

Results 2019 AND International Publishers NV

In millions of euros (except for figures per share) (UNAUDITED)	2019	2018
Revenue	1.1	1.0
Operating expenses	(3.2)	(3.2)
Operating result (excluding impairment correction)	(2.1)	(2.2)
Net profit (loss)	(4.0)	(3.1)
Net profit (loss) (excluding impairment correction)	(1.1)	(1.6)
Cash position	0.5	2.2
Net earnings per share	(1.06)	(0.84)

Capelle aan den IJssel, the Netherlands, 24 April 2020 - AND International Publishers NV has realized a revenue of € 1,1 million (2018: € 1,0 million). The company's net result, excluding impairment, resulted in € (1,1) million (2018: € (1,6) million). Earnings per share came in at € (1.06) compared with € (0.84) in 2018.

AND Chief Executive Officer Thierry Jaccoud said: **“2019 was as projected a major step in the turnaround plan for AND: We reviewed our entire go to market strategy, products roadmap and team structure. We managed to stop the decline of our base revenue from several long-standing clients, by ensuring their customer satisfaction and adding new recurring services, and stabilizing it at 1.1 Million Euro. Newly generated business was predominantly data sales and services, 70% of which delivers recurring revenue for the future. We improved our relationship with our large customers and created a good momentum in Q4 to provide a solid basis for the coming years. While we managed to launch our new strategy on safety and sustainability along with the announcement of innovative products such as High Alert Zones, we also entered both the ESRI Marketplace and the HERE OLP Marketplace. This lays good foundation for extending our visibility and making our content more broadly available to any customer. We ended the year with a good pipeline of opportunities for the next few years.”**

Course of events 2019

In February, Thierry Jaccoud (Swiss nationality, born in 1970) joined AND as the new CEO. He is a seasoned executive in the automotive industry. He joined AND from TI Automotive, where he successfully managed the turnaround as Commercial Director Europe and Managing Director of TI Automotive (Heidelberg) GmbH. Notably, Thierry spent 9 years of his career at NAVTEQ (currently known as HERE) where he held a variety of commercial and general management positions, substantially growing the sales of digital maps in Europe and emerging markets.

In June, AND completed and delivered full HD Maps to a subsidiary of a large European Automotive OEM, while continuing to improve the maturity of the MapFusion technology.

In July, we launched our new website www.and.com, to support the new strategy and promote the new direction the company is taking to a much wider audience. Providing quick and easy access to the latest information, the new design also features an updated AND logo and overall reflects a repositioning of the company towards location-aware content which fosters a safer and more sustainable world. The clean, uncluttered design; improved functionality; and superior content gives a comprehensive overview of products and services. The site now offers a series of downloadable products and service datasheets.

At the end of August, we announced our first APIs. AND APIs are designed to make industry applications, such as Transportation Management or Geo-Marketing Solutions more efficient, enriching them with additional location aware content. These APIs provide direct access to our unique ZIP+4 USA content.

The TalkingMaps project, announced in 2018, which aims to automatically improve, update and enrich map and location-content using the MapFusion technology, passed its first milestones in summer 2019, and will continue to support the development of AND's MapFusion technology further in the years to come.

In September, AND launched its first innovative product: the High Alert Zones, the company's first safety focused product. We have chosen road safety around schools for the initial module of this exciting new dataset, with other datasets to follow in due course. High Alert Zones targets school boundaries with smart polygons defining three levels of priority. The top priority zones cover a 200 meters boundary around the school; with medium priority at 300 meters; and finally, low priority at 600 meters. These are all areas where drivers are likely to encounter children crossing the road, walking along footpaths or playing nearby. School bus stops, public transport hubs and key parking areas are also included in the data.

Primarily aimed at developers of in-dash or mobile navigation systems and alerting drivers when approaching schools, High Alert Zones can also support other location-aware applications such as rerouting or blocked streets during road works, marches or social events etc. or organizing activities within the school zone itself. High Alert Zones is currently available as a dataset in standard formats and will soon also be offered via the new AND API portal.

After a long period of preparation and exchange with ESRI, AND announced in October that its ZIP+4 Boundaries are now available for sale and trial on ESRI's ArcGIS Marketplace. The 5-digit ZIP Code plus a 4-digit add-on number identifies a geographic segment within the 5-digit area, such as a city block, office building, high-volume receiver of mail, or any other distinct mail unit.

In November, AND launched its Developer Portal that includes a first short series of APIs (Application Programming Interfaces). By working more closely with developers, AND wants to accelerate location-aware innovation and further improve its services. APIs have evolved over the past few years, going from internal integration tools to digital building blocks that connect applications. AND's Developer Portal now offers 24/7 self-service solution for developers to access AND's great content. To start with, the site will provide a number of APIs such as Geocoder, ZIP+4 USA and Time Distance Matrix. Developers can request a [free trial](#) API key to test the functionality of this service. More APIs will be added in the near future.

