



advertising & user experience

# **2017 CONSOLIDATED FINANCIAL STATEMENTS**

Joint-stock company with capital of € de 4,329,132  
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## Consolidated Financial Statements for FY 2017 and 2016

<i>in thousands of Euros</i>	Notes	31 Dec.2017	31 Dec.2016 restated	31 Dec.2016 (published)
Sales	Note 6	34 247	39 323	59 151
Charges invoiced by the media		- 16 330	- 19 307	- 32 324
<b>Gross profit</b>		<b>17 918</b>	<b>20 016</b>	<b>26 827</b>
Purchases		- 4 816	- 6 819	- 8 882
Payroll costs	Note 7	- 11 412	- 11 820	- 16 829
<b>EBITDA</b>		<b>1 691</b>	<b>1 377</b>	<b>1 116</b>
Depreciation and amortization		- 2 677	- 1 650	- 1 775
<b>Current operating profit</b>		<b>- 987</b>	<b>- 273</b>	<b>- 659</b>
Stock based compensation		- 258	- 37	- 37
Other non-current income and charges	Note 8	- 168	- 162	- 37
<b>Operating profit</b>		<b>- 1 412</b>	<b>- 472</b>	<b>- 734</b>
Cost of indebtedness	Note 9	- 30	86	- 58
Other financial income and charges	Note 9	- 399	- 306	- 239
<b>Earning of the consolidated companies</b>		<b>- 1 842</b>	<b>- 691</b>	<b>- 1 031</b>
Share in the earnings of the companies treated on an equity basis		-	48	48
<b>Earnings before tax of the consolidated companies</b>		<b>- 1 842</b>	<b>- 643</b>	<b>- 983</b>
Income Tax	Note 10	- 120	- 97	- 333
<b>Net income of the consolidated companies</b>		<b>- 1 962</b>	<b>- 740</b>	<b>- 1 316</b>
Net income from discontinued operations and assets held for sale	Note 5	- 2 778	- 576	-
<b>Net income</b>		<b>- 4 740</b>	<b>- 1 316</b>	<b>- 1 316</b>
Including minority interests		207	125	224
Minority interests from discontinued operations		245	98	-
<b>Including Group share</b>		<b>- 4 288</b>	<b>- 1 092</b>	<b>- 1 092</b>

	31 Dec.2017	31 Dec.2016 restated	31 Dec.2016 (published)
Weighted average number of ordinary shares	2 886 088	2 886 088	2 886 088
Earnings per share, Group share (in euro)	-1,49	-0,38	-0,38
Weighted average number of ordinary shares (diluted)	2 886 088	2 886 088	2 886 088
Diluted earnings per share, Group share (in euro)	-1,49	-0,38	-0,38
Weighted average number of ordinary shares	2 886 088	2 886 088	
Earnings per share of the consolidated companies (in euro)	-0,68	-0,26	
Weighted average number of ordinary shares (diluted)	2 886 088	2 886 088	
Diluted earnings per share of the consolidated companies (in euro)	-0,68	-0,26	

<sup>(1)</sup> The financial statements as of December 31, 2016 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.

## Statement of Comprehensive Income for FY 2017 and 2016

<i>in thousands of euro</i>	31 Dec.2017	31 Dec.2016
<b>Net result</b>	<b>- 4 288</b>	<b>- 1 092</b>
<b>Other element of the global result</b>		
- <i>Hedge accounting on financial instruments</i>	-	-
- Exchange differences	116	137
- Other	-	-
- Taxes on other elements of the global result	-	-
- Actuarial gain and losses related to post-employment benefits	11	65
<b>Other elements of the global result, net of tax</b>	<b>128</b>	<b>202</b>
Group share	128	202
Minority interests	- 13	- 0
<b>Global result</b>	<b>- 4 160</b>	<b>- 890</b>

Consolidated Balance Sheets as at December 31<sup>st</sup>, 2017 and December 31<sup>st</sup>, 2016

ASSETS - in thousands of euros	Notes	31 déc.2017	31 déc.2016
Net Goodwill	Note 11	14 523	20 860
Net intangible fixed assets	Note 12	968	1 413
Net tangible fixed assets	Note 13	371	1 319
Deferred tax credits	Note 14	14	54
Other financial assets	Note 15	1 104	1 484
<b>Non-current assets</b>		<b>16 980</b>	<b>25 131</b>
Customers and other debtors	Note 16	15 859	26 101
Other current assets	Note 17	13 856	13 988
Current financial assets	Note 18	371	3 259
Cash and cash equivalents	Note 19	4 551	5 690
<b>Current assets</b>		<b>34 637</b>	<b>49 037</b>
<b>TOTAL ASSETS</b>		<b>51 617</b>	<b>74 168</b>

LIABILITIES - in thousands of euros	Notes	31 déc.2017	31 déc.2016
Share capital		4 329	4 329
Premiums on issue and on conveyance		83 870	83 870
Reserves and retained earnings		-68 961	-64 485
Treasury shares		-4 241	-5 722
Consolidated net income (Group share)		-4 288	-1 092
<b>Shareholders' equity (Group share)</b>		<b>10 709</b>	<b>16 900</b>
Minority interests		-383	375
<b>Shareholders' equity</b>	<b>Note 20</b>	<b>10 326</b>	<b>17 274</b>
Long-term borrowings and financial liabilities	Note 21	1 687	3 416
Non-current Provisions	Note 22	791	696
Non-current liabilities		-	-
Deferred tax liabilities	Note 14	349	264
<b>Non-current liabilities</b>		<b>2 827</b>	<b>4 376</b>
Short-term financial liabilities and bank overdrafts	Note 21	1 631	480
Current provisions		-	-
Suppliers and other creditors		26 077	40 612
Other current debts and liabilities	Note 23	10 756	11 425
<b>Current liabilities</b>		<b>38 464</b>	<b>52 517</b>
<b>TOTAL LIABILITIES</b>		<b>51 617</b>	<b>74 168</b>

Table of Consolidated Cash Flows for FY 2017 and 2016

in thousands of euros		31 déc.2017	31 déc.2016
Net income		-4 740	-1 316
<i>Ajustments for :</i>		-	-
Depreciation of the fixed assets		2 861	1 642
Value losses	Note 11	-	-
Other non-current without impact on the cash	Note 8	109	-146
Cost of net financial indebtedness		48	-86
Share in associated companies		-	-48
Net income on disposals of fixed assets		-2 711	-1 568
Cash flow from discontinued operations		2 916	115
Cash flow from from discontinued operations and assets held for sale	Note 5	-	-
Costs of payments based on shares		258	37
Tax charge or proceeds	Note 10	120	97
Operating profit before variation of the operating capital need		-1 139	-1 273
Variation of the operating capital need	Note 24	-1 722	-4 482
Cash flow coming from operating activities		-2 861	-5 755
Interest paid		-48	86
Tax on earnings paid		-506	-275
<b>NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES</b>		<b>-3 414</b>	<b>-5 944</b>
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		5 635	6 303
Acquisition of a subsidiary		-606	-1 767
Acquisition of fixed assets		-1 457	-1 279
Variation of financial assets		103	80
Variation of suppliers of fixed assets		-134	-398
Effect of the perimeter variations		-2	-
<b>NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES</b>		<b>3 538</b>	<b>2 940</b>
Proceeds from share issues		-95	3
Redemption of own shares		36	97
New borrowings	Note 21	-	1 576
Repayments of borrowings		-607	-
Other financial liabilities variation		-676	-406
Dividends paid to minority interests		-13	-19
<b>NET CASH FLOW COMING FROM FINANCING ACTIVITIES</b>		<b>-1 355</b>	<b>1 251</b>
Effect of exchange rate variations		91	9
<b>NET VARIATION OF CASH AND OF CASH EQUIVALENTS</b>		<b>-1 139</b>	<b>-1 743</b>
<b>Cash and cash equivalents on January 1<sup>st</sup></b>		<b>5 690</b>	<b>7 434</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>4 551</b>	<b>5 690</b>

Table of Changes in Consolidated Shareholder's Equity for FY 2017 and 2016

<i>in thousands of euros</i>	Number of shares	Share capital	Premiums	Treasury shares	Reserve for options and free shares	Income and expense on equity	Reserves and consolidated earnings	Shareholder's equity (Group share)	Shareholder's equity Minority interests	Shareholder's equity
<b>January 1, 2016</b>	<b>2 959 558</b>	<b>4 439</b>	<b>127 881</b>	<b>- 6 731</b>	<b>816</b>	<b>- 49 728</b>	<b>- 54 630</b>	<b>22 045</b>	<b>- 70</b>	<b>21 975</b>
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	- 19	- 19
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions <sup>(1)</sup>	- 73 470	- 110	-	- 1 812	-	-	-	- 1 923	-	- 1 923
Stock options and free shares impact <sup>(2)</sup>	-	-	-	-	37	-	-	37	-	37
Perimeter variation	-	-	-	-	-	- 2 370	-	- 2 370	719	- 1 651
Income and charges directly posted in shareholders' equity	-	-	-	-	-	202	-	202	- 31	171
Net income of the period	-	-	-	-	-	-	- 1 092	- 1 092	- 224	- 1 316
Total global income	-	-	-	-	-	202	- 1 092	- 890	- 255	- 1 145
<b>December 31, 2016</b>	<b>2 886 088</b>	<b>4 329</b>	<b>127 881</b>	<b>- 8 544</b>	<b>854</b>	<b>- 51 896</b>	<b>- 55 722</b>	<b>16 900</b>	<b>375</b>	<b>17 274</b>
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	- 441	- 441
Call exercise	-	-	-	-	-	-	-	-	-	-
Shares redemptions <sup>(1)</sup>	-	-	-	1 482	-	-	-	1 482	-	1 482
Stock options and free shares impact <sup>(2)</sup>	-	-	-	-	258	-	-	258	-	258
Perimeter variation	-	-	-	-	-	-	- 3 769	- 3 769	150	- 3 620
Income and charges directly posted in shareholders' equity	-	-	-	-	-	128	-	128	- 13	114
Net income of the period	-	-	-	-	-	-	- 4 288	- 4 288	- 452	- 4 740
Total global income	-	-	-	-	-	128	- 4 288	- 4 160	- 466	- 4 626
<b>December 31, 2017</b>	<b>2 886 088</b>	<b>4 329</b>	<b>127 881</b>	<b>- 7 062</b>	<b>1 111</b>	<b>- 51 769</b>	<b>- 63 779</b>	<b>10 709</b>	<b>- 383</b>	<b>10 326</b>

<sup>(1)</sup> On December 31<sup>st</sup>, 2017, AdUX SA holds 63 354 shares plus 42 155 own shares acquired under the contract of liquidity.

