



advertising & user experience

2018 INTERIM FINANCIAL REPORT

A corporation with a capital of 4,329,132 euros
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Management report

PRESENTATION OF EARNINGS FOR THE FIRST HALF OF 2018

I. Comments concerning the consolidated income statement

Revenues reached € 16 million (-3%) in which the activities of Native Advertising (Quantum) and Social Marketing (Adpulse) posted a strong growth, while the historical activities contracted as anticipated. The sales campaigns of Drive to Store (Admoove), for their part, were temporarily affected by the discontinuation of the collection of personal data decided at the end of 2017 in order to comply with the GDPR (General Data Protection Regulation), and the change of targeting technology carried out at that time. The relevance of this choice seems to be confirmed with stronger revenue of the second quarter to compare to the first quarter.

The margin rate is stable (53% vs 54% in the first half of 2017). The gross margin amounts to 8.5 million euros.

Purchases reached 2.9 million euros, increase compared to the 2017 first semester (2.6 million euros). The Group has decided to incur additional costs to ensure the deployment of its Native Advertising (Quantum) offering in two new markets: in Germany and in the United Kingdom.

Depreciation and amortization, for 1 million euros, are mainly the result of investments resulting from the continued development on technology platforms.

Current operating profit amount to -€0.9 million.

Net income of the consolidated companies amounts to -€10.8 million (versus -€0.3 million for the 2017 first half).

This net result can be detailed as follow:

- EBITDA of €0.1 million (against €0.5 million in the first half of 2017)
- The current operating profit -€0.9 million (against -€0.4 million for the first half of 2017)
- Stock based compensation of -€0.3 million (against €0.1 million in the first half of 2017)
- A non-operating income of -€9.3 million (against €0.4 million in the first half of 2017)
- And a tax expense of -€0.2 million (against -€0.1 million in the first half of 2017).

II. Internal developments and innovations

Development fees capitalized during the period correspond mainly to:

- The continuation of developments for the lunch of the Quantum platform,
- The continuation of developments for MyAdmoove platform,

III. Significant events of the period

Following the offer accepted by AdUX SA on December 26, 2017, a business transfer agreement was concluded between Hi-Media Italia SRL and Italiaonline SPA on February 14, 2018 for the sale of the historical advertising network business in Italy. The final sale price amounts to 583 thousand euros.

At the end of August 2018, the Drive to Store entity in Sweden will see the end of the contract, which represented more than 75% of its revenue in 2017. This entity has also signed new partnerships in 2018. The company had to carry out an impairment test on June 30, 2018 on this CGU and write down all of the goodwill allocated to this CGU for an amount of € 8.5 million corresponding to the total goodwill (cf. Note 6).

IV. Event posterior of the closing

AdUX SA signed on July 20, 2018, a new lease located at 101-109 rue Jean Jaurès in Levallois-Perret for a period of 9 years.

MAIN RISKS AND UNCERTAINTIES CHARACTERISING THE SECOND HALF OF 2018

The main risks to which the Group is exposed are detailed in the Board of Directors' Management Report (Section V - Risk Management) presented in the 2017 annual report. The Company is not aware of other risks and uncertainties affecting the Group.

PROSPECTS

At the end of FY 2017, AdUX Group finalised the last disposals that enabled it to withdraw from the bulk of its non-strategic advertising network activities.

The activities in which the activities of Native Advertising (Quantum) and Social Marketing (Adpulse) posted strong growth, while the historical activities contracted as anticipated. The sales campaigns of Drive to Store (Admoove), for their part, were temporarily affected by the discontinuation of the collection of personal data decided at the end of 2017 in order to comply with the GDPR (General Data Protection Regulation), and the change of targeting technology carried out at that time

The efforts to educate and recapture customers should take a few more months but we already notice in France an increase in the second quarter compared to the first quarter.

The Drive to Store entity in Sweden will see the end of the contract at the end of August 2018, which represented more than 75% of its revenue in 2017. The Swedish entity has already signed new partnerships, which should allow it over the next few years to partially offset the loss of activity.

With the anticipated recovery in Admoove's business, and the decline in the relative weight of residual activities, the second half of 2018 should resume with growth.

TRANSACTIONS BETWEEN AFFILIATED PARTIES

The affiliated parties of AdUX Group correspond to the authorized agents, senior managers and directors of the group, as well as the companies in which they exercise control, notable influence, or hold a significant voting right.

