

# AD.UX

ADVERTISING AND USER EXPERIENCE

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## ANNUAL FINANCIAL STATEMENTS 2020

Joint-stock company with capital of € 1,569,481,25  
101 – 109 rue Jean Jaurès – 92300 Levallois Perret  
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## Profit and loss statements for Financial Years 2020 and 2019

<i>Thousand of €</i>	Notes	Dec. 31, 2020	Dec. 31, 2019
Revenue from ordinary activities		2 167	3 564
Other		2 616	3 378
<b>Net turnover</b>	<b>Note 20</b>	<b>4 783</b>	<b>6 942</b>
Self-constructed assets		85	103
Adjustments to depreciation and provisions		48	334
Other income		52	75
<b>Operating revenue</b>		<b>4 969</b>	<b>7 454</b>
Operating expenses from ordinary activities	<b>Note 21</b>	- 2 070	- 3 346
Other purchases and external charges		- 1 719	- 1 930
Taxes, levies and similar payments		- 86	- 132
Wages and salaries		- 1 402	- 1 798
Social security charges		- 316	- 676
Depreciation on fixed assets		- 198	- 280
Provisions and impairment		- 77	- 587
Other expenses		- 67	- 119
<b>Operating expenses</b>		<b>- 5 935</b>	<b>- 8 867</b>
<b>Operating income</b>		<b>- 966</b>	<b>- 1 413</b>
<b>Financial revenue</b>		<b>19 855</b>	<b>22 292</b>
Interest and similar expenses		- 248	- 208
Book value of transferred assets		- 17 989	- 18 107
Provisions and impairment		- 1 323	- 2 586
Other		- 7	- 1 924
<b>Financial expenses</b>		<b>- 19 566</b>	<b>- 22 826</b>
<b>Financial net income</b>	<b>Note 22</b>	<b>289</b>	<b>- 533</b>
Proceeds from sales of assets		-	-
On management operations		80	-
Reversal of provisions		982	-
<b>Extraordinary revenue</b>		<b>1 062</b>	<b>-</b>
Book value of transferred assets		-	- 1
On management operations		- 848	- 148
Provisions and impairment		-	-
<b>Extraordinary expenses</b>		<b>- 848</b>	<b>- 149</b>
<b>Extraordinary net result</b>	<b>Note 23</b>	<b>214</b>	<b>- 149</b>
<b>Net income before taxes</b>		<b>- 463</b>	<b>- 2 096</b>
<b>Taxes</b>	<b>Note 24</b>	<b>41</b>	<b>511</b>
<b>Net income</b>		<b>- 422</b>	<b>- 1 584</b>

Balance sheets at December 31<sup>st</sup>, 2020 and December 31<sup>st</sup>, 2019

ASSETS - in thousands of euros	Notes	Dec. 31, 2020			Dec. 31, 2019
		Gross	Amort. and deprec.	Net	Net
Concessions, patents and software		10 041	9 807	234	271
Corporate goodwill					
Intangible assets in progress		20		20	34
<b>Intangible fixed assets</b>	<b>Note 4</b>	<b>10 061</b>	<b>9 807</b>	<b>255</b>	<b>305</b>
Property, plant and equipment		193	83	110	140
Other property, plant and equipment		2 043	2 020	23	24
<b>PPE</b>	<b>Note 5</b>	<b>2 236</b>	<b>2 104</b>	<b>132</b>	<b>164</b>
Affiliates		93 623	81 186	12 437	12 526
Receivables related to affiliates		5 294	5 294	0	403
Deposits and sureties		120		120	119
Treasury shares		54		12	9
Other financial assets		35		35	35
<b>Long-term investments</b>	<b>Note 6</b>	<b>99 126</b>	<b>86 480</b>	<b>12 604</b>	<b>13 091</b>
<b>Total fixed assets</b>		<b>111 423</b>	<b>98 390</b>	<b>12 991</b>	<b>13 560</b>
Trade notes and accounts receivable.	<b>Note 7</b>	8 772	1 260	7 512	15 581
Other receivables	<b>Note 8</b>	29 320	7 442	21 878	26 098
<b>Receivables</b>		<b>38 092</b>	<b>8 702</b>	<b>29 390</b>	<b>41 679</b>
Short-term investment securities		66		58	27
Liquid assets		73		73	2 124
<b>Cash and cash equivalents</b>	<b>Note 9</b>	<b>140</b>		<b>131</b>	<b>2 151</b>
Prepaid charges	<b>Note 10</b>	19		19	73
Deferred charges					
Unrealized foreign exchange losses	<b>Note 11</b>	65		65	643
<b>Total current assets</b>		<b>38 316</b>	<b>8 702</b>	<b>29 605</b>	<b>44 546</b>
<b>Total assets</b>		<b>149 739</b>	<b>107 092</b>	<b>42 597</b>	<b>58 106</b>

