



advertising & user experience

ANNUAL FINANCIAL STATEMENTS 2017

Joint-stock company with capital of € 4 329 132
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Consolidated Financial Statements for Financial Years 2017 and 2016

| <i>Thousand of €</i> | Notes | Dec. 31, 2017 | Dec. 31, 2016 |
|--|----------------|---------------|----------------|
| Revenue from activities | | 15 700 | 21 407 |
| Other | | 5 778 | 5 717 |
| Net turnover | Note 16 | 21 478 | 27 124 |
| Self-constructed assets | | 212 | 316 |
| Adjustments to depreciation and provisions | | 446 | 480 |
| Other income | | 4 | 330 |
| Operating revenue | | 22 140 | 28 250 |
| Operating expenses from activities | Note 17 | 14 324 | 18 784 |
| Other purchases and external charges | | 2 459 | 5 170 |
| Taxes, levies and similar payments | | 183 | 192 |
| Wages and salaries | | 1 977 | 2 698 |
| Social security charges | | 828 | 1 109 |
| Depreciation on fixed assets | | 1 535 | 1 636 |
| Provisions and impairment | | 971 | 191 |
| Other expenses | | 513 | 540 |
| Operating expenses | | 22 790 | 30 319 |
| Operating income | | - 650 | - 2 069 |
| Financial revenue | | 32 891 | 19 505 |
| Interest and similar expenses | | 198 | 826 |
| Book value of transferred assets | | 23 367 | 12 222 |
| Provisions and impairment | | 4 138 | 3 955 |
| Other | | 4 207 | 133 |
| Financial expenses | | 31 911 | 17 136 |
| Financial net income | Note 18 | 980 | 2 368 |
| Proceeds from sales of assets | | 1 | 20 |
| On management operations | | | 76 |
| Reversal of provisions | | 672 | 744 |
| Extraordinary revenue | | 673 | 841 |
| Book value of transferred assets | | 562 | 24 |
| On management operations | | 7 | 438 |
| Provisions and impairment | | 2 | 3 |
| Extraordinary expenses | | 571 | 465 |
| Extraordinary net result | Note 19 | 101 | 376 |
| Net income before taxes | | 431 | 675 |
| Taxes | Note 20 | 481 | 162 |
| Net income | | 912 | 836 |

Balance sheets at December 31st, 2017 and December 31st, 2016

| ASSETS - in thousands of euros | Notes | Dec. 31, 2017 | | | Dec. 31, 2016 |
|--------------------------------------|---------------|----------------|--------------------|---------------|---------------|
| | | Gross | Amort. and deprec. | Net | Net |
| Concessions, patents and software | | 9 686 | 8 548 | 1 138 | 1 959 |
| Corporate goodwill | | | | | |
| Intangible assets in progress | | 49 | | 49 | 86 |
| Intangible fixed assets | Note 3 | 9 735 | 8 548 | 1 187 | 2 045 |
| Property, plant and equipment | | 415 | 232 | 183 | 1 066 |
| Other property, plant and equipment | | 2 018 | 1 971 | 47 | 72 |
| PPE | Note 4 | 2 432 | 2 202 | 230 | 1 139 |
| Affiliates | | 131 829 | 109 258 | 22 571 | 28 879 |
| Receivables related to affiliates | | 6 994 | 5 294 | 1 700 | 127 |
| Deposits and sureties | | 85 | | 85 | 188 |
| Treasury shares | | 444 | | 288 | 1 489 |
| Other financial assets | | 35 | | 35 | 35 |
| Long-term investments | Note 5 | 139 387 | 114 553 | 24 679 | 30 718 |
| Total fixed assets | | 151 554 | 125 303 | 26 096 | 33 903 |
| Trade notes and accounts receivable. | Note 6 | 19 105 | 1 054 | 18 051 | 27 066 |
| Other receivables | Note 7 | 31 284 | 6 549 | 24 735 | 20 467 |
| Receivables | | 50 389 | 7 603 | 42 786 | 47 533 |
| Short-term investment securities | | 250 | | 192 | 221 |
| Liquid assets | | 1 981 | | 1 981 | 2 414 |
| Cash and cash equivalents | Note 8 | 2 231 | | 2 172 | 2 635 |
| Prepaid charges | | 190 | | 190 | 400 |
| Deferred charges | | 52 | | 52 | 80 |
| Unrealized foreign exchange losses | | 300 | | 300 | 109 |
| Total current assets | | 53 162 | 7 603 | 45 500 | 50 757 |
| Total assets | | 204 716 | 132 906 | 71 596 | 84 660 |

