



# Interim Financial Report

## 1<sup>st</sup> semester 2017



HiPay Group

Public limited company with a capital of  
€ 54 504 715

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## Comments concerning the consolidated income statement – Payments activity

In the first semester 2017, business volume increased by 58%.

The turnover shows a growth of around 28% compared to last year first semester reaching €11.6 million.

The costs amount to €8.7 million, rising by 43% compared to the first semester 2016 (€6 million). This is mainly due to the increase of direct costs and overhead which is in a fast growing period. Payroll charges increased by 19% up to €4.1 million as a result of the fast growing period with the structuring and strengthening of dedicated teams. Depreciation and amortization (€0.9 million) relate to investments in new technical platforms.

Current operating amounts to €-2.2 million.

Consolidated net income amounts to €-2.7 million (with regard to €-1 million in in the first half of 2016)

After taking into account:

- an income tax of €-0.2 million (€-0.3 million in the first half of 2016) ;
- and the loss of €-0.3 million related to the micropayment activity being sold.

## Significant events over the period

During the first half of the year, we decided to spin off the HiPay Mobile business through a partial asset transfer operation in a legal entity created for this purpose (B612 SAS renamed Mobiyo SAS), a wholly-owned subsidiary of HiPay SAS. This spin off will be finalized at the end of July 2017.

As of June 15th, 2017, HiPay SAS received an offer to acquire Mobiyo SAS, hosting the HiPay Mobile activity, from GibMedia SAS, a wholly-owned subsidiary of BJ Invest SAS, a key shareholder of HiPay Group with 29.84% at the end of June 2017. This proposed sale will be submitted to the shareholders of HiPay Group SA at the general meeting to be held on July 28th 2017 in accordance with AMF recommendation Doc 2015-05 on the sale and acquisition of significant assets.

We will therefore present this financial report in accordance with IFRS 5 for the micropayment activity (micropayment UGT as an operating segment as presented in Note 19 to the consolidated financial statements as of December 31, 2016). The micropayment activity includes the micropayment activity of Hipay SAS, which has been the subject of a spin off, and HiPay Mobile Espana. The restatement methods are presented in note 1.5.

## Events occurred since June 30th, 2017

None

## Prospects

HiPay Group, in line with the first half, should continue the 2017 financial year on a sustained pace of growth.

## Main risks and uncertainties characterizing the second half of 2017

The main risks to which the Group is exposed are described in the Report to the President page 101 and following of the 2016 annual report. The Company is not aware of other risks and uncertainties affecting the Group.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated income statements on June 30<sup>th</sup>, 2017 and on June 30<sup>th</sup>, 2016

<i>in thousands of Euros</i>	Notes	June 30 <sup>th</sup> , 2017	June 30 <sup>th</sup> , 2016 restated IFRS 5	June 30 <sup>th</sup> , 2016 published
Sales		11 579	9 063	14 926
Direct costs		- 5 287	- 3 876	- 4 912
Payroll charges	Note 3	- 4 142	- 3 472	- 5 132
General expenses		- 3 373	- 2 181	- 2 829
<b>EBITDA<sup>(1)</sup></b>		<b>- 1 223</b>	<b>- 466</b>	<b>2 053</b>
Depreciation and amortization		- 885	- 558	- 1 350
<b>Current operating profit</b>		<b>- 2 108</b>	<b>- 1 024</b>	<b>703</b>
Stock based compensation <sup>(2)</sup>		- 90	- 58	- 58
Other non-current income and charges	Note 4	-	- 622	- 1 033
<b>Operating profit</b>		<b>- 2 198</b>	<b>- 1 704</b>	<b>- 388</b>
Other financial income and charges	Note 5	24	- 32	- 136
<b>Earning of the consolidated companies</b>		<b>- 2 174</b>	<b>- 1 736</b>	<b>- 524</b>
Share in the earnings of the companies treated on an equity basis		-	-	-
<b>Earnings before tax of the consolidated companies</b>		<b>- 2 174</b>	<b>- 1 736</b>	<b>- 524</b>
Income Tax	Note 6	- 184	- 300	- 439
<b>Net income of the consolidated companies</b>		<b>- 2 358</b>	<b>- 2 036</b>	<b>- 962</b>
Including minority interests		30	5	5
<b>Including Group share</b>		<b>- 2 388</b>	<b>- 2 041</b>	<b>- 967</b>
Net income from discontinued operations	Note 1.5	- 338	1 074	-
<b>Net income</b>		<b>- 2 696</b>	<b>- 962</b>	<b>- 962</b>
Including minority interests		30	5	5
<b>Including Group share</b>		<b>- 2 726</b>	<b>- 967</b>	<b>- 967</b>

(1) Current operating income before allowances and reversals of depreciation, amortisation and provisions.