I. Transaction between affiliated parties

Executive officers

<i>in thousands of Euros</i>	30 June 2018	30 June 2017
Short term employee benefit (including benefits) paid for the current period	116	116
Short term employee benefit (including benefits) paid for the precedent period	50	-
Non current benefit	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Providing termination benefits	-	-
Sharebased payment	-	-
Total	166	116

Non executive officers

The remuneration of non executive officers is only composed of attendance fees for 62.000 €.

II. Transactions with the subsidiaries

AdUX SA invoices its subsidiaries for holding expenses as well as for trademark expenses, eliminated in the consolidated financial statements.

III. Other affiliated parties

During the first half of 2018, no significant operation has been carried out with:

- shareholders holding a significant voting right in the AdUX S.A. capital,
- members of the management organs, including the directors,
- entities over which one of the main senior managers or shareholders exercise control, or notable influence, or hold a significant voting right.

Group's summary consolidated financial statements

Consolidated income statements for the half-years ending on 30 June 2018 and 30 June 2017

<i>In thousands of euro</i>	Notes	30 June 2018	30 Jun 2017 (restated) ⁽²⁾	30 Jun 2017 (published)
Sales		16 042	16 587	26 087
Charges invoiced by the media		-7 577	-7 606	-13 819
Gross profit		8 465	8 982	12 268
Purchases		-2 851	-2 598	-3 469
Payroll charges	3	-5 549	-5 864	-8 446
EBITDA ⁽¹⁾		66	521	353
Depreciation and amortization		-1 010	-961	-988
Current operating profit		-944	-440	-635
Stock based compensation		-340	-106	-106
Other non-current income and charges	4	-9 296	353	332
Operating profit		-10 581	-193	-410
Cost of indebtedness		-26	-20	-20
Other financial income and charges		52	18	78
Earning of the consolidated companies		-10 555	-195	-351
Share in the earnings of the companies treated on an equity basis		-	-	-
Earnings before tax of the consolidated companies		-10 555	-195	-351
Income Tax	5	-231	-115	-105
Net income of the consolidated companies		-10 786	-310	-456
Net income from discontinued operations		257	-146	-
Net income		-10 529	-456	-456
Minority interests from continuing operations		179	30	124
Minority interests from discontinued operations		-	95	-
Including Group Share		-10 351	-332	-332

	30 June 2018	30 Jun 2017 (restated) (2)	30 Jun 2017 (published)
Weighted average number of ordinary shares	2 886 088	2 886 088	2 886 088
Earnings per share, Group share (in euro)	- 3,59	- 0,11	- 0,11
Weighted average number of ordinary shares (diluted)	2 886 088	2 886 088	2 886 088
Diluted earnings per share, Group share (in euro)	- 3,59	- 0,11	- 0,11
Weighted average number of ordinary shares	2 886 088	2 886 088	2 886 088
Earnings per share from continuing and discontinued operations (in euro)	- 3,74	- 0,11	- 0,16
Weighted average number of ordinary shares (diluted)	2 886 088	2 886 088	2 886 088
Diluted earnings per share of continuing activities (in euro)	- 3,74	- 0,11	- 0,16

⁽¹⁾ Current operating income before allocations and reversals of depreciation, amortisation and provisions.

⁽²⁾ The financial statements as of June 30, 2017 have been prepared on the basis of the historical financial statements of the AdUX group less discontinued operations and assets held for sale (Spain, Italy, Latam) presented in Note 5 of the annual financial statements 2017.

Statement of Comprehensive Income for the half years ending on 30 June 2018 and on 30 June 2017

<i>in thousands of euro</i>	30 June 2018	30 June 2017
Net result	- 10 351	- 332
Other element of the global result	-	-
- Hedge accounting on financial instruments	-	-
- Exchange differences	- 65	- 2
- Other	-	-
- Taxes on other elements of the global result	-	-
- Actuarial gain and losses related to post-employment benefits	-	-
Other elements of the global result, net of tax	- 65	- 2
Group share	- 65	- 18
Minority interests	- 0	16
Global result	- 10 416	- 334

Consolidated balance sheets as of 30 June 2018 and 31 December 2017

ASSETS - In thousands of euro	Notes	30 June 2018	31 Dec 2017
Net goodwill	6	6 040	14 523
Net intangible fixed assets	7	638	968
Net tangible fixed assets		230	371
Deferred tax credits	8	4	14
Other financial assets		1 065	1 104
Non-current assets		7 976	16 980
Customers and other debtors	9	14 664	15 859
Other current assets	10	12 412	13 856
Current financial assets		385	371
Cash and cash equivalents	0	3 278	4 551
Current assets		30 739	34 637
TOTAL ASSETS		38 715	51 617

