients, such as default risk inherent to specific industries or countries in which clients do business.

This risk is limited to the extent that the Group's clients are major businesses with no solvency problems.

The Group limits its exposure to credit risk relating to trade receivables by establishing a maximum payment term of 90 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At 31 December 2021 and 31 December 2022 no receivables were written off or identified as credit-impaired. At 31 December 2022 and 31 December 2021, impairment losses of €63k and €68k, respectively, were recognised.

The aging of receivables was as follows:

31 December 2022	Gross carrying amount	Impairment at 31 Dec. 2021	Additions	Reversal	Impairment at 31 Dec. 2022	Net value
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Current (not overdue)	502	-	-	-	-	502
Overdue 30 days or less	164	-	-	-	-	164
Overdue more than 30 days and less than 60 days	66	-	-	-	-	66
Overdue more than 60 days and less than 90 days	10	-	-	-	-	10
Overdue more than 90 days	248	(68)	(58)	64	(63)	185
TOTAL	989	(68)	(58)	64	(63)	926

31 December 2021	Gross carrying amount	Impairment at 31 Dec. 2021	Additions	Reversal	Impairment at 31 Dec. 2021	Net value
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Current (not overdue)	1 003	-	-	-	-	1 003
Overdue 30 days or less	144	-	-	-	-	144
Overdue more than 30 days and less than 60 days	126	-	-	-	-	126
Overdue more than 60 days and less than 90 days	40	-	-	-	-	40
Overdue more than 90 days	541	(29)	(38)	-	(68)	(67)
TOTAL	1 855	(29 491)	(38 366)	-	(67 857)	(66 002)

21.2.4. Liquidity risk

Liquidity risk is the risk that the Group might have difficulty meeting its obligations pertaining to financial liabilities that are settled by outflows of cash or other financial assets. To manage liquidity risk, the Group's objective is to ensure, to the greatest possible extent, that it has sufficient liquidity to settle these liabilities when they fall due under normal or "strained" conditions without incurring unacceptable losses or damaging the Group's reputation.

The Group uses activity-based costing for its products and services, which in turn helps it manage cash flow requirements and optimise cash-on-cash returns. Additionally, the Group has large credit facilities with financial institutions (see Note 19.1).

Residual contractual maturities of financial liabilities at the reporting date are as follows: These amounts – expressed gross and not measured to present value – comprise contractual interest payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 December 2022	Carrying amount	Contractual financing flows				
		Total	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Bank loans	3 452	3 451	640	659	1 557	595
Current account with Guillemot Brothers Ltd	(0)	-	-	-	-	-
Lease liabilities	1 027	1 034	619	415	-	-
Trade and other payables	752	752	752	-	-	-
Other financial liabilities	52	52	52	-	-	-
Total financial liabilities	5 283	5 289	2 063	1 074	1 557	595

31 December 2021	Carrying amount	Contractual financing flows				
		Total	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Bank loans	2 407	2 414	1 559	644	212	-
Current account with Guillemot Brothers Ltd	170	170	170	-	-	-
Lease liabilities	2 077	2 088	975	700	414	-
Trade and other payables	1 943	1 943	1 943	-	-	-
Other financial liabilities	47	47	47	-	-	-
Total financial liabilities	6 640	6 662	4 693	1 343	625	-

22. Related-party transactions

The Group's parent company is Guillemot Brothers SAS until 12 July 2022, which has its head office in France.

On 12 July 2022, following a patrimonial reorganization, Guillemot Brothers Ltd transferred its AMA shares to Guillemot Brothers SAS. In the same time, Guillemot Brothers Ltd transferred its Guillemot Brothers SAS shares to Claude, Michel, Yves, Gérard et Christian Guillemot. Through this patrimonial operation Guillemot Brothers SAS, a French company, becomes on 12 July 2022 the new parent company. Transactions with Guillemot Brothers Ltd include the shareholder loans (current accounts) it has granted to AMA Corporation Plc. Guillemot Brothers Ltd and Guillemot Brothers SAS also backs some of AMA SA's bank loans and credit facilities. Costs arising from these guarantees are rebilled to AMA SA by Guillemot Brothers Ltd, and are subject to a regulated agreement with Guillemot Brothers SAS.