(2) Completion of the 2015 plan

Earnings per share from continuing operations :

	June 30 <sup>th</sup> , 2017	June 30 <sup>th</sup> , 2016 restated IFRS 5	June 30 <sup>th</sup> , 2016 published
Weighted average number of ordinary shares	4 954 974	4 927 783	4 927 783
Earnings per share, Group share (in euro)	-0,48	-0,41	-0,20
Weighted average number of ordinary shares (diluted)	4 954 974	4 927 783	4 927 783
Diluted earnings per share, Group share (in euro)	-0,48	-0,41	-0,20

Earnings per share from discontinued operations :

	June 30 <sup>th</sup> , 2017
Weighted average number of ordinary shares	4 954 974
Earnings per share, Group share (in euro)	-0,07
Weighted average number of ordinary shares (diluted)	4 954 974
Diluted earnings per share, Group share (in euro)	-0,07

Status of the overall earnings on June 30<sup>th</sup>, 2017 and on June 30<sup>th</sup>, 2016

<i>in thousands of euro</i>	June 30 <sup>th</sup> , 2017	June 30 <sup>th</sup> , 2016 published
<b>Net result</b>	- 2 726	- 967
<b>Other element of the global result</b>	-	-
<u><i>Elements recycled in net result</i></u>	-	-
- Translation adjustments	1	4
- Other	-	-
- Taxes on other elements of the global result	-	-
<u><i>Elements not recycled in net result</i></u>	-	-
- Actuarial gain and losses related to post-employment benefits	-	-
<b>Other elements of the global result, net of tax</b>	1	4
Group share	1	4
Minority interests	-	-
<b>Global result</b>	- 2 726	- 963



Consolidated balance sheets on June 30<sup>th</sup>, 2017 and on December 31<sup>st</sup>, 2016

<i>ASSETS - in thousands of Euros</i>	Notes	June 30 <sup>th</sup> , 2017	Dec 31 <sup>st</sup> , 2016 published
Net Goodwill	Note 7	40 222	45 222
Net intangible fixed assets	Note 8	4 369	6 955
Net tangible fixed assets	Note 9	179	204
Deferred tax assets	Note 10	1 455	1 492
Other financial assets	Note 11	256	304
<b>Non-current assets</b>		<b>46 482</b>	<b>54 178</b>
Receivables and other debtors	Note 12	47	12 413
Other current assets	Note 13	47 156	35 381
Cash and cash equivalents	Note 14	6 686	8 831
Assets held for sale and discontinued operations	Note 1.5	22 889	-
<b>Current assets</b>		<b>76 779</b>	<b>56 625</b>
<b>TOTAL ASSETS</b>		<b>123 261</b>	<b>110 803</b>

  

<i>LIABILITIES - in thousands of Euros</i>	Notes	June 30 <sup>th</sup> , 2017	Dec 31 <sup>st</sup> , 2016 published
Share capital		54 505	54 505
Premiums on issue and on conveyance		15 495	15 495
Reserves and retained earnings		- 14 520	- 12 699
Consolidated net income (Group share)		- 2 388	- 2 377
<b>Shareholders' equity (Group share)</b>		<b>53 092</b>	<b>54 925</b>
Minority interests		182	152
<b>Shareholders' equity</b>		<b>53 274</b>	<b>55 076</b>
Non-current Provisions		151	194
<b>Non-current liabilities</b>		<b>151</b>	<b>194</b>
Suppliers and other creditors		4 920	19 184
Other current debts and liabilities	Note 15	45 230	36 348
Non-current liabilities and groups of liabilities held for sale	Note 1.5	19 686	-
<b>Current liabilities</b>		<b>69 836</b>	<b>55 533</b>
<b>TOTAL LIABILITIES</b>		<b>123 261</b>	<b>110 803</b>

Consolidated cash flow statement on June 30<sup>th</sup>, 2017, on December 31<sup>st</sup>, 2016 and on June 30<sup>th</sup>, 2016

in thousands of Euros	Notes	June 30 <sup>th</sup> , 2017 IFRS 5	Dec 31 <sup>st</sup> , 2016 published	June 30 <sup>th</sup> , 2016 published
Net income		- 2 358	- 2 321	- 962
<i>Adjustments for:</i>		-	-	-
Depreciation of the fixed assets		895	3 095	1 380
Other non current elements without impact on the cash		-	1 167	-
Financial income and charges		4	77	84
Net income on disposals of fixed assets		- 20	-	-
Costs of payments based on shares		90	- 177	58
Tax charge or proceeds	Note 6	184	1 665	439
Operating profit before variation of the operating capital need and provisions		- 1 205	3 506	999
Variation of the operating capital need		498	- 1 770	- 680
Cash flow resulting from operating activities		- 707	1 735	319
Interest paid		- 4	- 77	- 84
Tax on earnings paid		- 349	- 520	- 269
<b>Net Cash Flow Resulting From continuing Operating Activities</b>		<b>- 1 060</b>	<b>1 138</b>	<b>- 35</b>
Net Cash Flow Resulting From operating activities of discontinued operations		752	-	-
<b>Net Cash Flow Resulting From Operating Activities</b>		<b>- 308</b>	<b>1 138</b>	<b>- 35</b>
Acquisition of a subsidiary, after deduction of cash acquired		-	- 360	-
Acquisition of fixed assets		- 1 265	- 3 810	- 1 753
Variation of financial assets		-	- 8	-
<b>Net Cash Flow Resulting From continuing investing Activities</b>		<b>- 1 265</b>	<b>- 4 178</b>	<b>- 1 753</b>
Net Cash Flow Resulting From operating investing of discontinued operations		- 431	-	-
<b>Net Cash Flow Resulting From Investing Activities</b>		<b>- 1 696</b>	<b>- 4 178</b>	<b>- 1 753</b>
Repurchase of own shares		520	7	139
Dividends paid to minority interests		-	- 68	-
<b>Net Cash Flow Resulting From continuing Financing Activities</b>		<b>520</b>	<b>- 61</b>	<b>139</b>
Net Cash Flow Resulting From operating Financing of discontinued operations		-	-	-
<b>Net Cash Flow Resulting From Financing Activities</b>		<b>520</b>	<b>- 61</b>	<b>139</b>
Effect of exchange rates variation		- 1	3	5
Net Variation Of Cash And Cash Equivalents from continuing Activities		- 1 805	- 3 098	- 1 645
Net Variation Of Cash And Cash Equivalents from discontinued operations		321	-	-
Cash and cash equivalents on January 1st		8 831	11 929	11 929
<b>Cash And Cash Equivalents At The End Of The Period</b>		<b>7 347</b>	<b>8 831</b>	<b>10 284</b>