Balance sheets at December 31<sup>st</sup>, 2020 and December 31<sup>st</sup>, 2019

LIABILITIES - in thousands of euros	Notes	Dec. 31, 2020	Dec. 31, 2019
Share capital and proprietorship accounts		9 417	9 417
Bond, merger and share premiums		12 723	12 723
Retained earnings		-14 339	-12 755
Reserves		423	423
Profit or loss for the financial year		-422	-1 584
Tax-regulated provisions		3 194	3 238
<b>Shareholders' equity</b>	<b>Note 12</b>	<b>10 996</b>	<b>11 462</b>
<b>Provisions for risks and expenses</b>	<b>Note 13</b>	<b>235</b>	<b>1 750</b>
<b>Borrowings from credit institutions</b>	<b>Note 12</b>	<b>1 080</b>	<b>1 808</b>
Trade receivables and payables	<b>Note 15</b>	15 011	24 442
Taxation and social liabilities		1 347	3 173
Debts on fixed assets	<b>Note 16</b>	35	97
Other liabilities	<b>Note 17</b>	12 486	12 222
<b>Operating liabilities</b>		<b>28 879</b>	<b>39 934</b>
Unrealized foreign exchange gains	<b>Note 18</b>	1 407	3 153
Deferred income		0	0
<b>Total liabilities</b>		<b>42 597</b>	<b>58 106</b>

## Note on the AdUX SA's financial statements

The individual financial statements for the year ended 31 December 2020 have been prepared in accordance with legal and regulatory requirements as currently applicable in France.

They were closed off by the Board of Directors on March 30<sup>th</sup>, 2021 and will be submitted for approval at the forthcoming Annual General Meeting which will rule on the closed accounts on December 31<sup>st</sup>, 2020.

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 2020

Azerion Holding B.V., since December 30<sup>th</sup>, 2019, holds 54.95% of the share capital of AdUX.

On January 31<sup>st</sup>, 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 1<sup>st</sup>, 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 Aytakin, and Mr. Umut Akpinar, from their directorship on January 31<sup>st</sup>, 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 Azerion Tech Holding B.V., Ms. Kyra Steegs, an independent personality, Mrs. Catharina Hillstrom, and its Chairman, Trond Dale.

### COVID-19 crisis

The health crisis caused by the Covid-19 epidemic and the lockdown of the majority of the European population had an immediate impact on household consumption and on the marketing expenses of advertisers. As of March 2020, many advertising campaigns have been cancelled or postponed. With lags of a few weeks, the trend is the same in all the countries where AdUX is located. The decline was confirmed and accentuated in April and May 2020. The activity trend in the second half of the year remains negative but has improved compared to the first half. The lack of visibility remains penalizing at the start of the 2021 fiscal year, pending a normal resumption of economic activity and the lifting of travel and trade restrictions. The company therefore remains very cautious in its management of costs and investments.

### Other events of the period

**On April 30<sup>th</sup>, 2020**, Admoove sold its platform MaPubFacile for 0.1 million of euros. The net book value of this platform in the financial statements, on April 30<sup>th</sup>, 2020 was 0.4 million of euros.

**On May 5<sup>th</sup>, 2020**, AdUX reimbursed the loans contracted on July 19<sup>th</sup>, 2019 and October 3<sup>rd</sup>, 2019 with Azerion.