Balance sheet and income statement balances relating to Guillemot Brothers Ltd and Guillemot Brothers SAS are as follows:

	31 Dec. 2022	31 Dec. 2021
	€ 000	€ 000
Current account	0	(170)
Trade and other payables	0	(160)
Interest expense	1	(33)
Operating expenses	32	(92)

The remuneration of key management personnel is presented in Note 7.4.5.

Furthermore, in 2021, Ama Corporation Plc acquired shares from Guillemot Brothers Limited for €106k and from one of the main directors for €237k.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Off-balance sheet commitments

Off-balance sheet commitments are as follows:

- Commitments given: none
- Commitments received (AMA SA):

31 Dec. 2022	Credit amount granted	Amount used	Remainder	Joint guarantees	Pledge of securities	Pledge of term deposits
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Borrowings	3 452	3 452	-	481	341	
Credit subscribed	16 000	-	16 000	7 075	9 500	4 000
Total	19 452	3 452	16 000	7 556	9 841	4 000

31 Dec. 2021	Credit amount granted	Amount used	Remainder	Joint guarantees	Pledge of securities
	€ 000	€ 000	€ 000	€ 000	€ 000
Borrowings	2 397	2 397	-	1 788	921
Credit subscribed	12 333	-	12 333	7 333	7 500
Total	14 731	2 397	12 333	9 121	8 421

24. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Guillemot Brothers SAS which is the ultimate parent company in France. The ultimate controlling party is Guillemot Brothers SAS Group.

The largest group in which the results of the Company are consolidated is that headed by Guillemot Brothers SAS, 2 rue du Chêne Héleuc - 56910 Carentoir, France. The consolidated financial statement of Guillemot Brothers group is not available to the public.

No other group financial statements include the results of the Company.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	€	2022 €	€	Restated 2021 €
Non-current assets					
Brand	11		-		2,564,835
Other intangible assets	11		-		7,566,550
			<u>-</u>		<u>10,131,385</u>
Total intangible assets			-		10,131,385
Tangible assets	12		-		7,625
Investments	13		8,587,101		857,728
			<u>8,587,101</u>		<u>857,728</u>
			8,587,101		10,996,738
Current assets					
Trade and other receivables	14	802,448		1,603,997	
Cash and cash equivalents		596,164		17,790,768	
		<u>1,398,612</u>		<u>19,394,765</u>	
		(6,345,060)		(2,501,808)	
Creditors: amounts falling due within one year	15				
			(4,946,448)		16,892,957
Net current assets			<u>(4,946,448)</u>		<u>16,892,957</u>
Total assets less current liabilities			<u>3,640,653</u>		<u>27,889,695</u>
			<u>3,640,653</u>		<u>27,889,695</u>
Net assets			<u>3,640,653</u>		<u>27,889,695</u>
Equity					
Called up share capital	16		3,207,387		3,207,387
Share premium account	18		34,161,368		34,161,368
Other reserves	18		22,554,646		22,300,620
Accumulated losses	18		(56,282,748)		(31,779,680)
			<u>3,640,653</u>		<u>27,889,695</u>
Total equity			<u>3,640,653</u>		<u>27,889,695</u>

The notes on pages 92 to 107 form an integral part of these financial statements.

The Company has elected to take the exemption permitted under Section 408 of the Companies Act 2006 not to present the Company's profit and loss account. The Company's loss for the year was €24,503k (2021: €10,727k). No dividends were received in the year from the subsidiary undertakings (2021: €0k)

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the board of Directors and authorized for issue on 26 April 2023 and are signed on its behalf by:



Christian Guillemot - Director
AMA Corporation Plc
Company Registration No. 10341359

