



digital payments experts

# 2016 INTERIM FINANCIAL REPORT

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## INTERIM MANAGEMENT REPORT

### Presentation of earnings for the first half of 2016

#### Comments concerning the consolidated income statement

In the first semester 2016, business volume increased by 60%.

The turnover shows a double digit growth of around 20% compared to last year first semester reaching €14.9 million with a higher increase on the second quarter of 25 % versus the same period in 2015.

Micropayment business continues its recovery started at the end of 2015 with an increase of 6% for the transaction volume on the second quarter and a higher for revenue of almost 2%.

Fullservices business transaction volumes increased by more than 75% on the second semester 2016. The revenue grew by 35% on the first semester and almost 45% on the second quarter 2016.

The costs amount to €7.7 million, rising by 13% compared to the first semester 2016 (€6.8 million). This is mainly due to the increase of direct costs on Fullservices activities which is in a fast growing period. Payroll charges increased by 21% up to €5.1 million as a result of the fast growing period of e-solutions activity with the structuring and strengthening of dedicated teams. Depreciation and amortization (€1.4 million) relate to investments in new technical platforms.

Current operating profit before non current result and stock based compensation amounts to €0.7 million and has more than doubled compared to the first semester 2015 (€0.3 million).

Consolidated net income amounts to €-1 million (with regard to €-2.5 million in H1 2015)

This net income breaks down as follows:

- a current operating profit of €0.7 million compared to H1 2015 (€0.3 million)
- a non current result of €-1 million including expenses related to the reorganization of group governance and micropayment activity
- a financial result of €-0.1million mainly linked to micropayment factoring fees and exchange losses
- and an income tax of €-0.4 million (€-0.3 million in the first half 2015).

#### Significant events over the period

On February 10<sup>th</sup>, 2016, HiPay LLC was created. This Company based in the US is a 100% subsidiary of HiPay Group.

Within the framework of an agreement dated May 2<sup>nd</sup>, 2016, with the company BJ Invest, HiMedia sold 10% of HiPay Group SA's capital (495 497 shares) to BJ Invest SAS and United Internet sold 430 454 HiPay Group's shares to BJ Invest SAS. As the consequence of this off-market, BJ Invest became the first shareholder of HiPay Group with 28.42% of the share capital.

On May 11<sup>th</sup>, 2016, new Board members have been co-opted. Since then, the Board of Directors is composed of Mr. Benjamin Jayet (President of the Board of Directors), Mrs. Marie-Christine Levet, (Director), BJ Invest (Director, represented by Mr. Grégoire Bourdin), Mr. Arnaud Bret (Director), HiMedia (Director, represented by Mr. Cyril Zimmermann).

#### Events occurred since June 30<sup>th</sup>, 2016

In July, the company HPME acquired 25% of the capital of HiPay Portugal from two minority shareholders. HPME now holds 78.9% of the capital, the remaining percentage being held by the founder and manager of the company.

#### Prospects

HiPay Group in line with the first semester should maintain a strong growth in 2016. The company aims to reach at the end of 2016 to reach €2.5 billion in run-rate flows.

#### Main risks and uncertainties characterizing the second half of 2016

The main risks to which the Group is exposed are described in the Report to the President page 113 and following of the 2015 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>, 2016 and on June 30<sup>th</sup>, 2015

<i>in thousands of Euros</i>	Notes	June 30th, 2016	June 30th, 2015
Sales		14 926	12 512
Direct costs		- 4 912	- 4 069
Payroll charges	Note 3	- 5 132	- 4 229
General expenses		- 2 829	- 2 740
<b>EBITDA <sup>(1)</sup></b>		<b>2 053</b>	<b>1 474</b>
Depreciation and amortization		- 1 350	- 1 172
<b>Current operating profit</b>		<b>703</b>	<b>302</b>
Stock based compensation		- 58	-
Other non-current income and charges	Note 4	- 1 033	- 2 566
<b>Operating profit</b>		<b>- 388</b>	<b>- 2 264</b>
Other financial income and charges	Note 5	- 136	59
<b>Earning of the consolidated companies</b>		<b>- 524</b>	<b>- 2 206</b>
Share in the earnings of the companies treated on an equity basis		-	-
<b>Earnings before tax of the consolidated companies</b>		<b>- 524</b>	<b>- 2 206</b>
Income Tax	Note 6	- 439	- 268
<b>Net income of the consolidated companies</b>		<b>- 962</b>	<b>- 2 473</b>
Including minority interests		5	208
<b>Including Group share</b>		<b>- 967</b>	<b>- 2 681</b>

