

ADUX

ADVERTISING AND USER EXPERIENCE

Paris, April 24, 2019, 8:40 am

2018 Annual results

- **2018 revenue for new scope of consolidation ⁽¹⁾ €26.3 million**
- **Results strongly impacted by the scope reorganization and non-recurring items**
 - **-€2.9 million EBITDA⁽²⁾**
 - **Provisions for risks and charges & Impairment of receivables: -€2 million**
 - **Impairment of goodwill: -€8.5 million**
 - **Earnings from discontinued operations: -€2.5 million**

Paris, April 24, 2019, 8:40 am - The digital advertising group AdUX (ISIN code FR0012821890 - ADUX) release its annual results for the 2018 financial year.

A temporarily impacted activity base

2018 revenue stood at €26.3 million, down €2.7 million at constant scope in 2017. The business contraction was mainly due to the loss of a major contract in Sweden (€1.4 million). The impact of the recently-implemented GDPR (General Data Protection Regulations), which led to a wait-and-see attitude in the Advertising market during the second half has affected the Group's three subsidiaries: Quantum on Native advertising, Admoove on the Drive to Store and Adpulse on social marketing. However, Quantum's native advertising business continued to grow.

⁽¹⁾ The new scope of consolidation represents all the activities of the Group adjusted for the disposals of the traditional Spanish, Belgian and Portuguese activities.

⁽²⁾ Current operating income before depreciation, amortization and provisions.

ADUX

ADVERTISING AND USER EXPERIENCE

Analysis of the income statement

| <i>In millions of Euro</i> | 2018 | 2017 ⁽³⁾ | Change |
|--|--------------|---------------------|--------------|
| Revenues from operations | 26.3 | 29.0 | -2.7 |
| Expenses invoiced by media | -13.8 | -13.7 | -0.1 |
| Gross margin | 12.5 | 15.3 | -2.8 |
| Purchasing | -6.3 | -4.1 | -2.2 |
| Personnel costs | -9.1 | -10.3 | 1.2 |
| EBITDA | -2.9 | 0.9 | -3.9 |
| Charges and reversals of depreciation, amortization and provisions | -2.7 | -2.6 | -0.1 |
| Current operating income from ordinary activities | -5.6 | -1.7 | -3.9 |
| Valuation of stock options and free shares | -0.5 | -0.3 | -0.3 |
| Other non-recurring income and expenses | -12.3 | -0.2 | -12.1 |
| Operating income (loss) | -18.4 | -2.1 | -16.3 |
| Cost of debt | 0.0 | 0.0 | 0.0 |
| Other financial income and expenses | -0.4 | -0.4 | 0.0 |
| Income from consolidated companies | -18.9 | -2.6 | -16.3 |
| Share in the results of companies accounted for by the equity method | 0.0 | 0.0 | 0.0 |
| Pre-tax income of consolidated companies | -18.9 | -2.6 | -16.3 |
| Taxes | -0.1 | 0.1 | -0.1 |
| Net income from continuing operations | -18.9 | -2.5 | -16.4 |
| Earnings from discontinued operations | -2.5 | -2.1 | -0.4 |
| Net income (loss) | -21.4 | -4.6 | -16.8 |
| Minority interests in continuing operations | 0.0 | 0.2 | -0.2 |
| Minority interests in activities sold or held for sale | 0.0 | 0.2 | -0.2 |
| Of which Group share | -21.4 | -4.2 | -17.3 |

With a revenue of €26.3 million, the gross margin was €12.5 million, with personnel costs decreasing to €9.1 million and external costs rising to €6.3 million mainly due to new geographic locations for Quantum, and Group's technology platforms technical migrations which have led to additional costs in the second half of the year but which will led to savings during the second quarter of 2019. Thus, EBITDA stands at -€ 2.9 million. Depreciation and amortization charges remained stable at €2.7 million, while current operating loss amounted to €5.6 million.

⁽³⁾ The data presented as at 31 December 2017 were prepared on the basis of the 2017 consolidated financial statements published, less the activities sold or held for sale (Belgium, Portugal, France and Italy)

ADUX

ADVERTISING AND USER EXPERIENCE

In addition, the termination in Sweden of a historical commercial contract and the sale of its historical business in Belgium led to the Group writing down €8.5 million in goodwill, corresponding to most of the other non-recurring income and expenses in 2018. After accounting for financial expenses and taxes, the Group's consolidated net loss amounted to €21.4 million.

As of 31 December 2018, the company had a gross cash position of €2 million.

Future Prospects

The beginning of the current financial year 2019 was marked by a decline in the activity of the Swedish subsidiary, as a result of losing a major contract in August 2018, of which the full effects will be felt in the course of this year. The fall-off in revenue 2019 can also be attributed to the opening of safeguard proceedings ("*procédure de sauvegarde*") for Quantum, the Group's native advertising subsidiary, following a conviction in a commercial dispute for an amount of 1.07 million euros. A provision for this entire amount was recognized in 2018 financial statements.

