ADVERTISING AND USER EXPERIENCE

2018 CONSOLIDATED FINANCIAL STATEMENTS

Joint-stock company with capital of € 5,433,055.50
101 – 109 rue Jean Jaurès – 92300 Levallois Perret
418 093 761 R.C.S. Nanterre
www.adux.com

Contents

Consolidated Financial Statements for FY 2018 and 2017

in thousands of Euros	Notes	31 Dec.2018	31 Dec.2017 restated	31 Dec.2017 (published)
Sales		26 278	29 004	34 247
Charges invoiced by the media		- 13 762	- 13 706	- 16 330
Gross profit		**12 516**	**15 298**	**17 918**
Purchases		- 6 333	- 4 088	- 4 816
Payroll costs	Note 8	- 9 102	- 10 270	- 11 412
EBITDA		**- 2 919**	**941**	**1 691**
Depreciation and amortization		- 2 712	- 2 639	- 2 677
Stock based compensation		- 515	- 258	- 258
Current operating profit		**- 6 145**	**- 1 956**	**- 1 244**
Other non-current income and charges	Note 9	- 12 268	- 168	- 168
Operating profit		**- 18 413**	**- 2 124**	**- 1 412**
Cost of indebtedness	Note 10	- 46	- 30	- 30
Other financial income and charges	Note 10	- 393	- 424	- 399
Earning of the consolidated companies		**- 18 852**	**- 2 579**	**- 1 842**
Share in the earnings of the companies treated on an equity basis		-	-	-
Earnings before tax of the consolidated companies		**- 18 852**	**- 2 579**	**- 1 842**
Income Tax	Note 11	- 61	81	- 120
Net income of the consolidated companies		**- 18 913**	**- 2 497**	**- 1 962**
Net income from discontinued operations and assets held for sale	Note 6	- 2 478	- 2 118	- 2 778
Net income		**- 21 391**	**- 4 615**	**- 4 740**
Including minority interests		- 30	207	207
Minority interests from discontinued operations		-	245	245
Including Group share		**- 21 420**	**- 4 163**	**- 4 288**

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

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

Statement of Comprehensive Income for FY 2018 and 2017

in thousands of euro	31 Dec.2018	31 Dec.2017
Net result	**- 21 420**	**- 4 163**
Other element of the global result		
- Hedge accounting on financial instruments	-	-
- Exchange differences	- 12	116
- Other	-	-
Items not recycled subsequently in net income		
- Taxes on other elements of the global result	-	-
- Actuarial gain and losses related to post-employment benefits	158	11
Other elements of the global result, net of tax	**146**	**128**
Group share	146	128
Minority interests	-	- 13
Global result	**- 21 274**	**- 4 035**

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

ASSETS - in thousands of euros	Notes	31 dec.2018	31 Dec.2017 (1)
Net Goodwill	Note 12	1 975	14 523
Net intangible fixed assets	Note 13	1 786	2 449
Net tangible fixed assets	Note 14	282	371
Deferred tax credits	Note 15	0	-
Other financial assets	Note 16	637	1 104
Assets held for sale		474	-
Non-current assets		**5 153**	**18 447**
Customers and other debtors	Note 17	15 278	20 343
Other current assets	Note 18	13 152	13 856
Current financial assets		0	371
Cash and cash equivalents	Note 19	1 966	4 551
Current assets		**30 397**	**39 121**
TOTAL ASSETS		**35 550**	**57 568**

LIABILITIES - in thousands of euros	Notes	31 dec.2018	31 Dec.2017 (1)
Share capital		5 433	4 329
Premiums on issue and reserves		8 627	13 052
Treasury shares		-190	-694
Consolidated net income (Group share)		-21 420	-4 163
Shareholders' equity (Group share)		**-7 550**	**12 525**
Minority interests		148	-383
Shareholders' equity	**Note 20**	**-7 402**	**12 142**
Long-term borrowings and financial liabilities	Note 21	960	1 687
Non-current Provisions	Note 22	430	791
Non-current liabilities		-	-
Deferred tax liabilities	Note 15	0	-
Liabilities held for sale		335	-
Non-current liabilities		**1 725**	**2 478**
Short-term financial liabilities and bank overdrafts	Note 21	6 003	6 115
Current provisions	Note 22	2 052	-
Suppliers and other creditors		22 279	26 077
Other current debts and liabilities	Note 23	10 893	10 756
Current liabilities		**41 227**	**42 948**
TOTAL LIABILITIES		**35 550**	**57 568**

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

Table of Consolidated Cash Flows for FY 2018 and 2017

in thousands of euros		31 déc.2018	31 déc.2017 (1)
Net income		-21 391	-4 615
Ajustments for :		-	-
Depreciation of the fixed assets		2 477	2 814
Value losses	Note 12	8 483	-
Other non-current without impact on the cash	Note 9	2 852	109
Cost of net financial indebtedness		46	48
Share in associated companies		-	-
Net income on disposals of fixed assets		-276	-2 727
Cash flow from discontinued operations		1 769	2 551
Cash flow from from discontinued operations and assets held for sale		-	-
Costs of payments based on shares		515	258
Tax charge or proceeds	Note 11	61	-81
Operating profit before variation of the operating capital need		-5 464	-1 644
Variation of the operating capital need		3 741	-2 113
Cash flow coming from operating activities		-1 723	-3 757
Interest paid		-46	-48
Tax on earnings paid		-218	-297
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES		**-1 987**	**-4 102**
Income from disposals of fixed assets		-	-
Valuation at fair value of the cash equivalents		-	-
Proceeds from disposals of financial assets		-	-
Disposal of subsidiary, after deduction of cash transferred		919	5 635
Acquisition of a subsidiary		-50	-606
Acquisition of fixed assets		-1 275	-1 448
Variation of financial assets		-122	106
Variation of suppliers of fixed assets		246	-134
Effect of the perimeter variations		-30	-2
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES		**-312**	**3 550**
Proceeds from share issues		1 372	-95
Redemption of own shares		-12	36
New borrowings		-	-
Repayments of borrowings		-1 642	-607
Other financial liabilities variation		-	-
Dividends paid to minority interests		-	-13
NET CASH FLOW COMING FROM FINANCING ACTIVITIES		**-283**	**-678**
Effect of exchange rate variations		-3	91
NET VARIATION OF CASH AND OF CASH EQUIVALENTS		**-2 585**	**-1 139**
Cash and cash equivalents on January 1st		**4 551**	**5 690**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**1 966**	**4 551**

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

Table of Changes in Consolidated Shareholder's Equity for FY 2018 and 2017

in thousands of euros	Number of shares	Share capital	Premiums	Treasury shares	Reserve for options and free shares	Income and expenses on equity	Reserves and consolidated earnings	Shareholders' equity (Group share)	Shareholders' equity *Minority interests*	Shareholders' equity
January 1, 2017	**2 886 088**	**4 329**	**127 881**	**-1 710**	**854**	**-51 896**	**-61 077**	**18 380**	**375**	**18 755**
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	-441	-441
Capital increase	-	-	-	-	-	-	-	-	-	-
Shares redemptions (1)	-	-	-	1 016	-	-	465	1 482	-	1 482
Stock options and free shares impact (2)	-	-	-	-	258	-	-	258	-	258
Perimeter variation	-	-	-	-	-	-	-3 769	-3 769	150	-3 620
Others	-	-	-	-	-	-	210	210	-	210
Income and charges directly posted in shareholders' equity	-	-	-	-	-	128	-	128	-13	114
Net income of the period	-	-	-	-	-	-	-4 163	-4 163	-452	-4 615
Total global income	-	-	-	-	-	128	-4 163	-4 035	-466	-4 501
December 31, 2017	**2 886 088**	**4 329**	**127 881**	**-694**	**1 111**	**-51 769**	**-68 334**	**12 525**	**-383**	**12 142**
Dividends paid by subsidiaries to the minorities	-	-	-	-	-	-	-	-	-	-
Capital increase	735 949	1 104	1 368	-	-	-	-	2 472	-	2 472
Shares redemptions (1)	-	-	-	504	-	-	-516	-12	-	-12
Stock options and free shares impact (2)	-	-	-	-	515	-	-	515	-	515
Perimeter variation	-	-	-	-	-	-	-1 686	-1 686	501	-1 184
Others	-	-	-	-	-	-	-90	-90	-	-90
Income and charges directly posted in shareholders' equity	-	-	-	-	-	146	-	146	-	146
Net income of the period	-	-	-	-	-	-	-21 420	-21 420	30	-21 391
Total global income	-	-	-	-	-	146	-21 420	-21 274	30	-21 244
December 31, 2018	**3 622 037**	**5 433**	**129 249**	**-190**	**1 626**	**-51 622**	**-92 046**	**-7 550**	**148**	**-7 402**

