ADVERTISING AND USER EXPERIENCE

ANNUAL FINANCIAL STATEMENTS 2019

Joint-stock company with capital of € 9,416,887,50
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Consolidated Financial Statements for Financial Years 2019 and 2018

Thousand of €	Notes	Dec. 31, 2019	Dec. 31, 2018
Revenue from ordinary activities		3 564	8 679
Other		3 378	3 841
Net turnover	**Note 20**	**6 942**	**12 520**
Self-constructed assets		103	139
Adjustments to depreciation and provisions		334	461
Other income		75	131
Operating revenue		**7 454**	**13 251**
Operating expenses from ordinary activities	**Note 21**	- 3 346	- 7 969
Other purchases and external charges		- 1 930	- 2 603
Taxes, levies and similar payments		- 132	- 164
Wages and salaries		- 1 798	- 2 147
Social security charges		- 676	- 828
Depreciation on fixed assets		- 280	- 999
Provisions and impairment		- 587	- 1 447
Other expenses		- 119	- 781
Operating expenses		**- 8 867**	**- 16 937**
Operating income		**- 1 413**	**- 3 686**
Financial revenue		**22 292**	**5 223**
Interest and similar expenses		- 208	- 239
Book value of transferred assets		- 18 107	- 5 404
Provisions and impairment		- 2 586	- 7 834
Other		- 1 924	- 1 912
Financial expenses		**- 22 826**	**- 15 389**
Financial net income	**Note 22**	**- 533**	**- 10 166**
Proceeds from sales of assets		-	-
On management operations		-	-
Reversal of provisions		-	13
Extraordinary revenue		**-**	**13**
Book value of transferred assets		- 1	- 4
On management operations		- 148	60
Provisions and impairment		-	- 111
Extraordinary expenses		**- 149**	**- 55**
Extraordinary net result	**Note 23**	**- 149**	**- 42**
Net income before taxes		**- 2 096**	**- 13 894**
Taxes	**Note 24**	**511**	**227**
Net income		**- 1 584**	**- 13 667**

Balance sheets at December 31st, 2019 and December 31st, 2018

ASSETS - in thousands of euros	Notes	Dec. 31, 2019			Dec. 31, 2018
		Gross	Amort. and deprec.	Net	Net
Concessions, patents and software		9 970	9 700	271	395
Corporate goodwill					
Intangible assets in progress		34		34	21
Intangible fixed assets	**Note 4**	**10 005**	**9 700**	**305**	**416**
					0
Property, plant and equipment		193	53	140	162
Other property, plant and equipment		2 033	2 009	24	30
PPE	**Note 5**	**2 226**	**2 063**	**164**	**192**
					0
Affiliates		109 911	97 385	12 526	12 649
Receivables related to affiliates		6 994	6 592	403	1 700
Deposits and sureties		119		119	117
Treasury shares		54		9	20
Other financial assets		35		35	35
Long-term investments	**Note 6**	**117 113**	**103 976**	**13 091**	**14 521**
					0
Total fixed assets		**129 344**	**115 739**	**13 560**	**15 129**
					0
Trade notes and accounts receivable.	**Note 7**	16 817	1 236	15 581	16 936
Other receivables	**Note 8**	32 687	6 589	26 098	27 532
Receivables		**49 504**	**7 825**	**41 679**	**44 468**
					0
Short-term investment securities		30		27	136
Liquid assets		2 124		2 124	562
Cash and cash equivalents	**Note 9**	**2 155**		**2 151**	**698**
					0
Prepaid charges	**Note 10**	73		73	32
Deferred charges					23
Unrealized foreign exchange losses	Note **11**	643		643	543
					0
Total current assets		**52 375**	**7 825**	**44 546**	**45 765**
					0
Total assets		**181 719**	**123 564**	**58 106**	**60 893**

Balance sheets at December 31st, 2019 and December 31st, 2018

LIABILITIES - in thousands of euros	Notes	Dec. 31, 2019	Dec. 31, 2018
Share capital and proprietorship accounts		9 417	5 433
Bond, merger and share premiums		12 723	12 723
Retained earnings		-12 755	912
Reserves		423	507
Profit or loss for the financial year		-1 584	-13 667
Tax-regulated provisions		3 238	3 238
Shareholders' equity	**Note 12**	**11 462**	**9 147**
Provisions for risks and expenses	**Note 13**	**1 750**	**1 410**
Borrowings from credit institutions	**Note 12**	**1 808**	**1 738**
Trade receivables and payables	**Note 15**	24 442	27 368
Taxation and social liabilities		3 173	3 079
Debts on fixed assets	**Note 16**	97	242
Other liabilities	**Note 17**	12 222	15 035
Operating liabilities		**39 934**	**45 724**
Unrealized foreign exchange gains	**Note 18**	3 153	2 874
Deferred income		0	0
Total liabilities		**58 106**	**60 893**

Note on the AdUX SA's financial statements

The individual financial statements for the year ended 31 December 2019 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

They were closed off by the Board of Directors on April 24th, 2020 and will be submitted for approval at the forthcoming Annual General Meeting which will rule on the closed accounts on December 31st, 2019.