**On June 30<sup>th</sup>, 2020**, AdUX sold AdMoove Sweden AB for 315,000 of euros, of which 10,000 of euros will be paid in cash and 305,000 of euros settled by offsetting the debt of AdUX toward its former subsidiary. The activity of this subsidiary had dropped very significantly and had become loss-making following the loss of its main contract during the summer of 2018. This event had led to the depreciation of the entire goodwill attached to this activity in the Group's financial statements in 2018 for a total amount of 8.5 million of euros. In the first quarter of 2020, AdMoove Sweden had not returned to profitability and generated around 0.2 million of euros of revenue. This sale is part of the Group's desire to regain profitability by focusing on its main activities in the countries where it has critical size.

**On July 21<sup>st</sup>, 2020**, the dispute with the publisher was brought to an end by the signature of a settlement agreement in return for which AdUX received the sum of 80,000 of euros. It is recalled that AdUX had assigned on June 21<sup>st</sup>, 2016, a publisher as well as agencies having taken over the marketing of advertising space from this publisher due to the wrongful termination of the



advertising network and partnership contract concluded with the publisher; and the transfer of the effects of this contract to other agencies. To this end, AdUX, among others things, claimed from these various companies the sum of 2.4 million of euros.

### Majority shareholder

Azerion Holding B.V., a company incorporated under Dutch law, which has been controlling AdUX since December 30<sup>th</sup>, 2019 has decided to reorganize its activities around two subsidiaries, one dedicated to digital advertising which will hold the AdUX securities and the other dedicated to online video games publishing.

The resale took the form of a sale of the securities held by Azerion Holding B.V. to Azerion Tech Holding B.V., a wholly-owned Azerion Holding B.V. subsidiary, which has no operational activity and solely holds equity securities within the Azerion group companies.

Following this completion occurred on December 11<sup>th</sup>, 2020 Azerion Tech Holding B.V. holds 54.95% of the share capital of AdUX.

The Autorité des Marchés Financiers has granted Azerion Tech Holding B.V. a waiver to the obligation to file a public offer for all of AdUX's share capital.

The resale did not entail any change in the operational activity of AdUX nor any change in the control and governance of AdUX, which would ultimately remain controlled by Azerion Holding B.V.

### Transformation into a European Company (SE)

On November 18<sup>th</sup>, 2020, the Board of Directors of AdUX decided to submit a proposal to shareholders to convert AdUX as a "European Company" (Societas Europaea, SE) with the perspective to relocate the head office to the Netherlands.

The entire project shall be submitted to the shareholders of AdUX who shall be convened, during the year 2021, to two separate extraordinary general meetings in order to approve, in a first step, the transformation into a European Company then, in a second step, the transfer of the headquarters to the Netherlands.

## Note 2. Subsequent event to December 31st, 2020

### Capital reduction

During the general meeting of shareholders held on February 9<sup>th</sup>, 2021, it was decided to reduce the share capital of the Company from 9,416,887.50 euros to 1,569,481.25 euros, by way of a reduction of the nominal value of each share from 1.50 euros to 0.25 euros.

The reduction in the share capital will allow the Company to have net assets at least equivalent to the capital plus reserves that the law or the articles of association do not allow to distribute, a prerequisite for the transformation of the Company into a European company.

### Other post-closing events

Based on the latest measures taken in many European countries at the start of 2021, the Group has no sufficient visibility on the way out of the crisis and the restart of the market although many indicators suggest a recovery in the second half of 2021.

As part of the change of premises which led to the signature of an agreement with its former lessor on April 15<sup>th</sup>, 2021, the Group will have to recognize a positive impact in its 2021 accounts of 0.4 million of euros.

### 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. Going concern assumptions

The significant uncertainty about the Group's continuity of operations could have been reduced in the context of the preparation of the accounts at December 31<sup>st</sup>, 2019, taking into account the support of the main shareholder of Azerion materialized by its participation of 3.76 million of euros in the capital increase launched on December 5<sup>th</sup>, 2019.

As in previous closings, the Group forecasts cash flow over a rolling year. In the current context of the health crisis linked to Covid-19, the latest versions of the cash flow plans, taking into account the cash flow situation and the outlook until December 31st, 2021, are based on the following main assumptions:

- 2021 consolidated revenue is higher than the one of 2020, of which 9 months were fully impacted by the health crisis. On 2021, the Group anticipates a gradual restart of activity allowing it to return to levels similar to before the crisis in the fourth quarter of 2021.
- Maintaining a reduced cost structure following the rationalization decisions taken at the start of the health crisis.