<sup>(2)</sup> See Note 26 in connection with the share subscription option plans and the allocations of free shares.



## Note concerning the Group's consolidated financial statements

The consolidated financial statements for financial year 2017, as well as the notes relating to them have been established under the responsibility of the AdUX SA Board of Directors, closed out at its meeting held on March 13<sup>th</sup>, 2017 and submitted for approval of the Shareholders' Meeting which will rule on the closed accounts on December 31<sup>st</sup>, 2017.

### Note 1. Significant events of the period

#### 1.1. Strategy for refocusing activities

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.
- 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 the end of June 2018 at the latest.

With the sale of its activities, it is presented separately in the consolidated statement of financial position under "Assets held for sale" in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (see Note 5).

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 event

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.

The rent-free status enjoyed by the company, previously spread over the lease term, has been reversed, representing a gain of €0.9 million recorded as a reduction in rents for the year. At the same time, exceptional depreciation recorded in view of the new term of the lease amounted to €0.8 million over the year.

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

#### 2.1. Reporting entity financial statements

AdUX ("The Company") is a business domiciled in France. The Company's registered office is located at 6, Place colonel Bourgoïn, 75012 Paris. The Company's consolidated financial statements for the financial year ended on December 31<sup>st</sup>, 2017 include the



Company and its subsidiaries (together referred to as "the Group" and each individually as "the Group entities") and the Group's share in the associated companies or joint ventures.

## 2.2. Basis of preparation

In application of the European regulation n° 1606/2002 of July 19, 2002, the consolidated financial statements published for financial year 2017 are established in accordance with the international accounting standards set forth by the IASB (International Accounting Standards Board). These international accounting standards consist of IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), and their interpretations, which were adopted by the European Union on December 31<sup>st</sup>, 2017 (published in the Official Journal of the European Union).

The consolidated financial statements are prepared on the historical cost basis, with the exception of the following:

- derivative financial instruments, at fair value,
- financial instruments at fair value through profit or loss, measured at fair value,
- financial assets available for sale, at fair value,
- the liabilities resulting from transactions for which payment is based on shares and which will be paid in cash, at fair value.

The consolidated financial statements are presented in euro, which is the Company's operating (functional) currency. All financial information presented in euro is rounded off to the nearest thousand Euros.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for changes in accounting policies relating to the implementation of new standards and amendments that entered into force on January 1<sup>st</sup>, 2017 and listed below.

The accounting methods are applied uniformly by the Group entities.

AdUX Group has applied the same accounting methods as in its consolidated financial statements for the year ending on December 31<sup>st</sup>, 2016, with exception of elements below:

### *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 1<sup>st</sup>, 2017, had no major impact on the Group's financial statements:
  - o Amendments to IAS 16 and IAS 38 on Clarification of Acceptable Methods of Depreciation and Amortization
  - o Amendments to IAS 19 on Employee Contributions
  - o Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
  - o IFRS annual improvements cycle 2010 – 2012
  - o IFRS annual improvements cycle 2012 – 2014
  - o Amendments to IAS 17 : Equity method in the individual account
  - o Amendments to IAS 1 – « Disclosure initiative » Presentation of financial statements
  - o Amendments to IAS 12 – Recognition of deferred tax assets for unused tax losses

The application of these standards, amendments and interpretations to be applied as from January 1<sup>st</sup>, 2017 did not have a material impact on the Group's condensed interim consolidated financial statements as of ended December 31<sup>th</sup>, 2017.

Standards issued by the IASB whose 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, 2017:
  - o IFRS 15 – Revenue from Contracts with Customers

This new standard on revenue recognition intended to replace most of the current IAS 18 and IAS 11. The new standard has been endorsed by the European Union on 29 October, 2016, is applicable from January 1, 2018



- 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. Impact of the standard is expected to be not significant for the Group. The Group does not plan to apply IFRS 15 in advance.

- IFRS 9 “Financial instruments”

IFRS 9 modifies the recognition criteria for hedging transactions and main financial assets and liabilities categories: given the nature of the Group’s transactions, no major change is expected.

IFRS 9 also modifies the recognition of credit risk related to financial assets, moving from the incurred loss approach to an expected loss approach

- 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's process of determining the potential impact of the application of this new standard on the Group's consolidated financial statements is underway.

## 2.3. Consolidation principales

A subsidiary is an entity controlled by the Group. The Control exists when the Group has the power to govern financial and operating policies of the entity to obtain benefits from its activities. To appreciate the control, potential voting rights which can currently be exercised have been taken into consideration. Subsidiaries’ financial statements are included in the consolidated financial statements from the date which control was gained until the date on which control ended. Subsidiaries’ accounting methods are modified when necessary to align them on those adopted by the Group.

### 2.3.1. Companies under exclusive control

The companies controlled directly or indirectly by AdUX SA are fully consolidated.

### 2.3.2. Associate companies (companies accounted for under the equity method)

Associate companies are the entities in which the Company has significant influence over the financial and operating policies, without having control. Significant influence is presumed when the Group holds from 20% to 50% of the voting rights of an entity. Associate companies are accounted for under the equity method and are initially recorded at cost. The Group’s investments include goodwill identified on acquisition, net of accumulated impairment losses. The consolidated financial statements include the Group's share in total profits and losses and movements in equity accounted by the equity method, after taking into account adjustments for compliance of accounting policies with those of Group, from the date that significant influence is exercised until the date that significant influence ceases.

If the Group’s share of the losses exceeds its interest in the company under the equity method, the book value of equity affiliates (including any long-term investment) is reduced to zero, and the Group ceases to post its share of the future losses, unless the Group is obliged to take part in the losses or to make payments on behalf of the company.

### 2.3.3. Transactions eliminated in the consolidated financial statements

Balance sheet amounts and transactions, income and expenses resulting from intra-group transactions are eliminated during preparation of consolidated financial statements. Income from transactions with associate companies is eliminated through consideration of investments in equity shares up to the Group’s interest in the company. Losses are eliminated in the same manner as income but only where they do not represent a loss in value.

## 2.4. Foreign currency



### 2.4.1. Foreign currency transactions

Exchange differences on receivables and liabilities denominated in foreign currency of an entity are recognized in earnings or financial results of the entity according to the nature of the underlying transaction.

The exchange differences relating to monetary elements forming part of the net investment in foreign subsidiaries are included in translation reserves at their amount net of tax.

The Balance sheet accounts expressed in foreign currency are converted into euro at the rate of the closing of the FY, excluding the net position which is maintained at its historical value. The income statement and cash flow expressed in foreign currencies are converted at the average monthly exchange rate, absents significant changes in the exchange rate. Currency gains and losses resulting from application of these different rates are not included in the income statement for the period but directly allocated into conversion reserves in the consolidated financial statements.

### 2.4.2. Activities abroad

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated into euro by using the exchange rate on the closing date. Revenues and expenses of a foreign operation, apart from overseas operations in a hyperinflationary economy are translated into euro using the exchange rates prevailing at the dates of transactions.

Exchange differences arising from the conversion are posted to the conversion reserve under shareholders' equity.

## 2.5. 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 in determining the carrying amounts of certain assets, liabilities, incomes 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, deemed reasonable in light of the circumstances. They are also used as the basis for the exercise of judgments 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 those originally estimated.

The estimates and the underlying assumptions are reviewed on an ongoing basis. The impact of the changes in accounting estimates is directly entered in the accounting during the period of the change if it affects only that period, or during the period of change and future periods if they are also affected by the change.

## 2.6. Intangible fixed assets

### 2.6.1. Goodwill

Business Combinations outlines the accounting when an acquirer obtains control of a business. Such business combinations are accounted for using the 'acquisition method'. The control on a entities exists when the Group hold the authority,

Control is the ability to manage the financial and operating strategies of an entity in order to get a direct benefit from its activities. To measure this control, the Group takes into account the potential voting rights which are currently exercisable.

Goodwill is evaluated by the group at acquisition date as:

- The fair value of the consideration transferred; plus



- If the business combination is done step by step, the fair value of any participation previously held in the acquired company; minus
- The net amount accounted (generally at the fair value) for the identifiable acquired assets and liabilities

When the difference is negative, revenue can be directly booked in the result as a gain on a bargain purchase.

The acquisition costs, other than the ones related to a debt or capital account issuance, the group has to bear due to the business combination, are booked in expenses.

Any consideration to be paid, such as a price adjustment clause to be paid among the achievement of any performance ratio, is evaluated at the fair value at the acquisition date. The changes of the fair value of the consideration which could occur at a later date are booked in the profit and loss statement.

Impairment test methods of cash generating units are detailed in Note 2.8 below. In the event of impairment, depreciation is included in profit for the year.