LIABILITIES - In thousands of euro	Notes	30 June 2018	31 Dec 2017
Share capital		4 329	4 329
Premiums on issue and on conveyance		22 775	83 870
Reserves and retained earnings		-11 906	-68 961
Treasury shares		-4 279	-4 241
Consolidated net income (Group share)		-10 351	-4 288
Shareholders' equity (Group share)		569	10 709
Minority interests		-555	-383
Shareholders' equity		13	10 326
Long-term borrowings and financial liabilities	11	1 461	1 687
Non-current provisions		719	791
Non-current liabilities		-	-
Deferred tax liabilities	8	351	349
Non-current liabilities		2 531	2 827
Short-term financial liabilities and bank overdrafts	11	1 631	1 631
Current provisions		-	-
Suppliers and other creditors		23 289	26 077
Other current debts and liabilities	12	11 251	10 756
Current liabilities		36 171	38 464
TOTAL LIABILITIES		38 715	51 617

Table of consolidated cash flows for the half-years ending on 30 June 2018 and on 31 December 2017 and on 30 June 2017

In thousands of euro	Notes	30 June 2018	31 Dec 2017	30 June 2017
Net income		-10 529	-4 740	-456
<i>Ajustments for :</i>		-	-	-
Depreciation of the fixed assets		914	2 861	975
Value losses	6	8 483	-	-
Other non-current without impact on the cash		673	109	191
Cost of net financial indebtedness		26	48	20
Share in associated companies		-	-	-
Net income on disposals of fixed assets		192	-2 711	-764
Cash flow from discontinued operations		-1 001	2 916	305
Cash flow from business to be divested		-	-	-
Costs of payments based on shares		340	258	106
Tax charge or proceeds	5	231	120	115
Operating profit before variation of the operating capital need		-671	-1 139	491
Variation of the operating capital need		121	-1 722	-1 377
Cash flow coming from operating activities		-551	-2 861	-886
Interest paid		-26	-48	-20
Tax on earnings paid		-335	-506	-327
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES		-911	-3 414	-1 233
Income from disposals of fixed assets		-	-	-
Valuation at fair value of the cash equivalents		-	-	-
Proceeds from disposals of financial assets		-	-	-
Disposal of subsidiary, after deduction of cash transferred		583	5 635	1 817
Acquisition of a subsidiary		-12	-606	-545
Acquisition of fixed assets		-516	-1 457	-698
Variation of financial assets		40	103	3
Variation of suppliers of fixed assets		-6	-134	-13
Effect of the perimeter variations		-	-2	-2
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES		88	3 538	561
Proceeds from share issues		-0	-95	-95
Redemption of own shares		-38	36	170
New borrowings		-	-	-
Repayments of borrowings		-240	-607	-240
Other financial liabilities variation		-172	-676	-218
Dividends paid to minority interests		-	-13	-
NET CASH FLOW COMING FROM FINANCING ACTIVITIES		-450	-1 355	-384
Effect of exchange rate variations		0	91	52
NET VARIATION OF CASH AND OF CASH EQUIVALENTS		-1 273	-1 139	-1 003
Cash and cash equivalents on January 1st		4 551	5 690	5 690
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		3 278	4 551	4 687

Table showing the variation of consolidated shareholders' equity for the half years ending on 30 June 2018 and on 30 June 2017