Statements of changes in combined shareholders equity on June 30<sup>th</sup>, 2017 and June 30<sup>th</sup>, 2016

<i>in thousands of euro</i>	Number of shares	Share capital	Premiums	Transactions with HiMedia (1)	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
December 31, 2015	4 954 974	54 505	15 495	7 076	- 472	453	- 698	- 18 679	57 681	361	58 041
Stock options and free shares impact	54 504 715	-	-	-	-	58	-	-	58	-	58
Shares redemptions	0	-	-	-	139	-	-	-	139	-	139
Perimeter variation	0	-	-	- 41	-	-	-	-	- 41	-	- 41
Income and charges directly posted in shareholders' equity	0	-	-	-	-	-	4	-	4	-	4
Net income of the period	0	-	-	-	-	-	-	- 967	- 967	5	- 962
Global result	0	-	-	-	-	-	4	- 967	- 963	5	- 958
June 30, 2016	4 954 974	54 505	15 495	7 035	- 333	511	- 694	- 19 646	56 873	365	57 238
Stock options and free shares impact	54 504 715	-	-	-	-	- 235	-	-	- 235	-	- 235
Shares redemptions	0	-	-	-	- 132	-	-	-	- 132	-	- 132
Dividends paid to the minorities	0	-	-	-	-	-	-	-	-	- 68	- 68
Perimeter variation	0	-	-	-	-	-	-	- 165	- 165	- 195	- 360
Income and charges directly posted in shareholders' equity	0	-	-	-	-	-	- 8	-	- 8	-	- 8
Net income of the period	0	-	-	-	-	-	-	- 1 410	- 1 410	51	- 1 359
Global result	0	-	-	-	-	-	- 8	- 1 410	- 1 417	51	- 1 366
December 31, 2016	4 954 974	54 505	15 495	7 035	- 465	276	- 702	- 21 220	54 925	152	55 076
Stock options and free shares impact	0	-	-	-	-	90	-	-	90	-	90
Shares redemptions	0	-	-	-	465	-	-	-	465	-	465
Dividends paid to the minorities	0	-	-	-	-	-	-	-	-	-	-
Perimeter variation	0	-	-	-	-	-	0	-	-	-	-
Income and charges directly posted in shareholders' equity	0	-	-	-	-	-	1	-	1	-	1
Net income of the period	0	-	-	-	-	-	-	- 2 726	- 2 726	30	- 2 696
Global result	0	-	-	-	-	-	1	- 2 726	- 2 726	30	- 2 695
June 30, 2017	4 954 974	54 505	15 495	7 035	-	366	- 701	- 23 946	52 754	183	52 936

(1) Transactions with HiMedia S.A. are mainly legal restructuring due to the contribution of HPME shares, capital increase of HiPay S.A.S. and HiPay Mobile Espana SL.

The Company terminated the liquidity contract during the first quarter of 2017.

# Notes concerning the group's summary consolidated interim financial statements

## Note 1. Accounting principles and methods

### 1.1. Entity presenting the financial statements

Intermediary financial consolidated statements of Hipay Group include the accounts of Hipay Group S.A. and its subsidiaries (together referred to as "the Group"). They are presented in thousands of euros.

The head office of the Company is located at 6, Place Colonel Bourgoïn, 75012 Paris.

### 1.2. Basis of the consolidated financial statements

Persuant to the European regulation n° 1606/2002 of July 19<sup>th</sup> 2002, the Group's consolidated financial statements have been prepared in accordance with IAS 34 - Financial Reporting Standard IFRS as adopted in the European Union. These International Accounting Standards are made of the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards) and their interpretations, which were adopted on the June 30<sup>th</sup>, 2017 by the European Union (publication in the Official Journal of the European Union).

The condensed consolidated financial statements for the six months ended June 30, 2017 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The consolidated financial statements for the six months ended June 30, 2017 and the accompanying notes have been drawn up under the responsibility of the Board of Directors and adopted at its meeting on July 25, 2017. They were subject to a limited review by the statutory auditors.

### 1.3. Accounting principles and evaluation methods

Hipay Group has applied the same accounting methods as in its consolidated financial statements for the financial year ending on December 31<sup>st</sup>, 2016, except for standards, amendments and interpretations applicable for the first time on January 1<sup>st</sup>, 2017.