Goodwill related to associate company acquisitions is included in the item "Equity method investments." They are tested through impairment test on the securities.

### 2.6.2. Other intangible assets

#### *Research and development costs*

Development costs, including those related to software and new sites or new versions of sites are capitalized as intangible assets as soon as the company can demonstrate:

- Its intention, financial and technical ability to conduct the development project to completion;
- Its ability to use or sell the intangible asset, once completed ;
- The availability of adequate technical and financial resources to complete the development and the sale;
- That it is likely that the future economic advantages attributable to the development expenditure will go to the company;
- And that the cost of the asset may be measured reliably.

Other research and development costs are expensed in the period in which they are incurred.

These intangible assets are depreciated over the estimated useful life according to the consumption of the economic benefits connected with them. They are impaired, if possible, if their recoverable value is less than their book value.

#### *Other acquired intangibles*

To satisfy the definition of an intangible fixed asset, an element must be identifiable (separable or arising from contractual or legal rights), controlled by the company, and it must be probable that future economic benefits attributable to them will go to the company.

An acquired intangible asset is recognized in the balance sheet as soon as its cost can be reliably measured, on the basis that in such a case the future economic benefits attributable to the asset will go to the company.

These intangible assets consist primarily of trademarks, licenses and software, and customer relations. Licenses, software and customer relations, which have a finite useful life, are amortized over a period of between 3 to 8 years.

## 2.7. Property, plant and equipment

The original value of PPE corresponds to their purchase cost.

Maintenance costs and repairs are expensed as incurred, except those incurred for increased productivity or to extend the useful life of the property.

Assets financed by finance leases, where risks and rewards have been transferred to the lessee, are presented to the asset for the present value of future payments or market value, whichever is lower. Corresponding debt is recognized under financial liabilities. These capital assets are amortized according to the method and useful life described below.

The depreciation is expensed over the estimated useful life for each asset.

The estimated useful lives are as follows:

Fixtures and facilities	5 to 10 years
Office and computer equipment	3 to 5 years
Furniture	4 to 8 years



## 2.8. Impairment of fixed assets

### 2.8.1. Financial assets

A financial asset is examined on each closing date to determine if there is an objective evidence of impairment. The Group considers that a financial asset is impaired if there is objective evidence that one or several events had a negative impact on the future estimated cash flows of the asset.

The loss of value of a financial asset measured at amortized cost is the difference between its carrying amount and the value of estimated future cash flows, discounted at the original effective interest rate on financial assets.

Impairment losses are recognized in earnings.

The impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

### 2.8.2. Non-financial assets

The carrying amounts of non-financial assets of the Group, other than deferred tax liability, are examined on each closing date to assess if there is any indication of an asset which has been impaired. If there is such an indication, the asset's recoverable amount is appraised. For goodwill, intangible assets with indeterminate useful life or which are not yet ready to be put on service, the recoverable amount is estimated on each closing date. The recoverable amount of an asset or cash generating unit is the greatest amount between its useful value and the depreciated fair value from sales costs. To assess the useful value, future estimated cash flows are updated at pre-tax rates reflecting current market appreciation of the time value of money and specific risks to the asset. For the purpose of impairment tests, assets are regrouped in the smallest group of assets generating cash inflows resulting from continued use, largely independent of cash inflows generated from other assets or groups of assets, i.e. cash generating units.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit is greater than its recoverable amount. Impairment losses are recognized in the income statement. An impairment loss recognized as a cash generating unit (group of units) is allocated first to reduce the carrying amount of any goodwill allocated to cash generating unit, then the reduction in carrying value of other assets of the unit (group of units) pro rata to the carrying value of each asset in the unit (group of units).

An impairment loss recognized in connection with goodwill cannot be reversed. For other assets, on the closing date of each FY the Group assesses if there is an indication that impairment losses recognized during previous periods have decreased or no longer exist. An impairment loss is reversed if there is a change in assessments used to determine the recoverable amount. The carrying value of an asset, increased due to the reversal of impairment loss must not be greater than the carrying value which would have been determined, net of depreciation, if no impairment loss had been recognized.

## 2.9. Receivables

Trade receivables are initially assessed at their fair value then at the amortized cost and subject to individual consideration.

The receivables transferred to third parties (billing contract) are removed from the Group's assets when the risks and benefits associated with them are substantially transferred to such third parties and if the factoring company in particular accepts the credit risk, the rate risk and the payback period.

The credit risk is the risk of non-recovering receivables. Under contracts deconsolidating the entities in the Group, the credit risk is supported by the factoring company. This means that the Group is no longer exposed to the risks of non-recovery, and, as a result, the disposal is regarded as being without recourse.

The rate risk and payback period risk corresponds to the transfer of the financial risk linked with the lengthening of the debt collection period and related carrying costs. Under the deconsolidating contracts of the entities in the Group, the commission rate for a given disposal is adjusted exclusively according to EURIBOR and the time it took to settle the previous disposal. The financing commission is paid at the start of the period and is not subsequently modified.

The risk of technical dilution is linked with non-payment of the receivable due to faults observed in services rendered or commercial disputes. For every deconsolidating contract signed by the entities in the Group, the warranty does not cover the general risks or the risk of delayed payment; the guarantee fund is made up to cover the debts (credit notes etc.) in a technical dilution.

## 2.10. Cash and cash equivalents and current financial assets

The cash and cash equivalents comprise the elements that are immediately liquid and whose changes in fair value are not significant, such as cash in bank deposit accounts, mutual fund shares and the available cash with the factor.

Current financial assets that do not meet the definition of cash equivalents and held for future transactions are valued at fair value and changes are recorded in the income statement.

## 2.11. Non-current assets and disposal group intended for sale

A non-current asset or a group of assets and liabilities is held for sale when its carrying value may be recovered principally through its divestiture and not by its continued utilization. To meet this definition, the asset must be available for immediate sale and the divestiture must be highly probable. These assets and liabilities are recognized as assets held for sale and liabilities associated with assets held for sale, without offset. The related assets recorded as assets held for sale are valued at the lowest value between the fair value (net of divestiture fees) and the carrying value, or cost less accumulated depreciation and impairment losses, and are no longer depreciated.

## 2.12. Capital

### 2.12.1. Common shares (common stock)

Common shares are classified as equity instruments. Incidental costs directly attributable to the issuance of common stock or stock options are deducted from equity, net of tax.

### 2.12.2. Repurchase of equity instruments (treasury shares)

If the Group repurchases its treasury stock, the compensation amount paid, including directly related costs, is recognized net tax, reduced by shareholders' equity. Shares repurchased are classified as treasury stock and deducted from shareholders' equity. When treasury stock is sold or reissued, the amount received is recognized via increasing shareholders' equity, and the transaction profit or loss is transferred as retained earnings increases or decreases.

## 2.13. Loans

All loans are initially recognized at the fair value of the received compensation corresponding to the cost, net of the fees directly tied to these loans. After initial recognition, loans are assessed at their amortized cost using the effective interest rate method. This rate corresponds to the internal rate of return allowing updating of the expected cash flows over the duration of the loan. Moreover, if the loan includes an incorporated derivative (in the case for example of an exchangeable bond) or if it includes a shareholders' equity component (in the case of a convertible bond), the amortized cost is calculated solely on the debt component once the derivative is incorporated or the shareholders' equity component is separated. In case of future expected cash flows changes (for example, anticipated reimbursement initially unforeseen), then the amortized cost is adjusted by compensating the result to reflect new expected cash flows, updated at initial effective interest rates.

## 2.14. Derivative financial instruments

Derivative financial instruments are used in the purpose to manage exposures to financial risk. All derivatives are assessed and recognized at their fair value: initially on the contract subscription date and subsequently during each closing. Processing of profit (loss) reevaluation depends on the designation or not of the derivative as a hedge and if that is the case, the nature of the hedged element.

Derivative fair value fluctuations not designated as hedge instruments are recognized in earnings during the period to which they are related. Fair value is based on market value for listed instruments or on mathematical models such as options pricing model or updating methods for cash flows for unlisted instruments.

Changes in fair value of derivatives designated as hedges of future cash flows are recognized in other comprehensive income and reported reserves within shareholders' equity for the effective portion of changes in fair value of financial instruments, and in profit gains and losses relating to the ineffective portion. The amounts recognized in equity are recycled in the income statement based on the income statement impact of hedged items.



## 2.15. Provisions

A provision is recognized when the Group has a current, legal or implicit bond resulting from a past event regarding a third-party, and about which it is likely or certain that it will provoke a resources outflow benefiting this third-party. In cases of restructuring, a bond is made when the restructuring has been subject of a detailed plan or a start of execution.

A provision for an onerous contract is posted when the economic benefits which the Group expects from the contract are lower than the costs which have to be assumed in order to satisfy contractual obligations. The provision is valued at the current value of the cost expected from termination or execution of the contract, whichever is the lower.

When companies are regrouped, a provision is also posted for purchase contracts held by the acquired company with unfavorable conditions compared to those of the market on the date of acquisition.

## 2.16. Employee benefits

### 2.16.1. Cost based plans

A cost based plan is a defined post-employment plan under which an entity pays fixed contributions to a separate entity and has no legal or constructive obligation to make additional contributions. Contributions payable to a defined contribution plan are recognized under charges related to employee benefits when due.

### 2.16.2. Defined-benefit pension plans

A defined-benefit plan refers to post-employment defined benefits other than defined contribution plan.

Group net bonds pursuant to defined benefit plans are assessed separately for each plan in assessing the amount of future benefits acquired by personnel in exchange for services rendered during the current and previous periods. This amount is updated to determine its current value. The fair value of plan assets is then deducted. Calculations are made every year by a qualified actuary, using the projected unit credit method.