<i>In thousands of euro</i>	Number of shares	Share capital	Premiums	Treasury shares	Reserve for options and free shares	Income and expenses on equity	Reserves and consolidated earnings	Shareholders' equity (Group share)	Shareholders' equity Minority interests	Shareholders' equity
January 1, 2017	2 886 088	4 329	127 881	-8 544	854	-51 896	-55 722	16 900	375	17 274
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	-	-
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	1 615	-	-	-	1 615	-	1 615
Stock options and free shares impact(2)	-	-	-	-	106	-	-	106	-	106
Perimeter variation	-	-	-	-	-	-2 529	-	-2 529	12	-2 517
Income and charges directly posted in shareholders' equity	-	-	-	-	-	-2	-	-2	-16	-18
Net income of the period	-	-	-	-	-	-	-332	-332	-	-332
Total global income	-	-	-	-	-	-2	-332	-334	-16	-350
June 30, 2017	2 886 088	4 329	127 881	-6 928	960	-54 427	-56 054	15 758	371	16 129
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	-441	-441
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	-134	-	-	-	-134	-	-134
Capital reduction by cancelling shares	-	-	-	-	-	-	-	-	-	-
Stock options and free shares impact(2)	-	-	-	-	152	-	-	152	-	152
Perimeter variation	-	-	-	-	-	-	-3 769	-3 769	138	-3 632
Income and charges directly posted in shareholders' equity	-	-	-	-	-	2 659	-	2 659	2	2 661
Net income of the period	-	-	-	-	-	-	-3 956	-3 956	-452	-4 408
Total global income	-	-	-	-	-	2 659	-3 956	-1 297	-450	-1 747
December 31, 2017	2 886 088	4 329	127 881	-7 062	1 111	-51 769	-63 779	10 709	-383	10 326
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	-	-
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	-38	-	-	-	-38	-	-38
Stock options and free shares impact(2)	-	-	-	-	340	-	-	340	-	340
Perimeter variation	-	-	-	-	-	-27	-	-27	6	-21
Income and charges directly posted in shareholders' equity	-	-	-	-	-	-65	-	-65	0	-65
Net income of the period	-	-	-	-	-	-	-10 351	-10 351	-179	-
Total global income	-	-	-	-	-	-65	-10 351	-10 416	-179	-10 594
June 30, 2018	2 886 088	4 329	127 881	-7 100	1 452	-51 861	-74 130	569	-555	13

(1) As of June 30th, 2018, AdUX S.A. holds 34,054 treasury shares. Moreover within the framework of the liquidity contract, AdUX holds 51,779 of its own shares as of June 30th, 2017.

(2) See Note 14 in connection with the share subscription option plans and the allocations of free shares.

Notes concerning the Group's summary consolidated interim financial statements

Note 1. Accounting principles and methods

i. Preparation bases for the summary financial statements

The interim financial statements for the 1st half of 2018 are to be read as a complement to the audited consolidated financial statements for the financial year ending on December 31, 2017 as published in the annual report on April 17th, 2018.

The interim consolidated financial statements as of June 30th, 2018 are established in accordance with the accounting and valuation principles of the IFRS international accounting standards adopted by the European Union. Those international accounting standards consist of the IFRS (International Financial Reporting Standards), of the IAS (International Accounting Standards), as well as of their interpretations adopted by the European Union on June 30th, 2018 (publication in the Official Journal of the European Union).

The interim consolidated financial statements for the half-year ending on June 30th, 2018 have been prepared in accordance with the provisions of standard IAS 34 concerning "Interim financial information".

The financial statements as of June 30, 2017 have been prepared on the basis of the historical financial statements of the AdUX group less discontinued operations and assets held for sale (Spain, Italy, Latam) presented in Note 5 of the annual financial statements 2017.

AdUX Group's consolidated financial statements include the financial statements of AdUX S.A. and of its subsidiaries (the whole being designated as "the Group"), as well as the Group's holdings in its affiliated companies or companies under joint control. They are presented in thousands of euro.

The interim consolidated financial statements dated June 30th, 2018 as well as the notes relating thereto have been established on the responsibility of the Board of Directors, and were closed out at its meeting held on July 24th, 2018.

ii. Accounting principles and valuation methods

AdUX Group has applied the same accounting methods as in its consolidated financial statements for the financial year ending on December 31st, 2017, except for standards, amendments and interpretations applicable for the first time as from January 1st, 2018.

Application of new standards and interpretations

- The Group's application of the following standards and interpretations, adopted by the European Union and mandatory in financial years beginning on or after January 1st, 2018, had no major impact on the Group's financial statements. In particular IFRS 15 and IFRS 9.
 - o IFRS 15 – Revenue from Contracts with Customers
An analysis was performed at Group level in order to evaluate the impacts of the standard. Main issues analyzed are related principal vs agent considerations and the recognition of sales turnover.
 - o IFRS 9 "Financial instruments"
IFRS 9 modifies the recognition criteria for hedging transactions and main financial assets and liabilities categories.
IFRS 9 also modifies the recognition of credit risk related to financial assets, moving from the incurred loss approach to an expected loss approach
An analysis was conducted to assess expected credit losses associated with trade receivables. This analysis does not show any significant impact in the financial statements.