The current health crisis creates uncertainty with regard to the main operational assumptions described above (lifting of restrictive measures, restarting activity, etc.). However, taking into account the main assumptions described above, the AdUX Group considers that it will be able to respect the commitments coming 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 2019),
- long-term growth rate: 2.5% (2.5% in 2019),
- growth rate of sales: between -18% and +19.6% per year during the period 2021-2024 (+5% et + 25% in 2019), 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, 2020, 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:

<i>In thousands of euros</i>	Dec. 31, 2019	Increase	Decrease	Dec. 31, 2020
Software and licenses	9 897	121	50	9 967
AdUX Trademarks	74	-	-	74
Customer relations	-	-	-	-
Fixed assets in progress	34	72	86	20
<b>Total</b>	<b>10 005</b>	<b>193</b>	<b>136</b>	<b>10 061</b>

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

Changes in depreciation and provisions for impairment are as follows:

<i>In thousands of euros</i>	Dec. 31, 2019	Increase	Decrease	Dec. 31, 2020
Software and licenses	9 700	157	50	9 807
AdUX Trademarks	-	-	-	-
Customer relations	-	-	-	-
Fixed assets in progress	-	-	-	-
<b>Total</b>	<b>9 700</b>	<b>157</b>	<b>50</b>	<b>9 807</b>

<i>In thousands of euros</i>	Dec. 31, 2019	Increase	Decrease	Dec. 31, 2020
Fixtures and fittings	53	30	-	83
Office and computer equipment	1 759	7	-	1 766
Furniture	250	4	-	254
<b>Total</b>	<b>2 063</b>	<b>41</b>	<b>-</b>	<b>2 104</b>

Changes in net values are as follows:

<i>In thousands of euros</i>	Dec. 31, 2019	Dec. 31, 2020
Software and licenses	197	161
AdUX Trademarks	74	74
Customer relations	-	-
Fixed assets in progress	34	20
<b>Total</b>	<b>305</b>	<b>255</b>

<i>In thousands of euros</i>	Dec. 31, 2019	Dec. 31, 2020
Fixtures and fittings	140	110
Office and computer equipment	9	12
Furniture	15	11
<b>Total</b>	<b>164</b>	<b>132</b>

**Note 5. Property, plant and equipment**

Changes in gross values are as follows:

<i>In thousands of euros</i>	Dec. 31, 2019	Increase	Decrease	Dec. 31, 2020
Fixtures and fittings	193	-	-	193
Office and computer equipment	1 769	9	-	1 778
Furniture	265	-	-	265
<b>Total</b>	<b>2 226</b>	<b>9</b>	<b>-</b>	<b>2 236</b>

Changes in depreciation are as follows:

<i>In thousands of euros</i>	Dec. 31, 2019	Increase	Decrease	Dec. 31, 2020
Fixtures and fittings	53	30	-	83
Office and computer equipment	1 759	7	-	1 766
Furniture	250	4	-	254
<b>Total</b>	<b>2 063</b>	<b>41</b>	<b>-</b>	<b>2 104</b>

Changes in net values are as follows:

<i>In thousands of euros</i>	Dec. 31, 2019	Dec. 31, 2020
Fixtures and fittings	140	110
Office and computer equipment	9	12
Furniture	15	11
<b>Total</b>	<b>164</b>	<b>132</b>

**Note 6. Long-term investments**

Changes in gross values are as follows:

<i>In thousands of euros</i>	Dec. 31, 2019	Increase	Decrease	Dec. 31, 2020
Equity investments	109 911	0	16 288	93 623
Receivables related to affiliates	6 994	0	1 700	5 294
Deposits and sureties	119	1	0	120
Treasury shares	54		0	54
Other	35			35
<b>Total</b>	<b>117 113</b>	<b>1</b>	<b>17 989</b>	<b>99 126</b>

The main variations are related to:

- the disposal of Admoove Sweden for € 16,288k (see Note 1)
- the disposal of Admoove Sweden's receivables related to affiliate for € 1,700k
- .