The Group recognizes immediately in other comprehensive income of all actuarial gains and losses under defined benefit plans.

### 2.16.3. Benefits upon termination of the employment contract

Benefits at the end of the employment contract are recognized as expenses when the Group, without realistic possibility of retraction, is manifestly involved in a formalized and detailed plan either through redundancies before the normal retirement date or packages encouraging premature retirement to reduce payroll, and concerned persons must have been informed before the closing date. Preliminary retirement benefits are recognized as expenses if the Group has issued a package encouraging the early retirements, and it is likely the package will be accepted and the number of persons accepting it could be assessed in a reliable way.

### 2.16.4. Short-term benefits

The obligations in connection with the short-term benefits are valued on a non-discounted basis and are recognized when the corresponding service is rendered. A liability is recognized for the amount the Group expects to pay under profit-sharing and bonuses paid in treasury in the short term if the Group has a present legal or constructive obligation to make such payments in exchange for past services rendered by the staff member and the obligation can be reliably estimated.

### 2.16.5. Share-based payments

Buy options and share subscription options as well and bonus shares are granted to senior managers and to certain Group employees. In accordance with IFRS 2 "Share-Based Payment", options and shares are valued at fair value at the grant date.

The related expense is recalculated each closing date in function of the levels reached from performance criteria and Sales rates. To determine the future expected expense on these plans, the parameters are recalculated at each closing in function of past completion and better estimate of management on that date. Parameters defined could thus appear different to those initially valued.



### i. Instruments settled by issuing AdUX shares

To value these instruments, the Group uses the Black & Scholes mathematical model. Changes in market conditions subsequent to the date of grant shall not affect the initial assessment. In particular, plans to award free shares are valued on the basis of share price the day AdUX board of directors has determined the allocation of bonus shares, taking into account the period -assignment of the share after the acquisition of rights and the expected dividends.

The fair value of these instruments, determined at the grant date is expensed in return on equity, and spread over the period during which the beneficiaries acquire their rights. The evaluation of the charges takes into account the probability of achieving performance and presence conditions.

The cumulative charge on these instruments is adjusted at each balance sheet according to the refresh rate affect performance and presence. This difference is recognized in the income statement.

### ii. Instruments settled by cash remittances

Charges, measured at grant date are spread over the period during which the beneficiaries acquire their rights. The consideration of this charge is a debt. The evaluation of the charges takes into account the probability of achieving performance and presence conditions.

When these plans come from acquisitions of subsidiaries, the estimated life of the instrument is calculated on the basis of the plans originally granted to employees.

The cumulative charge on these instruments is revalued at each balance sheet. Where appropriate, the valuation difference is recognized in the income statement.

## 2.17. Segment information

In accordance with IFRS 8, the Group presents segment information based on internal reporting, as it is reviewed regularly by the Executive Board to assess the performance of each sector and allocate resources.

An operating segment is a component of the company:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- Whose operating results are regularly reviewed by the chief operating decision maker of the entity to make decisions about resources to be allocated to the segment and assess its performance, and for which specific financial information is available.

In view of this definition, AdUX's operational sectors correspond to the following sectors:

- Native Advertising (Quantum), Drive to Store (Admoove) et Social Marketing (Adpulse)
- Other activities including residual historical activities

This identification is based on the Group's internal organizational systems and management structure.

Accordingly, the Group provides in Note 25 the following information:

- segment sales, margin and the segment operating profit,
- Reconciliations of the totals of segment information with the corresponding amounts of the Group.

No liability is assigned to the sectors in the internal system for monitoring results.

## 2.18. Revenue

Recognition of gross or net revenue

According to IAS 18-7 / 18-8, the company that acts as the principal in the transaction recognizes in revenue the amounts billed to end customers. In order to determine whether the company acts as principal or otherwise as an agent, it is necessary to assess the risks and responsibilities taken by the enterprise to deliver the goods or render the services. With this in mind, AdUX referred to the EITF standard 99-19, in the context of the application of IFRS, which gives a list of indicators to determine whether the company acts as principal or agent. For the recognition of gross revenue, AdUX ensured that indicators demonstrating that the Company acts as principal were very present in transactions with its customers, advertisers or Internet users.



The advertising network activity consists of offering advertisers a global service relating to their advertising campaigns on the websites with which AdUX has signed a management contract. In this respect, AdUX generally acts as sole provider of the advertiser and not as commissioner. In this case, the advertiser has no contractual relationship with the support website. The price of the service billed to the advertiser includes inseparably the price of the advertising space, the advice as to the choice of media as well as the cost of the technical services of on-line, dissemination and monitoring of the campaign (in both quantitative and qualitative terms) and the collection of invoices issued. The revenue therefore corresponds to the amounts invoiced to the advertisers.

Under certain contracts, AdUX acts as business contributor and broadcaster of the campaign. The website thus represented then insures billing to the advertiser as well as the recovery of the campaigns. As AdUX only acts as an agent, the turnover corresponds in this case to the commission invoiced by AdUX to the website.

#### Activities

As indicated in Note 1. Significant events, the Group continued the reorganization of 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.

#### ✓ Quantum (native advertising) in France, Belgium, Spain and Italy

Native advertising is a non-intrusive advertising format that fits seamlessly into the media on which it is displayed. A native ad will seek to replicate the graphic charter, font, size and other features of the web page on which it is displayed.

The Quantum platform is designed to manage these formats and this tailor-made approach across the thousands of different websites that distribute it, as well as the billions of advertising objects bought and sold each month in programmatic mode (electronic ad exchanges). Quantum allows the automated and standardized management of the design (CMS), and the sale and supply (SSP) of advertising objects, which can then be displayed in a specific way on each online media.

In this activity, revenue is the amount billed to agencies, advertisers, or automated platforms.

#### ✓ Admoove (geomarketing, drive-to-store marketing) in France, Belgium and Sweden

AdMoove is a specialist in digital geomarketing.

It uses data collected on a large scale to deliver tailored and geo-targeted ads to mobile users, thereby generating footfall in physical sales outlets such as supermarkets, clothing stores, fast food chains, car dealerships and bank branches.

After targeting and retargeting campaigns, internet users' geolocation data generated in opt-in and GDPR-compliant mode is interpreted to measure the additional footfall generated at points of sale. In its quest to reduce advertising intrusion, AdUX has decided to end the continuous collection of geolocation data and to rely solely on opt-in data provided by advertising servers.

Expecting that consumers will take a more critical view of ad tracking and will increasingly reject its use, AdUX has opted to adopt the principles of the General Data Protection Regulation (GDPR) to reconcile users with digital advertising.

Revenue from these activities corresponds either to the amounts invoiced to agencies, advertisers or automated platforms, or to certain commission-based contracts billed by AdUX to individual websites.

#### ✓ Adpulse (social marketing) in France

AdPulse is a specialist in brand content, a term that covers original sponsored, non-promotional and engaging content designed to spread virally on Facebook and Instagram. A viral ad is one that obtains an audience through sharing and recommendation by Internet users. There are two arguments in favor of viral marketing for advertisers. First, it generates a high rate of response and user engagement; second, it allows them to save on buying advertising space.

Spreading content of this nature on social networks allows advertisers to access the most dynamic segment of digital uses.

AdPulse offers services allowing advertisers to keep abreast of social trends, and new ways of creating and distributing brand content.

In this activity, revenue is the amount billed to agencies, advertisers, or automated platforms.

#### ✓ Other advertising activities

Other advertising activities are mainly recorded in Belgium, France and Portugal. They are based primarily on a media sales activity that consists in offering advertisers a comprehensive service relating to their advertising campaigns on the websites with which AdUX has signed a media sales contract.



Revenue from these activities corresponds either to the amounts invoiced to agencies, advertisers or automated platforms, or to certain commission-based contracts billed by AdUX to individual websites.

## 2.19. Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Tax is recognized in income/expense unless it relates to a business combination or to elements that are recognized directly in equity or in other comprehensive income in which case it is recognized in equity or other elements of comprehensive income.

Current tax is the estimated amount of tax payable in relation to taxable income of a period, and is determined using tax rates enacted or substantively enacted at the balance sheet date, any adjustment added to the amount tax payable with regard to previous periods.

Deferred tax is determined and recognized using the balance sheet approach of the liability method for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. The following elements are not subject to deferred taxes: the initial recognition of an asset or liability in a transaction that is not a regrouping of businesses and that affects neither the accounting profit nor the taxable income, and the temporary differences connected with investments in subsidiaries and joint ventures insofar as it is likely that they will not be reversed in the foreseeable future. Furthermore the deferred tax is not accounted for in case of a taxable temporary difference generated from the initial recognition of goodwill. The deferred tax credits and liabilities are valued at the tax rates that are expected to be applied for the period during which the asset is realized and the liability settled, on the basis of the taxation rules and regulations that have been adopted or virtually adopted as at the closeout date. The deferred tax credits and liabilities are offset if there is a legal enforceable right to offset the payable tax credits and liabilities, and if they concern taxes on earnings deducted by the same taxation authority, either in the same taxable entity, or in taxable entities that are different but that intend to settle the payable tax credits and liabilities on the basis of their net amount or to realize the credits and settle tax liabilities simultaneously.

A deferred tax credit is posted only insofar as it is likely that the Group will record future taxable profits to which the corresponding timing difference can be charged. The deferred tax credits are considered on each closeout date and are reduced to the extent that it is no longer likely that a sufficient taxable profit will be available.

## 2.20. Operating profit

Operating profit is obtained by deducting, from the current operating profit, the charges for stock options and free shares and the other non-recurring charges. The other products and non-current charges, if any impairment of goodwill and other assets acquired, the capital gains or losses on disposal of consolidated companies or of activities, restructuring charges, the charges connected with exceptional terminations of contracts, business litigations or business associated failure.