(1) *On December 31st, 2018, AdUX SA holds 7 708 shares plus 51 322 own shares acquired under the contract of liquidity.*
(2) *See Note 25 in connection with the share subscription option plans and the allocations of free shares.*

Note concerning the Group's consolidated financial statements

The consolidated financial statements for financial year 2018, as well as the notes relating to them have been established under the responsibility of the AdUX SA Board of Directors, closed out at its meeting held on April 15th, 2019 and submitted for approval of the Shareholders' Meeting which will rule on the closed accounts on December 31st, 2018.

Note 1. Significant events of the period

At the end of August 2018, the Drive to Store entity in Sweden saw the end of the contract, which represented more than 75% of its revenue in 2017. This entity has also signed new partnerships in 2018. The company had to carry out an impairment test on June 30, 2018 on this CGU and write down all of the goodwill allocated to this CGU for an amount of € 8.5 million corresponding to the total goodwill (cf. Note 12).

Following the offer accepted by AdUX SA on December 26, 2017, a business transfer agreement was concluded between Hi-Media Italia SRL and Italiaonline SPA on February 14, 2018 for the sale of the historical advertising network business in Italy. The final sale price amounts to 583 thousand euros.

AdUX has signed with the Azerion Group a sale agreement for its Belgian and Portuguese legacy businesses and for its residual interest in Spanish legacy business (49%). The two subsidiaries and the equity interest were sold for €1.5 million and could be the subject of a price supplement currently valued to date at €0.5 million, based on the 2019 performances of these newly sold activities. Regarding the sales of the Portuguese activities, the conditions of the agreement were lifted in 2019.

These sale operations of legacy businesses bring an end to the Group's repositioning. In accordance with IFRS 5, the results for the year 2018 of these activities and the result of the sale of these activities have been presented under "Income from discontinued operations" in the income statement (cf. Note 6).

In parallel, AdUX S.A. strengthened the capital of Quantum S.A.S by taking 100% control of its capital via the following concomitant operations:
- Purchase of 3.13% of the capital of Quantum S.A.S., remunerated in cash (i.e. €200,000),
- Contribution of 15.87% of the Quantum S.A.S. capital (assessed at €1,014,300), remunerated by 210,000 AdUX shares estimated that the price of €4.83 and issued as part of a capital increase with elimination of the pre-emptive subscription right decided by the Board of directors on 9 August 2018 in connection with the authorisation provided to it by the Extraordinary General Meeting held on 4 May 2017.

AdUX and Italiaonline signed on November 5, 2018 an exclusive sales agreement for Quantum Advertising on the Italian market. Through this agreement, Quantum entrusts Italiaonline, through its media sales division IOL Advertising, with its inventory. IOL advertising becomes therefore the exclusive sales channel of Quantum in Italy while Quantum teams will focus on relationship with publishers and its SSP value proposal.

AdUX has raised € 1.46 million during its capital increase with preferential subscription rights (PSR) launched on 6 November 2018, at a price of €2.90 per share.

Other events of the period

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 minimum.

Note 2. Subsequent events

On March 11th, 2019, the Paris Commercial court ordered the Quantum company, of which AdUX is the 100% shareholder, to pay €1.07 million as the result of a commercial dispute.

Quantum SAS appealed this decision on March 14th, 2019.

The Paris Commercial court initiated a safeguard procedure in favour of Quantum SAS on 1 April 2019 with an observation period of 6 months, at the end of which a safeguard plan will be presented to the Commercial Court for approval.

As the dispute traces back to previous financial years, a provision for this entire amount was recognized in the consolidated financial statements on 31 December 2018.

Azerion, that holds approximately 26% of the capital and 24% of the voting rights, is now represented on the AdUX board of directors since 3 April with 3 co-opted members (providing it with a majority representation within the AdUX board of directors).

Other subsequent events

The executory conditions of the agreement between AdUX and Azerion concerning the sale of the Portuguese activities were lifted in 2019.

On beginning April 2019, AdUX acquired 100% of the shares of Spanish native advertising company L'AGORA Premium Audience Network for a price of €0.2 million paid in cash along with a price supplement based on the EBITDA generated in 2019, but limited to €0.4 million.

Note 3. Accounting principles and methods

3.1. Reporting entity financial statements

AdUX ("The Company") is a business domiciled in France. The Company’s registered office is located at 101 -109 rue Jean Jaurès 92300, Levallois Perret. The Company’s consolidated financial statements for the financial year ended on December 31st, 2018 include the Company and its subsidiaries (together referred to as "the Group" and each individually as "the Group entities") and the Group’s share in the associated companies or joint ventures.

3.2. Basis of preparation

In application of the European regulation n° 1606/2002 of July 19, 2002, the consolidated financial statements published for financial year 2018 are established in accordance with the international accounting standards set forth by the IASB (International Accounting Standards Board). These international accounting standards consist of IFRS (International Financial Reporting Standards), IAS (International Accounting Standards), and their interpretations, which were adopted by the European Union on December 31st, 2018 (published in the Official Journal of the European Union).

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

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

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

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, except for changes in accounting policies relating to the implementation of new standards and amendments that entered into force on January 1st, 2018 and listed below.

The accounting methods are applied uniformly by the Group entities.

AdUX Group has applied the same accounting methods as in its consolidated financial statements for the year ending on December 31st, 2018, with exception of elements below:

Application of new standards and interpretations

- The Group’s application of the following standards and interpretations, adopted by the European Union and mandatory in financial years beginning on or after January 1st, 2018, had no major impact on the Group’s financial statements. In particular IFRS 15 and IFRS 9.

- IFRS 15 – Revenue from Contracts with Customers
  An analysis was performed at Group level in order to evaluate the impacts of the standard. Main issues analyzed are related principal vs agent considerations and the recognition of sales turnover.

- IFRS 9 "Financial instruments"
  IFRS 9 modifies the recognition criteria for hedging transactions and main financial assets and liabilities categories.
  IFRS 9 also modifies the recognition of credit risk related to financial assets, moving from the incurred loss approach to an expected loss approach
  An analysis was conducted to assess expected credit losses associated with trade receivables. This analysis does not show any significant impact in the financial statements.

This analysis does not show any significant impact in the financial statements.

Early anticipation

Standards issued by the IASB whose application is not mandatory

- The principles applied by the Group do not differ from IFRS standards as published by the IASB, since the application of the following standards and interpretations is not mandatory in financial years beginning on or after January 1, 2018.
  Regarding IFRS 16 "Lease" This standard introduces provisions that significantly affect the financial reporting of the leases as well as the financial measures of the lessees. At the delivery date of the right of use granted by the lessor, the lessees will account for all of their leases, as an asset against a financial liability as for a financial lease under IAS 17. In addition to the effect on the statement of financial position, the income statement (depreciation and interest expense instead of operating expense) and the statement of cash flows (interest expense will continue to affect the operating cash flows, investment cash flows will not be impacted, financing cash flows will be impacted by the repayment of the debt) will also be affected.

The Group is currently in the process of determining the potential impact of the application of these new standards and interpretations on the Group's consolidated financial statements.