In December, AND joined the HERE Open Location Platform (OLP). This is a key step in the company's mission to develop and expand its portfolio of location-aware content and offer a broad range of delivery options. HERE OLP is a one-stop ecosystem where location-centric products and services can be created and licensed, leveraging the exclusive tools, data and market access offered by the OLP Workspace. The OLP Workspace adds a unique dimension which supports our developers with excellent tools and premium location-aware content. Overall, we will be able to enrich and pool our data with that from HERE or other third parties to develop attractive and innovative products."

And finally, at the end of December, we announced that an agreement had been reached between the Company and a group of investors on a convertible loan of €1.15 million to be issued to the Company.

Financial position

Revenue and costs

Revenue increased from €1,005,000 to €1,064,000.

Costs for maps and data amounted to €185,000 (2018: €26,000), they are related to geographical data for the maintenance of the database. The increase versus 2018 is due to the closing of the Indian subsidiary and subsequently outsourcing these services.

Personnel expenses decreased in 2019 by 23% to €1,668,000 (2018: €2,161,000), primarily because of the closing of AND Data India Pvt. Ltd..

Total investments in maps in 2019 amounts to €333,000 (2018: €554,000). The amortisation of intangible fixed assets decreased from €824,000 in 2018 to €779,000 in 2019 (before impairment)

At balance sheet date 2019, an impairment test was executed, resulting in an impairment loss of €2,795,000. This outcome is the result of reduced forecasted future results / cash-flows to be generated by using ANDs current database. These forecasts have been adjusted because of lower short- to mid-term revenue projections versus the assumptions used in the 2018 impairment calculations, as well as because of change in the anticipated revenue composition (service versus database) given AND's revised strategy.

Other operating expenses increased to €719,000 in 2019 (2018: €673,000), mainly because of intensified sales & marketing activities.

Cash flow

The net cash flow from operating activities in 2019 amounted to an outflow of €1,191,000 compared to a 2018 cash outflow of €1,329,000. The cash flow from investing activities amounted to an outflow of €731,000 (2018: €554,000 outflow). The cash flow from financing activities amounted to €250,000 (2018: outflow of €37,000).

Taxation

Taxes for 2019 amounted to €(970.000) compared to 2018: €(564,000).

Financial position

Total assets decreased by €3,687,000 in 2019 to €10,938,000. The solvency ratio remains high, amounting to 89% of the balance sheet total at the end of 2019 (2018: 93%). As of 31 December 2019, AND held €522,000 in cash and cash equivalents (2018: €2,194,000).

Investments

The total investment in intangible assets amounts to €333,000 in 2019 (2018: €554,000). Investments in property, plant and equipment in 2019 amounted to €398,000 (2018: €-), which includes €391,000 of investments incurred by the first time IFRS16 adoption in 2019.

Dividend

Given the results for 2019, AND proposes not to pay dividends to shareholders.

Market developments

The demand for location aware content is increasing in all sectors and applications. According to external market research, the global digital mapping market is estimated at 4,6 Billion USD with a growth rate of 14,2% from 2018. North America with 1,5 Bio USD is the largest single market worldwide. The overall CAGR towards 2025 is estimated at 16,5%

Largest markets by solution are route optimization and planning followed by tracking and telematics. A very interesting segment with the highest expected CAGR of 18,2% until 2025 is the Risk assessment and disaster management that needs a strong location-aware component.

In the automotive market, we envisage a strong transformation ahead. Highly automated driving was postponed towards 2030 instead of 2025 mainly due to the unexpected complexity of the task. There is no clear trend for digital mapping in this sector. Some OEMs are equipping future cars with lidars and sensors able to map the necessary drivable space on the fly and others rely on pre-created highly accurate maps. As a result, we decided to carefully monitor the trend and keep our investment to a minimum.

According to research and market feedback, we know that most of the revenue growth and current business is made with APIs. This is where AND needs to focus its energy for the turn around.

Although the need for digital worldwide mapping and location services continues to grow, AND needs to get its share of voice in order to benefit from that market growth. Hence our focus on marketing and sales activities aimed at developers and maintaining a good and strong relationship with our trusted customers.

Strategy

As an independent player, AND focuses on creating long-term value for its shareholders in the market space of digital maps for location-based products and services. Central to this strategy are:

- Cost efficient production and ingestion of geodata
- Flexible licensing models
- Direct content and service sales via APIs targeting developers
- Competitive pricing
- Customised solutions and content creation
- A focus on developing a new geo-location market to help foster a safer and more sustainable world.