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

Changes in depreciation are as follows:

<i>In thousands of euros</i>	Dec. 31, 2019	Increase	Decrease	Dec. 31, 2020
Equity investments	97 385	0	16 199	81 186
Receivables related to affiliates	6 592	0	1 298	5 294
Deposits and sureties				
Treasury shares	45		3	42
Other				
<b>Total</b>	<b>104 022</b>	<b>0</b>	<b>17 500</b>	<b>86 521</b>

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

<i>In thousands of euros</i>	Dec. 31, 2019	Dec. 31, 2020
Equity investments	12 526	12 437
Receivables related to affiliates	403	0
Deposits and sureties	119	120
Treasury shares	9	12
Other	35	35
<b>Total</b>	<b>13 091</b>	<b>12 604</b>

#### Note 7. Receivables and related accounts

Trade receivables and payables are as follows:

<i>In thousands of Euros</i>	Dec. 31, 2020	Dec. 31, 2019
Customers	7 066	14 214
Invoices to be established	1 706	2 603
<b>Receivables</b>	<b>8 772</b>	<b>16 817</b>
Provision for impairment of receivables	-1 260	-1 236
<b>Net receivables</b>	<b>7 512</b>	<b>15 581</b>

Invoices to be established correspond to the services rendered to advertisers that were not yet billed on December 31<sup>st</sup>, 2020.

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 31<sup>st</sup>, 2020. 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 € 63k at December 31<sup>st</sup>, 2020 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:

<i>In thousands of Euros</i>	Dec. 31, 2020	Dec. 31, 2019
Supplier down payments and credit notes receivable	226	904
Other receivables	26 825	28 063
Value-added tax	1 994	3 578
Receivables on the factor including guarantee funds	51	142
<b>Total other receivables</b>	<b>29 096</b>	<b>32 687</b>
Provision for doubtful accounts	-7 442	-6 589
<b>Total other receivables, net</b>	<b>21 654</b>	<b>26 098</b>

The item "Other receivables" corresponds to €26,825k to current account of subsidiaries which are detailed in the table of subsidiaries and shareholdings. These current accounts are depreciated up to €7,442k composed by the following :

- €4,592k corresponding to the depreciation of the current account with Group Hi-media USA,
- €1,206k corresponding to the depreciation of the current account with AdPulse SAS,
- €859k corresponding to the depreciation of the current account with Hi-Media Italia SRL,
- €498k corresponding to the depreciation of the current account with HiMedia LLC.

Current accounts from the cash pooling between subsidiaries amount to €6,088k on December 31<sup>st</sup>, 2020.

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 32 k €
- The guarantee fund for 19 k€

**Note 9. Cash and cash equivalents**

<i>In thousands of Euros</i>	Dec. 31, 2020	Dec. 31, 2019
Short-term investment securities	-	
Treasury shares	66	30
Other shares	-	
Liquid assets	73	2 124
<b>Cash and cash equivalents</b>	<b>140</b>	<b>2 155</b>
Provision for impairment of treasury shares	-8	-3
<b>Net cash and cash equivalents</b>	<b>131</b>	<b>2 151</b>

Within the framework of the liquidity contract, AdUX holds 36,453 of its own shares.

In 2019, the company acquired 108,647 shares at an average price of 1.51 € and sold 95,786 shares at an average price of 1.54 €.

**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 € 65 k corresponds to the current-account with HiMedia LLC in currency for € 50 k.

**Note 12. Shareholders' equity****12.1. Changes in equity**

The following changes were recorded in equity during the year:

<i>In thousands of Euros</i>	Share capital	Issue premium	Reserves	Retained earnings	Profit or loss for the financial year	Tax-regulated provisions	Total
<b>Dec. 31, 2019</b>	<b>9 417</b>	<b>12 723</b>	<b>423</b>	<b>- 12 755</b>	<b>- 1 584</b>	<b>3 238</b>	<b>11 462</b>
Dividends							
Allocation of income				- 1 584	1 584		-
Capital increase	-		-				-
Capital decrease	-						-
Income for the period					- 422		- 422
Other changes						- 45	- 45
<b>Dec. 31, 2020</b>	<b>9 417</b>	<b>12 723</b>	<b>423</b>	<b>- 14 339</b>	<b>- 422</b>	<b>3 194</b>	<b>10 996</b>