3.3. Consolidation principales

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

3.3.1. Companies under exclusive control

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

3.3.2. Associate companies (companies accounted for under the equity method)

Associate companies are the entities in which the Company has significant influence over the financial and operating policies, without having control. Significant influence is presumed when the Group holds from 20% to 50% of the voting rights of an entity. Associate companies are accounted for under the equity method and are initially recorded at cost. The Group's investments include goodwill identified on acquisition, net of accumulated impairment losses. The consolidated financial statements include the Group's share in total profits and losses and movements in equity accounted by the equity method, after taking into account adjustments for compliance of accounting policies with those of Group, from the date that significant influence is exercised until the date that significant influence ceases.
If the Group's share of the losses exceeds its interest in the company under the equity method, the book value of equity affiliates (including any long-term investment) is reduced to zero, and the Group ceases to post its share of the future losses, unless the Group is obliged to take part in the losses or to make payments on behalf of the company.

3.3.3. Transactions eliminated in the consolidated financial statements

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

3.4. Continuity of operations

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 2 "Events after the closing").

In view of the amount and executory character of this sentence, a significant degree of uncertainty is weighing on the continuity of operations of Quantum SAS but also AdUX SA. As such, a safeguard procedure for the benefit of Quantum SAS has been requested in order to continue its operations under the best possible conditions. The Paris Commercial court initiated this procedure in favour of Quantum SAS on April 1st, 2019 with an observation period of no more than 6 months, at the end of which a safeguard plan will be presented to the Commercial Court for approval. This safeguard plan should make it possible to spread the payment of Quantum's debts, including the compensation of 1.07 million. As a reminder, the safeguard procedure results in the immediate freezing of Quantum's liabilities, including the amount of the fine of 1.07 million euros.

Such recourse should enable Quantum to continue its development in the field of native advertising within the AdUX Group.

There is currently no way to definitively assess the outcome of the Quantum safeguard procedure. As a result of this situation, significant uncertainty is weighing on the continuity of operations of Quantum SAS and in fine AdUX SA.

3.5. Use of estimates and judgments

Preparation of the financial statements in accordance with the IFRS standards requires Management to take account of estimates and of assumptions in determining the carrying amounts of certain assets, liabilities, incomes and charges, as well as of certain information provided in notes attached to the assets and liabilities, in particular:

- The goodwill and the related depreciation tests,
- The share of profit associated,
- The intangible assets acquired,
- The deferred tax credits,
- The depreciation of receivables,
- The provisions for risk,
- The charge for stock options and free shares.
- The financial instruments

The estimates and underlying assumptions are developed on the basis of past experience and other factors, such as events to come, deemed reasonable in light of the circumstances. They are also used as the basis for the exercise of judgments necessary for determination of the book values of assets and liabilities, which cannot be obtained directly from other sources. In view of the inherently uncertain nature of these valuation procedures, the definitive amounts may prove to be different from those originally estimated.

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

3.6. Foreign currency

3.6.1. Foreign currency transactions

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

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

3.6.2. Activities abroad

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

3.7. Intangible fixed assets

3.7.1. Goodwill

Business Combinations outlines the accounting when an acquirer obtains control of a business. Such business combinations are accounted for using the 'acquisition method'. The control on a entities exists when the Group hold the authority,
Control is the ability to manage the financial and operating strategies of an entity in order to get a direct benefit from its activities. To measure this control, the Group takes into account the potential voting rights which are currently exercisable.

Goodwill is evaluated by the group at acquisition date as:

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

When the difference is negative, revenue can be directly booked in the result as a gain on a bargain purchase.
The acquisition costs, other than the ones related to a debt or capital account issuance, the group has to bear due to the business combination, are booked in expenses.
Any consideration to be paid, such as a price adjustment clause to be paid among the achievement of any performance ratio, is evaluated at the fair value at the acquisition date. The changes of the fair value of the consideration which could occur at a later date are booked in the profit and loss statement.
Impairment test methods of cash generating units are detailed in Note 3.9 below. In the event of impairment, depreciation is included in profit for the year.

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

3.7.2. Other intangible assets

Research and development costs

Development costs, including those related to software and new sites or new versions of sites are capitalized as intangible assets as soon as the company can demonstrate:
- Its intention, financial and technical ability to conduct the development project to completion;
- Its ability to use or sell the intangible asset, once completed ;
- The availability of adequate technical and financial resources to complete the development and the sale;
- That it is likely that the future economic advantages attributable to the development expenditure will go to the company;
- And that the cost of the asset may be measured reliably.

Other research and development costs are expensed in the period in which they are incurred.
These intangible assets are depreciated over the estimated useful life according to the consumption of the economic benefits connected with them. They are impaired, if possible, if their recoverable value is less than their book value.

Other acquired intangibles

To satisfy the definition of an intangible fixed asset, an element must be identifiable (separable or arising from contractual or legal rights), controlled by the company, and it must be probable that future economic benefits attributable to them will go to the company.
An acquired intangible asset is recognized in the balance sheet as soon as its cost can be reliably measured, on the basis that in such a case the future economic benefits attributable to the asset will go to the company.
These intangible assets consist primarily of trademarks, licenses and software, and customer relations. Licenses, software and customer relations, which have a finite useful life, are amortized over a period of between 3 to 8 years.

3.8. Property, plant and equipment

The original value of PPE corresponds to their purchase cost.
Maintenance costs and repairs are expensed as incurred, except those incurred for increased productivity or to extend the useful life of the property.
Assets financed by finance leases, where risks and rewards have been transferred to the lessee, are presented to the asset for the present value of future payments or market value, whichever is lower. Corresponding debt is recognized under financial liabilities. These capital assets are amortized according to the method and useful life described below.
The depreciation is expensed over the estimated useful life for each asset.

The estimated useful lives are as follows:

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

3.9. Impairment of fixed assets

3.9.1. Financial assets

A financial asset is examined on each closing date to determine if there is an objective evidence of impairment. The Group considers that a financial asset is impaired if there is objective evidence that one or several events had a negative impact on the future estimated cash flows of the asset.
The loss of value of a financial asset measured at amortized cost is the difference between its carrying amount and the value of estimated future cash flows, discounted at the original effective interest rate on financial assets.
Impairment losses are recognized in earnings.
The impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

3.9.2. Non-financial assets

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

is allocated first to reduce the carrying amount of any goodwill allocated to cash generating unit, then the reduction in carrying value of other assets of the unit (group of units) pro rata to the carrying value of each asset in the unit (group of units).

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

3.10. Receivables

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

The receivables transferred to third parties (billing contract) are maintained on the Group's assets as the risks and benefits associated with them are not transferred to such third parties. The factoring company in particular doesn't accept the credit risk.

The credit risk is the risk of non-recovering receivables. Under contracts signed with the Group's entities, the credit risk is supported by the Group's Entities. This means that the Group is exposed to the risks of non-recovery.

3.11. Cash and cash equivalents and current financial assets

The cash and cash equivalents comprise the elements that are immediately liquid and whose changes in fair value are not significant, such as cash in bank deposit accounts, mutual fund shares and the available cash with the factor.
Current financial assets that do not meet the definition of cash equivalents and held for future transactions are valued at fair value and changes are recorded in the income statement.

3.12. Non-current assets and disposal group intended for sale

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

3.13. Capital

3.13.1. Common shares (common stock)

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

3.13.2. Repurchase of equity instruments (treasury shares)

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

3.14. Loans

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

3.15. Derivative financial instruments

Derivative financial instruments are used in the purpose to manage exposures to financial risk. All derivatives are assessed and recognized at their fair value: initially on the contract subscription date and subsequently during each closing. Processing of profit (loss) reevaluation depends on the designation or not of the derivative as a hedge and if that is the case, the nature of the hedged element.
Derivative fair value fluctuations not designated as hedge instruments are recognized in earnings during the period to which they are related. Fair value is based on market value for listed instruments or on mathematical models such as options pricing model or updating methods for cash flows for unlisted instruments.
Changes in fair value of derivatives designated as hedges of future cash flows are recognized in other comprehensive income and reported reserves within shareholders' equity for the effective portion of changes in fair value of financial instruments, and in profit gains and losses relating to the ineffective portion. The amounts recognized in equity are recycled in the income statement based on the income statement impact of hedged items.