*Standards, amendments and interpretations, whose application is mandatory on January 1<sup>st</sup>, 2017:*

The Group's application of the following standards and interpretations, adopted by the European Union and mandatory in financial years beginning on or after January 1<sup>st</sup>, 2017, had no major impact on the Group's financial statements:

- Amendements to IAS 7 – Cash flow statement
- Amendements to IAS 12 – Income Taxes

*Early application*

On June 30<sup>th</sup>, 2017, the Group has not applied by anticipation new standards or interpretations.

*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<sup>st</sup>, 2017:

Including standards adopted by the European Union but not entered into force:

- IFRS 9 and amendments to IFRS 9 – Financial Instruments: Classification and Measurement of financial assets, fair value option for financial liabilities and hedge accounting
- IFRS 15 – Revenue from Contracts with Customers
-

- ✓ Including standards not yet adopted by the European Union as at June 30<sup>th</sup>, 2017:
  - IFRS 16 – Leases

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

With regard to the first-time application of IFRS 15, the Group opened a project in the first half of 2017 to identify possible differences between the terms of recognition of current revenues and the terms that will prevail under the new IFRS 15 as of January 1<sup>st</sup>, 2018. The analysis focuses on the following:

- recognition of income as an "agent" or "principal" in respect of technical and services delivery invoiced to its customers, merchant sites,
- existence of one or more performance obligations in the provision of services to customers,
- capitalization of sales commissions paid to obtain multi-annual contracts.

At this stage of the analysis, the Group has not identified a major difference with the accounting principles currently applied. The group will formalize the results of its analyzes during the second half of the year.

#### 1.4. Use of estimates and judgments

The preparation of the financial statements in accordance with the IFRS standards requires Management to take into account estimates and assumptions for the determination of the amounts posted of certain assets, liabilities, income and charges, and of information provided in the notes relating to some assets and liabilities, in particular :

- The goodwill and the impairment tests,
- The intangible assets,
- The deferred tax assets,
- The depreciations of receivables,
- The provisions for risk and charges.

The estimates and underlying assumptions are based on past experience and other factors considered reasonable in light of the circumstances. They are thus used as the basis for the exercise of the judgment necessary for the determination of the book values of assets and liabilities, which cannot be obtained directly from other sources. Considering the uncertainty of these valuation procedures, the definitive amounts may prove to be different from the ones initially estimated.

The estimates and the underlying assumptions are continuously reconsidered. The impact of the changes in accounting estimates is directly accounted for during the period of the change if it only affects that period, or during the period of change and in subsequent periods if they are also affected by the change. As at June 30<sup>th</sup>, 2017, the accounting estimates are identical to those applied at December 31<sup>st</sup>, 2016.

#### 1.5. Comparability of accounts

During the first half of the year, it was decided to spin off the HiPay Mobile business through a partial asset transfer operation in a legal entity created for this purpose (B612 SAS renamed Mobyio), a wholly-owned subsidiary of HiPay SAS. This spin off will be finalized at the end of July 2017.

As of June 15<sup>th</sup>, 2017, HiPay SAS received an offer to acquire Mobyio SAS, hosting the HiPay Mobile activity, from GibMedia SAS, a wholly-owned subsidiary of BJ Invest SAS, a key shareholder of HiPay Group with 29.84% at the end of June 2017. This proposed sale will be submitted to the shareholders of HiPay Group SA at the general meeting to be held on July 28<sup>th</sup> 2017 in accordance with AMF recommendation Doc 2015-05 on the sale and acquisition of significant assets.

In accordance with IFRS 5, non-current assets or the group of assets and liabilities whose the carrying amount will be recovered principally by way of sale rather than by continuous use are classified as assets held for sale. Immediately prior to their classification as assets held for sale, assets or groups of assets held for sale are valued according to Group accounting principles.

Secondly, the assets or group of assets are recorded at the lower of their book value (as previously determined) and their fair value less costs to sell. Any impairment loss on assets held for sale is allocated first to goodwill and then to other assets pro rata to their carrying amount.

The impairment loss arising from the classification of an asset (or group of assets and liabilities) as held for sale and gains and losses on subsequent revaluations are recognized in profit or loss in the line "Net income from discontinued operations". The recognized profit can not exceed the accumulated impairment losses recognized. In addition, any losses charged against goodwill can not be reversed.

Once classified as assets held for sale, intangible assets and tangible assets are no longer amortized.

At the level of the income statement, in the case of a significant activity (such as a cash-generating unit or a business segment), these adjustments consist of presenting the net charges and income and the potential impairment losses on a specific line "Net income from discontinued operations" from the beginning of each period presented.

At EPS level, these adjustments consist in presenting the diluted and undiluted EPS of the activities in the process of being sold.

At the level of the cash flow statement, these restatements consist of presenting the cash flows from discontinued operations on a specific line "Net cash flows from discontinued operations" for each type of cash flow. As comparability with 2016 is not possible, we present only the cash flow statement restated from IFRS 5 impacts as at June 30<sup>th</sup>, 2017.

Following the sale of the "Micropayment" activity initiated by the Group in the first half of 2017, the income statement has been restated for the publication of comparative financial information in accordance with the requirements of IFRS 5.