Balance sheets at December 31st, 2017 and December 31st, 2016

| LIABILITIES - in thousands of euros | Notes | Dec. 31, 2017 | Dec. 31, 2016 |
|--|----------------|------------------|------------------|
| Share capital and proprietorship accounts | | 4 329 | 4 329 |
| Bond, merger and share premiums | | 11 355 | 72 450 |
| Retained earnings | | | -61 931 |
| Reserves | | 507 | 507 |
| Profit or loss for the financial year | | 912 | 836 |
| Tax-regulated provisions | | 3 251 | 3 921 |
| Shareholders' equity | Note 9 | 20 355 | 20 112 |
| Provisions for risks and expenses | Note 10 | 400 | 149 |
| Borrowings from credit institutions | Note 11 | 3 388 | 3 980 |
| Trade receivables and payables | Note 12 | 27 017 | 34 290 |
| Taxation and social liabilities | | 3 039 | 3 106 |
| Debts on fixed assets | Note 13 | 21 | 116 |
| Other liabilities | Note 14 | 15 128 | 20 106 |
| Operating liabilities | | 45 204 | 57 618 |
| Unrealized foreign exchange gains | Note 15 | 2 203 | 2 726 |
| Deferred income | | 46 | 76 |
| Total liabilities | | 71 596 | 84 660 |

Note on the AdUX SA's financial statements

The individual financial statements for the year ended 31 December 2017 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

They were closed off by the Board of Directors on March 13th, 2018 and will be submitted for approval at the forthcoming Annual General Meeting which will rule on the closed accounts on December 31st, 2017..

AdUX S.A. ("AdUX" or "the Company") is a company domiciled in France. The registered office of the Company is located at 6, Place colonel Bourgoïn, 75012 Paris. The company is the holding of the AdUX Group, whose subsidiaries have a media sales activity.

Note 1. Highlights Of FY 2017

1.1. Business refocus strategy

AdUX Group continued to restructure its scope in 2017, opting to refocus on its Native Advertising (Quantum), Drive-to-Store (AdMoove) and Social Marketing (AdPulse) businesses. Its offers position AdUX on the latest trends in Internet advertising: discreet ads integrated into editorial content, geotargeted mobile ads and social media advertising.

To cement this positioning in the field of non-intrusive advertising, the company's Extraordinary General Shareholders' Meeting of May 4, 2017 decided to change HiMedia's name to "AdUX".

The Group's repositioning and refocus were completed at the end of 2017 with the sale of its traditional media sales activities in Spain and Italy, after the sale of its activities in Latin America during the summer:

- As part of an agreement reached with the Prisa group on August 3, 2017, AdUX S.A. sold its stake in Latam Digital Ventures (60%) for €2.7 million cash-free.
- On December 28, 2017, AdUX sold 51% of its Spanish subsidiary (HiMedia España publicidad online) to its local management for a token euro, resulting in the loss of control. This transaction followed the merger of the three existing Spanish structures and a simplification of the balance sheet.
- Lastly, on December 26, 2017, AdUX S.A. accepted a binding offer for its legacy media sales activity in Italy. Following the acceptance of this binding offer, a business transfer agreement was concluded between Hi-Media Italia SRL and Italiaonline SPA on February 14, 2018 (see "Subsequent events"). Under the terms of the transaction, the final sale price will be determined by June 15 at the latest.

The Group has now been pruned back to its target scope and is focusing on healthy, growing and technological businesses. Revenue from these activities, on which the Group will concentrate its development in the coming years, amounted to €34.2 million in 2017. The countries concerned are Sweden, Belgium, France, Spain, Italy and Portugal, with organic growth projects in Germany and the United Kingdom.

1.2. Other significant events

AdUX S.A. terminated the lease on its premises located at 6 place du Colonel Bourgoïn in Paris in advance on July 10, 2017, with effect from July 17, 2017. However, AdUX S.A. will continue to occupy the premises as the sub-tenant of the main tenant for a period of 12 months from the date of termination of the lease.

AdUX continued its divestment of HiPay Group in 2017. At December 31, 2017, AdUX held 25,460 HiPay Group shares representing as many voting rights, i.e. approximately 0.51% of its share capital and voting rights



Note 2. Accounting principles and methods

The financial statements are presented in accordance with French generally accepted accounting principles and reflect the ANC 2015-05 of December 28th, 2015 concerning the standard accounting practices. This regulation, which is mandatory from January 1, 2017, aims to clarify the terms and conditions for the recognition of forward financial instruments and hedging transactions. The impact of this regulation on the Company's balance sheet and income statement is not significant.

The following accounting policies have been adopted by the Company:

2.1. Intangible assets

Software and licenses acquired by the Company are recorded on the balance sheet at their acquisition value and depreciated over their estimated useful lives, between 3 and 5 years.

Brands acquired by the Company are recorded on the balance sheet at their acquisition value. They are not subject of amortization. They are depreciated if the operating conditions require so.

According to the CNC (French accounting authority) (avis 2004-15) on assets, applicable since 1 January 2005, development costs must meet the six following criteria to be capitalized:

- Technical feasibility of the project
- Intention to complete the project
- Commercial success
- Future economic benefits
- Financial feasibility – resources to complete, and use and sell the product
- Reliable cost evaluations

Business assets are recorded at their acquisition cost and may be depreciated if their market value is less than their book value at year end.