AdUX S.A. ("AdUX" or "the Company") is a company domiciled in France. The registered office of the Company is located at 101-109, Rue Jean Jaurès, 92300 Levallois-Perret. The company is the holding of the AdUX Group, whose subsidiaries have a media sales activity.

Note 1. Highlights Of FY 2019

On April 10, 2019, AdUX bought 100% of the shares of the Spanish company L'AGORA Premium Audience Network with which it competed in the Native Advertising market in Spain for a price of € 0.2 million and no contingent price has been paid. L'AGORA is the pioneer and one of the Spanish leaders in Native Advertising with a turnover of around 2M € in 2018. The synergies between the two activities have enabled the profitability of the Spanish operations of AdUX to be reinforced from 2019. The company's new corporate name is Premium Audience Network, SL.

On October 10, 2019, AdUX sold its remaining 45% stake in the HiMedia Deutschland subsidiary for € 1.8 million to the Azerion group. The price was settled by offsetting all of AdUX's debt to this former subsidiary and a cash payment of € 30K.

AdUX raised € 3.89 million during its capital increase with maintaining preferential subscription rights (DPS) for shareholders launched on December 5, 2019, at a price of 1.50 euros per share. Since December 30, 2019, the date of completion of the capital increase, Azerion Holding B.V. has held 54.95% of the share capital of AdUX.

AdUX has signed a services agreement with Azerion Holding B.V. by which the support teams assist the teams of Azerion Holding B.V. in the implementation of sales marketing support and commercial and financial reporting tools in its subsidiaries. This agreement implements the synergies with the Azerion group giving rise to billing / remuneration of ADUX.

Other significant events

In 2018, AdUX concluded a sale purchase agreement with the Azerion Group relating to its Belgian, Portuguese historical advertising networks and its 49% stake in its historical advertising subsidiary in Spain.
The earn-outs related to the disposals of the Belgian and Portuguese subsidiaries amounted to € 0.90 million and € 0.12 million respectively, depending on the performance achieved in 2019 by the divested businesses. Note that part of these additional prices, respectively € 240 thousands for the Belgian subsidiary and € 45 thousands for the Portuguese subsidiary, was guaranteed and was the subject of an advance payment by Azerion in early 2019. The balance of € 744 thousands, any entity combined was recognized in income receivable as of December 31st, 2019.

On March 11, 2019, the Paris Commercial Court ordered Quantum, of which ADUX is a 100% shareholder, to pay the sum of 1.07 million euros following a commercial dispute.
Quantum appealed this judgment on March 14, 2019.
The Paris Commercial Court opened a safeguard procedure for the benefit of Quantum SAS on April 1, 2019 with a 6 months maximum observation. The safeguard procedure was renewed by judgment on October 8, 2019 for a new period of six months, pending the approval of the safeguard plan by the Paris Commercial Court.

On December 4, 2019, the Paris Commercial Court approved Quantum's safeguard plan. The safeguard plan adopted by the Court provides for a staggering of the main deadlines of payment of Quantum company over a period of nine years representing 3.8 million euros in third-party debt, including 1.1 million euros related to the conviction of the commercial dispute mentioned.

Note 2. Subsequent event to December 31st, 2019

Azerion Holding B.V., since December 30, 2019, holds 54.95% of the share capital of AdUX.

On January 31, 2020, the Board of Directors of the Company terminated duties of Chief Executive Officer of Mr. Cyril Zimmermann.
The Company's Board of Directors decided to dissociate the functions of Chairman of the Board of Directors and Chief Executive Officer. It has appointed Mr. Salih Hikmet Cosgun as Chief Executive Officer from February 1st, 2020 for an indefinite period and has appointed Mr. Trond Dale as Chairman of the Board of Directors for the remainder of his term as director.

Following the resignations of Azerion Holding B.V., represented by Mr. Atilla Aytekin, and Mr. Umut Akpinar, from their directorship on January 31, 2020, Azerion Holding B.V. is now solely represented at the Board of Directors by Ms. Kyra Steegs.
The Board of Directors therefore consists of a representative of Holding B.V., Ms. Kyra Steegs, an independent personality, Mrs. Catharina Hillstrom, and its Chairman, Trond Dale.

Other post-closing events

The health crisis caused by the Covid 19 epidemic and the containment of the French population had an immediate impact on household consumption and on marketing expenses for advertisers. Starting from March 2020, many advertising campaigns have been canceled or postponed to September 2020. During the second half of March, activity significantly dropped in France compared to the previous year. With a time gap of a few weeks, the trend is the same in all the countries where AdUX is operating.

Based on the latest datas, the month of April will also be in a significant decline and the company has no visibility on the way out of the crisis and the restart of the market. Therefore, savings measures, including the use of short-time working, have been put in place as long as activity remains at such low levels (cf. 3.1. Continuity of operations). It is too early to assess the impact of this crisis on the company's profitability in 2020, but it is likely that the company will not be in a position to achieve growth for the whole of this financial year.