Early application

Standards published by the IASB, for which application is not mandatory

- The principles applied by the Group do not differ from IFRS standards as published by the IASB, since the application of the following standards and interpretations is not mandatory in financial years beginning on or after January 1, 2018. Regarding IFRS 16 "Lease" This standard introduces provisions that significantly affect the financial reporting of the leases as well as the financial measures of the lessees. At the delivery date of the right of use granted by the lessor, the lessees will account for all of their leases, as an asset against a financial liability as for a financial lease under IAS 17. In addition to the effect on the statement of financial position, the income statement (depreciation and interest expense instead of operating expense) and the statement of cash flows (interest expense will continue to affect the operating cash flows, investment cash flows will not be impacted, financing cash flows will be impacted by the repayment of the debt) will also be affected.

The Group is currently in the process of determining the potential impact of the application of these new standards and interpretations on the Group's consolidated financial statements.

iii. Use of estimates and judgments

Preparation of the financial statements in accordance with the IFRS standards requires Management to take account of estimates and of assumptions for determination of the amounts to be posted with regard to certain assets, liabilities, income and charges, as well as of certain information provided in notes attached to the assets and liabilities, in particular :

- The goodwill and the related depreciation tests,
- The share of profit associated,
- The intangible assets acquired,
- The deferred tax credits,
- The depreciation of receivables,
- The provisions for risk,
- The charge for stock options and free shares.
- The financial instruments.

The estimates and underlying assumptions are developed on the basis of past experience and other factors, such as events to come, considered reasonable in light of the circumstances. They are also used as the basis for exercise of the judgment necessary for determination of the book values of assets and liabilities, which cannot be obtained directly from other sources. In view of the inherently uncertain nature of these valuation procedures, the definitive amounts may prove to be different from the ones initially estimated.

The estimates and the underlying assumptions are continuously reconsidered. The impact of the changes in accounting estimates is directly entered in the accounting during the period of the change if it affects only said period, or during the period of change and in subsequent periods if they are also affected by the change.

Note 2. Consolidation scope

Corporate name	Country	% held directly and indirectly on 30/06/2018	% control on 30/06/2018	Consolidation method	Date of creation or of acquisition	Date of financial year closeout
Adysseum SARL	France	100%	100%	FC	13.05.02	31.12
Adexpert SPRL	Belgium	90,1%	90,1%	FC	06.06.14	31.12
Allopass Scandinavia AB	Sweden	100%	100%	FC	30.09.09	31.12
Fotolog SAS	France	49%	49%	EM	15.05.14	31.12
AdUX Belgium SPRL (Hi-media Belgium SPRL)	Belgium	100%	100%	FC	09.03.00	31.12
AdPulse SAS	France	100%	100%	FC	02.12.14	31.12
AdUX Portugal (Hi-media Portugal LTDA)	Portugal	74,9%	74,9%	FC	31.10.00	31.12
Hi-media Regions SAS	France	49%	49%	EM	06.12.12	31.12
Hi-Media LLC	USA	100%	100%	FC	30.04.15	31.12
Admoove SAS	France	100%	100%	FC	02.12.11	31.12
Hi Media España Publicidad	Spain	49%	49%	EM	22.09.16	31.12
Quantum Belgium SPRL	Belgium	81%	100%	FC	27.12.17	31.12
Quantum Advertising Germany GmbH	Germany	81%	100%	FC	13.04.18	31.12
Quantum Advertising España SL	Spain	81%	100%	FC	14.07.16	31.12
Quantum Native Solutions Italia SRL	Italy	81%	100%	FC	22.12.15	31.12
Quantum SAS	France	81%	81%	FC	23.04.14	31.12
Quantum Advertising LTD	UK	81%	100%	FC	09.03.18	31.12
Groupe Hi-media USA Inc	USA	100%	100%	FC	27.11.07	31.12
Hi-media Deutschland AG	Germany	45%	45%	EM	30.04.01	31.12
Hi-media Italia SRL	Italy	100%	100%	FC	31.08.09	31.12
Hi-media Nederland BV	Netherland	100%	100%	FC	31.08.09	31.12
Hi-media Sales AB	Sweden	100%	100%	FC	04.09.06	31.12
Pragma Consult SPRL	Belgium	45%	45%	EM	30.01.12	31.12
Vivat SPRL	Belgium	100%	100%	FC	14.03.08	31.12