2.2. Property, plant and equipment

Fixed assets are stated at its acquisition cost and are depreciated over the useful lives as follows:

| | | |
|-------------------------------|--------------|---------------|
| Fixtures and fittings | 6 to 8 years | straight-line |
| Office and computer equipment | 3 years | straight-line |
| Furniture | 8 years | straight-line |

2.3. Permanent financial investments and current accounts of subsidiaries

The gross value of subsidiaries is either acquisition cost or the amount of capital used on their constitution.

According to law 2006-1666 dated 21 December 2006, the cost of acquisition of equity interests incurred during the fiscal years ending on or after December 31, 2006 were capitalized and amortized over a period of five years through an accelerated depreciation.

A provision for impairment of securities and current accounts can be made when the going concern value, determined at the close of each fiscal year falls below their book value.

The value in use is calculated on the basis of the method of discounted cash flows on the basis of the Group's forecasts for 4 years, and of a terminal value discounted to infinity. The main assumptions in order to determine the value of the cash generating units are as follows:

- discount rate for Europe: 8.6% to 11.2% (8.9% to 11.1% in 2016), among countries
- long-term growth rate: 1% to 2.5% (1% to 2.5% in 2016),
- growth rate of sales: between -6.2% and +52% per year during the period 2018-2021, among countries and activities and new products launch.

A sensitivity analysis calculating the variation in key parameters (discount rate, long-term growth, EBITDA rate and revenue growth rate) did not point to any likely scenario in which the recoverable value of a CGU will become less than its book value.



2.4. Receivables and related accounts

Receivables are measured at their nominal value and a provision for impairment is established when a specific loss appears likely.

2.5. Short-term investment securities

Short-term investment securities are stated in the balance sheet at their acquisition value. When their inventory value is less than their acquisition cost, A provision for impairment is made for to cover the difference. Unrealized gains at the close are not recorded in the income statement.

2.6. Treasury shares

A provision for impairment of treasury shares is recognized when the book value exceeds the net asset value equal to the average share price over the last month before the end of the year.

2.7. Provisions for risks and expenses

A provision is recorded when a legal or constructive obligation to a third party arising from a past event will certainly or probably result in an outflow of resources without corresponding inflow for the Group that can be measured reliably. Provisions are reviewed at the end of each reporting period, and adjusted where necessary to reflect the best estimate of the obligation as of that date.

2.8. Recognition of revenue billed to advertisers

The company's revenue breaks down mainly as follows:

Revenue from ordinary activities

- ✓ Billing of products from the marketing of advertising space on behalf of its subsidiaries;

AdUX S.A. may have cause to invoice revenue from contracts for the sale of advertising space on behalf of its subsidiaries. Its subsidiaries provide for the placing online and the circulation of advertising objects on one or more available media, over a period of time. The value of the contracts depends on the number of page views requested by the advertiser or the number of clicks/actions.

Advertising space can be sold over the counter, signified by the signing of purchase orders, or on automated platforms where bidding is carried out in real time (RTB).

For contracts completed by the closing date, the revenue recognized in the income statement is the value of the contract or the value of the number of viewed pages (clicks or actions) if it is less than that specified in the contract.

For contracts outstanding at the reporting date, the revenue recognized to date is:

- either the value of the number of pages (clicks or actions) actually seen in the closing date if the number of viewed pages (clicks or actions) is less than or equal to that provided under the contract;
 - or the value of the number of viewed pages (clicks or actions) in the contract if the number of pages (clicks or actions) actually seen is higher than that under the contract.
- ✓ Recharge of websites expenses or the costs generated on automated platforms invoiced to AdUX on behalf of its subsidiaries;

Other revenue

- ✓ Recharge to its subsidiaries of Management fees, Brand fees and operating expenses incurred on behalf of its subsidiaries ;

2.9. Presentation of expenses to purchase spaces in the income statement

Space-buying fees billed by editors to Hi-Media are presented as operating expenses. The difference between the revenues billed by Hi-Media for advertisers and the space-buying fees billed by publishers to Hi-Media represent the commission fee perceived by Hi-Media.

Expenses relating to purchases of advertising space correspond mainly to the cost of purchasing space invoiced by the media to AdUX. In certain cases, AdUX can centralize the billing of expenses for purchases of advertising space invoiced by the media for several AdUX S.A. subsidiaries (see "Revenue").

In such cases, when AdUX receives the revenue derived from advertising sales contracts on behalf of its subsidiaries, the subsidiaries subsequently bill AdUX for their share of the revenue. As a result, these rebilling expenses appear in this category in the income statement.

2.10. Corporate tax

The corporate tax is recognized using the method of tax payable. It is not reflected in the income statement of future effects of the temporary tax differences.

2.11. Retirement benefits

Pension obligations on December 31st, 2017, calculated on the basis of the collective agreement in force in the Company and of information about the personnel in the Company at the close, are presented in off-balance sheet commitments.