Note 3. Accounting principles and methods

The financial statements are presented in accordance with French generally accepted accounting principles and reflect the ANC 2015-05 of December 28th , 2015 concerning the standard accounting practices. This regulation aims to clarify the terms and conditions for the recognition of forward financial instruments and hedging transactions.

The following accounting policies have been adopted by the Company:

3.1. Continuity of exploitation

On March 11th, 2019, the Paris Commercial court ordered the Quantum SAS company, of which AdUX SA is the 100% shareholder, to pay €1.07 million as the result of a commercial dispute.
Quantum appealed this decision on March 14th, 2019 (cf. note 1 “Other events of the period ”).

Given the amount and the enforceability of this conviction, it brings a degree of uncertainty about the going concern of Quantum SAS but also of AdUX SA.

The opening of a safeguard procedure for the benefit of Quantum SAS was requested in order to preserve its operations under the best conditions. The Paris Commercial Court opened this procedure for the benefit of Quantum SAS on April 1, 2019 with a maximum observation period of 6 months.

It is in this context of significant uncertainty that the consolidated financial statements at December 31, 2018 of the AdUx group had been approved by the Board of Directors on April 15, 2019.

The safeguard procedure was renewed by judgment on October 8, 2019 for a new period of six months, pending the approval of the safeguard plan by the Paris Commercial Court.

On December 4, 2019, the Paris Commercial Court approved the Quantum company's safeguard plan specifying the staggering of the payment of the debts of Quantum, including the indemnity of 1.07 million. The safeguard procedure had the immediate effect of freezing Quantum's liabilities, including the amount of the conviction of 1.07 million euros.

This conclusion enables Quantum to be able to continue its development in the area of native advertising within the AdUX Group. These steps are aimed at enabling Quantum SAS to restore good commercial relations with its customers and to be able to continue its development within the AdUX Group under the best conditions.

Furthermore, in order to maintain the development of the Quantum activity in particular, the AdUX Group was able to count on the support of its main shareholder, Azerion Holding BV, having subscribed for € 3.76 million in capital insured launched on December 5 2019.

All of the above mentioned events notably reduced the significant uncertainty regarding the Group's going concern.

As in previous closings, the Group forecasts cash flow over a rolling year. The latest version of the cash flow plan, taking into account the cash flow situation and the 12-months forecast until March 31, 2021, was presented to and approved by the Board of Directors on April 24, 2020. In the current context of the covid-19 health crisis, this plan is based on the following main assumptions:

- 2020 consolidated turnover lower than in 2019, consequence of a forecast of activity in the 2nd quarter of 2020 much lower than the 2nd quarter of 2019, and a restart of activity in the 2nd half of 2020.
- Cost saving measures, particularly in France, the establishment of short-time working, the freezing of certain direct variable costs.
- Regarding cash flow, Bpifrance suspended the call for capital and interest maturities for a period of 6 months. The next settlement of its zero-rate loan for innovation is scheduled for January 1, 2021 for € 120K. In addition, as part of the system announced by the President of the Republic on March 16, 2020, the Group entered into discussions with its relational banks for the establishment of a State Guaranteed Loan of 3 million euros.

The current health crisis has created uncertainty with regard to the main operational assumptions described above (activity in the 2nd quarter of 2020, restart of activity, etc.). Nevertheless, taking into account the main assumptions described above and a cash position on the date of the accounts above of 3 million euros, the Group considers that it is able to meet the deadlines to come in the next 12 months.

3.2. Intangible assets

Software and licenses acquired by the Company are recorded on the balance sheet at their acquisition value and depreciated over their estimated useful lives, between 3 and 5 years.
Brands acquired by the Company are recorded on the balance sheet at their acquisition value. They are not subject of amortization. They are depreciated if the operating conditions require so.

According to the CNC (French accounting authority) (avis 2004-15) on assets development costs must meet the six following criteria to be capitalized:
- Technical feasibility of the project
- Intention to complete the project
- Commercial success
- Future economic benefits
- Financial feasibility – resources to complete, and use and sell the product
- Reliable cost evaluations

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

3.3. Property, plant and equipment

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

Fixtures and fittings	6 to 8 years	Straight-line
Furniture	4 to 8 years	Straight-line
Office and computer equipment	3 years	Straight-line

3.4. Permanent financial investments and current accounts of subsidiaries

The gross value of subsidiaries is either acquisition cost or the amount of capital used on their constitution.
The cost of acquisition of equity interests incurred were capitalized and amortized over a period of five years through an accelerated depreciation.
A provision for impairment of securities and current accounts can be made when the going concern value, determined at the close of each fiscal year falls below their book value.
The value in use is calculated on the basis of the method of discounted cash flows on the basis of the Group's forecasts for 4 years, and of a terminal value discounted to infinity. The main assumptions in order to determine the value of the cash generating units are as follows:

- discount rate for Europe: 11.2% (11.2% in 2018),
- long-term growth rate: 2.5% (2.5% in 2018),
- growth rate of sales: between -19% and +30% per year during the period 2020-2023 (+5% et + 51,8%), among countries and activities and new products launch.