3.16. Provisions

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

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

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

3.17. Employee benefits

3.17.1. Cost based plans

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

3.17.2. Defined-benefit pension plans

A defined-benefit plan refers to post-employment defined benefits other than defined contribution plan.
Group net bonds pursuant to defined benefit plans are assessed separately for each plan in assessing the amount of future benefits acquired by personnel in exchange for services rendered during the current and previous periods. This amount is updated to determine its current value. The fair value of plan assets is then deducted. Calculations are made every year by a qualified actuary, using the projected unit credit method.
The Group recognizes immediately in other comprehensive income of all actuarial gains and losses under defined benefit plans.

3.17.3. Benefits upon termination of the employment contract

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

3.17.4. Short-term benefits

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

3.17.5. Share-based payments

Buy options and share subscription options as well and bonus shares are granted to senior managers and to certain Group employees. In accordance with IFRS 2 "Share-Based Payment", options and shares are valued at fair value at the grant date.
The related expense is recalculated each closing date in function of the levels reached from performance criteria and Sales rates. To determine the future expected expense on these plans, the parameters are recalculated at each closing in function of past completion and better estimate of management on that date. Parameters defined could thus appear different to those initially valued.

i. Instruments settled by issuing AdUX shares

To value these instruments, the Group uses the Black & Scholes mathematical model. Changes in market conditions subsequent to the date of grant shall not affect the initial assessment. In particular, plans to award free shares are valued on the basis of share price the day AdUX board of directors has determined the allocation of bonus shares, taking into account the period -assignment of the share after the acquisition of rights and the expected dividends.
The fair value of these instruments, determined at the grant date is expensed in return on equity, and spread over the period during which the beneficiaries acquire their rights. The evaluation of the charges takes into account the probability of achieving performance and presence conditions.
The cumulative charge on these instruments is adjusted at each balance sheet according to the refresh rate affect performance and presence. This difference is recognized in the income statement.

ii. Instruments settled by cash remittances

Charges, measured at grant date are spread over the period during which the beneficiaries acquire their rights. The consideration of this charge is a debt. The evaluation of the charges takes into account the probability of achieving performance and presence conditions.
When these plans come from acquisitions of subsidiaries, the estimated life of the instrument is calculated on the basis of the plans originally granted to employees.
The cumulative charge on these instruments is revalued at each balance sheet. Where appropriate, the valuation difference is recognized in the income statement.

3.18. Segment information

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

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

In view of this definition, AdUX's operational sectors correspond to the four following sectors:
- Native Advertising (Quantum)
- Drive to Store (AdMoove)
- Social Marketing (AdPulse)
- Other activities

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

Accordingly, the Group provides in Note 24 the following information:
- Segment sales
- Segment EBITDA
- Reconciliations of the totals of segment information with the corresponding amounts of the Group.

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

3.19. Revenue

Recognition of gross or net revenue

According to IFRS 15, the company that acts as the principal in the transaction recognizes in revenue the amounts billed to end customers. In order to determine whether the company acts as principal or otherwise as an agent, it is necessary to assess the risks and responsibilities taken by the enterprise to deliver the goods or render the services. With this in mind, AdUX referred to the IFRS 15, which gives a list of indicators to determine whether the company acts as principal or agent. For the recognition of gross revenue, AdUX ensured that indicators demonstrating that the Company acts as principal were very present in transactions with its customers, advertisers or Internet users.

The Group activity consists of offering advertisers a global service relating to their advertising campaigns on the websites with which AdUX has signed a management contract. In this respect, AdUX generally acts as sole provider of the advertiser and not as commissioner. In this case, the advertiser has no contractual relationship with the support website. The price of the service billed to the advertiser includes inseparably the price of the advertising space, the advice as to the choice of media as well as the cost of the technical services of on-line, dissemination and monitoring of the campaign (in both quantitative and qualitative terms) and the collection of invoices issued. The revenue therefore corresponds to the amounts invoiced to the advertisers.
Under certain contracts, AdUX acts as business contributor and broadcaster of the campaign. The website thus represented then insures billing to the advertiser as well as the recovery of the campaigns. As AdUX only acts as an agent, the turnover corresponds in this case to the commission invoiced by AdUX to the website.

Activities

As indicated in Note 1. Significant events, the Group continued the reorganization of its scope in 2018, opting to refocus on its Native Advertising (Quantum), Drive-to-Store (AdMoove) and Social Marketing (AdPulse) businesses. Its offers position AdUX on the latest trends in internet advertising: discreet ads integrated into editorial content, geotargeted mobile ads and social media advertising.

- ✓ Quantum (native advertising) in France, Belgium, Germany, Netherlands, Spain and Italy

Native advertising is a non-intrusive advertising format that fits seamlessly into the media on which it is displayed. A native ad will seek to replicate the graphic charter, font, size and other features of the web page on which it is displayed.
The Quantum platform is designed to manage these formats and this tailor-made approach across the thousands of different websites that distribute it, as well as the billions of advertising objects bought and sold each month in programmatic mode (electronic ad exchanges). Quantum allows the automated and standardized management of the design (CMS), and the sale and supply (SSP) of advertising objects, which can then be displayed in a specific way on each online media.

In this activity, revenue is recognized as the group acquires the right to invoice agencies, advertisers, or automated platforms.

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

AdMoove is a specialist in digital geomarketing.
AdMoove uses data to deliver tailored and geo-targeted ads to mobile users, thereby generating footfall in physical sales outlets such as supermarkets, clothing stores, fast food chains, car dealerships and bank branches.
After targeting and retargeting campaigns, internet users' geolocation data generated in opt-in and GDPR-compliant mode is interpreted to measure the additional footfall generated at points of sale. In its quest to reduce advertising intrusion, AdUX has decided to end the continuous collection of geolocation data and to rely solely on opt-in data provided by advertising servers and market place (ssp).
Expecting that consumers will take a more critical view of ad tracking and will increasingly reject its use, AdUX has opted to adopt the principles of the General Data Protection Regulation (GDPR) to reconcile users with digital advertising.

Revenue from these activities is recognized as the group acquires the right to invoice agencies, advertisers or automated platforms, or to certain commission-based contracts billed by AdUX to individual websites.

- ✓ Adpulse (social marketing) in France

AdPulse is a specialist in brand content, a term that covers original sponsored designed to spread virally on Facebook and Instagram. A viral ad is one that obtains an audience through sharing and recommendation by Internet users. There are two arguments in favor of viral marketing for advertisers. First, it generates a high rate of response and user engagement; second, it allows them to save on buying advertising space.
Spreading content of this nature on social networks allows advertisers to access the most dynamic segment of digital uses.
AdPulse offers services allowing advertisers to keep abreast of social trends, and new ways of creating and distributing brand content.

In this activity, revenue is recognized as the group acquires the right to invoice agencies, advertisers, or automated platforms.

- ✓ Other advertising activities

Revenue from these activities is recognized as the group acquires the right to invoice agencies, advertisers or automated platforms, or to certain commission-based contracts billed by AdUX to individual websites.

3.20. Charges invoiced by the media

The charges invoiced by the media correspond mainly to charges related to the delivered campaigns on the websites. They develop content to attract the highest audience on their websites. They monetize this audience through the sale of advertising space.

3.21. Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Tax is recognized in income/expense unless it relates to a business combination or to elements that are recognized directly in equity or in other comprehensive income in which case it is recognized in equity or other elements of comprehensive income.
Current tax is the estimated amount of tax payable in relation to taxable income of a period, and is determined using tax rates enacted or substantively enacted at the balance sheet date, any adjustment added to the amount tax payable with regard to previous periods.