2.12. Individual training entitlement

Law No. 2014-288, dated March 5th, 2014, relating to training, employment and social democracy repeals the statutory training entitlement system (DIF) and replaces it with the personal training account regime (CPF) as from January 1st, 2015.

DIF training hours not consumed are available for 5 years under the CPF regime. Under the new regime, an employee may accumulate up to 150 hours of training.

2.13. Tax credit to aid competitiveness and promote employment (CICE)

The CICE, which took effect on January 1st, 2013 resulted in the recognition by Hi-Media of an income, recorded in operating income under the line item "social security contributions".

The base consists of gross compensation paid, subject to social security contributions and not exceeding 2.5 times the minimum wage.

The tax credit rate for 2017 was 7%.

Note 3. Intangible assets

Changes in gross values are as follows:

| <i>In thousands of euros</i> | Dec. 31, 2016 | Increase | Decrease | Dec. 31, 2017 |
|------------------------------|------------------|------------|------------|------------------|
| Software and licenses | 9 307 | 336 | 31 | 9 612 |
| AdUX Trademarks | 74 | - | - | 74 |
| Customer relations | - | - | - | - |
| Fixed assets in progress | 86 | 267 | 304 | 49 |
| Total | 9 467 | 603 | 335 | 9 735 |

Software includes the commissioning of the IT developments of the previous year and the current year. Constructions in progress refer to internal IT developments.

Changes in depreciation and provisions for impairment are as follows:

| <i>In thousands of euros</i> | Dec. 31, 2016 | Increase | Decrease | Dec. 31, 2017 |
|------------------------------|------------------|--------------|----------|------------------|
| Software and licenses | 7 421 | 1 126 | - | 8 548 |
| AdUX Trademarks | - | - | - | - |
| Customer relations | - | - | - | - |
| Fixed assets in progress | - | - | - | - |
| Total | 7 421 | 1 126 | 0 | 8 548 |

Changes in net values are as follows:

| <i>In thousands of euros</i> | Dec. 31, 2016 | Dec. 31, 2017 |
|------------------------------|------------------|------------------|
| Software and licenses | 1 886 | 1 064 |
| AdUX Trademarks | 74 | 74 |
| Customer relations | - | - |
| Fixed assets in progress | 86 | 49 |
| Total | 2 045 | 1 187 |

Note 4. Property, plant and equipment

Changes in gross values are as follows:

| <i>In thousands of euros</i> | Dec. 31, 2016 | Increase | Decrease | Dec. 31, 2017 |
|-------------------------------|------------------|-----------|----------|------------------|
| Fixtures and fittings | 1 442 | 40 | - | 415 |
| Office and computer equipment | 1 737 | 23 | - | 1 759 |
| Furniture | 259 | - | - | 259 |
| Total | 3 438 | 62 | | 2 432 |

Changes in depreciation are as follows:

| <i>In thousands of euros</i> | Dec. 31, 2016 | Increase | Decrease | Dec. 31, 2017 |
|-------------------------------|------------------|------------|------------|------------------|
| Fixtures and fittings | 376 | 362 | 505 | 232 |
| Office and computer equipment | 1 694 | 37 | 0 | 1 731 |
| Furniture | 229 | 10 | - | 239 |
| Total | 2 299 | 409 | 505 | 2 202 |

Changes in net values are as follows:

| <i>In thousands of euros</i> | Dec. 31, 2016 | Dec. 31, 2017 |
|-------------------------------|------------------|------------------|
| Fixtures and fittings | 1 066 | 183 |
| Office and computer equipment | 43 | 28 |
| Furniture | 29 | 19 |
| Total | 1 139 | 230 |

Note 5. Long-term investments

Changes in gross values are as follows:

| <i>In thousands of euros</i> | Dec. 31, 2016 | Increase | Decrease | Dec. 31, 2017 |
|-----------------------------------|------------------|---------------|---------------|------------------|
| Equity investments | 148 365 | 4 774 | 21 309 | 131 829 |
| Receivables related to affiliates | 8 007 | 5 887 | | 6 994 |
| Deposits and sureties | 188 | 0 | 103 | 85 |
| Treasury shares | 1 489 | | 1 046 | 444 |
| Other | 35 | | | 35 |
| Total | 158 083 | 10 661 | 22 458 | 139 387 |

The main variations are related to:

- the sale of the stake AdUX held in Latam Digital Ventures and Hi-Media España Publicidad (see Note 1)
- the sales of HiPay Group shares
- the winding-up proceedings of Bonne Nouvelles Editions
- the sale of Admoove shares to Local Media. The two entities then merged and took the name Admoove

On December 31st, 2017, AdUX held 63,354 of its own shares (excl. liquidity contract)

Changes in depreciation are as follows:

| <i>In thousands of euros</i> | Dec. 31, 2016 | Increase | Decrease | Dec. 31, 2017 |
|-----------------------------------|------------------|--------------|---------------|------------------|
| Equity investments | 122 295 | 2 329 | 15 365 | 109 258 |
| Receivables related to affiliates | 5 070 | 224 | | 5 294 |
| Deposits and sureties | | | | |
| Treasury shares | 0 | | 0 | 156 |
| Other | | | | |
| Total | 127 365 | 2 552 | 15 365 | 114 708 |