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

3.5. Receivables and related accounts

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

3.6. Short-term investment securities

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

3.7. Treasury shares

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

3.8. Provisions for risks and expenses

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

3.9. Recognition of revenue billed to advertisers

The company's revenue breaks down mainly as follows:

Revenue from ordinary activities

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

AdUX S.A. may have cause to invoice revenue from contracts for the sale of advertising space on behalf of its subsidiaries. Its subsidiaries provide for the placing online and the circulation of advertising objects on one or more available media, over a period of time. The value of the contracts depends on the number of page views requested by the advertiser or the number of clicks/actions.
Advertising space can be sold over the counter, signified by the signing of purchase orders, or on automated platforms where bidding is carried out in real time (RTB).

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

- either the value of the number of pages (clicks or actions) actually seen in the closing date if the number of viewed pages (clicks or actions) is less than or equal to that provided under the contract;
- or the value of the number of viewed pages (clicks or actions) in the contract if the number of pages (clicks or actions) actually seen is higher than that under the contract.

- ✓ Recharge of websites expenses or the costs generated on automated platforms invoiced to AdUX on behalf of its subsidiaries;

Other revenue

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

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

Space-buying fees billed by editors to Hi-Media are presented as operating expenses. The difference between the revenues billed by Hi-Media for advertisers and the space-buying fees billed by publishers to Hi-Media represent the commission fee perceived by Hi-Media.
Expenses relating to purchases of advertising space correspond mainly to the cost of purchasing space invoiced by the media to AdUX. In certain cases, AdUX can centralize the billing of expenses for purchases of advertising space invoiced by the media for several AdUX S.A. subsidiaries (see "Revenue").

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

3.11. Corporate tax

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

3.1. Retirement benefits

Pension obligations on December 31st, 2018, calculated on the basis of the collective agreement in force in the Company and of information about the personnel in the Company at the close, are presented in off-balance sheet commitments.

Note 4. Intangible assets

Changes in gross values are as follows:

In thousands of euros	Dec. 31, 2018	Increase	Decrease	Dec. 31, 2019
Software and licenses	9 790	110	3	9 897
AdUX Trademarks	74		-	74
Customer relations	-		-	-
Fixed assets in progress	21	103	90	34
Total	**9 884**	**213**	**93**	**10 005**

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

Changes in depreciation and provisions for impairment are as follows:

In thousands of euros	Dec. 31, 2018	Increase	Decrease	Dec. 31, 2019
Software and licenses	9 468	231	-	9 700
AdUX Trademarks			-	
Customer relations	-	-	-	-
Fixed assets in progress			-	
Total	**9 468**	**231**	**0**	**9 700**

In thousands of euros	Dec. 31, 2018	Increase	Decrease	Dec. 31, 2019
Fixtures and fittings	24	29	-	53
Office and computer equipment	1 747	12	1	1 759
Furniture	246	4	-	250
Total	**2 018**	**45**	**1**	**2 063**

Changes in net values are as follows:

In thousands of euros	Dec. 31, 2018	Dec. 31, 2019
Software and licenses	321	197
AdUX Trademarks	74	74
Customer relations	-	-
Fixed assets in progress	21	34
Total	**416**	**305**

In thousands of euros	Dec. 31, 2018	Dec. 31, 2019
Fixtures and fittings	162	140
Office and computer equipment	15	9
Furniture	14	15
Total	**192**	**164**

Note 5. Property, plant and equipment

Changes in gross values are as follows:

In thousands of euros	Dec. 31, 2018	Increase	Decrease	Dec. 31, 2019
Fixtures and fittings	186	7	-	193
Office and computer equipment	1 763	7	2	1 769
Furniture	261	4	-	265
Total	**2 209**	**19**	**2**	**2 226**

Changes in depreciation are as follows:

In thousands of euros	Dec. 31, 2018	Increase	Decrease	Dec. 31, 2019
Fixtures and fittings	24	29	-	53
Office and computer equipment	1 747	12	1	1 759
Furniture	246	4	-	250
Total	**2 018**	**45**	**1**	**2 063**

Changes in net values are as follows:

In thousands of euros	Dec. 31, 2018	Dec. 31, 2019
Fixtures and fittings	162	140
Office and computer equipment	15	9
Furniture	14	15
Total	**192**	**164**

Note 6. Long-term investments

Changes in gross values are as follows:

In thousands of euros	Dec. 31, 2018	Increase	Decrease	Dec. 31, 2019
Equity investments	127 808	190	18 087	109 911
Receivables related to affiliates	6 994	0		6 994
Deposits and sureties	117	2	0	119
Treasury shares	54		0	54
Other	35			35
Total	**135 008**	**192**	**18 087**	**117 113**

The main variations are related to:

- the disposal of Hi-Media Deutschland AG shares for € 16,126k (see Note 1)
- the disposal of HiMedia España Publicidad Online and AdUX Portugal LDA shares for respectively € 1,335k and € 81k, following the late 2018 sale (see Note 2), which terms have been met early 2019,
- the disposal of Elastic Ad shares for € 466k
- the disposal of Payfone shares for € 79k
- the acquisition of Premium Audience Network shares for € 190k (see Note 1).