## 2.21. Earnings per share

The Group presents basic and diluted earnings per share for its common shares. The basic earnings per share are calculated by dividing the earnings attributable to the Company's common shareholders by the weighted average number of common shares in circulation during the period. Earnings per diluted share is determined by adjusting the profit attributable to the holders of the common shares and the weighted average number of common shares in circulation for the effects of all dilutive potential common shares, which include the stock options and the free shares allocated to the members of the management and staff.

## Note 3. Financial risk management

The Group is exposed to the following risks connected with the use of financial instruments:

- credit risk
- liquidity risks
- market risk

This note provides information concerning the Group's exposure to each of the above risks, its objective, its policy and procedures for measuring and managing risk and capital. Quantitative information appears in other places in the consolidated financial statements.

It is incumbent on the Board of Directors to define and monitor the framework for the Group's risk management.



### 3.1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises mainly from client's receivables and short-term investment securities.

The Group's exposure to the credit risk is influenced mainly by the individual characteristics of the customers. The statistical profile of customers, particularly including the risk of default by activity sector and country in which the customers do business, has no real influence on the credit risk. There is no concentration of the credit risk, whether with respect to the customers or geographically speaking.

The Group has defined a credit policy under which the solvency of each new customer is analyzed individually before it can benefit from the payment and delivery conditions offered by the Group. To that end, the Group uses external ratings, when they are available. The customers are not meeting the Group demands, with respect to solvency may not conclude any transactions with the Group unless they pay for their orders in advance.

At each closing, the Group determines a level of impairment representing its estimate of the losses on receivables and other debts, and investments. This impairment is determined by an analysis of individualized significant risks.

To minimize credit risk, the AdUX SA company has taken out credit insurance for its French subsidiaries. The credit insurance contract concluded is based on three services: prevention, collection, compensation.

- Prevention: the credit insurer provides continuous monitoring and informs the company in case of a deterioration of its customers' creditworthiness.
- Collection: in case of default, the company forwards the legal proceedings consisting of all documents proving the claim to the insurance company, which intervenes with the defaulter and sees to collection by amicable or legal means.
- Compensation: the company will be indemnified in case of established insolvency or of judicial proceedings affecting the debtor. In the other cases, if it has been impossible to make collection within the waiting period defined in the contract, the insurance company will also provide a compensation for the claim. The insurance company bears 95% of the amount, including all taxes, namely 70% of the amount excluding taxes. The indemnification period is approximately from one to six months. To qualify for such coverage, the subsidiaries must first obtain the insurer's coverage approval customer by customer and making the unpaid declaration within 150 days after the term.

In addition, the companies AdUX, Admoove, Quantum and Adysseum have concluded factoring contracts for which the main risks and advantages have been transferred to the factoring companies (see note 2.9).

The maximum exposure to the credit risk on the closeout date is indicated in the following notes:

- Note 14 Other financial assets
- Note 15 Current trade and other receivables
- Note 16 Other current assets

### 3.2. Liquidity risk

The liquidity risk corresponds to the risk that the Group encounters difficulties in honoring its debts when they come due. The Group's approach for managing the liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they come due, under normal or "tense" conditions, without incurring any unacceptable losses or impairing the Group's reputation.

The Group has established management of the cash flow needs, aimed at optimizing its return of cash flow on investment. This excludes the potential impact of extreme circumstances, such as natural disasters, that one cannot be reasonably predict.



Moreover the Group has concluded, for certain subsidiaries, factoring contracts enabling it to obtain short-term financing and to be more flexible in daily management of its liquidity.

The group conducted a special review of its liquidity risk and deems that it is able to meet future scheduled payments.

On December 31<sup>st</sup>, 2017, the remaining contractual maturities of financial liabilities were as follows (including interest payments):

<i>(in thousands of euros)</i>	Book value	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Zero-interest financing for innovation	1 868	1 868	480	1 388	-
Tax credit funding	1 449	1 449	1 151	298	-
Accrued interest on loans	0	-	-	-	-
Accounts payable & fixed assets payable	26 144	26 144	26 144	-	-
Taxation and social liabilities	9 507	9 507	9 507	-	-
Other liabilities	1 182	1 182	1 182	-	-
Bank overdrafts	0	-	-	-	-
<b>Total</b>	<b>40 150</b>	<b>40 150</b>	<b>38 464</b>	<b>1 687</b>	<b>-</b>

The loans and financial liabilities are detailed in the Note 21.

### 3.3. Market risk

#### 3.3.1. Currency risk

Currency risk is the risk that changes in exchange rates and it affects the Group's earnings or the value of the financial instruments. Currency risk management aims to control market risk exposures in acceptable limits, while optimizing the couple (profitability/risk).

The Group is exposed to a currency risk on the activities of its subsidiaries based in the US (HiMedia US LLC, HiMedia Group USA Inc.), Sweden (HiMedia Sales) fully consolidated

100% of the purchases and sales, of capital expenditure, assets and liabilities of those subsidiaries and goodwill pertaining are denominated, respectively, in dollars and Swedish crowns.

The Group's investments in its subsidiaries have a functional currency that is not the euro, and are not covered by the Group, considers that such exchange positions are long term in nature.

Sensitivity to exchange rate	USD	SEK
Total assets	2 305	11 717
Total liabilities	-9 911	-1 080
Net position	-7 605	10 636
Assumptions regarding changes against the euro	1%	1%
<b>Impact on profit before tax</b>	<b>-0,4</b>	<b>0,0</b>
<b>Impact on equity</b>	<b>0,0</b>	<b>0,0</b>

#### 3.3.2. Interest rate risk

The company is no exposed to the risk of interest rates.



## 3.4. Categorization of financial instruments

<i>in thousands of euros</i>	Fair value by earnings	CATEGORIES				31 Dec.2017	
		Assets available for sale	Loans and receivables	Debts at amortized cost	Derivative instruments	Value in balance sheet	Fair value
Other financial assets	-	896	98	-	-	993	993
Receivable	-	-	15 859	-	-	15 859	15 859
Other current assets	-	-	13 602	-	-	13 602	13 602
Current financial assets	371	-	-	-	-	371	371
Cash and cash equivalents	4 551	-	-	-	-	4 551	4 551
<b>FINANCIAL ASSETS</b>	<b>4 922</b>	<b>896</b>	<b>29 559</b>	<b>-</b>	<b>-</b>	<b>35 377</b>	<b>35 377</b>
Borrowings and financial debts	-	-	-	3 317	-	3 317	3 317
Non-current liabilities	-	-	-	-	-	-	-
Accounts payable	-	-	-	26 077	-	26 077	26 077
Other current debts and liabilities	-	-	-	10 671	-	10 671	10 671
<b>FINANCIAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40 065</b>	<b>-</b>	<b>40 065</b>	<b>40 065</b>

## Fair value hierarchy

Financial instruments measured at fair value after its initial recognition are arranged by hierarchy as follows:

- Level 1 : Short-term investments are valued at fair value through profit or loss by reference to quoted prices in active markets ;
- Level 2 : the derivatives instruments are evaluated by reference to observable prices in active markets ;
- Level 3 : the available financial assets for sale are measured at fair value based on valuation techniques using data on assets and liabilities that are not based on observable market.

**Note 4. Consolidation scope****4.1. List of consolidated entities**

Corporate name	Country	% held directly and indirectly on 31/12/2017	% control on 31/12/2017	Consolidation method	Date of creation or of acquisition	Date of financial year closeout
<b><u>Created companies</u></b>						
AdUX Belgium SPRL (Hi-media Belgium SPRL)	Belgium	100%	100%	FC	09.03.00	31.12
AdUX Portugal (Hi-media Portugal LTDA)	Portugal	53,9%	53.9%	FC	31.10.00	31.12
Adysseum SARL	France	100%	100%	FC	13.05.02	31.12
HPMP SPRL	Belgium	100%	100%	FC	17.09.07	31.12
Allopass Scandinavia AB	Sweden	100%	100%	FC	30.09.09	31.12
Hi-media Regions SAS	France	49%	49%	EM	06.12.12	31.12
Mobvious Italia SRL	Italy	100%	100%	FC	17.05.13	31.12
Quantum SAS	France	81%	81%	FC	23.04.14	31.12
Fotolog SAS	France	49%	49%	EM	15.05.14	31.12
HiMedia Advertising SAS	France	100%	100%	FC	02.12.14	31.12
Adexpert SPRL	Belgium	50,1%	50,1%	FC	06.06.14	31.12
Admoove SAS	France	100%	100%	FC	02.12.11	31.12
Hi-Media LLC	USA	100%	100%	FC	27.11.07	31.12
Quantum Native Solutions Italia SRL	Italy	81%	100%	FC	22.12.15	31.12
Quantum Advertising España SL	Spain	81%	100%	FC	14.07.16	31.12
Quantum Belgium	Belgium	100%	100%	FC	2017.12.27	31.12
Hi Media España Publicidad	Spain	49%	49%	ME	2016.09.22	31.12
<b><u>Acquired companies</u></b>						
Hi-media Deutschland AG	Germany	45%	45%	EM	30.04.01	31.12
Hi-media Sales AB	Sweden	100%	100%	FC	04.09.06	31.12
Groupe Hi-media USA Inc	USA	100%	100%	FC	27.11.07	31.12
Vivat SPRL	Belgium	100%	100%	FC	14.03.08	31.12
Hi-media Nederland BV	Netherland	100%	100%	FC	31.08.09	31.12
Hi-media Italia SRL	Italy	100%	100%	FC	31.08.09	31.12
Pragma Consult SPRL	Belgium	45%	45%	EM	30.01.12	31.12

## Note 5. Discontinued operations and assets held for sale

IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” sets out how to account for non-current assets held for sale, as well as the disclosures required in respect of discontinued operations. In particular, the standard requires that the results of discontinued operations be presented separately in the income statement.