Changes in net values are as follows (see Note 24):

| <i>In thousands of euros</i> | Dec. 31, 2016 | Dec. 31, 2017 |
|-----------------------------------|------------------|------------------|
| Equity investments | 26 070 | 22 374 |
| Receivables related to affiliates | 2 936 | 1 700 |
| Deposits and sureties | 188 | 85 |
| Treasury shares | 1 489 | 288 |
| Other | 35 | 35 |
| Total | 30 718 | 24 482 |

Note 6. Receivables and related accounts

Trade receivables and payables are as follows:

| <i>In thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 |
|---|------------------|------------------|
| Customers | 18 977 | 24 282 |
| Invoices to be established | 128 | 3 588 |
| Receivables | 19 105 | 27 870 |
| Provision for impairment of receivables | -1 054 | -804 |
| Net receivables | 18 051 | 27 066 |

Invoices to be established correspond to the services rendered to advertisers that were not yet billed on December 31st, 2017.

Third-party receivables and related accounts are mainly for a term of less than one year.

The provision for depreciation corresponds mainly to debt dues for which recoverability represents a risk at December 31st, 2017. Group receivables have no risk of non-recovery and are therefore not provisioned.

Under a factoring agreement signed in 2013, AdUX presented unpaid receivables amounting to €1,546k at December 31st, 2017 for which the Company transfers the risk of non-recovery in the case customers do not pay.

Note 7. Other receivables

Other receivables were as follows:

| <i>In thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 |
|---|------------------|------------------|
| Supplier down payments and credit notes receivable | 1 401 | 1 292 |
| Other receivables | 25 637 | 20 611 |
| Value-added tax | 3 662 | 3 831 |
| Receivables on the factor including guarantee funds | 584 | 324 |
| Total other receivables | 31 284 | 26 059 |
| Provision for doubtful accounts | -6 549 | -5 592 |
| Total other receivables, net | 24 735 | 20 467 |

The item "Other receivables" corresponds to €21,369k to current account of subsidiaries which are detailed in the table of subsidiaries and shareholdings. These current accounts are depreciated up to €6,249k in which €4,775k corresponds to the depreciation of the current account with Group Hi-media USA and €570k corresponds to the depreciation of the current account with HiMedia LLC.

Current accounts from the cash pooling between subsidiaries amount to €5,979k on December 31st, 2017.

Receivables on the factor correspond mainly to:

- Accounts receivable unavailable for 266 k €
- Reserves accounts for 198 k €
- The guarantee fund for 123 k€

Note 8. Marketable securities and cash

| <i>In thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 |
|---|------------------|------------------|
| Short-term investment securities | | |
| Treasury shares | 250 | 221 |
| Other shares | | |
| Liquid assets | 1 981 | 2 414 |
| Cash and cash equivalents | 2 231 | 2 635 |
| Provision for impairment of treasury shares | -59 | |
| Net cash and cash equivalents | 2 172 | 2 635 |

Within the framework of the liquidity contract, AdUX holds 42,155 of its own shares.

Note 9. Shareholders' equity

9.1. Changes in equity

The following changes were recorded in equity during the year:

| <i>In thousands of Euros</i> | Share capital | Issue premium | Reserves | Retained earnings | Profit or loss for the financial year | Tax-regulated provisions | Total |
|------------------------------|---------------|---------------|------------|-------------------|---------------------------------------|--------------------------|---------------|
| Dec. 31, 2016 | 4 329 | 72 450 | 507 | - 61 931 | 836 | 3 921 | 20 112 |
| Dividends | | | | | | | |
| Allocation of income | | | | 61 931 | - 836 | | - 0 |
| Capital increase | | | | | | | |
| Capital decrease | - | | | | | | - |
| Income for the period | | | | | 715 | | 715 |
| Other changes | | - | | | | - 669 | - 669 |
| Dec. 31, 2017 | 4 329 | 11 355 | 507 | - | 715 | 3 251 | 20 158 |

9.2. Share capital

On December 31st 2017, the share capital consists of 2,886,088 actions with a nominal value of €1.50 for each.