On December 31st , 2019, AdUX held 7,708 of its own shares (excl. liquidity contract)

Changes in depreciation are as follows:

In thousands of euros	Dec. 31, 2018	Increase	Decrease	Dec. 31, 2019
Equity investments	115 159	0	17 775	97 385
Receivables related to affiliates	5 294	1 298		6 592
Deposits and sureties				
Treasury shares	34		0	45
Other				
Total	**120 487**	**1 298**	**17 775**	**104 022**

Changes in net values are as follows (*see Note 29*):

In thousands of euros	Dec. 31, 2018	Dec. 31, 2019
Equity investments	12 649	12 526
Receivables related to affiliates	1 700	403
Deposits and sureties	117	119
Treasury shares	20	9
Other	35	35
Total	**14 521**	**13 091**

Note 7. Receivables and related accounts

Trade receivables and payables are as follows:

In thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
Customers	14 214	15 266
Invoices to be established	2 603	2 943
Receivables	**16 817**	**18 209**
Provision for impairment of receivables	-1 236	-1 273
Net receivables	**15 581**	**16 936**

Invoices to be established correspond to the services rendered to advertisers that were not yet billed on December 31st, 2019.

Third-party receivables and related accounts are mainly for a term of less than one year.
The provision for depreciation corresponds mainly to debt dues for which recoverability represents a risk at December 31st, 2019. Group receivables have no risk of non-recovery and are therefore not provisioned.

All receivables detailed above have a maturity of less than one year.

Under a factoring agreement signed in 2013, AdUX presented unpaid receivables amounting to € 625k at December 31st, 2019 for which the Company transfers the risk of non-recovery in the case customers do not pay.

Note 8. Other receivables

Other receivables were as follows:

In thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
Supplier down payments and credit notes receivable	904	1 327
Other receivables	28 063	28 250
Value-added tax	3 578	3 669
Receivables on the factor including guarantee funds	142	254
Total other receivables	**32 687**	**33 499**
Provision for doubtful accounts	-6 589	-5 967
Total other receivables, net	**26 098**	**27 532**

The item "Other receivables" corresponds to €24,780k to current account of subsidiaries which are detailed in the table of subsidiaries and shareholdings. These current accounts are depreciated up to €6,589k composed by the following :

- €4,592k corresponding to the depreciation of the current account with Group Hi-media USA
- €1,228k corresponding to the depreciation of the current account with Hi-Media Italia SRL
- €534k corresponding to the depreciation of the current account with HiMedia LLC,
- €236k corresponding to the depreciation of the current account with AdPulse SAS
-

Current accounts from the cash pooling between subsidiaries amount to €5,870k on December 31st, 2019.

All the other receivables detailed above have a maturity of less than one year.

Receivables on the factor correspond mainly to:
- Accounts receivable unavailable for 76 k €
- The guarantee fund for 34 k€

Note 9. Cash and cash equivalents

In thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
Short-term investment securities	-	
Treasury shares	30	136
Other shares	-	
Liquid assets	2 124	562
Cash and cash equivalents	**2 155**	**698**
Provision for impairment of treasury shares	-3	0
Net cash and cash equivalents	**2 151**	**698**

Within the framework of the liquidity contract, AdUX holds 23,592 of its own shares.
In 2019, the company acquired 23,631 shares at an average price of 1.07 € and sold 53,361 shares at an average price of 2.12 €.

Note 10. Deferred charges

This section only contains operating expenses related to the standard business execution.

Note 11. Unrealized foreign exchange losses

Invoices received and issued in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition.
Foreign-currency payable / receivables and cash are translated using the exchange rate prevailing as of 31 December.

Unrealized foreign currency losses are fully covered by a provision, accordingly with French regulatory requirements.

2019 unrealized foreign exchange loss for € 643 k corresponds to the cash-pooling current-account with Admoove Sweden AB in currency for € 621 k.

Note 12. Shareholders' equity

12.1. Changes in equity

The following changes were recorded in equity during the year:

In thousands of Euros	Share capital	Issue premium	Reserves	Retained earnings	Profit or loss for the financial year	Tax-regulated provisions	Total
Dec. 31, 2018	**5 433**	**12 723**	**507**	**912**	**- 13 667**	**3 238**	**9 147**
Dividends							
Allocation of income				- 13 667	13 667		-
Capital increase	3 984		- 85				3 899
Capital decrease	-						
Income for the period					- 1 584		- 1 584
Other changes		-				-	-
Dec. 31, 2019	**9 417**	**12 723**	**423**	**- 12 755**	**- 1 584**	**3 238**	**11 462**

12.2. Share capital

On December 31st 2019, the share capital consists of 6,277,925 actions with a nominal value of €1.50 for each.