A discontinued operation is a component of an entity that has either been disposed of or is classified as held for sale, and:

- ✓ represents either a separate major line of business or geographical area for,
- ✓ is part of a single coordinated plan to dispose of a separate major line of business or geographical area for, or
- ✓ is a subsidiary acquired exclusively with a view to resale.

Latin American entities (Latam Digital Ventures), Spanish entities (HiMedia España Publicidad Online) and the legacy advertising network business in Italy represent major lines of business for the Group, and therefore meet the definition of discontinued operations. As such, in accordance with IFRS 5, the results of these activities for the year ended December 31, 2017 and the result of the sale of these activities have been presented under “Income from discontinued operations” in the income statement.

Accordingly, the assets and liabilities of the entities sold on December 31, 2017, namely entities in Latin American (Latam Digital Ventures) and Spain (HiMedia España Publicidad Online), have been removed from the balance sheet. The assets and liabilities of the entities held for sale (exclusively comprising advertising-related activities in Italy) were not removed from the balance sheet as of December 31, 2017 because the contract concluded between Hi-Media Italia SRL and Italiaonline SPA on February 14, 2018 concerns only a transfer of business and not the sale of the legal entity Hi-Media Italia SRL (see Note 1 - Significant events of the period). The standard requires that the results of these activities be presented separately in the income statement for all comparative periods. As such, the comparative figures for the year ended December 31, 2016 have been restated to present the results of these discontinued operations as “Income/(loss) from discontinued operations and assets held for sale” in the income statement. This means that the 2016 comparative income statement differs from that published previously.

### 5.1. Discontinued operations and assets held for sale

<i>in thousands of Euros</i>	31 Dec.2017	31 Dec.2016
Sales	15 191	19 827
Charges invoiced by the media	- 9 865	- 13 017
<b>Gross profit</b>	<b>5 326</b>	<b>6 811</b>
Purchases	- 1 264	- 2 063
Payroll costs	- 4 023	- 5 010
<b>EBITDA</b>	<b>39</b>	<b>- 262</b>
Depreciation and amortization	- 76	- 125
<b>Current operating profit</b>	<b>- 37</b>	<b>- 387</b>
Stock based compensation	-	-
Other non-current income and charges	- 2 778	124
<b>Operating profit</b>	<b>- 2 816</b>	<b>- 262</b>
Cost of indebtedness	- 14	- 145
Other financial income and charges	66	67
<b>Earning of the consolidated companies</b>	<b>- 2 764</b>	<b>- 340</b>
Share in the earnings of the companies treated on an equity basis	-	-
<b>Earnings before tax from discontinued operations and assets held for sale</b>	<b>- 2 764</b>	<b>- 340</b>
Income Tax	- 15	- 236
<b>Net income from discontinued operations and assets held for sale</b>	<b>- 2 778</b>	<b>- 576</b>
Minority interests from discontinued operations	245	98
<b>Including Group share</b>	<b>- 2 533</b>	<b>- 478</b>

The income statement of discontinued operations or held for sale on December 31, 2017 and 2016 corresponds:

- Profit or the loss of discontinued operations or held for sale € 0.7m
- Disposal of goodwill allocated to Spain for € -6.3m,
- Profit or loss related to disposals of these activities for € 2.9m
- Disposal costs of discontinued operations or held for sale € -0.1m





The amount related services provided by the Holding (Management fees) and trademarks licenses (Brand fees) relating to discontinued operations or held for sale have been eliminated.

## 5.2. Table of Consolidated Cash Flows for FY 2017 and 2016 from discontinued operations and assets held for sale ending on 31 December 2017 and 31 December 2016

In accordance with IFRS5, the "Cash flows from discontinued operations" presented in the consolidated cash flow statement includes assets sold or held for sale, as well as costs directly related to the transaction of these activities.

<i>in thousands of Euros</i>	31 dec.2017	31 Dec.2016
Operating cash flows from discontinued operations	3 162	227
Investment flows related to discontinued operations	-6	-18
Funding flows related to discontinued operations	-240	-94

### Note 6. Sales

The breakdown of sales by activities is as follows:

<i>in thousands of euros</i>	Native / Drive to store / Social Marketing		Other activities <sup>1)</sup>		Total	
	2017	2016	2017	2016	2017	2016
Sales	24 246	23 783	10 001	15 540	34 247	39 323

<sup>(1)</sup> "Other activities" is composed of the traditional activities of control and trading desk present in Belgium, Portugal and residually in France

<i>in thousands of euros</i>	France		Rest of the world		Total	
	2017	2016	2017	2016	2017	2016
Chiffre d'affaires	21 094	25 125	13 154	14 198	34 247	39 323

### Note 7. Payroll charges

The breakdown of the payroll charges between salaries, social security charges and end-of-career indemnities appears as following:

<i>in thousands of Euros</i>	31 dec.2017	31 Dec.2016
Salaries	8 216	8 275
Social security charges	3 150	3 504
Provision for end of career indemnities	45	41
<b>Payroll charges</b>	<b>11 412</b>	<b>11 820</b>

Average headcount changes were as follows:

	2017	2016
Average headcount	199	193

**Note 8. Other non-current income and charges**

The non-recurring expenses mainly result from:

- Gain on sales of HiPay shares and revaluation of remaining shares for €0.8 million
- Restructuring charges of €-0.5 million euros and other expenses related to litigation and non-current fees for -0.5 million euros

**Note 9. Financial net income**

<i>in thousands of euros</i>	31 Dec.2017	31 Dec.2016
Investment products	47	8
Interest on borrowing	-30	86
Other comprehensive income	-446	-314
<b>Financial net income</b>	<b>-430</b>	<b>-219</b>

**Note 10. Income Tax**

The tax charge breaks down as follows:

<i>in thousands of euros</i>	31 Dec.2017	31 Dec.2016
Current taxes	- 10	- 450
Deferred taxes	- 110	354
<b>Tax (charge)/Proceeds</b>	<b>- 120</b>	<b>- 97</b>
<b>Effective tax rate (%)</b>	<b>-7%</b>	<b>-15%</b>

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

<i>in thousands of Euros</i>	31 Dec.2017	31 Dec.2016
<b>Tax rate in France</b>	<b>33,33%</b>	<b>33,33%</b>
Theoretical tax (charge)/proceeds	- 15	- 35
<i>Elements concerning the comparison with the effective rate:</i>	-	-
Effect of rate change	-	-
Earnings charged to losses subject to carryover not previously recorded	3	93
Recognition / (depreciation) of deferred tax credits on losses carried over	-	-
Difference of tax rate between the countries	81	69
Effect of non-asset deficit transfers from the fiscal year	- 268	- 379
Permanent differences and other elements	- 224	253
Taxes without basis	303	97
<b>Real tax (charge)/proceeds</b>	<b>- 120</b>	<b>- 97</b>
<b>Effective tax rate</b>	<b>-7%</b>	<b>-15%</b>

AdUX SA, HiMedia Advertising SAS and Adysseum SARL have been consolidated for tax purposes.

**Note 11. Goodwill**

On December 28, 2017, AdUX sold 51% of its Spanish subsidiary (HiMedia Espana Publicidad online) to its local management for € 1, a transaction that includes the merger of the three existing Spanish structures and a simplification of the balance sheet. The allocated goodwill allocated to the Spanish CGU was therefore taken out in full for an amount of € 6.3 million.



<i>in thousands of euros</i>	31 dec.2016	Exchange var.	Var. perimeter	Transfer	Increase	Decrease	31 Dec.2017
Goodwill	103 635	-	-6 337	-	-	-	97 298
Impairments	-82 776	-	-	-	-	-	-82 776
<b>Goodwill net</b>	<b>20 860</b>	-	<b>-6 337</b>	-	-	<b>0</b>	<b>14 522</b>

### 11.1. Net book value of goodwill assigned to each CGU

The net book value of the goodwill assigned to each CGU (Cash Generating Unit) is as follows:

<i>in thousands of euros</i>	31 Dec.2016	Reallocation	Exchange var.	Var. perimeter	Increase	Decrease	31 Dec.2017
Hi-media Belgique	4 065	-	-	-	0	-	4 065
Hi-media Espagne	6 337	-	-	-6 337	0	-6 337	-
Admoove	1 891	-	-	-	0	-	1 891
Quantum	83	-	-	-	0	-	83
Hi-media Local (Sweden)	8 483	-	-	-	0	-	8 483
<b>Goodwill</b>	<b>20 860</b>	-	-	<b>-6 337</b>	-	-	<b>14 523</b>

### 11.2. Evaluation of the recoverable value of the goodwill on December 31st, 2017

On December 31<sup>st</sup>, 2017, an impairment test on all the CGU was conducted in the same methods as the previous years. 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 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% to 2.5% (1% to 2.5% in 2016),
- discount rate for Europe: 8.6% to 11.2% (8.9% to 11.1% in 2016), among countries
- growth rate of sales: between -6.2% and +52% per year during the period 2018-2021, among countries and activities and new products launch.

The discount rate corresponds to the weighted average cost of capital. It was calculated by the company according to the standards on the basis of sectoral data, and the market data source for the beta, the risk-free rate, the risk premium and the debt.

The long-term growth rate is an average estimated with a representative sample from market sources.