PARENT COMPANY STATEMENT OF CHANGE IN EQUITY

	Share capital €	Share premium account €	Other reserves €	Foreign currency translation reserve €	Accumulated losses €	Total equity €
Balance at 1 January 2021 (As reported)	6,245,000	-	22,300,620	128,057	(21,181,019)	7,492,658
Prior period restatement	-	-	-	(128,057)	128,057	-
Balance at 1 January 2021 (Restated)	6,245,000	-	22,300,620	-	(21,052,962)	7,492,658
Year ended 31 December 2021 (Restated):						
Loss for the year	-	-	-	-	(10,726,718)	(10,726,718)
Total comprehensive expense for the year	-	-	-	-	(10,726,718)	(10,726,718)
Issue of share capital	940,000	34,161,368	-	-	-	35,101,368
Reduction of shares	(3,977,613)	-	-	-	3,977,613	-
Distribution	-	-	-	-	(3,977,613)	(3,977,613)
Balance at 31 December 2021 (Restated)	3,207,387	34,161,368	22,300,620	-	(31,779,680)	27,889,695
Year ended 31 December 2022:						
Loss for the year	-	-	-	-	(24,503,068)	(24,503,068)
Total comprehensive expense for the year	-	-	-	-	(24,503,068)	(24,503,068)
Equity-settled share-based payment transactions	-	-	254,026	-	-	254,026
Balance at 31 December 2022	3,207,387	34,161,368	22,554,646	-	(56,282,748)	3,640,653

The notes on pages 92 to 107 form an integral part of these financial statements.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Company information

AMA Corporation PLC (the "Company") is a public limited company incorporated in England and Wales. The registered number is 10341359 and the registered office is Flat 3-2 Creswell Gardens, London, SW5 0BJ.

1.1 Accounting Convention

These financial statements were prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has changed its presentational currency from pound sterling ("£") to Euro ("€") from 1 January 2022. As a result, the comparative year figures have also been represented in Euro. The accounts are presented in Euro which is the functional currency of the Company and rounded to the nearest €.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cashflow statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative year reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS; and
- Disclosures in respect of the compensation of Key Management Personnel
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

1.2 Changes in accounting policies

From 1 January 2022, the financial statements are presented in Euro, which is the functional currency of the Company. The change was made to reflect that Euro is the predominant currency in the Company and all the transactions are recorded in Euro. The change of presentation currency is applied retrospectively for comparative figures for 2021. Refer note 22 for its impact and details.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

1.2 Changes in accounting policies (continued)

The following new and revised Standards and Interpretations have been issued and are effective for the current financial period of the Company:

- Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract
- Amendments to References to the Conceptual Framework in IFRS 3
- Amendments to IAS 16: Property, Plant and Equipment—Proceeds before Intended Use
- Annual Improvements to IFRS Standards 2018-2020
 - a) IFRS 1 – Subsidiary as a first-time adopter
 - b) IFRS 9 – Financial Instruments
 - c) IFRS 16 – Leases – Lease incentives

The directors do not expect that the adoption of the Standards listed above will have a material impact on the company in future periods. A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the company's activities and which have not therefore been adopted in preparing these financial statements.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis except for equity-settled share-based payments that are stated at their fair value.

1.4 Going concern

At the time of approving the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Revenue

In accordance with IFRS 15, revenue is recognized when each performance obligation is fulfilled, which is when control of the goods or service is transferred to the customer in exchange for the amount of consideration to which the Company expects to be entitled.

Revenue is recognised when the significant risks and rewards of the goods or services provided have transferred to the buyer, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognized at cost and are subsequently measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired on business combinations are recognized separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Intangible assets comprise primarily of IP/branding and R&D. Such assets are defined as having finite useful lives and the costs are amortized on a straight-line basis over their estimated useful lives of 5 and 10 years. Intangible assets are stated at cost less amortization and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

1.6 Intangible fixed assets other than goodwill (continued)

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortization is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

IP/Brand	10 years straight line
R&D intangible assets	5 years straight line

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Motor vehicles - Right of Use	3 years straight line
-------------------------------	-----------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to Profit and Loss Account.

1.8 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognized immediately in Profit and Loss Account.

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognized as a Profit and Loss Account. Investments in equity shares which are not publicly traded, and where fair value cannot be measured reliably, are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognized in income using the effective interest method. Dividends on equity securities are recognized in income when receivable.

1.9 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

1.9 Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets

(a) *Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(b) *Subsequent measurement and gains and losses*

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

1.9 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets that do not contain a significant financing component are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

1.9 Financial instruments (continued)

(iii) Impairment (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

1.11 Taxation

The tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised

1.12 Employee benefits

The costs of short-term employee benefits are recognized as a liability and an expense unless those costs are required to be recognized as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognized in the period in which the employee's services are received.