Deferred tax is determined and recognized using the balance sheet approach of the liability method for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. The following elements are not subject to deferred taxes: the initial recognition of an asset or liability in a transaction that is not a regrouping of businesses and that affects neither the accounting profit nor the taxable income, and the temporary differences connected with investments in subsidiaries and joint ventures insofar as it is likely that they will not be reversed in the foreseeable future. Furthermore the deferred tax is not accounted for in case of a taxable temporary difference generated from the initial recognition of goodwill. The deferred tax credits and liabilities are valued at the tax rates that are expected to be applied for the period during which the asset is realized and the liability settled, on the basis of the taxation rules and regulations that have been adopted or virtually adopted as at the closeout date. The deferred tax credits and liabilities are offset if there is a legal enforceable right to offset the payable tax credits and liabilities, and if they concern taxes on earnings deducted by the same taxation authority, either in the same taxable entity, or in taxable entities that are different but that intend to settle the payable tax credits and liabilities on the basis of their net amount or to realize the credits and settle tax liabilities simultaneously.
A deferred tax credit is posted only insofar as it is likely that the Group will record future taxable profits to which the corresponding timing difference can be charged. The deferred tax credits are considered on each closeout date and are reduced to the extent that it is no longer likely that a sufficient taxable profit will be available.

3.22. Operating profit

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

3.23. Earnings per share

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

Note 4. Financial risk management

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

- credit risk
- liquidity risks
- market risk

This note provides information concerning the Group's exposure to each of the above risks, its objective, its policy and procedures for measuring and managing risk and capital. Quantitative information appears in other places in the consolidated financial statements.
It is incumbent on the Board of Directors to define and monitor the framework for the Group's risk management.

4.1. Credit risk

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

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

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

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

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

- Prevention: the credit insurer provides continuous monitoring and informs the company in case of a deterioration of its customers' creditworthiness.

- Collection: in case of default, the company forwards the legal proceedings consisting of all documents proving the claim to the insurance company, which intervenes with the defaulter and sees to collection by amicable or legal means.

- Compensation: the company will be indemnified in case of established insolvency or of judicial proceedings affecting the debtor. In the other cases, if it has been impossible to make collection within the waiting period defined in the contract, the insurance company will also provide a compensation for the claim. The insurance company bears 95% of the amount, including all taxes, namely 70% of the amount excluding taxes. The indemnification period is approximately from one to six months. To qualify for such coverage, the subsidiaries must first obtain the insurer's coverage approval customer by customer and making the unpaid declaration within 150 days after the term or 30 days in case of collective proceedings.

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

- 0 Other financial assets
- Note 17 Current trade and other receivables
- Note 18 Other current assets

4.2. Liquidity risk

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

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

Moreover the Group has concluded, for certain subsidiaries, factoring contracts enabling it to obtain short-term financing and to be more flexible in daily management of its liquidity.
The group conducted a special review of its liquidity risk and deems that it is able to meet future scheduled payments.

On December 31st, 2018, the remaining contractual maturities of financial liabilities were as follows (including interest payments):

(in thousands of euros)	**Book value**	**Contractual cash flows**	**Less than 1 year**	**1-5 years**	**More than 5 years**
Zero-interest financing for innovation	1 445	1 445	480	965	-
Tax credit funding	298	298	298	- 0	-
Factoring contract	5 220	5 220	5 220	-	-
Accrued interest on loans	0	-	-	-	-
Accounts payable & fixed assets payable	22 592	22 592	22 592	-	-
Taxation and social liabilities	9 105	9 105	9 105	-	-
Other liabilities	1 475	1 475	1 475	-	-
Bank overdrafts	0	-	-	-	-
Total	**40 135**	**40 135**	**39 170**	**965**	**-**

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

4.3. Market risk

4.3.1. Currency risk

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

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

100% of the purchases and sales, of capital expenditure, assets and liabilities of those subsidiaries and goodwill pertaining are denominated, respectively, in dollars and Swedish crowns.
The Group's investments in its subsidiaries have a functional currency that is not the euro, and are not covered by the Group, considers that such exchange positions are long term in nature.

in thousands of euros

Sensitivity to exchange rate	USD	SEK
Total assets	3 116	2 641
Total liabilities	-10 226	-859
Net position	-7 110	1 781
Assumptions regarding changes against the euro	1%	1%
Impact on profit before tax	**0,0**	**0,0**
Impact on equity	**0,0**	**0,0**

4.3.2. Interest rate risk

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

4.4. Categorization of financial instruments

	CATEGORIES			31 Dec.2018	
in thousands of euros	Financial assets fair valued by earnings	Financial assets fair valued by OCI	Financial assets fair valued by amortized cost	value in balance sheet	Fair value
Other financial assets	-	452	124	576	576
Receivable	-	-	15 278	15 278	15 278
Other current assets	-	-	12 897	12 897	12 897
Current financial assets	-	-	-	-	-
Cash and cash equivalents	1 966	-	-	1 966	1 966
FINANCIAL ASSETS	**1 966**	**452**	**28 300**	**30 717**	**30 717**
Borrowings and financial debts	-	-	6 963	6 963	6 963
Non-current liabilities	-	-	-	-	-
Accounts payable	-	-	22 279	22 279	22 279
Other current debts and liabilities	-	-	10 326	10 326	10 326
FINANCIAL LIABILITIES	**-**	**-**	**39 568**	**39 568**	**39 568**

Fair value hierarchy

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

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

Note 5. Consolidation scope

5.1. List of consolidated entities

Corporate name	Country	% held directly and indirectly on 31/12/2017	% control on 31/12/2017	Consolidation method	Date of creation or of acquisition	Date of financial year closeout
Adysseum SARL	France	100%	100%	FC	13.05.02	31.12
Adexpert SPRL	Belgique	100%	100%	FC	06.06.14	31.12
Allopass Scandinavia AB	Suède	100%	100%	FC	30.09.09	31.12
Fotolog SAS	France	49%	49%	EM	15.05.14	31.12
AdPulse SAS	France	100%	100%	FC	02.12.14	31.12
AdUX Portugal	Portugal	74,9%	74,9%	FC	31.10.00	31.12
Hi-media Regions SAS	France	49%	49%	EM	06.12.12	31.12
Hi-Media LLC	USA	100%	100%	FC	30.04.15	31.12
Admoove SAS	France	100%	100%	FC	02.12.11	31.12
Local Media SARL	Tunisie	100%	100%	FC	23.09.11	31.12
Quantum Belgium SPRL	Belgique	100%	100%	FC	27.12.17	31.12
Quantum Advertising Germany GmbH	Allemagne	100%	100%	FC	13.04.18	31.12
Quantum Advertising España SL	Espagne	100%	100%	FC	14.07.16	31.12
Quantum Native Solutions Italia SRL	Italie	100%	100%	FC	22.12.15	31.12
Quantum Advertising Nederland BV	Pays-Bas	51%	51%	FC	04.10.18	31.12
Quantum SAS	France	100%	100%	FC	23.04.14	31.12
Quantum Advertising LTD	Grande Bretagne	100%	100%	FC	09.03.18	31.12
Groupe Hi-media USA Inc	USA	100%	100%	FC	27.11.07	31.12
Hi-media Deutschland AG	Allemagne	45%	45%	EM	30.04.01	31.12
Hi-media Italia SRL	Italie	100%	100%	FC	31.08.09	31.12
Hi-media Nederland BV	Pays-Bas	100%	100%	FC	31.08.09	31.12
AdMoove Sweden AB	Suède	100%	100%	FC	04.09.06	31.12
AdUX Benelux SPRL	Belgique	100%	100%	FC	14.03.08	31.12

Note 6. Discontinued operations and assets held for sale

IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” sets out how to account for non-current assets held for sale, as well as the disclosures required in respect of discontinued operations. In particular, the standard requires that the results of discontinued operations be presented separately in the income statement.
A discontinued operation is a component of an entity that has either been disposed of or is classified as held for sale, and:

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

Latin American entities (Latam Digital Ventures), and the legacy advertising network business in Spain, Italy, Belgium, France and Portugal represent major lines of business for the Group, and these sales are part of a single coordinated plan to dispose of a separate major line of business, which is Legacy Business. Therefore the sale of these activities meets the definition of discontinued operations. As such, in accordance with IFRS 5, the results of these activities for the year ended December 31st, 2018 and the result of the sale of these activities have been presented under “Income from discontinued operations” in the income statement.
Accordingly, the assets and liabilities of the entities sold on December 31, 2018, namely the entities HiMedia España Publicidad Online and AdUx Belgium, have been removed from the balance sheet. The assets and liabilities of the entities held for sale (exclusively comprising advertising-related activity in Portugal) were not removed from the balance sheet as of December 31, 2018 because the contract concluded between AdUX and Azerion was finalized on January 7, 2019 (see Note 1 - Marking Events).
The standard requires that the results of these activities be presented separately in the income statement for all comparative periods. Accordingly, the comparative figures as at December 31, 2017 have been restated in order to present the results of these discontinued operations as "income from discontinued operations" in the income statement. As a result, the 2017 comparative income statement differs from that published previously.