12.3. Stock option plan and allocations of bonus shares

12.3.1. Stock options

	Plan n°11	Plan n°12	Total
Meeting date	03 May 11	03 May 11	
Date of Board of Directors meeting	31 jan. 12	27 Aug. 2012	
Total number of shares allocated (before distribution of the HiPay and consolidation shares)	385 000	105 000	**490 000**
Total number of shares available for subscription	159 620	64 600	**224 220**
Including number of shares that could be acquired by executive officers	0	49 600	**49 600**
Including number of shares that could be acquired by the ten leading employee	159 620	0	**159 620**
Beginning of exercise of the options	31 jan. 14	27 Aug. 2014	
Date of expiration	31 jan. 22	27 Aug. 2022	
Subscription price (in euros) (1)	2,13	1,93	
Number of options subscribed to on Dec. 31st, 2018	-	-	

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

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

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

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

	2019		2018	
	Options	**Weighted average exercise price**	**Options**	**Weighted average exercise price**
Options in circulation at the opening	35 247	13,18	36 102	13,19
Options allocated during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options cancelled during the period	-	-	855	13,55
Options in circulation at the close	35 247	13,18	35 247	13,18
Options that could be exercise at the close	35 247	13,18	35 247	13,18

12.3.2. Allocations of free shares

	Plan n°28	Plan n°29 a	Plan n°29 b	Plan n°30 b
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
Including the number of shares that can be subscribed to by the authorized agents	-	-	-	-
Including the number of shares that can be subscribed to by the leading ten employee allocated	39 600	29 300	17 500	39 000
Number of cancelled shares	26 400	-	-	-
Number of shares definitively allocated as at Dec. 31, 2015	39 600	29 300	17 500	39 000
Number of shares that can be definitively allocated	-	-	-	-
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 13. Provisions

In thousands of Euros	Dec. 31, 2018	Allocation	Reversal	Dec. 31, 2019
Provisions for disputes	0			0
Provision for unrealized foreign exchange losses	543	643	543	643
Other risk provisions	867	240		1 107
Total Other risk provisions	**1 410**	**883**	**543**	**1 750**
Provision for expenses				0
Total	**1 410**	**883**	**543**	**1 750**

By act dated June 21, 2016, AdUX has assigned a publisher as well as advertising network having resumed the commercialization of advertising space of this publisher because of:

- the improper termination of the sales house agreement and partnership agreement with the publisher; and
- the transfer of the effects of this contract to other boards.

To this end, AdUX claims in particular to these different companies the sum of 2.4m €.

The hearing took place on April 12th, 2019 and on July 1st, 2019, the Commercial Court of Paris convicted the publisher for improper breach of contract for the payment of €1 million and ordered the provisional execution.
AdUX has served the judgment.
The publisher has appealed the judgment.
A legal redress proceeding ("procédure de redressement judiciaire") with respect to the publisher was opened on August 1st, 2019.

Due to the continuation of the procedure, AdUX has chosen to maintain the provision recognized in the accounts at December 31, 2018 of € 770k in respect of receivables for an advance granted and remaining due from this publisher

Note 14. Borrowings from credit institutions

In thousands of Euros	*Dec. 31, 2019*	*Dec. 31, 2018*	*Issue currency*	*Expiration*	*Effective rate*
Zero rate loan for innovation	1 200	1 440	EUR	2022	0%
Tax Credit Funding	298	298	EUR	2020	Variable
Azerion loans	310	0	EUR	2021	Variable
Credit bank accounts	-	-	EUR	2019	Variable
Total	**1 808**	**1 738**			

- AdUX obtained a new payment schedule for its zero-interest financing for innovation, with an expiration date of September 30th, 2022. In addition, following the measures put in place linked to support for businesses due to the covid health crisis, the BPI automatically postponed the payment schedule by 6 months, then the last payment will be the 31th March 2023.

- The CICE and CIR 2013 and 2014 were repaid respectively in 2017 and 2018. The amount of € 298k at December 31, 2019 corresponding to the financing of the CIR and CICE 2015, has been repaid in January 2020.

- As at December 31st 2019, the item "Borrowings from credit institutions" is composed by 2 loans granted by Azerion, including € 5k of accrued inerests, detailed as follow :
    - On July 22th, 2019, Azerion granted AdUX €180.000 loan repayable on June 30th, 2021 (EURIBOR fixed rate 3 month +1,5% per year).
    - On December 04th, 2019, Azerion granted AdUX €125.000 loan repayable on June 30th, 2021 (EURIBOR fixed rate 3 month +1,5% per year).

During 2019, Azerion also granted 3 other loans for a total amount of 860.000€ including 585.000€ which were offset as part of the capital increase of December 30th, 2019. Difference of 275.000€ was compensated with part of the earn-out from the Belgian, Spanish and Portuguese entities sold to Azerion at the end of 2018.

Note 15. Trade payables and related accounts

Trade payables and related accounts are as follows:

In thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
Suppliers	22 925	25 318
Invoices to be received	1 517	2 050
Total	**24 442**	**27 368**

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

All the supplier debts presented above have a maturity of less than one year.

Note 16. Debts on fixed assets

The debts on fixed assets correspond for € 60k to the portion of securities acquired in cash of the company Quantum not settled at closing and also to various software licenses for € 20k.

All fixed asset debts have a maturity of less than one year.

Note 17. Other liabilities

Other liabilities mainly relate to current account payables vis-à-vis the subsidiaries for €11,932k of which €7,428k of current account payables relate to cash pooling.

It also includes payables to customers and acrrued credit notes for € 366k.

All other debts have a maturity of less than one year.