Outlook for 2020

The short to medium term economic conditions in Europe are uncertain, but we do see an increasing demand for new, highly customized maps for automotive, Smart City, IOT and GIS applications via APIs. Due to the nature of these new technologies, the volume of business will depend on market adoption and share of voice. We will keep investing in technology and our map and we will continue to expand our marketing and sales activities. In 2020, we expect to see the first positive trend within our revised business model and market approach. We are convinced there will be new opportunities within the current, fast changing, technology and market developments.

AND does not provide a financial outlook for 2020, amid the (macro-economic) uncertainties caused by the global COVID-19 / "Corona"-virus outbreak.

Subsequent events

Convertible loan

To secure its short to medium term cash requirements, AND entered into a convertible loan of € 1,150,000 on 4 February 2020. This convertible loan, provided by a group of investors, bears an interest of 9% p.a. (of which 3% in cash and 6% payment in kind (PIK)) and is secured by a.o. a pledge on the IP owned by AND as well as a pledge on the shares of AND Products BV. The loan has a duration of 2 years and is convertible during this period into ordinary AND shares at a conversion price of €1.85 per share.

Liquidation of AND Data India Pvt. Ltd.

In May 2018, AND management decided to stop the operating activities of its Indian subsidiary AND Data India Pvt. Ltd. No operating activities were performed since, nor does management have tangible plans to re-establish operating activities in India. Therefore, in March 2020, AND management decided to liquidate this entity legally. In accordance with applicable Indian legislation and procedures, such a liquidation process will require approximately 6 months to complete. At the end of this liquidation process, the cash that is currently “trapped” in AND Data India Pvt. Ltd. (2019: €293,000), will be repatriated to AND in the Netherlands (after deduction of local Indian costs related to the orderly liquidation of AND Data India Pvt. Ltd.).

Replacement of auditor

On 5 March 2020, AND announced that in spite of extensive efforts, it had been unable to find a PIE/OOB-licensed auditor for the audit of its 2019 Consolidated Financial Statements. As announced previously in the mid-year trading update of 12 September 2019, the Company’s former auditor, Grant Thornton Accountants en Adviseurs B.V., chose to surrender its PIE/OOB-license in 2019. As a result, AND was forced to look at all (six) remaining PIE/OOB-licensed audit firms.

One of these six audit firms still is -as predecessor of Grant Thornton as auditor of AND- in its so-called “cooling off”-period, and as such not legally allowed to service AND as auditor. The other (five) audit firms all have decided not to offer their services to AND, primarily for (a combination of) reasons of limited staff capacity, commercial considerations and significance of the anticipated audit fee relative to the (limited) size of AND.

Unfortunately, AND therefore is forced to publish its 2019 Consolidated Financial Statements without an auditor’s opinion. AND regrets this outcome, and wants to stress that the considerations for aforementioned audit firms not to serve AND are outside the sphere of influence of the company, and find its origin in the strict application of the legislation for PIEs/OOBs, as well as in the apparent scarce resources with PIE/OOB-licensed audit firms. Furthermore, the company wishes to stress that it has been in transparent communication with AFM, Euronext and auditors’ association NBA throughout this process, starting June 2019. Meanwhile, AND continues to do its utmost to secure a PIE/OOB-licensed auditor for fiscal year 2020.

In the aspiration to provide reasonable assurance to its stakeholders, AND commissioned an independent valuator to conduct an assessment of the digital map database, This is the key asset on the balance sheet of AND (presented in the financial statements as intangible fixed asset). AND is aware that this independent valuation is not a substitute for an audit performed by a certified public auditor. However, the Management Board and Supervisory Board have decided to have this assessment carried out in the interest of the users of the 2019 consolidated financial statements.

The outcome of the independent valuation gave the Board no reasons to doubt the outcome of the impairment test and the results included in the 2019 annual accounts.

COVID-19 / global “Corona”-virus outbreak

At the moment of the report, we are experiencing the initial impact of lockdowns and retail stores closing in Europe and in North America. This will inevitably cause an economic slowdown in these regions, which are our key markets. Management cannot currently quantify the impact of this expected economic slowdown. If global lockdowns continue, the impact will be more significant. AND is currently fully operational, with employees working remotely. This is facilitated by a solid IT infrastructure and proper use of remote working and collaboration technology. A good share of our customers either belong to large industrial groups or governmental bodies and management expects them to honour their commercial commitments. The bigger impact will be on AND’s growth strategy as management is focusing on sales and marketing campaigns to attract new customers and gain market share. Those targeted companies that are either closed or dealing with remote working are not expected to take decisions quickly. This may delay our growth expectations.