**12.2. Share capital**

On December 31<sup>st</sup> 2020, 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	<b>490 000</b>
Total number of shares available for subscription	159 620	64 600	<b>224 220</b>
Including number of shares that could be acquired by executive officers	0	49 600	<b>49 600</b>
Including number of shares that could be acquired by the ten leading employee	159 620	0	<b>159 620</b>
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, 2020	-	-	

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	<b>0</b>
Total number of shares available for subscription after the closing	27 618	10 907	<b>38 525</b>
Including number of shares that could be acquired by executive officers	0	0	<b>0</b>
Including number of shares that could be acquired by the ten leading employee	27 618	0	<b>27 618</b>
Subscription price (in euros)	12,31	11,43	

(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:

	2020		2019	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Options in circulation at the opening	35 247	13,18	35 247	13,18
Options allocated during the period	-	-	-	-
Options exercised during the period	-	-	-	-
Options cancelled during the period	-	-	-	-
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

**Note 13. Provisions**

<i>In thousands of Euros</i>	Dec. 31, 2019	Allocation	Reversal	Dec. 31, 2020
Provisions for disputes	0			0
Provision for unrealized foreign exchange losses	643	65	643	65
Other risk provisions	1 107		867	170
<b>Total Other risk provisions</b>	<b>1 750</b>	<b>65</b>	<b>1 510</b>	<b>235</b>
Provision for expenses				0
<b>Total</b>	<b>1 750</b>	<b>65</b>	<b>1 510</b>	<b>235</b>

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.

In 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 1<sup>st</sup>, 2019.

On July 21<sup>st</sup>, 2020, the dispute with the publisher was brought to an end by the signature of a settlement agreement in return for which AdUX received the sum of € 80k and the publisher withdrew from the appeal procedure leading to a reversal of provision for risks of € 767k.

**Note 14. Borrowings from credit institutions**

<i>In thousands of Euros</i>	Dec. 31, 2020	Dec. 31, 2019	Issue currency	Expiration	Effective rate
Zero rate loan for innovation	1 080	1 200	EUR	2022	0%
Tax Credit Funding	-	298	EUR	2020	Variable
Azerion loans	-	310	EUR	2021	Variable
Credit bank accounts	-	-	EUR	2019	Variable
<b>Total</b>	<b>1 080</b>	<b>1 808</b>			

- Following the measures implemented as support for companies due to the Covid-19 health crisis, the BPI has automatically postponed the deadlines by 6 months for the zero rate loan for innovation, the last deadline will therefore be the March 31, 2023.
- The amount of € 298k at December 31, 2019 corresponds to the financing of the CIR and CICE 2015. This amount has been repaid in January 2020.
- As at December 31<sup>st</sup> 2019, the item “Borrowings from credit institutions” is composed by 2 loans granted by Azerion, including € 5k of accrued interests, detailed as follow :
  - On July 22<sup>th</sup>, 2019, Azerion granted AdUX €180.000 loan repayable on June 30<sup>th</sup>, 2021 (EURIBOR fixed rate 3 month +1.5% per year).
  - On December 04<sup>th</sup>, 2019, Azerion granted AdUX €125.000 loan repayable on June 30<sup>th</sup>, 2021 (EURIBOR fixed rate 3 month +1.5% per year).

These 2 loans have reimbursed on May 5<sup>th</sup> 2020.



**Note 15. Trade payables and related accounts**

Trade payables and related accounts are as follows:

<i>In thousands of Euros</i>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
Suppliers	13 543	22 925
Invoices to be received	1 468	1 517
<b>Total</b>	<b>15 011</b>	<b>24 442</b>

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 mainly 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 €11,779k of which €6,088k of current account payables relate to cash pooling.

It also includes payables to customers and accrued credit notes for € 301k.

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 €1,407k as at December 31<sup>st</sup> 2019, exclusively related to Group Hi-Media USA, are composed of foreign exchange gains on Group current accounts.