Note 18. Unrealized foreign exchange gains

Invoices received and issued in foreign currencies are translated into euros at the rate prevailing on the date of initial recognition.
Foreign-currency payable / receivables and cash are translated using the exchange rate prevailing as of 31 December.

Unrealized foreign exchange gains, which amount to €3,153k as at December 31st 2019, are mainly composed of foreign exchange gains on Group current accounts, €1,950k of which are related to Group Hi-Media USA.

Note 19. Accrued income and expenses

ASSETS - in thousands of euros	31-déc.-19	31-déc.-18
Receivables related to affiliates		
Other long-term investments		
Receivables and related accounts	2 603	2 943
Fiscal and social receivables	1	
Other receivables	0	458
Cash	0	0
Total	**2 604**	**3 401**

LIABILITIES - in thousands of euros	31-déc.-19	31-déc.-18
Borrowings from credit institutions		
Other borrowings	447	464
Trade receivables and payables	1 517	2 050
Fiscal and social liabilities	278	192
Debts on fixed assets		
Other liabilities	16	188
Total	**2 258**	**2 894**

Note 20. Turnover

20.1. By activity

in thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
Third-party revenue from activities	3 314	6 494
Intragroup revenue from activities	411	2 345
Other	3 217	3 681
Total	**6 942**	**12 520**

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

20.2. By geographical area

in thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
France	2 271	7 915
Export	5 382	4 605
Total	**7 654**	**12 520**

Note 21. Operating expenses from ordinary activities

Operating expenses from activities are as follows:

in thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
External operating expenses from activities	695	912
Intragroup operating expenses from activities	2 650	7 057
Total	**3 346**	**7 969**

Note 22. Financial net income

22.1. Financial expenses

In thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
Interest charges	208	239
Depreciation and impairment of equity investments in subsidiaries and receivables related	0	7 240
Other depreciation and impairment of financial assets	2 586	593
Abandoned or unclaimed accounts	0	0
Other financial charges	20 032	7 316
Financial expenses	**22 826**	**15 389**

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

- Hi-Media Deutschland AG : € 16,126k
- HiMedia España Publicidad Online: € 1 335k
- Elastic Ad : € 466k
- AdUX Portugal LDA : € 81k
- Payfone : € 79k

It should be noted that this item also consists of AdPulse current account withdrawals for € 1,6m.

AdPulse's current account withdrawals was granted with a return to better fortune clause, namely the recognition of the excess of AdPulse's carry forward amount of the canceled receivable (€ 1.6m), without duration limited.

Financial depreciation and amortization also consist of a depreciation of equity investments in subsidiaries with Admoove Sweden for €1,298k.

22.2. Financial revenue

In thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
Interest on current accounts	434	382
Reversal of provisions of the securities	17 810	1 520
Revenues from equity investments	470	0
Other	3 578	3 320
Financial revenue	**22 292**	**5 223**

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

- Hi-Media Deutschland AG : € 1 841k
- Earn-Out (*cf. Note 1*) : € 744k
- Payfone : € 221k
- HiMedia España Publicidad Online: € 118k
- AdUX Portugal LDA : € 90k

The reversals of provision for securities mainly concern the disposal of the following subsidiaries:

- Hi-Media Deutschland AG : € 16 126k
- HiMedia España Publicidad Online: € 1 218k
- Payfone : € 466k

Note 23. Extraordinary result

In 2019, extraordinary income is mainly composed by 123 k€ related to the Hi-Media Deutschland AG settlement entries booked following the shares transfer.

Note 24. Corporate tax

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

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

In thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
Income tax expense incurred by the tax group (net of tax credits)	363	210
Income tax credit/(expense) receivable from companies entitled to tax credits	149	17
Income tax credit/(expense) from prior periods		
Net change in provision for income taxes		
Income taxes	**511**	**227**
Profit before tax and profit-sharing	**-2 096**	**-13 894**
Effective tax rate	**-24%**	**-2%**

The tax profit of € 511k consists in particular of :

- Income tax revenue incurred by the tax group exclusively composed by French tax credits, € 123k of "Crédit d'Impôts Recherche" and 240 k€ of "Crédit d'Impôts Innovation", of which € 80k are related to AdUX
- Incore tax credit receivable from AdPulse for € 236k and Adysseum for € 73k, compensated by € 160k of tax Group expenses following the transfer of Admoove and Quantum "Crédit d'Impôts Innovation" for € 80k each

Information on the deferred or latent tax situation:

In thousands of Euros	Dec. 31, 2019	Dec. 31, 2018
Offsets		
Investment subsidies		
Unrealized foreign exchange gains	3 153	2 874
Extraordinary depreciation	0	111
Temporary non-deductible expenses		
Temporary non-taxable income		
Expenses deducted or taxable income for tax purposes and not yet recognized		
Items to be charged		
Tax loss carryovers	**3 153**	**2 985**

Tax rate applicable in 2019 for the calculation of deferred or latent taxes: 28,00 %

Note 25. Off balance sheet commitments

25.1. Commitments received

On June 28th 2018, AdUX granted to Admoove a current account withdrawal of 1,500,000.00 €. This current account withdrawal was granted with a return to better fortune clause, namely the recognition of the excess of Admoove's carry forward amount of the canceled receivable, without duration limited.