Termination benefits are recognized immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The fair value determined at the grant date (fair value of the shares less the present value of future dividends estimated over the vesting period) is expensed, with the offsetting amount recognised as an increase in equity, over the vesting period. The amount expensed is adjusted to reflect the rights for which it is estimated that service conditions will be fulfilled, so that the amount ultimately recognised is based on the rights that actually meet service conditions at the acquisition date.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

1.14 Leases

When a contract is signed, the Company determines whether it is or contains a lease.

The contract is or contains a lease if it grants the right to use an identified asset for a period of time in return for payment. To assess whether or not a contract grants the right to control an identified asset throughout the asset's useful life, the Company examines whether: i) the contract involves use of an identified asset, ii) the Company has the right to enjoy almost all economic benefits from the use of the asset throughout its useful life, and iii) the Company has the right to make decisions concerning the use of the asset.

The Company recognises a "right-of-use" asset and a lease liability on the date the contract comes into effect. The "right-of-use asset" is initially measured at cost, i.e. the initial amount of the lease liability restated for any lease payments that have already been made at the commencement date, plus any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the site on which it is located, less any lease incentives received.

The right-of-use asset is then depreciated on a straight-line basis from the commencement of the lease term, unless the lease stipulates that ownership of the underlying asset shall be transferred to the Company when the lease expires, or the cost of the "right-of-use" asset takes into account the fact that the Company will exercise a purchase option. In that case, the "right-of-use" asset is depreciated over the useful life of the underlying asset, determined on the same basis as the useful life of property, plant and equipment. Additionally, the "right-of-use" asset is regularly written down if impairment losses occur and is adjusted for some remeasurements of the lease liability.

At the commencement date, the lease liability is measured at the present value of lease payments over the lease term that have not yet been paid at that date. The discount rate used is the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company generally uses the latter as its discount rate.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extend (or not terminated). The following factors are in general most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate);
- if any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate);

Otherwise, the Company considers all factors including historical lease duration[s] and the cost and business disruption required to replace the leased asset. The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under the residual value guarantee;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; payments made during the renewal period if the Company is reasonably certain to extend the lease; and payments of penalties for terminating the lease, unless the Company is reasonably certain not to terminate the lease.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured to reflect changes to future lease payments: from a change in an index or a rate; from a change in amounts the Company expects to be payable under the residual value guarantee; if the Company reassesses the likelihood that it will exercise the option to purchase the underlying asset or extend or terminate the lease; or if in-substance fixed lease payments are revised.

When the lease liability is remeasured, the carrying amount of the right-of-use asset is adjusted, or if the carrying amount of the right-of-use asset is reduced to zero, the remaining amount of the remeasurement is recognised in profit or loss.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

1.15 Foreign exchange

Transactions in currencies other than euros are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss. Differences on exchange arising from the translation of the company's undertakings between from the functional currency to the presentation currency at the year-end rates are recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Capitalisation of development costs

Research costs are expensed as they are incurred.

Development costs are capitalised and recognised as intangible assets if and only if the costs can be reliably measured and the Company can demonstrate the technical and commercial feasibility of the product or process, its probable future economic benefits, its intention, and the availability of sufficient resources to complete development and use or sell the asset. If these conditions are not met, development costs are expensed as they are incurred. After initial recognition, development costs are recognised at cost less accumulated amortisation and impairment.

Management applied its judgment in order to determine whether the above-mentioned criteria were met for each development project. In particular, Management distinguished between significant upgrades of the XpertEye solution, for which development costs are capitalized, and minor updates and correction of bugs, for which costs are expensed. Also, management support that significant upgrades generate incremental economic benefits.

The main impairment indicators that can trigger an impairment test are problems of technical feasibility and lack of market opportunities.

Impairment of Intangible Asset

The Company has tested intangible assets for impairment as it was considered the decrease of turnover in 2022 compared to previous year was an indicator of impairment. The Company assessed 'recoverable amount' of the asset at 'the higher of its fair value less costs of disposal and its value in use.' The Company has applied the fair value less costs to disposal approach in assessing the recoverable amounts of intangible assets. The fair value has been based on an assessment of a multiple of revenues by comparing with comparable listed companies. Based upon the calculated recoverable amount management believe that no impairment of the intangibles assets is required.