FC: Full Consolidation

EM: Equity Method

Note 3. Payroll charges

The breakdown of the payroll charges between salaries, social security charges and provision for end-of-career indemnities look as follows:

<i>In thousands of euro</i>	30 June 2018	30 June 2017 (restated)	30 June 2017 (published)
Salaries	3 985	4 126	6 272
Social security charges	1 554	1 719	2 128
Provision for end-of-career indemnities	9	18	45
Payroll charges	5 549	5 864	8 446

The Group Average headcount change as follows:

	H1 2018	H1 2017 (restated)	H1 2017 (published)
Average headcount	179	179	224

Note 4. Other non-current income and expenses

The non-recurring expenses (-€9.3m) mainly result from the charge related to the impairment of goodwill in Sweden for -8.5 million euros (see Note 6).

Note 5. Tax on earnings

The tax charge breaks down as follows:

<i>In thousands of euro</i>	30 June 2018	30 June 2017 (restated)	30 June 2017 (published)
Current taxes	-227	-191	-181
Deffered taxes	-4	76	76
Tax (charge)/Proceeds	-231	-115	-105
<i>Effective tax rate (%)</i>	<i>-2%</i>	<i>-59%</i>	<i>-30%</i>

The difference between the effective tax rate and the theoretical tax rate is to be analyzed as follows:

<i>In thousands of euro</i>	30 June 2018	30 June 2017
Tax rate in France	33,33%	33,33%
Theoretical tax (charge)/proceeds	3 550	117
<i>Elements concerning the comparison with the effective rate:</i>		
Effect of change in rates	1	-
Earnings charged to losses subject to carryover not previously recorded	49	18
Recognition of deferred tax credits on losses carried over	0	-
Difference of tax rate between the countries	13	17
Effect of non-asset deficit transfers from the fiscal year	-673	- 557
Permanent differences and other elements	-3 134	334
Taxes without basis	-37	- 35
Real tax (charge)/proceeds	-231	- 105
<i>Effective tax rate</i>	<i>-2%</i>	<i>-30%</i>

The line "Permanent differences and other elements" is mainly composed of the impact of the impairment of goodwill allocated to the Swedish CGU (see Note 6).

AdUX S.A., Adpulse SAS, Admoove SAS and Adyseeum SARL are consolidated for tax purposes.

Note 6. Goodwill

<i>In thousands of euro</i>	31 Dec 2017	Forex	Ch. In scope	Transfert	Increases	Decreases	30 June 2018
Goodwill	97 298	-	-	-	-	-	97 298
Impairments	-82 776	-	-	-	-	-8 483	-91 259
Net goodwill	14 522	0	0	0	0	-8 483	6 039

A depreciation test is carried out when an indication of value loss exists at the time of the semi-annual closeout, in accordance with the procedures defined in Note 10 of the appendix to the consolidated financial statements dated on December 31st, 2017.

The Drive to Store entity in Sweden will see the end of the contract at the end of August 2018, which represented more than 75% of its revenue in 2017. This entity has also signed new partnerships in 2018.

This impairment (breach of contract representing 75% of the revenue of this CGU in 2017) led the company to perform an impairment test at June 30, 2018 for this CGU on the same terms as the previous years. (as defined in Note 11 to the consolidated financial statements as of December 31, 2017).

This procedure, based mainly on the method of discounted future net cash flows, is the assessment of the recoverable value of each entity generating its own cash flow.

The main assumptions in order to determine the value on June 30th, 2018 of the cash generating units are as follows:

- method for valuation of the cash generating unit : value in use,
- number of years for which the cash flows are estimated and projected to infinity: 4 years (2018-2021 normative),
- long-term growth rate: 1% (Idem on December 31st, 2017)
- discount rate for Europe: 8.7% (Idem on December 31st, 2017)
- growth rate of sales: between +2% and +21% per year during the period 2018-2021 (vs. +3% on December 31st, 2017).

For this CGU, the business plan takes into account the termination of the contract at the end of August 2018 as well as estimated revenue from new and future partnerships.

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As a result of these tests, the Company recognized an impairment charge of € 8.5 million at June 30, 2018, corresponding to the total goodwill allocated to this CGU.