(1) *Current operating income before depreciation and amortization*

	June 30th, 2016	June 30th, 2015
Weighted average number of ordinary shares	4 927 783	54 504 715
Earnings per share, Group share (in euro)	-0,20	-0,05
Weighted average number of ordinary shares (diluted)	4 927 783	54 504 715
Diluted earnings per share, Group share (in euro)	-0,20	-0,05

On July 24<sup>th</sup>, 2015, HiPay Group shares were subject to a shares consolidation: 1 new share with a nominal value of € 11 was allocated for 11 old shares with a nominal value of € 1 each (in accordance with the approval of the Combined General Meeting of June 15<sup>th</sup>, 2015).

Status of the overall earnings on June 30<sup>th</sup>, 2016 and on June 30<sup>th</sup>, 2015

<i>in thousands of euro</i>	June 30th, 2016	June 30th, 2015
<b>Net result</b>	- 967	- 2 681
<b>Other element of the global result</b>		
<u><i>Elements recycled in net result</i></u>		
- Translation adjustments	4	- 454
- 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>	4	- 454
Group share	4	- 454
Minority interests	-	-
<b>Global result</b>	- 963	- 3 135

Consolidated balance sheets on June 30<sup>th</sup>, 2016 and on December 31<sup>st</sup>, 2015

<i>ASSETS - in thousands of Euros</i>	Notes	June 30th, 2016	Dec 31th, 2015
Net Goodwill	Note 7	45 222	45 222
Net intangible fixed assets	Note 8	6 921	6 847
Net tangible fixed assets	Note 9	135	97
Deferred tax assets	Note 10	1 546	1 552
Other financial assets	Note 11	396	396
<b>Non-current assets</b>		<b>54 221</b>	<b>54 115</b>
Receivables and other debtors	Note 12	13 329	13 394
Other current assets	Note 13	30 993	26 703
Cash and cash equivalents	Note 14	10 284	11 929
<b>Current assets</b>		<b>54 607</b>	<b>52 027</b>
<b>TOTAL ASSETS</b>		<b>108 828</b>	<b>106 142</b>

  

<i>LIABILITIES - in thousands of Euros</i>	Notes	June 30th, 2016	Dec 31th, 2015
Share capital		54 505	54 505
Premiums on issue and on conveyance		15 495	15 495
Reserves and retained earnings		- 12 160	- 9 284
Consolidated net income (Group share)		- 967	- 3 035
<b>Shareholders' equity (Group share)</b>		<b>56 873</b>	<b>57 681</b>
Minority interests		365	360
<b>Shareholders' equity</b>		<b>57 238</b>	<b>58 041</b>
Non-current Provisions		207	197
Deferred tax liabilities		-	-
<b>Non-current liabilities</b>		<b>207</b>	<b>197</b>
Short-term financial liabilities and bank overdrafts		-	-
Suppliers and other creditors		21 585	22 313
Other current debts and liabilities	Note 15	29 797	25 590
<b>Current liabilities</b>		<b>51 382</b>	<b>47 904</b>
<b>TOTAL LIABILITIES</b>		<b>108 828</b>	<b>106 142</b>

Consolidated cash flow statement on June 30<sup>th</sup>, 2016 and June 30<sup>th</sup>, 2015