Annual Meeting of Shareholders

Amidst the Covid-19 / “Corona”-virus outbreak, the General Meeting of Shareholders will be held at the offices of AND in Capelle a/d IJssel and by means of an online webinar, on May 19, 2020 at 10.00h CET. Shareholders are encouraged not to attend the meeting in person but instead via the online webinar. The invitation to the General Meeting of Shareholders was published on 7 April, 2020 and contains the agenda and the details on how to register and attend the meeting.

Shareholders attending the Annual Meeting of Shareholders via the online webinar are requested to cast their votes ahead of the meeting using the [voting instructions form and Proxy form](#)

A detailed analysis of the 2019 results can be found in the 2019 Annual Report. The Annual Report will be published on the website www.and.com , post-closing of Euronext on 24 April 2020.

Rotterdam, 24 April, 2020

Management Board
Thierry Jaccoud, CEO

2020 Financial Calendar:	
April 24, 2020	Publication of 2019 results
May 19, 2020	General meeting of shareholders
September 11, 2020	Publication of half-year results

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1. Consolidated statement of profit or loss

(x € 1.000)	Note	2019	2018
Revenue	6.23	1,064	1,005
Maps and sources	6.24	(185)	(26)
Personnel expenses	6.25	(1,668)	(2,161)
Depreciation	6.30	(95)	(28)
Amortization	6.31	(779)	(824)
Other operating expenses	6.28	(719)	(673)
Total operating expenses		(3,446)	(3,712)
Capitalised development costs	6.31	304	554
Impairments	6.31	(2,795)	(1,553)
Net operating expenses		(5,937)	(4,711)
Operating result		(4,873)	(3,706)
Financial expense/income		(51)	29
Result before tax		(4,924)	(3,677)
Income taxes	6.29	970	564
Net profit		(3,954)	(3,113)
Profit / (loss) attributable to:			
Shareholders of the company		(3,954)	(3,113)
Basic earnings per share (euro)	6.36	(1.06)	(0.84)
Diluted earnings per share (euro)	6.36	(1.06)	(0.84)

2. Consolidated statement of comprehensive income

[x € 1.000]	2019	2018
Net result	(3,954)	(3,113)
Other comprehensive income for the year		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Foreign currency translation differences on foreign operations	23	(122)
Total comprehensive income for the year (after income tax)	(3,931)	(3,235)
Comprehensive income attributable to:		
Shareholders of the company	(3,931)	(3,235)

3. Consolidated balance sheet

(x € 1.000)	Note	2019	2018
Assets			
Property, plant and equipment	6.30	333	30
Intangible assets	6.31	6,891	10,132
Deferred tax assets	6.32	2,909	1,939
Total non-current assets		10,133	12,101
Income tax	6.33	-	-
Trade and other receivables	6.33	283	330
Cash and cash equivalents	6.34	522	2,194
Total current assets		805	2,524
Total assets		10,938	14,625
Shareholders' equity			
Issued and paid-up capital	6.35	2,795	2,795
Share premium reserve	6.35	36,227	36,227
Legal reserve	6.35	6,496	9,719
Result for the year	6.35	(3,954)	(3,113)
Retained earnings	6.35	(31,872)	(31,983)
Total shareholders' equity	6.35	9,692	13,645
Liabilities			
Defined benefit plans		12	12
Other liabilities	6.37	427	177
Total non-current liabilities		439	189
Trade and other liabilities	6.38	807	791
Total current liabilities		807	791
Total liabilities		1,246	980
Total shareholders' equity and liabilities		10,938	14,625

4. Consolidated cashflow statement

[x € 1.000]	Note	2019	2018
Operating result		(4,873)	(3,706)
Adjustments for:			
Depreciation tangible fixed assets	6.30	95	28
Amortisation intangible fixed assets	6.31	779	824
Impairment loss intangible fixed assets	6.31	2,795	1,553
Changes in working capital:			
Change in receivables	6.34	47	(186)
Change in other liabilities	6.39	17	(156)
Cash flow from operating activities		(1,140)	(1,643)
Finance income / (expenses)		(51)	29
Income tax received / paid		-	285
Net cash flow from operating activities		(1,191)	(1,329)
Investments in intangible fixed assets and capitalised development costs	6.31	(333)	(554)
Investments in property, plant and equipment	6.30	(7)	-
IFRS 16 adoption	6.30	(391)	-
Cash flow from investing activities		(731)	(554)
Dividend payment		-	-
IFRS 16 adoption		289	-
Long-term liabilities	6.37	(39)	(37)
Cash flow from financing activities		250	(37)
Net decrease in cash and cash equivalents		(1,672)	(1,920)
Opening balance cash and cash equivalents	6.34	2,194	4,114
Closing balance cash and cash equivalents	6.34	522	2,194