3 Restatement of prior year numbers

During the year ending 31 December 2021, the Company restated its financial statements owing to:

1. Change in presentation currency as outlined in Note 22.
2. Reclassification of impairment of investments to provision for impairment of receivables.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Employees

The average monthly number of persons (including directors) employed by the Company during the year was:

	2022 Number	Restated 2021 Number
Administration	1	1
	<u>1</u>	<u>1</u>
	2022	Restated
	€	2021
		€
Wages and salaries	66,068	79,350
Social security costs	20,399	24,451
Share based payments	254,026	-
	<u>340,493</u>	<u>103,801</u>

The Directors did not receive any remuneration for their services to the Company during the year (2021: €nil).

5 Intangible fixed assets

	IP/Branding	R&D	R&D - Capital work in progress	Total
	€	€	€	€
Cost at 1 January 2022 (Restated)	4,000,000	1,916,841	9,869,998	15,786,839
Additions	-	-	2,333,676	2,333,676
Write off	-	-	(89,618)	(89,618)
	<u>4,000,000</u>	<u>1,916,841</u>	<u>12,114,056</u>	<u>18,030,897</u>
At 31 December 2022	4,000,000	1,916,841	12,114,056	18,030,897
Amortization and impairment				
At 1 January 2022 (Restated)	1,435,165	1,375,491	2,844,798	5,655,454
Amortization charged for the year	200,000	191,684	1,066,055	1,457,739
Impairment charged for the year	2,364,835	349,666	8,203,203	10,917,704
	<u>4,000,000</u>	<u>1,916,841</u>	<u>12,114,056</u>	<u>18,030,897</u>
At 31 December 2022	4,000,000	1,916,841	12,114,056	18,030,897
Carrying amount				
At 31 December 2022	-	-	-	-
	<u>2,564,835</u>	<u>541,350</u>	<u>7,025,200</u>	<u>10,131,385</u>
At 31 December 2021 (Restated)	2,564,835	541,350	7,025,200	10,131,385

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Tangible assets

	Motor vehicles - Right of Use €
Cost	
At 1 January 2022 (as restated)	11,438
Asset retired	(11,438)
	<u>-</u>
Depreciation and impairment	
At 1 January 2022 (as restated)	3,813
Depreciation charged in the year	3,813
Accumulated Balance written off	(7,626)
	<u>-</u>
At 31 December 2022	-
Carrying amount	
At 31 December 2022	-
	<u>-</u>
At 31 December 2021 (as restated)	<u>7,625</u>

The Motor vehicles lease ended in July 2022. The asset was retired on 31/12/2022 and hence, there is no more right of use assets.

7 Fixed asset investments

	Shares in group undertakings €
Movements in non-current investments	
Cost or valuation	
At 1 January 2022 (as restated)	1,179,982
Additions	7,890,473
Disposals	(161,100)
	<u>8,909,355</u>
At 31 December 2022	8,909,355
Provision for impairment	
At 1 January 2022 (as restated)	(322,254)
	<u>(322,254)</u>
At 31 December 2022	(322,254)
Net book value	
At 31 December 2022	<u>8,587,101</u>
At 31 December 2021 (as restated)	<u>857,728</u>

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Fixed asset investment (continued)