**Note 19. Accrued income and expenses**

<b>ASSETS - in thousands of euros</b>	<b>31-déc.-20</b>	<b>31-déc.-19</b>
Receivables related to affiliates		
Other long-term investments		
Receivables and related accounts	1 706	2 603
Fiscal and social receivables	225	
Other receivables	28	0
Cash	0	0
<b>Total</b>	<b>1 959</b>	<b>2 603</b>

<b>LIABILITIES - in thousands of euros</b>	<b>31-déc.-20</b>	<b>31-déc.-19</b>
Borrowings from credit institutions		
Other borrowings	62	447
Trade receivables and payables	1 468	1 517
Fiscal and social liabilities	152	278
Debts on fixed assets		
Other liabilities	4	16
<b>Total</b>	<b>1 686</b>	<b>2 258</b>

**Note 20. Turnover****20.1. By activity**

<i>in thousands of Euros</i>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
Third-party revenue from activities	1 712	3 314
Intragroup revenue from activities	615	411
Other	2 456	3 217
<b>Total</b>	<b>4 783</b>	<b>6 942</b>

« 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**

<i>in thousands of Euros</i>	<b>Dec. 31, 2020</b>	<b>Dec. 31, 2019</b>
France	3 066	2 271
Export	1 717	5 382
<b>Total</b>	<b>4 783</b>	<b>7 654</b>

**Note 21. Operating expenses from ordinary activities**

Operating expenses from activities are as follows:

<i>in thousands of Euros</i>	Dec. 31, 2020	Dec. 31, 2019
External operating expenses from activities	845	695
Intragroup operating expenses from activities	1 225	2 650
<b>Total</b>	<b>2 070</b>	<b>3 346</b>

**Note 22. Financial net income****22.1. Financial expenses**

<i>In thousands of Euros</i>	Dec. 31, 2020	Dec. 31, 2019
Interest charges	248	208
Depreciation and impairment of equity investments in subsidiaries and receivables related	0	0
Other depreciation and impairment of financial assets	1 323	2 586
Abandoned or unclaimed accounts	0	0
Other financial charges	17 995	20 032
<b>Financial expenses</b>	<b>19 566</b>	<b>22 826</b>

Other financial charges consist mainly of the disposal of the Admoove Sweden AB equity for € 17,989k

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

**22.2. Financial revenue**

<i>In thousands of Euros</i>	Dec. 31, 2020	Dec. 31, 2019
Interest on current accounts	329	434
Reversal of provisions of the securities	17 500	17 810
Revenues from equity investments	0	470
Other	2 026	3 578
<b>Financial revenue</b>	<b>19 855</b>	<b>22 292</b>

The item "Other" mainly consists of the profits associated with the disposal of Admoove Sweden AB securities sold during the year for € 315k and also of realized and unrealized foreign exchange gain for € 1,288k out of which € 1,254k are related to the reversal of Admoove Sweden positions.

The reversals of provision for securities mainly concern the disposal of the Admoove Sweden AB securities for € 17,497k.

**Note 23. Extraordinary result**

In 2020, extraordinary income was mainly composed of the publisher dispute settlement, assigned on June 21<sup>st</sup> 2016, with a positive impact of € 100k€.

In 2019, extraordinary income was 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.

<i>In thousands of Euros</i>	Dec. 31, 2020	Dec. 31, 2019
Income tax expense incurred by the tax group (net of tax credits)	0	363
Income tax credit/(expense) receivable from companies entitled to tax credits	41	149
Income tax credit/(expense) from prior periods		
Net change in provision for income taxes		
<b>Income taxes</b>	<b>41</b>	<b>511</b>
Profit before tax and profit-sharing	-463	-2 096
Effective tax rate	-9%	-24%

The tax profit of € 41k consists of income tax credit receivable from Adysseum.

Information on the deferred or latent tax situation:

<i>In thousands of Euros</i>	Dec. 31, 2020	Dec. 31, 2019
Offsets		
Investment subsidies		
Unrealized foreign exchange gains	1 407	3 153
Extraordinary depreciation	0	0
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	<b>1 407</b>	<b>3 153</b>

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 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 31<sup>st</sup>, 2020, the amount of the liability was estimated at €68k and accounted for actuarial elements.