A sensitivity analysis calculating the variation in key parameters did not point to any likely scenario in which the recoverable value of a CGU will become less than its book value. The key parameters variations used for the sensitivity analysis are presented below:

	Discounting rate		Growth rate to infinity		Rate EBITDA	Revenue Growth Rate*
	Rate used	Var	Rate used	Var		
AdUX Belgium	8,6%	+100 pts	1,0%	-100 pts	-50 pts	-10 %
Hi-media Local (Sweden)	8,7%	+50 pts	1,0%	-50 pts	-50 pts	-5 %
Native et Drive to Store	11,2%	+200 pts	2,5%	-150 pts	-50 pts	-10 %

In the impairment tests, the above variables have been adjusted together or two per two separately and the results didn't show any likely scenario where the recoverable value of a CGU is under its accounting value.

\*Corresponds to revenue growth rates per year over the life period of the plan

## Note 12. Intangible fixed assets

Development fees capitalized during the period are mentioned in the line "software and licenses" and correspond mainly to:

- The continuation of developments for the launch of the Quantum platform,
- The continuation of developments for MapubFacile platform,
- In developing of new out-stream formats and rich media.

The gross value of the intangible fixed assets has changed as follows:

<i>in thousands of euros</i>	31 Dec.2016	Changes in currency	Transfer	Increase	Decrease	31 Dec.2017
Software and licenses	7 239	-120	986	326	-278	8 153
Trademarks	4 351	-517	-8	-	-	3 826
Customer relations	657	-	-	-	-	657
Fixed assets in progress	245	-	-1 002	1 012	-	255
Other	1 317	-0	-0	-0	-877	439
<b>Total</b>	<b>13 809</b>	<b>-637</b>	<b>-24</b>	<b>1 338</b>	<b>-1 155</b>	<b>13 331</b>

The cumulative amortization and depreciation of the intangible fixed assets have changed as follows:

<i>in thousands of euros</i>	31 Dec.2016	Changes in currency	Transfer	Increase	Decrease	31 Dec.2017
Software and licenses	6 286	-120	-	1 611	-134	7 643
Trademarks	4 277	-517	-	-	-	3 760
Customer relations	520	-	-	-	-	520
Fixed assets in progress	-	-	-	-	-	-
Other	1 312	-0	-	1	-874	439
<b>Total</b>	<b>12 396</b>	<b>-637</b>	<b>-</b>	<b>1 612</b>	<b>-1 009</b>	<b>12 363</b>

The net values of the intangible assets changed as follows:

<i>in thousands of euros</i>	31 Dec.2017	31 Dec.2016
Software and licenses	503	953
Trademarks	74	74
Customer relations	137	137
Fixed assets in progress	255	245
Other	0	4
<b>Total</b>	<b>968</b>	<b>1 413</b>

The net carrying value of the intangible assets with an indefinite use duration assigned to each CGU is as follows:



*in thousands of euros*

UGT	Asset	31 Dec.2017	31 Dec.2016
Hi Media	Hi-Media trademark	74	74
	Other	-	-
<b>Total</b>		<b>74</b>	<b>74</b>

**Note 13. Tangible fixed assets**

The gross value of the tangible fixed assets changes as follows:

<i>in thousands of euros</i>	31 Dec.2016	Changes in currency	Transfer	Increase	Decrease	31 Dec.2017
Fittings & installations	1 587	-1	24	20	-1 083	547
Office equipment and computer hardware	2 106	-9	-	88	-128	2 056
Furniture	625	-6	-0	17	-55	582
<b>Total</b>	<b>4 318</b>	<b>-16</b>	<b>24</b>	<b>125</b>	<b>-1 266</b>	<b>3 185</b>

The cumulative amortization and depreciation of the tangible fixed assets evolve as follows:

<i>in thousands of euros</i>	31 Dec.2016	Changes in currency	Transfer	Increase	Decrease	31 Dec.2017
Fittings & installations	455	-0	-	951	-1 085	321
Office equipment and computer hardware	1 998	-8	-	80	-103	1 967
Furniture	547	-5	-	25	-41	526
<b>Total</b>	<b>2 999</b>	<b>-14</b>	<b>-</b>	<b>1 056</b>	<b>-1 228</b>	<b>2 814</b>

The net values of the tangible fixed assets evolve as follows:

<i>in thousands of euros</i>	31 Dec.2017	31 Dec.2016
Fittings & installations	226	1 133
Office equipment and computer hardware	90	108
Furniture	55	78
<b>Total</b>	<b>371</b>	<b>1 319</b>

**Note 14. Deferred taxes****14.1. Recognized deferred tax credit and liabilities**

The breakdown of deferred taxes recognized in income is presented in Note 9 below.

The sources of deferred tax assets and net recognized liabilities presented net by fiscal entity on December 31<sup>st</sup>, 2017 are as follows:

**NET DEFERRED TAX CREDITS**

<i>in thousands of euros</i>	31 Dec.2017	31 Dec.2016
Tax loss carryovers	0	0
Intangible fixed assets	0	0
Other timing differences	14	54
<b>Deferred tax credits</b>	<b>14</b>	<b>54</b>



**NET DEFERRED TAX LIABILITIES**

<i>in thousands of euros</i>	<b>31 Dec.2017</b>	<b>31 Dec.2016</b>
Intangible fixed assets	-	-
Other timing differences	349	264
<b>Deferred tax liabilities</b>	<b>349</b>	<b>264</b>

**14.2. Unrecognized deferred tax credits**

On December 31<sup>st</sup>, 2017, the unrecognized deferred tax credits consisted mainly of the undefined losses carried over 20 years through HiMedia Group USA for €18.6m as well as undefined losses carried of AdUX France S.A. for €51.2 million, which can be undefined carried forward.

**Note 15. Other financial assets**

On December 31<sup>st</sup>, 2017 the other financial assets decompose as follows:

<i>in thousands of Euros</i>	<b>31 Dec.2017</b>	<b>31 Dec.2016</b>
Equity affiliates	111	111
Other securities	861	1 080
Deposits and sureties	133	293
<b>Total</b>	<b>1 104</b>	<b>1 484</b>

**Note 16. Current trade and other receivables**

<i>in thousands of euros</i>	<b>31 Dec.2017</b>	<b>31 Dec.2016</b>
Clients and invoices to be established	17 776	27 902
Depreciation	-1 916	-1 801
<b>Current trade and other receivables</b>	<b>15 859</b>	<b>26 101</b>

The carrying value indicated above represents the maximum exposure to the credit risk for this heading.

On December 31<sup>st</sup>, 2017, the contracts involve credit risk transfer: all the sold trade receivable has been derecognized (see below).

The amount of receivables sold with credit risk transfer and derecognized under IAS 39 in connection with factoring contract at December 31<sup>st</sup>, 2017 amounted to €4.8 million vs €5.9 million as of 31 December 31<sup>st</sup>, 2016.

The anteriority of the commercial receivables as at the closing date is analyzed as follows:

<i>in thousands of euros</i>	<b>31 Dec.2017</b>	<b>31 Dec.2016</b>
Unmatured <sup>(*)</sup>	7 991	12 498
0-30 days	1 585	2 582
31-120 days	3 365	6 388
120-360 days	1 788	2 515
More than one year	1 130	2 118
<b>Customers and other debtors</b>	<b>15 859</b>	<b>26 101</b>

<sup>(\*)</sup> All of the unmatured receivables are at less than one year.

The depreciation of commercial receivables developed as follows during the financial year:

<i>in thousands of Euros</i>	<b>31 Dec.2017</b>	<b>31 Dec.2016</b>
Depreciation: Balance as at January 1st	1 801	1 910
Period funding	756	212
Impairment loss	-427	-321
Change in scope	-213	0
<b>Depreciation: balance on December 31st</b>	<b>1 916</b>	<b>1 801</b>

The depreciation corresponds mainly to due receivables which collectability presents a risk on December 31<sup>st</sup>, 2017.

*i. Receivables transferred without transfer of credit risk*

On December 31<sup>st</sup>, 2017 there are no factoring agreements without risk transfer.

*ii. Receivables sold without credit risk transfer*

The contractual terms of factoring agreements AdUX SA, Adysseum SARL, Quantum SAS and Admoove SAS allow the transfer of significant risks and rewards related to receivables sold, and thus their derecognition of balance sheet.

According to IAS 39, receivables transferred to third parties (factoring contract) are removed from the Group's assets, when associated risks and benefits are substantially transferred to third parties and if the factoring company in particular supports the credit risk, the interest rate risk and the recovery period (Note 2.9).

**Note 17. Other current assets**

All of the other current assets are due at less than one year.

The prepaid charges correspond mainly to the part of the general expenses relative to the period after December 31<sup>st</sup>, 2017.

<i>in thousands of euros</i>	<b>31 Dec.2017</b>	<b>31 Dec.2016</b>
Financial and corporate assets	10 131	9 496
Receivables of related parties	316	439
Prepaid charges	253	706
Factor guarantee fund	262	608
Other	2 893	2 740
<b>Other current assets</b>	<b>13 856</b>	<b>13 988</b>

The item Financial and corporate assets is mainly composed of VAT and IS receivables from CIR and CICE.

**Note 18. Current financial assets**

This item is mainly composed of HiPay securities. These securities have been designated by the Group as at fair value through profit or loss to the extent that their performance is monitored on the basis of their fair value, in accordance with the Group's strategy.

**Note 19. Cash and cash equivalents**

<i>in thousands of euros</i>	31 Dec.2017	31 Dec.2016
"OPCVM" fund shares	-	-
Cash reserve with the factor	-	-
Liquid assets	4 551	5 690
<b>Cash and cash equivalents</b>	<b>4 551</b>	<b>5 690</b>

**Note 20. Shareholders' equity**

For the consolidated variation of shareholders equity of the group, see page 8 above.