Details of the Company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held 2022	% Held 2021
AMA SA	85 rue Jules Vallès, 35000 Rennes, France	Wholesale of computers, computer software and peripherals	Ordinary Shares	98.59	84.32
AMA Xperteye GmbH	Im Mediapark 8, 50670 Köln, Germany	Sale and distribution of the Xperteye solution (smart glasses collaboration technology) in Germany	Ordinary Shares	86.20	85.50
AMA Xperteye Inc	421 FAYETTEVILLE ST, Suite 100 - Once City Plazza, RALEIGH / Wake, 27601, United States	Sale and distribution of the Xperteye solution (smart glasses collaboration technology) in the USA	Ordinary Shares	88.40	85.50
AMA Xperteye Limited	Flat 3 - 2 Cresswell Gardens, London, SW5 0BJ, England	Sale and distribution of the Xperteye solution (smart glasses collaboration technology) in the UK	Ordinary Shares	86.20	85.00
AMA Xperteye Limited - Hong Kong	Unit 7107B, Level 71, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong	Sale and distribution of the Xperteye solution (smart glasses collaboration technology) in Hong Kong	Ordinary Shares	85.00	85.00
AMA Xperteye - Shanghai [#]	Room 713, Floor 7, No 8 Hua Jing Road, China (Shanghai) Free Trade Zone	Sale and distribution of the Xperteye solution (smart glasses collaboration technology) in Shanghai	Ordinary Shares	100.00	100.00
AMA Xperteye KK	CCI France Japon, Nihonbashi Honcho YS Building 2F, 2-2-2 Nihonbashi Honcho, Chuo-ku, Tokyo, Japan	Sale and distribution of the Xperteye solution (smart glasses collaboration technology)	Ordinary Shares	85.00	85.00
AMA Xperteye SL [#]	Calle Serrano, 90, Planta 6, Madrid, 28006, Spain	Sale and distribution of the Xperteye solution (smart glasses collaboration technology)	Ordinary Shares	100.00	100.00
AMA Xperteye S.R.L Italy [#]	Via Beato Sebastiano Valfre 14, TURINO, 10121, Italia	Sale and distribution of the Xperteye solution (smart glasses collaboration technology)	Ordinary Shares	100.00	-
AMA Xperteye SRL	101 Expozitiei Blvd - Floor 4, District 1, Bucharest, 012103, Romania	Sale and distribution of the Xperteye solution (smart glasses collaboration technology)	Ordinary Shares	89.11	85.56
AMA L'œil de l'expert – Canada, Québec [*]	300 - 204 Rue du St-Sacrement, Montréal, H2Y 1W8, Canada	Sale and distribution of the Xperteye solution (smart glasses collaboration technology)	Ordinary Shares	70.00	70.00
AMA Operations SAS ^{**}	130 rue Eugene Pottier, Immeuble Le Calypso, 35000 Rennes, France	Computer programming	Ordinary Shares	-	98.40
AMA Research and Development SAS ^{**}	130 rue Eugene Pottier, Immeuble Le Calypso, 35000 Rennes, France	Computer programming	Ordinary Shares	-	98.40

* Holding is indirect

Wholly owned subsidiary

** 89.82% is directly owned and 8.58% through AMA SA.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Fixed asset investment (continued)

During the year, the Company increased its investment in various subsidiaries by the following amount:

- AMA SA: €7,861,722
- AMA Xperteye GmbH: €4,414
- AMA Xperteye Inc: €11,379
- AMA Xperteye Limited: €391
- AMA Xperteye SRL: €2,567

During the year, the Company acquired its 100% stake in AMA Xperteye S.R.L Italy for €10,000

On 1 November 2022, AMA Operations SAS and AMA Research and Development SAS were merged with AMA SA with retrospective effect from 1 January 2022.

8 Trade and other receivables

	2022	Restated 2021
	€	€
Amounts falling due within one year:		
Amounts owed by related parties	772,280	1,541,030
Other receivables	22,168	48,584
Prepayments and accrued income	8,000	14,383
	<u>802,448</u>	<u>1,603,997</u>

Amounts owed by related parties include amount owed by AMA L'œil de l'expert – Canada, Québec at an interest rate of LIBOR +1.5% repayable on demand. All other balances included in amount owed by other related parties are interest free, unsecured and repayable on demand. Refer note 20 for details.

Amounts owed by related parties is net of provision made on receivables of €16,785,739 (2021: €8,232,526).

9 Creditors: amounts falling due within one year

	2022	Restated 2021
	€	€
Lease liability	-	7,668
Trade payables	15,712	93,034
Amounts owed to related parties	6,157,711	2,006,582
Other payables	4,583	1,840
Accruals and deferred income	167,054	392,684
	<u>6,345,060</u>	<u>2,501,808</u>

Amounts owed to related parties include amount owed to AMA GMBH at an interest rate of LIBOR + 1.5% repayable on demand. All other balances include in amount owed to related parties are interest free, unsecured and repayable on demand.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

10 Share capital

	2022 €	Restated 2021 €
Ordinary share capital		
Issued and fully paid		
22,455,815 (2021: 22,455,815) Ordinary shares of €0.143 each	3,207,387	3,207,387

During the previous year the Company completed a capital reduction, in January 2021, which reduced the share capital in place by €3,977,613.

In May 2021, AMA Corporation acquired additional shares in AMA Research and Development and AMA Operations, which were remunerated through a capital increase (issuance of 57,650 shares for the contribution in kind of the AMA Research and Development securities and issuance of 25,179 shares for the contribution in kind of the AMA Operations securities). This resulted in the creation of a share premium reserve of €61,896.