The income statement as at June 30<sup>th</sup>, 2016, restated in accordance with IFRS 5, includes the items published in 2016 restated for the "Micropayment" activity. This information was presented in the segment information according to IFRS 8 as at June 30<sup>th</sup>, 2016. The assumptions used to identify the flows of the micropayment activity on a separate line are the same as those used up to now for the segment reporting.

The income statement and the cash flow statement published as of June 30<sup>th</sup>, 2017 are presented without the "Micropayment" activity. The income statement and cash flow statement as at June 30<sup>th</sup>, 2017 therefore only present the continuing activities ("Payments"), which explains the variations between the accounts at the end of June 2017 and those published in June 2016.

The balance sheet as at June 30<sup>th</sup>, 2017 shows the assets and liabilities related to activities held for sale ("Micropayment" activities).

In addition, the following information details the income statement, balance sheet items and net cash flows of discontinued operations as at June 30<sup>th</sup>, 2017.

<i>in thousands of Euros</i>	<b>June 30<sup>th</sup>, 2017</b>	<b>June 30<sup>th</sup>, 2016</b>
Sales	4 664	5 863
Direct costs	- 1 276	- 1 036
Payroll charges	- 1 915	- 1 659
General expenses	- 649	- 648
<b>EBITDA <sup>(1)</sup></b>	<b>824</b>	<b>2 519</b>
Depreciation and amortization	- 1 140	- 792
<b>Current operating profit</b>	<b>- 315</b>	<b>1 727</b>
Stock based compensation	-	-
Other non-current income and charges	-	- 411
<b>Operating profit</b>	<b>- 315</b>	<b>1 316</b>
Other financial income and charges	35	- 104
<b>Earning of the consolidated companies</b>	<b>- 280</b>	<b>1 212</b>
Share in the earnings of the companies treated on an equity basis	-	-
<b>Earnings before tax of the consolidated companies</b>	<b>- 280</b>	<b>1 212</b>
Income Tax	- 58	- 138
<b>Net income of the consolidated companies</b>	<b>- 338</b>	<b>1 074</b>
Including minority interests	-	-
<b>Including Group share</b>	<b>- 338</b>	<b>1 074</b>

<sup>(1)</sup> *Current operating income before allowances and reversals of depreciation, amortisation and provisions.*

Net cash flows from discontinued operations as at June 30<sup>th</sup>, 2017 break down as follows:

in thousands of Euros	June 30 <sup>th</sup> , 2017 of discontinued operations
Net income	- 338
<i>Adjustments for:</i>	-
Depreciation of the fixed assets	825
Financial income and charges	33
Tax charge or proceeds	58
Operating profit before variation of the operating capital need and provisions	578
Variation of the operating capital need	207
Cash flow resulting from operating activities	784
Interest paid	- 33
<b>Net Cash Flow Resulting From operating activities of discontinued operations</b>	<b>752</b>
Acquisition of fixed assets	- 432
Variation of financial assets	1
<b>Net Cash Flow Resulting From operating investing of discontinued operations</b>	<b>- 431</b>
<b>Net Cash Flow Resulting From operating Financing of discontinued operations</b>	<b>-</b>
Net Variation Of Cash And Cash Equivalents from discontinued operations	321
Cash and cash equivalents on January 1st	339
<b>Cash And Cash Equivalents At The End Of The Period</b>	<b>660</b>

Assets and liabilities held for sale break down as follows:

<b>ASSETS - in thousands of Euros</b>	June 30 <sup>th</sup> , 2017	Dec 31st, 2016
Net Goodwill	5 000	45 222
Net intangible fixed assets	2 187	2 851
Net tangible fixed assets	1	35
Deferred tax assets	-	1 150
Other financial assets	47	- 48 631
<b>Non-current assets</b>	<b>7 235</b>	<b>627</b>
Receivables and other debtors	11 169	12 281
Other current assets	3 824	5 432
Cash and cash equivalents	660	2 932
<b>Current assets</b>	<b>15 654</b>	<b>20 644</b>
<b>TOTAL ASSETS</b>	<b>22 889</b>	<b>21 271</b>
<b>LIABILITIES - in thousands of Euros</b>	June 30 <sup>th</sup> , 2017	Dec 31st, 2016
Long-term borrowings and financial liabilities	-	-
Non-current Provisions	42	171
Non-current liabilities	-	-
Deferred tax liabilities	-	-
<b>Non-current liabilities</b>	<b>42</b>	<b>171</b>
Suppliers and other creditors	16 232	17 006
Other current debts and liabilities	3 749	- 5 606
<b>Current liabilities</b>	<b>19 982</b>	<b>11 400</b>
Consolidated result (Micropayment)	- 338	-
<b>TOTAL LIABILITIES</b>	<b>19 686</b>	<b>21 271</b>

## Note 2. Consolidation scope

Company name	Country	30 June 2017 % Interest	31 Dec 2016 % Interest	Consolidation method	Date of creation / acquisition	Closing dates
Hipay Group SA	France	100%	100%	FC	16.03.15	31.12
<b>Created companies</b>						
HPME SA	Belgium	100%	100%	FC	08.05.08	31.12
HiPay Payment do Brasil LTDA	Brasil	100%	100%	FC	16.11.11	31.12
HiPay Portugal LDA	Portugal	79%	79%	FC	22.01.15	31.12
HiPay Mobile Espana SL	Spain	100%	100%	FC	29.12.06	31.12
HiPay LLC	USA	100%	100%	FC	10.02.16	31.12
Mobiyo	France	100%	100%	FC	30.12.16	31.12
<b>Acquired companies</b>						
Hipay SAS	France	100%	100%	FC	08.02.06	31.12