9.3. Stock option plan and allocations of bonus shares

9.3.1. 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) (1) | 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) (2) | 2,13 | 1,93 | |
| Number of options subscribed to on Dec. 31st, 2017 | - | - | 0 |

| Data after share consolidation and after adjustment resulting from the distribution of HiPay securities : (3) | Plan n°11 | Plan n°12 | Total |
|---|-----------|-----------|---------------|
| Options cancelled during the period | 855 | 0 | 855 |
| 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 |

(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:

| | 2017 | | 2016 | |
|---|---------|---------------------------------|---------|---------------------------------|
| | Options | Weighted average exercise price | Options | Weighted average exercise price |
| Options in circulation at the opening | 36 102 | 13,19 | 37 470 | 13,21 |
| Options allocated during the period | - | - | - | - |
| Options exercised during the period | - | - | - | - |
| Options cancelled during the period | 855 | 13,55 | 1 367 | 13,55 |
| Options in circulation at the close | 35 247 | 13,18 | 36 102 | 13,19 |
| Options that could be exercise at the close | 35 247 | 13,18 | 36 102 | 13,19 |

9.3.2. Allocations of free shares

| | Plan n°28 | Plan n°29 a | Plan n°29 b | Plan n°30 b | 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 authorized agents | - | - | - | - | - |
| Including the number of shares that can be subscribed to by the leading ten employee allocated | 48 500 | 29 300 | 17 500 | 39 000 | 134 300 |
| Number of cancelled shares | 16 500 | - | - | - | 16 500 |
| Number of shares definitively allocated as at Dec. 31, 2015 | - | - | - | - | - |
| Number of shares that can be definitively allocated | 49 500 | 29 300 | 17 500 | 39 000 | 135 300 |
| 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 10. Provisions

| <i>In thousands of Euros</i> | Dec. 31, 2016 | Allocation | Reversal | Dec. 31, 2017 |
|--|------------------|------------|------------|------------------|
| Provisions for disputes | 0 | | | 0 |
| Provision for unrealized foreign exchange losses | 109 | 300 | 109 | 300 |
| Other risk provisions | 40 | 100 | 40 | 100 |
| Total Other risk provisions | 149 | 400 | 149 | 400 |
| Provision for expenses | 0 | | | 0 |
| Total | 149 | 400 | 149 | 400 |

Note 11. Borrowings from credit institutions

| <i>In thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 | Issue currency | Expiration | Effective rate |
|-------------------------------|------------------|------------------|-------------------|------------|-------------------|
| Zero rate loan for innovation | 1 920 | 2 400 | EUR | 2021 | 0% |
| Tax Credit Funding | 1 449 | 1 576 | EUR | 2019 | Variable |
| Accrued interest | - | - | EUR | | Variable |
| Credit bank accounts | 19 | 4 | EUR | 2016 | Variable |
| Total | 3 388 | 3 980 | | | |

In 2016, French tax receivables (« *Crédit d'Impôt Recherche* » and « *Crédit d'Impôt pour la Compétitivité et l'Emploi* ») were funded by a bank for €1,576k. The CICE 2013, which amounted to € 126k, was repaid on October 19, 2017.

As of December, 31st 2017, these fiscal receivables remain in the assets of the financial statements.

Note 12. Trade payables and related accounts

Trade receivables and payables are as follows:

| <i>In thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 |
|------------------------------|------------------|------------------|
| Suppliers | 24 380 | 26 349 |
| Invoices to be received | 2 637 | 7 941 |
| Total | 27 017 | 34 290 |

Accounts payable primarily include publisher billings to AdUX that have not yet been paid at the closing.

Note 13. Debts on fixed assets

The debts on fixed assets correspond mainly of IT services.

Note 14. Other liabilities

Other liabilities mainly relate to current account payables vis-à-vis the subsidiaries for €14,663k of which €8,981k of current account payables relate to cash pooling.

It also includes payables to customers and accrued credit notes for €679k.



Note 15. Unrealized foreign exchange gains

Unrealized foreign exchange gains, which amount to 2 203 k€ as at December 31st 2017, are mainly composed of foreign exchange gains on Group current accounts, 1 531 k€ of which are related to Group Hi-Media USA.

Note 16. Turnover**16.1. By activity**

| <i>in thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 |
|-------------------------------------|------------------|------------------|
| Third-party revenue from activities | 9 618 | 14 123 |
| Intragroup revenue from activities | 6 082 | 7 284 |
| Other | 5 778 | 5 717 |
| Total | 21 478 | 27 124 |

« Other » revenue mainly concerns recharge to Group subsidiary of management fees, brand fees and various operation expenses supported on their behalf.

16.2. By geographical area

| <i>in thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 |
|------------------------------|---------------|---------------|
| France | 12 043 | 15 433 |
| Export | 9 436 | 11 691 |
| Total | 21 478 | 27 124 |

Note 17. Operating expenses from ordinary activities

Operating expenses from activities are as follows:

| <i>in thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 |
|---|------------------|------------------|
| External operating expenses from activities | 4 897 | 8 558 |
| Intragroup operating expenses from activities | 9 427 | 10 226 |
| Total | 14 324 | 18 784 |

Note 18. Financial net income**18.1. Financial expenses**

| <i>In thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 |
|---|------------------|---------------|
| Interest charges | 198 | 826 |
| Depreciation and impairment of equity investments in subsidiaries and receivables related | 1 653 | 3 005 |
| Other depreciation and impairment of financial assets | 1 586 | 949 |
| Abandoned or unclaimed accounts | 0 | 0 |
| Other financial charges | 27 574 | 12 355 |
| Financial expenses | 31 011 | 17 136 |