In May 2021, the €1,135 ordinary shares were each split into 8 shares of €0.142. This resulted in 16,662,632 shares being in existence at this time.

Additionally, following its conversion to a Public Limited Company in previous year, a further 5,793,183 shares were issued for a total consideration of €36,018,774. This resulted in the creation of a share premium reserve of €35,225,069.

Each share is entitled to one vote in any circumstances. Each share is entitled pari passu to dividend payments or any other distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the Company. The shares are not redeemable or liable to be redeemed at the option of the Company or the shareholder.

11 Reserves

Equity reserve

Share capital represents the nominal value of shares that have been issued.

The share premium reserve represents the difference between the par value of the shares issued and the subscription or issue price.

The profit and loss account represents all accumulated net gains and losses.

The other reserves are distributable and linked to a capital contribution from the parent company. It includes the amount for equity-settled share-based payment.

12 Ultimate controlling party

The Company's ultimate parent undertaking is Guillemot Brothers SAS, incorporated in France having registered office address 54 FG Sainte-Anne, France, Maestroit, 56140.

During the year, Guillemot Brothers Limited, Company's majority shareholder, that held 34.38% of the capital as at June 30, 2022 has transferred its shares to Guillemot Brothers SAS in August 2022.

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Change in presentation currency

Until 31 December, 2020, the books of AMA Corp were kept in GBP (local currency) and not in Euros (functional currency). The Company changed its presentation currency in the current year with retrospective application on comparatives figures for 2021.

In order to satisfy the requirements of FRS 101 with respect to a change in presentation currency, the comparison figure in the statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements have been restated from GBP to Euro using the procedures outlined below:

- Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) have been translated into Euro at exchange rates at the dates of the transactions;
- For intercompany transactions for which the amount were in euros, no conversion rate was required to be taken into account;
- Fixed assets have been translated into Euro using historical rates or the amount in Euro for intercompany transactions in Euro (Research and development costs from AMA SA and AMA R&D);
- All other assets and liabilities for each statement of financial position presented (i.e. including comparatives) have been translated into Euro at the closing rate at the date of that statement of financial position; and
- The equity section of the Balance Sheet, including retained earnings, share capital and the other reserves, have been translated into Euro using historical rates.

The exchange rates used were as follows.

GBP/EURO	2021	2020
Closing rate	1.1907	1.1118
Average rate	1.1633	1.1250

Below show the impact of the change in presentation currency:

Profit and Loss Account and Other Comprehensive Income

	As originally reported 2021 £	As restated 2021 €
Revenue	856,723	996,626
Administrative expenses	(3,728,804)	(4,387,099)
Other operating income	316,689	368,405
Operating loss	(2,555,392)	(3,022,068)
Investment income	32,767	38,117
Finance costs	(33,347)	(38,793)
Other gains and losses	(6,612,102)	(7,700,000)
Loss before taxation	(9,168,074)	(10,722,744)
Tax on loss	(3,416)	(3,974)
Loss for the financial year	(9,171,490)	(10,726,718)
Other comprehensive income		
Currency translation differences	(193,953)	-
Total comprehensive income for the year	(9,365,443)	(10,726,718)

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Change in presentation currency (continued)

Balance sheet

	As originally reported		As restated	
	£	2021 £	€	2021 €
Non-current assets				
Goodwill		2,294,797		2,564,835
Other intangible assets		6,583,947		7,566,550
Total intangible assets		8,878,744		10,131,385
Tangible assets		7,067		7,625
Investments		724,356		857,728
		9,610,167		10,996,738
Current assets				
Trade and other receivables	1,347,105		1,603,997	
Cash and cash equivalents	14,941,435		17,790,768	
	16,288,540		19,394,765	
Current liabilities	(2,101,125)		(2,501,808)	
Net current assets		14,187,415		16,892,957
Total assets less current liabilities		23,797,582		27,889,695
Equity				
Called up share capital		2,806,977		3,207,387
Share premium account		29,352,413		34,161,368
Other reserves		19,200,663		22,300,620
Retained earnings		(27,562,471)		(31,779,680)
Total equity		23,797,582		27,889,695

14 Commitment and contingencies

There is no capital commitments and contingencies to report as on 31 December 2022 (2021: €nil).

15 Subsequent events

There is no subsequent event to report after balance sheet date.