## Note 3. Payroll charges

The breakdown of the payroll charges between salaries, social security charges and provisions for end-of-career indemnities are as follows :

<i>in thousands of Euros</i>	June 30 <sup>th</sup> , 2017	June 30 <sup>th</sup> , 2016 restated IFRS 5	June 30 <sup>th</sup> , 2016 published
Salaries	2 987	2 522	3 721
social security charges	1 144	949	1 400
Provision for end of career indemnities	11	1	11
<b>Payroll charges</b>	<b>4 142</b>	<b>3 472</b>	<b>5 132</b>

Average staff changes are as below :

	June 30 <sup>th</sup> , 2017	June 30 <sup>th</sup> , 2016 restated IFRS 5	June 30 <sup>th</sup> , 2016 published
Average staff	128	105	151

## Note 4. Other non-current income and expenses

On June 30<sup>th</sup>, 2017 there are no longer other non-current incomes and expenses.

On June 30<sup>th</sup>, 2016 non current result mainly relates to the reorganization of group governance and micropayment activity.

## Note 5. Financial result

<i>in thousands of Euros</i>	June 30 <sup>th</sup> , 2017	June 30 <sup>th</sup> , 2016 restated IFRS 5	June 30 <sup>th</sup> , 2016 published
Financial incomes	31	19	19
Financial expenses	-6	-51	-155
<b>Financial net result</b>	<b>24</b>	<b>-32</b>	<b>-136</b>

On June 30<sup>th</sup>, 2017 and on June 30<sup>th</sup>, 2016, financial result items mainly correspond to currency impacts.

## Note 6. Tax on profit and loss

The tax expense can be analysed as shown below:

<i>in thousands of Euros</i>	June 30 <sup>th</sup> , 2017	June 30 <sup>th</sup> , 2016 restated IFRS 5	June 30 <sup>th</sup> , 2016 published
Current taxes	- 147	- 335	- 433
Deferred taxes	- 37	35	- 6
<b>Tax (charge)/Proceeds</b>	<b>- 184</b>	<b>- 300</b>	<b>- 439</b>
<i>Effective tax rate (%)</i>	<i>-8%</i>	<i>-17%</i>	<i>-84%</i>

The discrepancy between the effective tax rate and the theoretical tax rate can be analysed as shown below:

<i>in thousands of Euros</i>	June 30 <sup>th</sup> , 2017	June 30 <sup>th</sup> , 2016 restated IFRS 5	June 30 <sup>th</sup> , 2016 published
<b>Tax rate in France</b>	<b>33%</b>	<b>33%</b>	<b>33%</b>
Theoretical tax (charge)/proceeds	725	579	175
<i>Elements concerning the comparison with the effective rate:</i>	-	-	-
Effect on rate modification	-	-	- 5
Difference of tax rate between the countries	- 151	- 23	- 13
Effect of non-asset deficit transfers from the fiscal year	- 1 134	- 653	- 600
Permanent differences and other elements	425	- 2	107
Taxes without basis	- 49	- 200	- 101
<b>Real tax (charge)/proceeds</b>	<b>- 184</b>	<b>- 300</b>	<b>- 439</b>
<i>Effective tax rate</i>	<i>-8%</i>	<i>-17%</i>	<i>-84%</i>

On June 30<sup>th</sup>, 2017, the effective tax rate results primarily from non recognized deferred taxes on HiPay Group SA and Hipay SAS tax losses.

## Note 7. Goodwill

At June 30<sup>th</sup>, 2017, goodwill amounted to €40.2 million in gross and net value. It corresponds to the goodwill previously allocated to the payment activity. This activity was included in the payment activity presented in the consolidated accounts of the AduX Group and a share of which was allocated to the HiPay Group's Payment cash-generating unit (CGU) on the basis of their relative value in use at December 31<sup>st</sup>, 2014.

The group did not identify as of June 30<sup>th</sup>, 2017 any indication of impairment on this business.

Concerning the goodwill allocated to the micropayment activity at the time of the spin-off with the AdUx group for an amount of €5 million, it has been reclassified as Non-current assets and groups of assets held for sale at June 30<sup>th</sup>, 2017.

## Note 8. Intangible assets

The development expenses activated during the period are shown on the line "Software and licences", and correspond primarily to:

- Business Intelligence platform developments,
- Integration of new payment methods on our payment platforms,
- Developments of our internal tools (invoicing tools, sales management tools...).