6.1. Discontinued operations and assets held for sale

in thousands of Euros	31 Dec.2018	31 Dec.2017
Sales	4 326	5 243
Charges invoiced by the media	- 2 247	- 2 623
Gross profit	**2 078**	**2 620**
Purchases	- 769	- 728
Payroll costs	- 1 192	- 1 142
EBITDA	**118**	**750**
Depreciation and amortization	26	- 38
Stock based compensation	-	-
Current operating profit	**144**	**712**
Other non-current income and charges	- 2 498	-
Operating profit	**- 2 355**	**712**
Cost of indebtedness	-	-
Other financial income and charges	- 109	25
Earning of the consolidated companies	**- 2 464**	**737**
Share in the earnings of the companies treated on an equity basis	-	-
Earnings before tax from discontinued operations and assets held for sale	**- 2 464**	**737**
Income Tax	- 13	- 76
Net income from discontinued operations and assets held for sale	**- 2 478**	**660**
Minority interests from discontinued operations	-	-
Including Group share	**- 2 478**	**660**

(1) The financial statements as of December 31, 2017 correspond to the discontinued operations and assets held for sale as of December 31st, 2018. Some of the business treated as discontinued operations as of December 31st, 2017, which presented a net result of €2 778 K, are not presented in the current note to ease the comparability.

Other non-current income and expenses from operations sold or held for sale in 2018 correspond to:
- At the disposal of goodwill allocated to Belgium for € -4.1m,
- sale and net current account withdrawal for € 1.7m.

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

6.2. Table of Consolidated Cash Flows for FY 2018 and 2017 from discontinued operations and assets held for sale ending on 31 December 2018 and 31 December 2017

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

in thousands of Euros	31 dec.2018	31 Dec.2017
Operating cash flows from discontinued operations	1 808	2 810
Investment flows related to discontinued operations	74	-18
Funding flows related to discontinued operations	-	-221
Effect of exchange rate variations	-113	-19

Note 7. Correction of error on the consolidated financial statements of December 31st, 2017

Consolidation entries

During the year, the analysis of certain consolidation entries led to the conclusion that they were no longer appropriate. As a result and in application of IAS 8, the corrections have been accounted for retrospectively, impacting only the 2017 accounts:
• The increase in intangible assets for € 1.5m
• The decrease in deferred tax liabilities for an amount of € 0.3m
• The decrease of the tax expense for an amount of € 0.1m
• The increase in consolidated reserves amounting to € 1.2m

Factoring contracts

During the year, the analysis of the Group's factoring contracts led to the conclusion that the receivables sold to third parties (factoring contracts) cannot be removed from the Group's assets because the risks and benefits associated with them are not substantially transferred to these third parties. In accordance with IAS 8, the impact of this adjustment has been accounted for retrospectively: the "Trade and other receivables" item was increased by € 4.5 million as at December 31, 2017 and "Short-term financial debt". term and bank overdrafts "was increased by € 4.5 million. This correction results in a change in the presentation of the 2017 balance sheet and the 2017 cash flow statement. The 2017 consolidated income statement and the 2017 statement of comprehensive income are not modified.

Changes in the balance sheet 2017

ASSETS - in thousands of euros	**31 Dec.2017 (published)**	**31 Dec.2017 restated**
Customers and other debtors	15 859	20 343

LIABILITIES - in thousands of euros	**31 Dec.2017 (published)**	**31 Dec.2017 restated**
Short-term financial liabilities and bank overdrafts	1 631	6 115

Changes of the 2017 Cash-Flow Statement

ASSETS - in thousands of euros	31 Dec.2017 (published)	31 Dec.2017 restated
Variation of the operating capital need	-1 722	-2 113
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES	**-3 414**	**-4 102**
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES	**3 538**	**3 550**
Other financial liabilities variation	-676	-
NET CASH FLOW COMING FROM FINANCING ACTIVITIES	-1 355	-678
Effect of exchange rate variations	91	91
NET VARIATION OF CASH AND OF CASH EQUIVALENTS	**-1 139**	**-1 139**
Cash and cash equivalents on January 1st	5 690	5 690
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4 551**	**4 551**

Note 8. Payroll charges

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

in thousands of Euros	31 dec.2018	31 Dec.2017
Salaries	6 386	7 360
Social security charges	2 675	2 864
Provision for end of career indemnities	41	45
Payroll charges	**9 102**	**10 270**

Average headcount changes were as follows:

	2018	2017
Average headcount	**158**	**157**

Note 9. Other non-current income and charges

The non-recurring expenses amounts -12.3 million euros mainly result from:

- The charge related to the impairment of goodwill in Sweden for -8.5 million euros
- Restructuring charges of -1.4 million euros
- other expenses related to litigation and non-current fees for -2.4 million euros

Note 10. Financial net income

in thousands of euros	31 Dec.2018	31 Dec.2017
Investment products	-41	22
Interest on borrowing	-46	-30
Other comprehensive income	-352	-447
Financial net income	**-439**	**-455**

Note 11. Income Tax

The tax charge breaks down as follows:

in thousands of euros	31 Dec.2018	31 Dec.2017
Current taxes	- 62	68
Deferred taxes	1	13
Deferred taxes (on non-recurring items)	-	-
Tax (charge)/Proceeds	**- 61**	**81**
Effective tax rate (%)	***0%***	***3%***

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

in thousands of Euros	31 Dec.2018	31 Dec.2017
Tax rate in France	**33,33%**	**33,33%**
Theoretical tax (charge)/proceeds	7 124	42
Elements concerning the comparison with the effective rate:	-	-
Effect of rate change	-	-
Earnings charged to losses subject to carryover not previously recorded	12	- 9
Recognition / (depreciation) of deferred tax credits on losses carried over	-	-
Difference of tax rate between the countries	- 205	81
Effect of non-asset deficit transfers from the fiscal year	- 1 118	- 268
Permanent differences and other elements	- 5 850	- 72
Taxes without basis	- 26	307
Real tax (charge)/proceeds	**- 62**	**81**
Effective tax rate	0%	-2%

AdUX SA, AdPulse SAS, AdMoove and Adysseum SARL have been consolidated for tax purposes.

Note 12. Goodwill

At the end of August 2018, the Drive to Store entity in Sweden saw the end of the contract, which represented more than 75% of its revenue in 2017. This entity has also signed new partnerships in 2018 but they do not compensate the loss of the main contract. The company had to carry out an impairment test on June 30, 2018 on this CGU and write down all of the goodwill allocated to this CGU for an amount of € 8.5 million corresponding to the total goodwill.

On 17 December 2018 AdUX completed the sale of 100% of its Belgium subsidiary to Azerion group. The allocated goodwill to the Belgian CGU was therefore fully written down for an amount of € 4.1 million.

in thousands of euros	31 dec.2017	Exchange var.	Var. perimeter	Transfer	Increase	Decrease	31 Dec.2018
Goodwill	97 298	-	-4 065	-	-	-8 483	84 750
Impairments	-82 776	-	-	-	-	-	-82 776
Goodwill net	**14 522**	**-**	**-4 065**	**-**	**-**	**-8 483**	**1 974**

12.1. Net book value of goodwill assigned to each CGU

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

in thousands of euros	31 Dec.2017	Reallocation	Exchange var.	Var. perimeter	Increase	Decrease	31 Dec.2018
Hi-media Belgique	4 065	-	-	-	0	-4 065	-
Admoove	1 891	-	-	-	0	-	1 891
Quantum	83	-	-	-	0	-	83
Hi-media Local (Sweden)	8 483	-	-	-	0	-8 483	-
Goodwill	**14 523**	**-**	**-**	**-**	**-**	**-12 548**	**1 975**

12.2. Evaluation of the recoverable value of the goodwill on December 31st, 2018

On December 31st, 2018, an impairment test on all the CGU was conducted in the same methods as the previous years. This procedure, based mainly on the method of discounted future net cash flows, is the assessment of the recoverable value of each entity generating its own cash flow.