Notwithstanding, AdUX expects its native advertising business to continue to grow and recently announced the acquisition of LAGORA to strengthen its positions in the Spanish market. AdUX also expects Admoove, its drive-to-store business, to rebound in France and Belgium.

AdUX aims to continue its development, doing so in synergy with the activities of its reference shareholder Azerion, which recently joined the Board of Directors with 3 co-opted members (ensuring majority representation on AdUX's Board of Directors).

The annual and consolidated financial statements, which were approved by the Board of Directors of AdUX SA on April 15, 2019, have been audited, and an unqualified opinion has been issued by the auditors. The annual financial report on the financial statements for the year ended December 31, 2018 will be available within the legal deadlines at the Company's website at www.adux.com under the heading "Investors".

Next financial Press Release

First quarter 2019 revenue, to be released on Thursday, May 2, 2019 after close of trading.

ADUX

ADVERTISING AND USER EXPERIENCE

About AdUX

A pioneer in the sector, AdUX is a European specialist in digital advertising and user experience. AdUX, which operates in 7 European countries, generated revenue of €26 million in 2018, is listed on compartment C of Euronext Paris and holds the "Innovative Company" label, thanks to which FCPI funds (i.e., French mutual funds specialized in innovation) are authorized to invest in AdUX, with fund subscribers entitled to the corresponding tax benefits.

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For more information, visit www.adux.com and infofin@adux.com

Follow us on Twitter: @AdUX_France

LinkedIn: http://www.linkedin.com/company/adux_en

Investor and analyst contact

infofin@adux.com

Press Contact

Antidox

Nicolas Ruscher

nicolas.ruscher@antidox.fr

This press release may contain certain forward-looking statements. Although AdUX Group believes that these statements are based on reasonable assumptions as of the date of this press release, they are by their nature subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by these statements. AdUX Group operates in a highly evolving sector in which new risk factors may emerge. AdUX Group does not undertake any obligation to update these forward-looking statements to reflect new information, events or other circumstances.

ADUX

ADVERTISING AND USER EXPERIENCE

Consolidated Financial Statements for FY 2018 and 2017

| <i>in thousands of Euros</i> | 31 Dec.2018 | 31 Dec.2017 restated | 31 Dec.2017 (published) |
|---|-----------------|-------------------------|----------------------------|
| Sales | 26 278 | 29 004 | 34 247 |
| Charges invoiced by the media | - 13 762 | - 13 706 | - 16 330 |
| Gross profit | 12 516 | 15 298 | 17 918 |
| Purchases | - 6 333 | - 4 088 | - 4 816 |
| Payroll costs | - 9 102 | - 10 270 | - 11 412 |
| EBITDA | - 2 919 | 941 | 1 691 |
| Depreciation and amortization | - 2 712 | - 2 639 | - 2 677 |
| Stock based compensation | - 515 | - 258 | - 258 |
| Current operating profit | - 6 145 | - 1 956 | - 1 244 |
| Other non-current income and charges | - 12 268 | - 168 | - 168 |
| Operating profit | - 18 413 | - 2 124 | - 1 412 |
| Cost of indebtedness | - 46 | - 30 | - 30 |
| Other financial income and charges | - 393 | - 424 | - 399 |
| Earning of the consolidated companies | - 18 852 | - 2 579 | - 1 842 |
| Share in the earnings of the companies treated on an equity basis | - | - | - |
| Earnings before tax of the consolidated companies | - 18 852 | - 2 579 | - 1 842 |
| Income Tax | - 61 | 81 | - 120 |
| Net income of the consolidated companies | - 18 913 | - 2 497 | - 1 962 |
| Net income from discontinued operations and assets held for sale | - 2 478 | - 2 118 | - 2 778 |
| Net income | - 21 391 | - 4 615 | - 4 740 |
| Including minority interests | - 30 | 207 | 207 |
| Minority interests from discontinued operations | - | 245 | 245 |
| Including Group share | - 21 420 | - 4 163 | - 4 288 |

| | 31 Dec.2018 | 31 Dec.2017 restated | 31 Dec.2017 (published) |
|--|-------------|-------------------------|----------------------------|
| Weighted average number of ordinary shares | 3 622 037 | 2 886 088 | 2 886 088 |
| Earnings per share, Group share (in euro) | -5,91 | -1,44 | -1,49 |
| Weighted average number of ordinary shares (diluted) | 3 622 037 | 2 886 088 | 2 886 088 |
| Diluted earnings per share, Group share (in euro) | -5,91 | -1,44 | -1,49 |
| Weighted average number of ordinary shares | 3 622 037 | 2 886 088 | 2 886 088 |
| Earnings per share of the consolidated companies (in euro) | -5,22 | -0,87 | -0,68 |
| Weighted average number of ordinary shares (diluted) | 3 622 037 | 2 886 088 | 2 886 088 |
| Diluted earnings per share of the consolidated companies (in euro) | -5,22 | -0,87 | -0,68 |

(1) The financial statements as of December 31, 2018 have been prepared on the basis of the historical financial statements of the AdUX group less discontinued operations and assets held for sale (Belgium, Portugal, France and Italy) presented in Note 6 of the 2018 consolidated accounts.