The changes to the gross values of the intangible fixed assets are shown below :

<i>in thousands of Euros</i>	Dec 31 <sup>st</sup> , 2016	Transfer	Increase	Decrease	June 30 <sup>th</sup> , 2017
Software and licenses	10 454	799	127	-	10 981
Trademarks	51	-	-	-	51
Fixed assets in progress	133	-799	704	-	437
Other	152	-	-	-	152
<b>Under total</b>	<b>10 789</b>	<b>-</b>	<b>832</b>	<b>-</b>	<b>11 621</b>
Assets reclassified as held for sale at June 30, 2017	12 109	-	432	-	12 540
<b>Total</b>	<b>22 898</b>	<b>-</b>	<b>1 263</b>	<b>-</b>	<b>24 161</b>

The changes to the accumulated depreciation and impairment of the intangible fixed assets are shown below :

<i>in thousands of Euros</i>	Dec 31 <sup>st</sup> , 2016	Transfer	Increase	Decrease	June 30 <sup>th</sup> , 2017
Software and licenses	- 6 271	-	- 829	-	- 7 100
Trademarks	- 0	-	-	-	- 0
Fixed assets in progress	-	-	-	-	-
Other	- 152	-	-	-	- 152
<b>Under total</b>	<b>-6 423</b>	<b>-</b>	<b>-829</b>	<b>-</b>	<b>-7 252</b>
Assets reclassified as held for sale at June 30, 2017	- 9 520	-	- 833	-	- 10 354
<b>Total</b>	<b>-15 943</b>	<b>-</b>	<b>-1 662</b>	<b>-</b>	<b>-17 605</b>

The changes to the net values of the intangible fixed assets are shown below :

<i>in thousands of Euros</i>	Dec 31 <sup>st</sup> , 2016	June 30 <sup>th</sup> , 2017
Software and licenses	4 183	3 881
Trademarks	51	50
Fixed assets in progress	133	437
Other	-	-
<b>Under total</b>	<b>4 366</b>	<b>4 369</b>
Assets reclassified as held for sale at June 30, 2017	2 589	2 187
<b>Total</b>	<b>6 955</b>	<b>6 556</b>

## Note 9. Tangible fixed assets

The changes to the gross values of the tangible fixed assets are shown below :

<i>in thousands of Euros</i>	Dec 31 <sup>st</sup> , 2016	Increase	Decrease	June 30 <sup>th</sup> , 2017
Fittings & installations	33	13	-	45
Office equipment and computer hardware	1 199	22	-	1 221
Furniture	37	-	-	37
<b>Under total</b>	<b>1 269</b>	<b>35</b>	<b>-</b>	<b>1 304</b>
Assets reclassified as held for sale at June 30, 2017	39	-	-	39
<b>Total</b>	<b>1 308</b>	<b>35</b>	<b>-</b>	<b>1 343</b>

The changes to the accumulated depreciation and impairment of the tangible fixed assets are shown below :

<i>in thousands of Euros</i>	Dec 31 <sup>st</sup> , 2016	Increase	Decrease	June 30 <sup>th</sup> , 2017
Fittings & installations	-0	-4	-	-5
Office equipment and computer hardware	-1 036	-51	-	-1 087
Furniture	-32	-1	-	-33
<b>Under total</b>	<b>-1 068</b>	<b>-56</b>	<b>-</b>	<b>-1 124</b>
Assets reclassified as held for sale at June 30, 2017	-35	-3	-	-38
<b>Total</b>	<b>-1 103</b>	<b>-59</b>	<b>-</b>	<b>-1 162</b>

The changes to the net values of the tangible fixed assets are shown below :

<i>in thousands of Euros</i>	Dec 31 <sup>st</sup> , 2016	June 30 <sup>th</sup> , 2017
Fittings & installations	32	41
Office equipment and computer hardware	163	134
Furniture	5	4
<b>Under total</b>	<b>201</b>	<b>179</b>
Assets reclassified as held for sale at June 30, 2017	4	1
<b>Total</b>	<b>204</b>	<b>181</b>

## Note 10. Deferred Taxes

On June 30<sup>th</sup>, 2017, deferred taxes are mainly composed of deferred tax assets relating to loss carryforwards of HiPay SAS.

On June 30<sup>th</sup>, 2017, the balance of non activated loss carryforwards for the HiPay Group amounts to €12,1 million (in base).

## Note 11. Other financial assets

On June 30<sup>th</sup>, 2017, the other financial assets break down as follows :

<i>in thousands of Euros</i>	June 30 <sup>th</sup> , 2017	Dec 31 <sup>st</sup> , 2016 published
Other securities	100	100
Deposits and sureties	155	204
<b>Total</b>	<b>255</b>	<b>304</b>

Other non-consolidated securities correspond to minority stakes in companies in the payment industry.

## Note 12. Customers and other debtors

<i>in thousands of Euros</i>	June 30 <sup>th</sup> , 2017	Dec 31 <sup>st</sup> , 2016 published
Receivables and invoices to be established	47	15 397
Depreciation	-	-2 984
<b>Receivables and other debtors</b>	<b>47</b>	<b>12 413</b>

The net book value shown above represents the maximum exposure to credit risk on this item.

## Note 13. Other current assets

All other current assets mature at under one year.

<i>in thousands of Euros</i>	June 30 <sup>th</sup> , 2017	Dec 31 <sup>st</sup> , 2016 published
Tax assets	3 033	5 083
Prepaid charges	435	207
Factor guarantee fund	-	498
Available cash balance	43 274	29 266
Other	414	327
<b>Other current assets</b>	<b>47 156</b>	<b>35 381</b>

The tax and social assets item consists primarily of VAT receivables and debts to social and fiscal institutions.

Available cash balance relate to concerns the HiPay FullService business in Belgium and in France. It amounts to €43.3 million at June 30<sup>th</sup>, 2017, compared with €29.3 million at December 31<sup>st</sup>, 2016, and relate to the financial commitments resulting from the issuance of electronic money and payouts to websites (see note 15 Other debts and current liabilities).