Other financial charges consist mainly of the disposal of the following subsidiaries equity:

| | |
|---|----------|
| - Hi-media Network Internet España SL : | 9 700 k€ |
| - HiPay SAS : | 3 885 k€ |
| - Admoove SAS : | 2 060 k€ |
| - Bonne Nouvelle Editions SARL : | 1 609 k€ |
| - New Movil Media SL : | 1 535 k€ |
| - Hi Media España Publicidad Online : | 1 390 k€ |

It should also be noted that this item also includes the disposal of receivables related to Hi-media Network Internet España SL shareholdings (1 012 k€) and the disposal of current accounts for 4 176 k€, of which 3 332 k€ linked to Hi-media Network Internet España SL.

The following equity securities were depreciated:

| | |
|--|----------|
| - Hi-media Network Internet España SL: | 1 335 k€ |
| - Mobvious Italy : | 94 k€ |

Financial depreciation and amortization also consist of a write-down of the receivables associated with Hi-Media Italia Srl's equity investments for 224 k€.

18.2. Financial revenue

| <i>In thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 |
|--|------------------|------------------|
| Interest on current accounts | 372 | 820 |
| Reversal of provisions of the securities | 14 269 | 5 998 |
| Revenues from equity investments | 0 | 1 079 |
| Other | 17 153 | 11 607 |
| Financial revenue | 31 794 | 19 505 |

The item "Other" mainly consists of the profits associated with the disposal of securities sold during the year for the following amounts:

| | |
|----------------------------|----------|
| - HiPay SAS : | 3 774 k€ |
| - Admoove SAS : | 2 712 k€ |
| - Latam Digital Ventures : | 2 407 k€ |

It should be noted that this item also consists of current account withdrawals for 5 763 k€, of which 3 915 k€ related to Hi-Media Network Internet España SL and 1 327 k€ related to Hi Media Digital Business SL.

Reversal of provisions mainly concerns the disposal of the following subsidiaries equity:

| | |
|---|----------|
| - Hi-media Network Internet España SL : | 9 700 k€ |
| - Bonne Nouvelle Editions : | 1 609 k€ |
| - New Movil Media SL : | 1 535 k€ |

Note 19. Extraordinary result

In 2017, extraordinary income is mainly composed:

- Tax amortization write-off for € 672 k
- compensated by the net book value of the disposal of fixed assets following the termination in advance of the lease on the company premises which occurred in 2017 for (562) k€ (see Note 21. Off balance sheet commitments)

Note 20. Corporate tax

AdUX is head of a tax consolidation group consisting of its French subsidiaries owned at more than 95%: Adpulse SAS and Adysseum SARL. The tax treaty provides that the tax burden is supported by the subsidiary, as in the absence of tax consolidation.

The tax benefit related to tax losses of subsidiaries retained at AdUX France SA, is considered an immediate gain for the year at AdUX SA.

The tax profit of €493 k consists in particular of € 405k repayment of the 2015 Dividend Contribution, of €-125 k tax deduction related to Latam shares transfer, income and costs of the tax consolidation group for € 99 k and a French tax credit (Credit d'Impôts Recherche) for € 114 k.

Information on the deferred or latent tax situation:

| <i>In thousands of Euros</i> | Dec. 31, 2017 | Dec. 31, 2016 |
|---|---------------|---------------|
| Offsets | | |
| Investment subsidies | | |
| Unrealized foreign exchange gains | 2 203 | 2 726 |
| Extraordinary depreciation | 230 | |
| Temporary non-deductible expenses | | |
| Temporary non-taxable income | | |
| Expenses deducted or taxable income for tax purposes and not yet recognized | | |
| Items to be charged | | |
| Tax loss carryovers | 2 432 | 55 203 |

Rates of Tax applicable in 2016 : 33,33 %

Note 21. Off balance sheet commitments**21.1. Commitments received**

None

21.2. Off-balance sheet liabilities

AdUX SA canceled by anticipation his administration office in Paris on July 10, 2017 with effect date on July 17, 2017. However AdUX continues to occupy those offices as sub-lessee for 12 months from the termination date of the lease

In addition, HiMedia has a long-term lease for a portion of its computer population. This contract represents an annual rent (undiscounted) of k€ 204.



21.3. Staff benefits

Pension liabilities: On December 31st, 2017, the amount of the liability was estimated at €167k and accounted for actuarial elements.

Note 22. Disputes

Some labor relations litigations have arisen with former employees disputing the legitimacy of their dismissals. The company has set aside the provisions which considered necessary in the light of its judgment of the justification for the plaintiffs' demands.

Likewise, regarding business litigations, the company has set aside the provisions which considered necessary in the light of the risk associated to each of these litigations.

Note 23. Staff

The number of staff stood at 23 employees on December 31st, 2017 against 23 employees on December 31st, 2016.