The nominal value of the AdUX share is €1.50.

Management of the shareholders' equity concerns the shareholders' equity as defined in the IFRS standards. It consists mainly in deciding the level of the present or future capital as well as on payout of dividends.

The shareholders' equity contains the share of minorities and Group share. The share of the minorities consists of the share held by non-Group shareholders of AdUX Portugal, Adexpert and Quantum. It varies mainly as a function of changes in those subsidiaries' reserves and earnings from its subsidiaries.

Shareholders' equity Group share consists of the share capital of AdUX SA, reduced by the internally held shares, as well as the reserves and earnings accumulated by the Group.

The Group wants to have the employees participate in the capital by allocations of stock options and of free shares.

**Note 21. Loans and financial liabilities**

<i>in thousands of Euros</i>	Balance sheet balance on 31 Dec.2017		<i>Issue currency</i>	<i>Expiration</i>	<i>Effective rate</i>
	Non-current	Current			
Zero-interest financing for innovation	1 388	480	EUR	2021	0
Tax credit funding	298	1 151	EUR	2019	Variable
<b>Total</b>	<b>1 687</b>	<b>1 631</b>			

**Note 22. Non-current Provisions****22.1. Details concerning non-current provisions**

<i>in thousands of euros</i>	31 Dec.2017	31 Dec.2016
Provisions for risks and expenses	139	125
End-of-career benefits	652	571
<b>Non-current provisions</b>	<b>791</b>	<b>696</b>

**22.2. Non-current provisions**

<i>in thousands of euros</i>	31 Dec.2016	Increase	Decrease - Non used	Decrease - Used	31 Dec.2017
Non-current provisions	125	104	-7	-83	139

Provisions for risks and charges are primarily linked with trade litigation and disputes.



### 22.3. Staff benefits

Group commitments mainly concern French entities. The evaluation of these last is determined by the method of projected credit units.

Commitments have been calculated in accordance with the provisions of the advertising collective agreement of AdUX and its subsidiaries

The provision relative to the Group's retirement commitments is as follows:

<i>in thousands of euros</i>	<b>31 Dec.2017</b>	<b>31 Dec.2016</b>
Discounted value of the obligations as at January 1	571	569
Cost of services rendered and financial cost	92	67
Actuarial losses/(gains) recognized in equity	- 11	- 64
Change in scope	-	-
<b>Discounted value of the obligations as at December 31</b>	<b>652</b>	<b>571</b>

The assumptions used in the assessment of pension liabilities for the French entities at closing are as follows:

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Discounting rate	1,30%	1,40%	2,00%
Rate of future increase of salaries	2,50%	2,50%	2,50%
Retirement age (Executives)	67 ans	67 ans	67 ans
Retirement age (Non-Executives)	62 ans	62 ans	62 ans
Actuarial table	INSEE F 2010	INSEE F 2010	INSEE F 2010

The assessment of the commitments is calculated according to the projected unit credit method.

### Note 23. Other current debts and liabilities

Other debts are mainly due to less than one year.

<i>in thousands of euros</i>	<b>31 Dec.2017</b>	<b>31 Dec.2016</b>
Taxation and social liabilities	9 507	9 704
Debts on fixed assets	68	202
Prepaid income	85	131
Other liabilities	1 097	1 388
<b>Other current liabilities</b>	<b>10 756</b>	<b>11 425</b>

The entry Taxation and social liabilities is mainly constituted of VAT and debt to social welfare entities.

**Note 24. Operating capital need**

Other movements on customers and other receivables are mainly related to the deconsolidating factoring contract at AdUX SA during the financial year. This flow is presented as a cash flow in the cash flow statement.

<i>in thousands of Euros</i>	Notes	31 Dec.2016	Cash impacts	Other movements	Perimeter change	Foreign exchange	31 Dec.2017
Customers and other debtors	Note 16	26 101	- 3 979	310	- 6 318	- 254	15 859
Fiscal and social assets	Note 17	9 496	816	- 171	- 10	-	10 131
Current account	Note 17	439	140	- 242	0	- 20	316
Prepaid expenses	Note 17	706	- 136	-	- 310	- 6	253
Other receivables	Note 17	3 348	440	- 640	- 8	14	3 155
<b>Sub-total asset (1)</b>		<b>40 088</b>	<b>- 2 719</b>	<b>- 743</b>	<b>- 6 646</b>	<b>- 265</b>	<b>29 715</b>
Suppliers and other creditors		40 612	- 7 766	- 111	- 6 496	- 162	26 077
Taxation and social liabilities	Note 23	9 704	206	- 196	- 197	- 10	9 507
Debts on fixed assets	Note 23	202	-	- 134	-	-	68
Deferred incomes	Note 23	131	- 25	-	- 21	- 1	85
Other liabilities	Note 23	1 388	605	-	- 54	- 842	1 097
<b>Sub-total liabilities (2)</b>		<b>52 037</b>	<b>- 6 980</b>	<b>- 441</b>	<b>- 6 767</b>	<b>- 1 015</b>	<b>36 833</b>
<b>Working capital required from discontinued operations (3)</b>			<b>2 540</b>				<b>2 540</b>
<b>Working capital required (1) - (2) - (3)</b>		<b>- 11 949</b>	<b>1 722</b>	<b>- 302</b>	<b>122</b>	<b>750</b>	<b>- 9 658</b>

**Note 25. Segment information**

<i>In thousands of euro</i>	Native / Drive to store / Social Marketing		Other activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Sales</b>	24 246	23 783	10 001	15 540	34 247	39 323
<b>Gross profit</b>	12 460	12 164	5 458	7 852	17 918	20 016

**Note 26. Stock option plan and allocations of free shares****26.1. 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) <sup>(1)</sup>	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) <sup>(2)</sup>	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 : <sup>(2)</sup>	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
Subscription price (in euros)	13,55	12,28	

<sup>(1)</sup> 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).

<sup>(2)</sup> 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 AdUX. 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:

<i>After share consolidation information</i>	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

The parameters adopted for valuing the share option plans granted after November 7<sup>th</sup>, 2002 are as follows:

Date of the Board of Directors' meeting	31 Jan. 2012	27 Aug. 2012
Exercise price of the option (before distribution of the HiPay shares and Consolidation shares)	2,13	1,93
Exercise price of the option (after distribution of the HiPay shares and Consolidation shares)	13,55	12,28
Calculated fair value of the plan on the date of allocation	228 611	47250
Parameters used for the fair value calculation :		
Anticipated volatility of the option price	55%	51%
Anticipated lifetime	2 years	2 years
Dividend expected on the options	-	-
Option lapse rate adopted	-	-
Risk-free interest rate adopted	0.96%	0.10%

**26.2. 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 executive officers	-				-
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 27. Off balance sheet commitments****27.1. Commitments received**

AdUX has no commitment applicable on 31<sup>st</sup> December 2017.

**27.2. Commitments given**

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.

In addition, AdUX S.A has a long-term lease for a portion of its computer population. This contract represents an annual rent of €204k.

**27.3. Litigations**

- ✓ Industrial relations tribunal disputes have arisen with former employees contesting the legitimacy of their dismissals. The company has recorded the provisions it deems necessary based on its assessment of the fair basis of the plaintiffs' suits.
- ✓ Similarly, as regards commercial disputes, the company has recorded the provisions it deems necessary based on its assessment of the risk associated with each dispute.
- ✓ By a deed dated May 2, 2017, a company in the Group's business sector assigned the subsidiary Quantum SAS in summary proceedings to obtain the disclosure of documents relating to alleged acts of denigration committed against it and to be awarded compensation.  
The claim of compensation in the amount of €115 thousand formulated by this company in the summary proceedings was rejected by the judge in an order dated December 8, 2017.  
By a deed dated May 18, 2017, the same company sued Quantum SAS, demanding the payment of a sum of €1.7 million in damages for alleged acts of unfair and parasitic competition.

These both procedures are ongoing. As Quantum SAS has contested their merits and reserved the possibility of making counterclaims in the procedure. No provision has been recorded in the financial statements as of December 31, 2017.

**Note 28. Events that have occurred since 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.

**Note 29. Transactions between affiliated parties**

**29.1. Compensation of members of management bodies**

**29.1.1. Executive officers**

<i>in thousands of Euros</i>	<b>31 dec.2017</b>	<b>31 Dec.2016</b>
Short term employee benefit (including benefits)	234	308
Non current benefit	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Providing termination benefits	-	-
Sharebased payment	-	-
<b>Total</b>	<b>234</b>	<b>308</b>

**29.1.2. Non executive officers**

The remuneration of non executive officers is only composed of attendance fees for 44.956€.

**29.2. Transactions with the subsidiaries**

AdUX SA charges its subsidiaries ad serving costs, holding costs (management fees), brand fees and personal expenses, which are eliminated in the consolidated accounts.

**29.3. Other affiliated parties**

During 2017, 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 30. Auditors fees**

	KPMG		Mazars		Other	
	Amount (VAT excl.)		Amount (VAT excl.)		Amount (VAT excl.)	
<i>in thousands of Euros</i>	2017	2016	2017	2016	2017	2016
<b>Statutory audit, review of statutory and consolidated accounts</b>	-	-	-	-	-	-
- AdUX S.A.	107	85	123	105	-	-
- Fully consolidated subsidiaries	34	37	35	44	17	30
	-	-	-	-	-	-
<b>Other services non related to the statutory audit</b>	-	-	-	-	-	-
- AdUX S.A.	-	-	-	-	-	-
- Fully consolidated subsidiaries	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Total</b>	<b>141</b>	<b>122</b>	<b>158</b>	<b>149</b>	<b>17</b>	<b>30</b>