Note 7. Intangible fixed assets

<i>In thousands of euro</i>	30 June 2018	31 Dec 2017
Software and licences	146	503
Trademarks	74	74
Customer relations	137	137
Fixed assets in progress	281	255
Other	1	0
Total	638	968

Note 8. Differed taxes

On June 30th, 2018, the unrecognized deferred tax credits consisted mainly of the undefined losses carried over 20 years through HiMedia Group USA for €18.5m as well as undefined losses carried of AdUX France S.A. for €52 million, which can be undefined carried forward.

Note 9. Trade and other receivable

<i>In thousands of euro</i>	30 June 2018	31 Dec 2017
Customers	17 007	17 776
Depreciation	-2 343	-1 916
Customers and other debtors	14 664	15 859

The carrying value indicated above represents the maximum exposure to the credit risk for this heading. On June 30th, 2018, the contracts involve credit risk transfer: all the sold trade receivable has been derecognized. The amount of receivables sold with credit risk transfer and derecognized under IAS 39 in connection with factoring contract at June 30th, 2018 amounted to €4.6 million.

Note 10. Other current assets

All of the other current assets are at less than one year. The prepaid charges correspond mainly to overheads relative to the period after the June 30th, 2018.

<i>In thousands of euro</i>	30 June 2018	31 Dec 2017
Financial and corporate assets	9 843	10 131
Current accounts	527	316
Prepaid charges	340	253
Factor guarantee fund	361	262
Others	1 341	2 893
Other current assets	12 412	13 856

Note 11. Borrowings and financial liabilities

<i>In thousands of euro</i>	Non-current	Current	Issue currency	Expiration
Zero-interest financing for innovation	1 163	480	EUR	2021
CIR / CICE financing	298	1 151	EUR	2019
Total	1 461	1 631		

Note 12. Other current debts and liabilities

All other debts and liabilities are due at less than one year.

<i>In thousands of euro</i>	30 June 2018	31 Dec 2017
Taxation and social liabilities	9 727	9 507
Debts on fixed assets	62	68
Prepaid income	76	85
Other liabilities	1 386	1 097
Other current liabilities	11 251	10 757

Note 13. Segment information

<i>In thousands of euro</i>	Native / Drive to store / Social Marketing		Other activities		Total	
	2018	2017	2018	2017	2018	2017
Sales	11 341	11 323	4 702	5 264	16 042	16 587
Gross profit	6 072	6 107	2 394	2 875	8 465	8 982

Note 14. Stock option plan and allocations of free shares

a. Stock options

	Plan n°11	Plan n°12	Total
Meeting date	03 May 11	03 May 11	
Date of Board of Directors meeting	31 jan. 12	27 Aug. 2012	
Total number of shares allocated (before distribution of the HiPay and consolidation shares)	385 000	105 000	490 000
Total number of shares available for subscription	159 620	64 600	224 220
Including number of shares that could be acquired by executive officers	0	49 600	49 600
Including number of shares that could be acquired by the ten leading employee	159 620	0	159 620
Beginning of exercise of the options	31 jan. 14	27 Aug. 2014	
Date of expiration	31 jan. 22	27 Aug. 2022	
Subscription price (in euros) ⁽¹⁾	2,13	1,93	
Number of options subscribed to on Dec. 31st, 2017	-	-	-

Data after share consolidation and after adjustment resulting from the distribution of HiPay securities : ⁽²⁾	Plan n°11	Plan n°12	Total
Options cancelled during the period	0	0	0
Total number of shares available for subscription after the closing	25 092	10 155	35 247
Including number of shares that could be acquired by executive officers	0	7 797	7 797
Including number of shares that could be acquired by the ten leading employee	25 092	0	25 092
Subscription price (in euros)	13,55	12,28	

⁽¹⁾ Subscription price of the calculated options on the day of allocation of the options and corresponding to the weighted average of the market prices for the last twenty trading sessions (for certain plans, a 5% reduction has been applied).

⁽²⁾ As part of the distribution of 80% of HiPay Group's shares in June 2015, the company adjusted the subscription price of the options to take into account the effect of this distribution on the share price Hi-Media. The company also adjusted the number of allocated options to preserve the rights of allottees. Finally, the number of options takes into account the grouping of shares made in July, 2015 with a parity of 1 new action for 15 old actions.

The number of options and the weighted average of the exercise prices are as follows:

After share consolidation information	2018		2017	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options in circulation at the opening	35 247	13,18	36 102	13,19
Options allocated during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options cancelled during the period	-	-	855	13,55
Options in circulation at the close	35 247	13,18	35 247	13,18
Options that could be exercise at the close	35 247	13,18	35 247	13,18

b. Allocation of free shares

Pursuant to IFRS 2, the plans for allocation of free shares are valued on the basis of the AdUX share price on the day of the meeting of the Board of Directors deciding on allocation of the said free shares.