Note 24. Officers and directors

This includes compensation of the chairman of the Board and the COO for a total amount of €234 k at December 31st, 2017, against €308k at December 31st, 2016. It is not granted the attendance fees to authorized agents.

The company has no commitment regarding pensions or regarding assimilated compensations.

Note 25. Event subsequent to December 31st, 2017

Following the acceptance of this binding offer, 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 activity in Italy. Under the terms of the transaction, the final sale price will be determined by June 15, 2018 at the latest.

Table of subsidiaries and affiliates

| Dénomination sociale | Adresse | Monnaie fonct.. | Capital social ⁽¹⁾ | Capitaux propres hors résultat et autre que le capital ⁽¹⁾ | % de détection directe | Titres | |
|--------------------------------------|---|--------------------|----------------------------------|---|------------------------------|-----------------------------|--------------------------------|
| | | | | | | Valeur brute ⁽²⁾ | Valeur nette ⁽²⁾ |
| Hi-Media Belgium SPRL | Av. des Volontaires 19 1160 Bruxelles | EUR | 3 467 | - 1 637 | 100% | 4 627 | 3 727 |
| Hi-Media Portugal Lda | Avenida Duque d'Avila 26 Lisboa | EUR | 125 | - 140 | 54% | 71 | - |
| Adysseum SARL | 6 place Colonel Bourgoin, 75012 Paris | EUR | 1 141 | 1 747 | 100% | 9 484 | 3 069 |
| Admoove SAS | 6 place Colonel Bourgoin, 75012 Paris | EUR | 130 | - 334 | 100% | 2 172 | 2 172 |
| Hi-Media Sales AB | Box 71 - Hantverkargatan, 14 827 22 Ljusdal. | SEK | 100 | 16 977 | 100% | 16 243 | 6 172 |
| Groupe Hi-media USA | 101 5th Avenue, New York, NY 10003 | USD | 0 | - 6 503 | 100% | 64 879 | - 0 |
| HPMP | Av. des Volontaires 19 1160 Bruxelles | EUR | 100 | 97 | 100% | 90 | 90 |
| Hi-media Nederland BV | Postbus 381, 1200 AJ Hilversum | EUR | 20 | 757 | 100% | 900 | 900 |
| Hi-media Italy Srl | Via Cosimo del Fante 4, 20122 Milano | EUR | 10 | 154 | 100% | 6 200 | - |
| Allopass Scandinavia | Box 71 - Hantverkargatan, 14 827 22 Ljusdal. | SEK | 100 | 279 | 100% | 10 | - |
| Mobvious Italia SRL | Via Cosimo del Fante 4, 20122 Milano | EUR | 10 | 10 | 100% | 94 | - |
| HiMedia Advertising | 6 place Colonel Bourgoin, 75012 Paris | EUR | 646 | - 405 | 100% | 646 | 646 |
| Quantum SAS | 6 place Colonel Bourgoin, 75012 Paris | EUR | 50 | - 1 394 | 81% | 1 770 | 1 770 |
| Hi-Media LLC | 25 Taylor Street NO.202, San Francisco CA 94102 | USD | 0 | - 569 | 100% | 0 | 0 |
| HiMedia Espana Publicidad Online S.L | Orense n°6, 28 020 Madrid | EUR | 2 725 | - 1 856 | 49% | 1 335 | - |

⁽¹⁾ in thousands of operating monetary units

⁽²⁾ in thousands of Euros

| Corporate name | Sales excluding taxes last financial year (1) | Income (profit or loss for the last financial year) ⁽¹⁾ | Dividends received by the company during the year (2) | Average exchange rate | Date of creation or acquisition |
|--------------------------------------|---|--|---|-----------------------|---------------------------------|
| Hi-Media Belgium SPRL | 4 495 | -478 | | | 09.03.00 |
| Hi-Media Portugal Lda | 967 | 3 | | | 31.10.00 |
| Adysseum SARL | 1 318 | 120 | | | 13.05.02 |
| Admoove SAS | 5 936 | -807 | | | 02.12.11 |
| Hi-Media Sales AB | 42 873 | 3 744 | | 9,84 | 04.09.06 |
| Groupe Hi-media USA | 0 | -76 | | 1,20 | 27.11.07 |
| HPMP | | 0 | | | 17.09.07 |
| Hi-media Nederland BV | 476 | 383 | | | 31.08.09 |
| Hi-media Italy Srl | 4 399 | -716 | | | 31.08.09 |
| Allopass Scandinavia | 0 | -2 | | 9,84 | 30.09.09 |
| Mobvious Italia SRL | 0 | 19 | | | 17.05.13 |
| HiMedia Advertising | 5 031 | -779 | | | 02.12.14 |
| Quantum SAS | 8 464 | -755 | | | 23.04.14 |
| Hi-Media LLC | | -17 | | 1,20 | 30.04.15 |
| HiMedia Espana Publicidad Online S.L | 5 768 | 0 | | | 22.09.16 |

⁽¹⁾ in thousands of operating monetary units

⁽²⁾ in thousands of Euros