Within the frame of the establishment of its 2019 Annual Accounts, AdUX granted to AdPulse a current account withdrawal of 1,569,821.00 €. This current account withdrawal was granted with a return to better fortune clause, namely the recognition of the excess of AdPulse's carry forward amount of the canceled receivable, without duration limited.

25.2. Off-balance sheet liabilities

AdUX SA signed on July 20, 2018, a new lease located at 101-109 rue Jean Jaurès in Levallois-Perret for a period of 6 years maximum.

25.3. Staff benefits

Pension liabilities: On December 31st , 2019, the amount of the liability was estimated at €68k and accounted for actuarial elements.

The actuarial assumptions used are as follows :

- Discount rate : 0,80%
- Wage growth rate : between 3% and 1% depending on the staff age
- Retirement age of executive employees : 67 years
- Retirement age of non-executive employees : 62 years
- Staff turnover rate : 15,88%
- Mortality rate table : between 91,0% and 96,2% depending on the staff age

Note 26. Disputes

Some labor relations litigations have arisen with former employees disputing the legitimacy of their dismissals. The company has set aside the provisions which considered necessary in the light of its judgment of the justification for the plaintiffs' demands. Likewise, regarding business litigations, the company has set aside the provisions which considered necessary in the light of the risk associated to each of these litigations (see Note 13).

Note 27. Staff

The average number of staff stood at 20 employees in 2019 against 21 employees in 2018.

Note 28. Officers and directors

28.1. Executive corporate officers

This includes compensation of the chairman of the Board and the COO in respect of his fixed remuneration for 2019 and his variable remuneration for 2018 paid in 2019 for a total amount of €240 k at December 31st, 2019, against €234k at December 31st, 2018. It is not granted the attendance fees to authorized agents.

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

28.2. Non-executive corporate officers

The remuneration of non-executive officers is only composed of attendance fees for 21k€.

Note 29. Table of subsidiaries and affiliates

Corporate name	Address	Operating currency	Share capital [1]	Equity excluding net income and other than capital [1]	% direct holding	Securities	
						Gross value [2]	Net value [2]
AdUX Benelux SPRL	Av. Arnaud Fraiteur 15-23 1050 Ixelles	EUR	66	- 79	100%	0	0
Adysseum SARL	101-109 rue Jean-Jaurès, 92300 Levallois-Perret	EUR	1 141	1 828	100,0%	9 484	3 069
Admoove SASU	101-109 rue Jean-Jaurès, 92300 Levallois-Perret	EUR	130	94	100,0%	2 172	2 172
Admoove Sweden AB	Box 71 - Hantverkargatan, 14 827 22 Ljusdal.	SEK	100	12 793	100,0%	16 243	- 1 254
Groupe Hi-media USA	101 5th Avenue, New York, NY 10003	USD	0	- 7 364	100,0%	64 879	- 0
Hi-media Nederland BV	Postbus 381, 1200 AJ Hilversum	EUR	20	1 195	100,0%	900	900
Hi-media Italy Srl	Via Cosimo del Fante 4, 20122 Milano	EUR	10	- 621	100,0%	6 200	-
Allopass Scandinavia	Box 71 - Hantverkargatan, 14 827 22 Ljusdal.	SEK	100	274	100,0%	10	-
AdPulse SAS	101-109 rue Jean-Jaurès, 92300 Levallois-Perret	EUR	646	- 2 535	100,0%	646	-
Quantum SAS	101-109 rue Jean-Jaurès, 92300 Levallois-Perret	EUR	50	- 5 046	100,0%	2 984	2 984
Quantum Publicidad, S.L. Unipersonal	Orense, nº 6. 1º 3, 28020 Madrid, Spain	EUR	1 417	- 1 720	100,0%	190	190
Hi-Media LLC	25 Taylor Street NO.202, San Francisco CA 94102	USD	0	- 596	100,0%	0	0

[1] in thousands of operating monetary units
[2] in thousands of Euros

Corporate name	Sales **excluding taxes last financial year** [1]	Income **(profit or loss for the last financial year)** [1]	Dividends **received by the company during the year** [2]	Average **exchange rate**	Date of creation **or acquisition**
AdUX Benelux SPRL	481	-18			14.03.08
Adysseum SARL	2 537	159			13.05.02
Admoove SASU	4 398	-128			02.12.11
Admoove Sweden AB	7 531	-8 224		10,25	04.09.06
Groupe Hi-media USA	0	0		1,15	27.11.07
Hi-media Nederland BV	4	-14			31.08.09
Hi-media Italy Srl	0	-35			31.08.09
Allopass Scandinavia	0	0		10,25	30.09.09
AdPulse SAS	1 600	471			02.12.14
Quantum SAS	7 382	-662			23.04.14
Hi-Media LLC	0	0		1,15	30.04.15
Quantum Publicidad, S.L. Unipersonal	1 946	29		0,00	10.04.19

[1] in thousands of operating monetary units
[2] in thousands of Euros