	Plan n°28	Plan n°29a	Plan n°29b	Plan n°30	Total
Meeting date	06 May 14	04 May 17	04 May 17	04 May 17	
Date of the Board of Directors' meeting	07 Sep. 2015	04 May 17	04 May 17	12 Dec 17	
Total number of shares allocated	66 000	29 300	17 500	39 000	151 800
Including the number of shares that can be subscribed to by the executive officers	-	-	-	-	-
Including the number of shares that can be subscribed to by the leading ten employee allocated	38 800	29 300	17 500	39 000	124 600
Number of cancelled shares	26 400	-	-	-	26 400
Number of shares definitively allocated as at Jun. 30, 2016	-	29 300	-	-	29 300
Number of shares that can be definitively allocated	39 600	-	17 500	39 000	96 100
End of acquisition period	07 Sep. 2018	04 May 18	04 Feb 19	12 Dec 18	
End of retention period	07 Sep. 2019	04 May 19	04 May 19	12 Dec 19	
Share price on the date of the executive board meeting	7,65	9,77	9,77	4,53	
Non-transferability discount	yes	yes	yes	yes	
Fair value of the free share	6,51	9,02	8,49	4,18	

Note 15. Transactions between affiliated parties

The affiliated parties of AdUX Group correspond to the authorized agents, senior managers and directors of the group, as well as the companies in which they exercise control, notable influence, or hold a significant voting right.

I. Transaction between affiliated parties

Executive officers

<i>in thousands of Euros</i>	30 June 2018	30 June 2017
Short term employee benefit (including benefits) paid for the current period	116	116
Short term employee benefit (including benefits) paid for the precedent period	50	-
Non current benefit	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Providing termination benefits	-	-
Sharebased payment	-	-
Total	166	116

Non executive officers

The remuneration of non executive officers is only composed of attendance fees for 62.000 €.

II. Transactions with the subsidiaries

AdUX SA invoices its subsidiaries for holding expenses as well as for trademark expenses, eliminated in the consolidated financial statements.

III. Other affiliated parties

During the first half of 2018, no significant operation has been carried out with:

- shareholders holding a significant voting right in the AdUX S.A. capital,
- members of the management organs, including the directors,
- entities over which one of the main senior managers or shareholders exercise control, or notable influence, or hold a significant voting right.

Note 16. Significant events of the period

Following the offer accepted by AdUX SA on December 26, 2017, a business transfer agreement was concluded between Hi-Media Italia SRL and Italiaonline SPA on February 14, 2018 for the sale of the historical advertising network business in Italy. The final sale price amounts to 583 thousand euros.

At the end of August 2018, the Drive to Store entity in Sweden will see the end of the contract, which represented more than 75% of its Revenue in 2017. This entity has also signed new partnerships in 2018. The company had to carry out an impairment test on June 30, 2018 on this CGU and write down all of the goodwill allocated to this CGU for an amount of € 8.5 million corresponding to the total goodwill (cf. Note 6).

Note 17. Important events since 30 June 2018

AdUX SA signed on July 20, 2018, a new lease located at 101-109 rue Jean Jaurès in Levallois-Perret for a period of 9 years.

Statement by the person responsible for the interim financial report

I hereby attest that to my best knowledge, the summary financial statements presented in the 2018 semiannual financial report are established in accordance with the applicable accounting standards and give a fair representation of the property, financial situation and earnings of the company and of the set of companies included in the consolidation, and that the semiannual financial report offers a fair representation of the important events occurring during the first six months of the financial year and of their effect on the semiannual financial statements, of the main risks and uncertainties for the remaining six months of the financial year, and of the main transactions between affiliated parties.

Cyril Zimmermann
Chairman of the Board of Directors and Managing Director of AdUX SA

Statutory auditors' review report on the 2018 half-year financial information

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the Shareholders Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of AdUX SA, for the six months ended June 30, 2018;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

The Statutory Auditors
French original signed by

Neuilly-sur-Seine, July 26, 2018

Boulogne Billancourt, July 26, 2018

PricewaterhouseCoopers Audit

Fiderec Audit

Bertrand Baloche
Partner

Adrien Lechevalier
Chairman