In compliance with current regulation, cash received for the execution of a payment transaction – or cash collected in consideration of the issuance of electronic money for HPME – is invested in one or several accounts specifically opened for this purpose in a credit institution authorised in a Member State of the European Community or in another State that is part of the European Economic Area agreement.

## Note 14. Cash and cash equivalents

<i>in thousands of Euros</i>	June 30 <sup>th</sup> , 2017	Dec 31 <sup>st</sup> , 2016 published
"OPCVM" fund shares	2 550	3 025
Cash reserve with the factor	-	-
Liquid assets	4 136	5 806
<b>Cash and cash equivalents</b>	<b>6 686</b>	<b>8 831</b>
Bank overdrafts	-	-
<b>Short-term financial liabilities and bank overdrafts</b>	<b>-</b>	<b>-</b>
<b>Cash net</b>	<b>6 686</b>	<b>8 831</b>

## Note 15. Other debts and current liabilities

<i>in thousands of Euros</i>	June 30 <sup>th</sup> , 2017	Dec 31 <sup>st</sup> , 2016 published
Tax and social liabilities	3 183	8 277
Prepaid income	34	68
Other liabilities	42 013	28 004
<b>Other current liabilities</b>	<b>45 230</b>	<b>36 348</b>

All other debts mature at under one year.

The tax and social security liabilities item primarily consists of VAT debts and debts to social institutions.

The other debts are notably comprised of the financial commitments arising from the issuance of electronic money and from the ongoing payouts from merchant sites using the platform FullService (see Note 13 Other current assets).

## Note 16. Sector information

Segment information is not presented as at June 30<sup>th</sup>, 2017 due to the application of IFRS 5 on the condensed interim consolidated financial statements as part of the planned sale of the HiPay Mobile business described in note 1.5 of this financial report. This note presents indeed the flows relating to the HiPay Mobile activity as of June 30<sup>th</sup>, 2017 and June 30<sup>th</sup>, 2016. Moreover, the income statement shows the flows related to the Payment activity as at June 30<sup>th</sup>, 2017 and June 30<sup>th</sup>, 2016.

## Note 17. Off-balance sheet commitments

### 17.1. Commitments received

During the 1<sup>st</sup> semester, no new commitments have been given or received.

### 17.2. Claims

Labour tribunal disputes are in progress with former employees who are disputing the legitimacy of their layoffs. In order to determine the possible outcomes, the management relies on the evaluation carried out by external consultants familiar with each case, as well as on known jurisprudence.

## Note 18. Transactions between related parties

### 18.1. Compensation of the members of the management bodies

Compensations corresponds to the remuneration paid to the Group's corporate officers.

<i>in thousands of Euros</i>	June 30 <sup>th</sup> , 2017	Dec 31 <sup>st</sup> , 2016
Short term employee benefit	157	427
Post-employment benefits	185	
Providing termination benefits	542	531
<b>Total</b>	<b>884</b>	<b>958</b>

Only independent members of the Board of Directors receive attendance fees. The amount authorized by the Shareholders' Meeting of May 2, 2016 and to be distributed in respect of the 2016 financial year amounts to €40,000, provided that the composition of the Board of Directors complies with Article L225-18-1 of the French Commercial Code. This envelope was maintained for the financial year 2017.

On November 10<sup>th</sup>, 2016, Mr. Gabriel de Montessus was removed from office with effect from December 15<sup>th</sup>, 2016. Pursuant to the decisions of the Board of Directors at its meetings of March 15<sup>th</sup>, 2016 and November 10<sup>th</sup>, 2016, a termination benefit of €542,000 has been paid as well as a non-competition indemnity of €185,000. These amounts had been provided for in the accounts as at 31<sup>st</sup> December 2016.

### 18.2. Other related parties

As at June 30<sup>th</sup>, 2017, the HiPay Group remains bound by a sub-lease contract signed with HiMedia SA. Reinvoiceings related to premises represent the main flow between the two groups. HiPay signed a protocol for the amicable termination of its sublease contract for early exit on October 31<sup>st</sup>, 2017. This protocol provides for the payment of a compensation of €225K.

Contracts for the provision of IT services and the provision of staff have been concluded between GibMedia SAS and HiPay SAS on the one hand and BJ Invest SAS and HiPay SAS on the other. These services amounted to €550K in the first half of the year.

As of June 15<sup>th</sup>, 2017, HiPay SAS received an offer to acquire Mobiyo SAS, hosting the HiPay Mobile activity, from GibMedia SAS, a wholly-owned subsidiary of BJ Invest SAS, a key shareholder of HiPay Group with 29.84% at the end of June 2017. This proposed sale will be submitted to the shareholders of HiPay Group SA at the general meeting to be held on July 28<sup>th</sup> 2017 in accordance with AMF recommendation Doc 2015-05 on the sale and acquisition of significant assets. The sale price is proposed at € 3 million, from which it will be necessary to deduct the net financial debt and to which it will be necessary to add the price supplement of a maximum amount of € 3 million based on the achievement of levels of turnover over 3 years.

Transactions with other related parties are carried out under normal market conditions.

## **Note 19. Events occurred since the closing**

None