The main assumptions in order to determine the value of the cash generating units are as follows:

- method for valuation of the cash generating unit : value in use,
- number of years for which the cash flows are estimated and projected to infinity: 4 years (2019-2022 normative),
- long-term growth rate: 2.5% (2.5% in 2017),
- discount rate for Europe: 11.2% (11.2% in 2017), among countries
- growth rate of sales: between +5% and +51,8% per year during the period 2019-2022 (+10% and +70% in 2017), among countries and activities and new products launch.

The discount rate corresponds to the weighted average cost of capital. It was calculated by the company according to the standards on the basis of sectoral data, and the market data source for the beta, the risk-free rate, the risk premium and the debt.
The long-term growth rate is an average estimated with a representative sample from market sources.

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

	Discounting rate		Growth rate to infinity		Rate EBITDA	Revenue Growth Rate*
	Rate used	Var	Rate used	Var		
Native Advertising	11,2%	+200 pts	2,5%	-150 pts	-50 pts	-10 %
Drive to Store	11,2%	+150 pts	2,5%	-150 pts	-50 pts	-5 %

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

Note 13. Intangible fixed assets

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

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

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

in thousands of euros	31 Dec.2017	Changes in currency	Transfer	Increase	Decrease	31 Dec.2018
Software and licenses	9 634	41	1 092	30	-127	10 671
Trademarks	3 826	178	-	-	-	4 004
Customer relations	657	-	-	-	-	657
Fixed assets in progress	255	-	-1 092	1 080	-	242
Other	439	-	-	1	-	440
Total	**14 812**	**219**	**-**	**1 110**	**-127**	**16 014**

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

in thousands of euros	31 Dec.2017	Changes in currency	Transfer	Increase	Decrease	31 Dec.2018
Software and licenses	7 651	41	-	1 662	-16	9 339
Trademarks	3 752	178	-	-	-	3 930
Customer relations	520	-	-	-	-	520
Fixed assets in progress	-	-	-	-	-	-
Other	439	-	-	0	-	439
Total	**12 363**	**219**	**-**	**1 663**	**-16**	**14 229**

The net values of the intangible assets changed as follows:

in thousands of euros	31 Dec.2018	31 Dec.2017
Software and licenses	1 332	1 983
Trademarks	74	74
Customer relations	137	137
Fixed assets in progress	242	255
Other	1	0
Total	**1 786**	**2 449**

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

in thousands of euros

UGT	Asset	31 Dec.2018	31 Dec.2017
Hi Media	Hi-Media trademark	74	74
	Other	-	-
Total		**74**	**74**

Note 14. Tangible fixed assets

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

in thousands of euros	31 Dec.2017	Changes in currency	Transfer	Increase	Decrease	31 Dec.2018
Fittings & installations	547	-1	8	129	-436	246
Office equipment and computer hardware	2 056	-10	-	35	-20	2 062
Furniture	582	-5	-6	3	-74	500
Total	**3 185**	**-16**	**2**	**167**	**-530**	**2 808**

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

in thousands of euros	31 Dec.2017	Changes in currency	Transfer	Increase	Decrease	31 Dec.2018
Fittings & installations	321	-1	-	161	-413	68
Office equipment and computer hardware	1 967	-8	-	57	-22	1 994
Furniture	526	-4	-	17	-75	464
Total	**2 814**	**-13**	**-**	**235**	**-510**	**2 526**

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

in thousands of euros	31 Dec.2018	31 Dec.2017
Fittings & installations	179	226
Office equipment and computer hardware	68	90
Furniture	36	55
Total	**282**	**371**

Note 15. Deferred taxes

15.1. Recognized deferred tax credit and liabilities

The breakdown of deferred taxes recognized in income is presented in Note 11 below.
The sources of deferred tax assets and net recognized liabilities presented net by fiscal entity on December 31st, 2018 are as follows:

NET DEFERRED TAX CREDITS

in thousands of euros	31 Dec.2018	31 Dec.2017
Tax loss carryovers	0	0
Intangible fixed assets	0	0
Other timing differences	650	14
Deferred tax credits	**650**	**14**
Depreciation & Amortization	-650	-14
Net deferred tax credits	**0**	**0**

NET DEFERRED TAX LIABILITIES

in thousands of euros	31 Dec.2018	31 Dec.2017
Intangible fixed assets	-	-
Other timing differences	-	-
Deferred tax liabilities	**0**	**0**

15.2. Unrecognized deferred tax credits

On December 31st, 2018, the unrecognized deferred tax credits consisted mainly of the undefined losses carried over 20 years through HiMedia Group USA for €19.2m as well as undefined losses carried of AdUX France S.A. for €51.1 million, which can be undefined carried forward.

Note 16. Other financial assets

On December 31st, 2018 the other financial assets decompose as follows:

in thousands of Euros	31 Dec.2018	31 Dec.2017
Equity affiliates	61	111
Other securities	416	861
Deposits and sureties	160	133
Total	**637**	**1 104**

Note 17. Current trade and other receivables

in thousands of euros	31 Dec.2018	31 Dec.2017
Clients and invoices to be established	17 867	22 260
Depreciation	-2 588	-1 916
Current trade and other receivables	**15 278**	**20 343**

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

During the year 2018, the analysis of the Group's factoring contracts led to the conclusion that the receivables sold to third parties (factoring contracts) cannot be removed from the Group's assets because the risks and benefits associated with them are not substantially transferred to these third parties. In accordance with IAS 8, the impact of this adjustment has been retrospectively accounted for: the "Trade and other receivables" item was increased by € 4.5 million as at December 31, 2017 and "Short-term financial debt". term and bank overdrafts "was increased by € 4.5 million. This correction results in a change in the presentation of the 2017 balance sheet and the 2017 cash flow statement. The 2017 consolidated income statement and the 2017 statement of comprehensive income are not modified.

On December 31st, 2018, the contracts involve credit risk transfer: all the sold trade receivable has been derecognized (see below).

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

in thousands of euros	31 Dec.2018	31 Dec.2017
Unmatured (*)	8 242	12 475
0-30 days	339	1 585
31-120 days	3 314	3 365
120-360 days	2 658	1 788
More than one year	725	1 130
Customers and other debtors	**15 278**	**20 343**

(*) All of the unmatured receivables are at less than one year.

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

in thousands of Euros	31 Dec.2018	31 Dec.2017
Depreciation: Balance as at January 1st	1 916	1 801
Period funding	707	756
Impairment loss	0	-427
Change in scope	-35	-213
Depreciation: balance on December 31st	**2 588**	**1 916**

The depreciation corresponds mainly to due receivables which collectability presents a risk on December 31st, 2018.

Note 18. Other current assets

All of the other current assets are due at less than one year.
The prepaid charges correspond mainly to the part of the general expenses relative to the period after December 31st, 2018.

in thousands of euros	**31 Dec.2018**	**31 Dec.2017**
Financial and corporate assets	9 378	10 131
Receivables of related parties	656	316
Prepaid charges	255	253
Other	2 862	3 155
Other current assets	**13 152**	**13 856**

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

Note 19. Cash and cash equivalents

in thousands of euros	**31 Dec.2018**	**31 Dec.2017**
"OPCVM" fund shares	-	-
Cash reserve with the factor	-	-
Liquid assets	1 966	4 551
Cash and cash equivalents	**1 966**	**4 551**

Note 20. Shareholders' equity

For the consolidated variation of shareholders equity of the group, see page 8 above.
The nominal value of the AdUX share is €1.50.
Management of the shareholders' equity concerns the shareholders' equity as defined in the IFRS standards. It consists mainly in deciding the level of the present or future capital as well as on payout of dividends.
The shareholders' equity contains the share of minorities and Group share. The share of the minorities consists of the share held by non-Group shareholders of AdUX Portugal and Quantum Advertsing Nederland. It varies mainly as a function of changes in those subsidiaries' reserves and earnings from its subsidiaries.
Shareholders' equity Group share consists of the share capital of AdUX SA, reduced by the internally held shares, as well as the reserves and earnings accumulated by the Group.
The Group wants to have the employees participate in the capital by allocations of stock options and of free shares.