ADUX

ADVERTISING AND USER EXPERIENCE

Consolidated Balance Sheets as at December 31st, 2018 and December 31st, 2017

| | 31 dec.2018 | 31 Dec.2017 ⁽²⁾ |
|---------------------------------------|---------------|----------------------------|
| ASSETS - in thousands of euros | | |
| Net Goodwill | 1 975 | 14 523 |
| Net intangible fixed assets | 1 786 | 2 449 |
| Net tangible fixed assets | 282 | 371 |
| Deferred tax credits | 0 | - |
| Other financial assets | 637 | 1 104 |
| Assets held for sale | 474 | - |
| Non-current assets | 5 153 | 18 447 |
| Customers and other debtors | 15 278 | 20 343 |
| Other current assets | 13 152 | 13 856 |
| Current financial assets | 0 | 371 |
| Cash and cash equivalents | 1 966 | 4 551 |
| Current assets | 30 397 | 39 121 |
| TOTAL ASSETS | 35 550 | 57 568 |

| | 31 dec.2018 | 31 Dec.2017 ⁽¹⁾ |
|--|---------------|----------------------------|
| LIABILITIES - in thousands of euros | | |
| Share capital | 5 433 | 4 329 |
| Premiums on issue and reserves | 8 627 | 13 052 |
| Treasury shares | -190 | -694 |
| Consolidated net income (Group share) | -21 420 | -4 163 |
| Shareholders' equity (Group share) | -7 550 | 12 525 |
| Minority interests | 148 | -383 |
| Shareholders' equity | -7 402 | 12 142 |
| Long-term borrowings and financial liabilities | 960 | 1 687 |
| Non-current Provisions | 2 482 | 791 |
| Non-current liabilities | - | - |
| Deferred tax liabilities | 0 | - |
| Liabilities held for sale | 335 | - |
| Non-current liabilities | 3 777 | 2 478 |
| Short-term financial liabilities and bank overdrafts | 6 003 | 6 115 |
| Current provisions | - | - |
| Suppliers and other creditors | 22 279 | 26 077 |
| Other current debts and liabilities | 10 893 | 10 756 |
| Current liabilities | 39 175 | 42 948 |
| TOTAL LIABILITIES | 35 550 | 57 568 |

(2) In accordance with IAS 8, the financial statements for the 2017 financial year have been adjusted (i) for the error in the presentation of the receivables assigned to third parties (factoring contract) and (ii) for consolidation entries that have become inappropriate compared to published figures the previous year (see note 7 of the 2018 consolidated accounts)

ADUX

ADVERTISING AND USER EXPERIENCE

Table of Consolidated Cash Flows for FY 2018 and 2017

| in thousands of euros | 31 déc.2018 | 31 déc.2017 ⁽³⁾ |
|--|---------------|----------------------------|
| Net income | -21 391 | -4 615 |
| <i>Ajustments for :</i> | - | - |
| Depreciation of the fixed assets | 2 477 | 2 814 |
| Value losses | 8 483 | - |
| Other non-current without impact on the cash | 2 852 | 109 |
| Cost of net financial indebtedness | 46 | 48 |
| Share in associated companies | - | - |
| Net income on disposals of fixed assets | -276 | -2 727 |
| Cash flow from discontinued operations | 1 769 | 2 551 |
| Cash flow from from discontinued operations and assets held for sale | - | - |
| Costs of payments based on shares | 515 | 258 |
| Tax charge or proceeds | 61 | -81 |
| Operating profit before variation of the operating capital need | -5 464 | -1 644 |
| Variation of the operating capital need | 3 741 | -2 113 |
| Cash flow coming from operating activities | -1 723 | -3 757 |
| Interest paid | -46 | -48 |
| Tax on earnings paid | -218 | -297 |
| NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES | -1 987 | -4 102 |
| 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 | 919 | 5 635 |
| Acquisition of a subsidiary | -50 | -606 |
| Acquisition of fixed assets | -1 275 | -1 448 |
| Variation of financial assets | -122 | 106 |
| Variation of suppliers of fixed assets | 246 | -134 |
| Effect of the perimeter variations | -30 | -2 |
| NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES | -312 | 3 550 |
| Proceeds from share issues | 1 372 | -95 |
| Redemption of own shares | -12 | 36 |
| New borrowings | - | - |
| Repayments of borrowings | -1 642 | -607 |
| Other financial liabilities variation | - | - |
| Dividends paid to minority interests | - | -13 |
| NET CASH FLOW COMING FROM FINANCING ACTIVITIES | -283 | -678 |
| Effect of exchange rate variations | -3 | 91 |
| NET VARIATION OF CASH AND OF CASH EQUIVALENTS | -2 585 | -1 139 |
| Cash and cash equivalents on January 1st | 4 551 | 5 690 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 1 966 | 4 551 |

(3) In accordance with IAS 8, the financial statements for the 2017 financial year have been adjusted (i) for the error in the presentation of the receivables assigned to third parties (factoring contract) and (ii) for consolidation entries that have become inappropriate compared to published figures the previous year (see note 7 of the 2018 consolidated accounts)