The actuarial assumptions used are as follows :

- Discount rate	: 0.40%
- 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	: 15.37%
- 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.

**Note 27. Staff**

The average number of staff stood at 15 employees in 2020 against 20 employees in 2019.

**Note 28. Officers and directors****28.1. Executive corporate officers**

<i>in thousands of Euros</i>	31 dec.2020	31 Dec.2019
Short term employee benefit (including benefits)	212	240
Short term employee benefit (including benefits) paid for the precedent period	-	-
Non current benefit	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Providing termination benefits	30	-
Sharebased payment	-	-
<b>Total</b>	<b>242</b>	<b>240</b>

**28.2. Non-executive corporate officers**

The remuneration of non-executive officers is only composed of attendance fees for € 15k.

## Note 29. Table of subsidiaries and affiliates

Corporate name	Address	Operating currency	Share capital <sup>(1)</sup>	Equity excluding net income and other than capital <sup>(1)</sup>	% direct holding	Securities	
						Gross value <sup>(2)</sup>	Net value <sup>(2)</sup>
AdUX Benelux SPRL	Av. Arnaud Fraiteur 15-23 1050 Ixelles	EUR	66	-	100%	0	0
Adyseum SARL	101-109 rue Jean-Jaurès, 92300 Levallois-Perret	EUR	141	97	100,0%	9	3
Admoove SASU	101-109 rue Jean-Jaurès, 92300 Levallois-Perret	EUR	130	1	100,0%	484	069
Groupe Hi-media USA	101 5th Avenue, New York, NY 10003	USD	0	-	100,0%	2	2
Hi-media Nederland BV	Postbus 381, 1200 AJ Hilversum	EUR	20	34	100,0%	64	-
Hi-media Italy Srl	Via Cosimo del Fante 4, 20122 Milano	EUR	10	7	100,0%	879	0
Allopass Scandinavia	Box 71 - Hantverkargatan, 14 827 22 Ljusdal.	SEK	100	1	100,0%	900	900
AdPulse SAS	101-109 rue Jean-Jaurès, 92300 Levallois-Perret	EUR	646	-	100,0%	6	-
Quantum SAS	101-109 rue Jean-Jaurès, 92300 Levallois-Perret	EUR	50	2	100,0%	200	-
Quantum Publicidad, S.L. Unipersonal	Orense, nº 6. 1º 3, 28020 Madrid, Spain	EUR	1	-	100,0%	10	-
Hi-Media LLC	25 Taylor Street NO.202, San Francisco CA 94102	USD	0	5	100,0%	2	2
			417	1	100,0%	984	984
				-		190	190
				692		0	0

<sup>(1)</sup> in thousands of operating monetary units<sup>(2)</sup> in thousands of Euros

Corporate name	Sales excluding taxes last financial year <sup>(1)</sup>	Income (profit or loss for the last financial year) <sup>(1)</sup>	Dividends received by the company during the year <sup>(2)</sup>	Average exchange rate	Date of creation or acquisition
AdUX Benelux SPRL	504	45			14.03.08
Adyseum SARL	2 320	53			13.05.02
Admoove SASU	3 792	-2 179			02.12.11
Groupe Hi-media USA	0	0		1,15	27.11.07
Hi-media Nederland BV	0	-22			31.08.09
Hi-media Italy Srl	0	0			31.08.09
Allopass Scandinavia	0	-18		10,25	30.09.09
AdPulse SAS	1 092	-33			02.12.14
Quantum SAS	5 922	320			23.04.14
Hi-Media LLC	0	0	1,15		30.04.15
Quantum Publicidad, S.L. Unipersonal	1 485	125		0,00	10.04.19

<sup>(1)</sup> in thousands of operating monetary units<sup>(2)</sup> in thousands of Euros

**Note 30. Consolidation**

AdUX SA is a consolidated subsidiary of Azerion Holding BV, which control 100% of AdUX mother company, Azerion Tech Holding BV, located in the Netherlands, Beechavenue 182 1119 PX Schiphol-Rijk.

Given the control percentage, AdUX SA s consolidated in the consolidated financial statements of the Azerion Holding BV, using the full consolidation method.