Note 21. Loans and financial liabilities

	Balance sheet balance on 31 Dec.2018				
in thousands of Euros	**Non-current**	**Current**	*Issue currency*	*Expiration*	*Effective ra*
Zero-interest financing for innovation	960	485	EUR	2021	
Tax credit funding	-	298	EUR	2019	Variab
Factoring contract	-	5 220	EUR	2019	
Total	**960**	**6 003**			

Note 22. Current and non-current Provisions

22.1. Details concerning non-current provisions

in thousands of euros	31 Dec.2018	31 Dec.2017
Provisions for risks and expenses	0	139
End-of-career benefits	430	652
Non-current provisions	**430**	**791**

22.2. Details concerning current provisions

en milliers d'euros	31 déc.2018	31 déc.2017
Provisions for risks and expenses	2 052	0
Non-current provisions	**2 052**	**-**

22.3. Non-current provisions

in thousands of euros	31 Dec.2017	Increase	Decrease - Non used	Decrease - Used	31 Dec.2018
Non-current provisions	139	1 952	-	-39	2 052

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

- On March 11, 2019, the Paris Commercial Court sentenced Quantum, of which AdUX is a 100% shareholder, to pay the sum of 1.07 million euros following a commercial dispute. A provision for the full amount of this amount has been recognized in the consolidated financial statements for the year ended December 31, 2018 (see Note Post closing events).

  Quantum has appealed this judgment as of March 14, 2019.

  Since the litigation arose in previous years, a provision for the entire amount was recognized in the consolidated financial statements for the year ended December 31, 2018.

- 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 oral hearing took place on April 12, 2019 and the date of judgment is the June 24, 2019.
  The amount of the claims remaining due by this publisher for € 770k was depreciated in the accounts as of December 31, 2018.

22.4. Staff benefits

Group commitments mainly concern French and Italian entities. The evaluation of the French retirement commitment is determined by the method of projected credit units.

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

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

in thousands of euros	31 Dec.2018	31 Dec.2017
Discounted value of the obligations as at January 1	652	571
Cost of services rendered and financial cost	- 64	92
Actuarial losses/(gains) recognized in equity	- 158	- 11
Change in scope	-	-
Discounted value of the obligations as at December 31	**430**	**652**

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

	2018	2017	2016
Discounting rate	1,60%	1,30%	1,40%
Rate of future increase of salaries	2,50%	2,50%	2,50%
Retirement age (Executives)	67 years	67 years	67 years
Retirement age (Non-Executives)	62 years	62 years	62 years
Actuarial table	INSEE F 2010	INSEE F 2010	INSEE F 2010

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

Note 23. Other current debts and liabilities

Other debts are mainly due to less than one year.

in thousands of euros	31 Dec.2018	31 Dec.2017
Taxation and social liabilities	9 044	9 507
Debts on fixed assets	313	68
Prepaid income	567	85
Other liabilities	969	1 097
Other current liabilities	**10 893**	**10 756**

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

Note 24. Segment information

in thousands of euros	Quantum		Admoove		Adpulse Social		Other Activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Sales	11 210	10 675	7 815	10 419	3 084	4 105	4 168	3 805	26 278	29 004
Gross Profit									12 516	15 298
EBITDA	(2 384)	(856)	559	1 048	(753)	(640)	(333)	1 389	(2 919)	941

Note 25. Stock option plan and allocations of free shares

25.1. Stock options

	Plan n°11	Plan n°12	Total
Meeting date	03 May 11	03 May 11	
Date of Board of Directors meeting	31 jan. 12	27 Aug. 2012	
Total number of shares allocated (before distribution of the HiPay and consolidation shares) (1)	385 000	105 000	490 000
Total number of shares available for subscription	159 620	64 600	224 220
Including number of shares that could be acquired by executive officers	0	49 600	49 600
Including number of shares that could be acquired by the ten leading employee	159 620	0	159 620
Beginning of exercise of the options	31 jan. 14	27 Aug. 2014	
Date of expiration	31 jan. 22	27 Aug. 2022	
Subscription price (in euros) (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 AdUX.
The company also adjusted the number of allocated options to preserve the rights of allottees.

Finally, the number of options takes into account the grouping of shares made in July, 2015 with a parity of 1 new action for 15 old actions.

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

After share consolidation information	2018		2017	
	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

25.2. Allocations of free shares

	Plan n°28	Plan n°29 a	Plan n°29 b	Plan n°30 b	Total
Meeting date	06 May 14	04 May 17	04 May 17	04 May 17	
Date of the Board of Directors' meeting	07 Sep. 2015	04 May 17	04 May 17	12 Dec 17	
Total number of shares allocated	66 000	29 300	17 500	39 000	**151 800**
Including the number of shares that can be subscribed to by the executive officers	-				**-**
Including the number of shares that can be subscribed to by the leading ten employee allocated	39 600	29 300	17 500	39 000	**125 400**
Number of cancelled shares	26 400	-	-	-	**26 400**
Number of shares definitively allocated as at Dec. 31, 2015	39 600	29 300	-	-	**68 900**
Number of shares that can be definitively allocated	-	-	17 500	39 000	**56 500**
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 26. Off balance sheet commitments

26.1. Commitments received

AdUX has no commitment applicable on 31st December 2018.

26.2. Commitments given

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 minimum.

26.3. Litigations

- ✓ Industrial relations tribunal disputes have arisen with former employees contesting the legitimacy of their dismissals. The company has recorded the provisions it deems necessary based on its assessment of the fair basis of the plaintiffs' suits.

- ✓ Similarly, as regards commercial disputes, the company has recorded the provisions it deems necessary based on its assessment of the risk associated with each dispute (cf Note 2 and 22).

Note 27. Transactions between affiliated parties

27.1. Compensation of members of management bodies

27.1.1. Executive officers

in thousands of Euros	31 dec.2018	31 Dec.2017
Short term employee benefit (including benefits)	232	234
Short term employee benefit (including benefits) paid for the precedent period	50	-
Non current benefit	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Providing termination benefits	-	-
Sharebased payment	-	-
Total	**282**	**234**

27.1.2. Non executive officers

The remuneration of non-executive officers is only composed of attendance fees for 62k€.

27.2. Transactions with the subsidiaries

AdUX SA charges its subsidiaries ad serving costs, holding costs (management fees), brand fees and personal expenses, which are eliminated in the consolidated accounts. AdUX SA invoices and is recharged by the entities in equity method for operational flows.

27.3. Other affiliated parties

During 2018, no significant operation has been carried out with:
- shareholders holding a significant voting right in the AdUX S.A. capital,
- members of the management organs, including the directors,
- entities over which one of the main senior managers or shareholders exercise control, or notable influence, or hold a significant voting right.

Note 28. Auditors fees

	PWC		Fiderec		Other		Total	
	Amount (VAT excl.)		Amount (VAT excl.)		Amount (VAT excl.)		Amount (VAT excl.)	
in thousands of Euros	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Statutory audit, review of statutory and consolidated accounts								
- AdUX S.A.	74	-	45	-	-	230	119	230
- Fully consolidated subsidiaries	25	-	35	-	22	86	82	86
Services other than the certification of accounts "AND" Statutory Auditors, examination of individual and consolidated accounts "by" Certification of accounts "								
- AdUX S.A.	-	-	-	-	-	-	-	-
- Fully consolidated subsidiaries	-	-	-	-	-	-	-	-
Total	**99**	**-**	**80**	**-**	**22**	**316**	**201**	**316**