in thousands of Euros	June 30th, 2016	Dec,31th, 2015	June 30th, 2015
Net income	- 962	- 2 848	- 2 473
<i>Adjustments for:</i>	-	-	-
Depreciation of the fixed assets	1 380	2 761	1 317
Value losses	-	-	-
Other non current elements without impact on the cash	-	1 567	-
Financial income and charges	84	73	57
Share in associated companies	-	-	-
Net income on disposals of fixed assets	-	2	250
Costs of payments based on shares	58	453	-
Tax charge or proceeds	Note 6	- 856	268
<b>Operating profit before variation of the operating capital need and provisions</b>	<b>999</b>	<b>1 152</b>	<b>- 581</b>
Variation of the operating capital need	- 680	- 5 396	- 2 619
<b>Cash flow resulting from operating activities</b>	<b>319</b>	<b>- 4 245</b>	<b>- 3 199</b>
Interest paid	- 84	- 73	- 51
Tax on earnings paid	- 269	-	-
<b>Net Cash Flow Resulting From Operating Activities</b>	<b>- 35</b>	<b>- 4 318</b>	<b>- 3 251</b>
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	-	3 679	3 679
Acquisition of a subsidiary, after deduction of cash acquired	-	-	-
Acquisition of fixed assets	- 1 753	- 2 481	- 1 503
Variation of financial assets	-	- 160	- 160
Variation of suppliers of fixed assets	-	-	-
Effect of the perimeter variations	-	-	-
<b>Net Cash Flow Resulting From Investment Activities</b>	<b>- 1 753</b>	<b>1 038</b>	<b>2 016</b>
Proceeds from share issues	-	-	-
Repurchase of own shares	139	- 472	- 43
New borrowings	-	-	-
Repayments of borrowings	-	-	-
Other financial liabilities variation	-	-	-
Dividends paid to minority interests	-	- 529	- 486
<b>Net Cash Flow Resulting From Financial Activities</b>	<b>139</b>	<b>- 1 001</b>	<b>- 529</b>
Effect of exchange rates variation	5	- 8	- 2
<b>Net Variation Of Cash And Cash Equivalents</b>	<b>- 1 645</b>	<b>- 4 288</b>	<b>- 1 766</b>
Cash and cash equivalents on January 1st	11 929	16 217	16 217
<b>Cash And Cash Equivalents At The End Of The Period</b>	<b>10 284</b>	<b>11 929</b>	<b>14 451</b>

Statement of changes in combined shareholders equity on June 30<sup>th</sup>, 2016 and June 30<sup>th</sup>, 2015

<i>in thousands of euro</i>	Number of shares	Share capital	Premiums	Combined reserves	Transactions with HiMedia (2)	Treasury shares	Reserve for options and free shares	Income and expenses on equity	Reserves and consolidated earnings	Shareholders' equity restated (Group share)	Shareholders' equity Minority interests	Shareholders' equity
December 31, 2014 (1)		-	-	886	-			-196	54 537	55 227	585	55 812
Capital increase	54 504 715	54 505	15 495	-	-	-	-	-	-70 000	-	-	-
Shares redemptions	-	-	-	-	-	-43	-	-	-	-43	-	-43
Perimeter variation	-	-	-	-886	7 076	-	-	-	-180	6 010	-411	5 599
Income and charges directly posted in shareholders' equity	-	-	-	-	-	-	-	-454	-	-454	-	-454
Net income of the period	-	-	-	-	-	-	-	-	-2 681	-2 681	208	-2 473
Global result	-	-	-	-	-	-	-	-454	-2 681	-3 135	208	-2 927
June 30, 2015	54 504 715	54 505	15 495	-	7 076	-43	-	-650	-18 324	58 059	382	58 440
Stock options and free shares impact	-	-	-	-	-	-	453	-	-	453	-	453
Shares redemptions	-	-	-	-	-	-429	-	-	-	-429	-	-429
Perimeter variation	-	-	-	-	-	-	-	-	-	-	-	-
Income and charges directly posted in shareholders' equity	-	-	-	-	-	-	-	-49	-	-49	-	-49
Net income of the period	-	-	-	-	-	-	-	-	-354	-354	-21	-375
Global result	-	-	-	-	-	-	-	-49	-354	-403	-21	-424
December 31, 2015 (3)	4 954 974	54 505	15 495	-	7 076	-472	453	-698	-18 678	57 681	360	58 041
Stock options and free shares impact	-	-	-	-	-	-	58	-	-	58	-	58
Shares redemptions	-	-	-	-	-	139	-	-	-	139	-	139
Perimeter variation	-	-	-	-	-41	-	-	-	-	-41	-	-41
Income and charges directly posted in shareholders' equity	-	-	-	-	-	-	-	4	-	4	-	4
Net income of the period	-	-	-	-	-	-	-	-	-967	-967	5	-962
Global result	-	-	-	-	-	-	-	4	-967	-963	5	-958
June 30, 2016	4 954 974	54 505	15 495	-	7 035	-333	511	-694	-19 645	56 873	365	57 238

(1) Comparative data related to 2014 has been established on the Hipay Group combined financial statement

(2) In 2015, 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

(3) On July 24th, 2015, HiPay Group shares were subject to a shares consolidation: 1 new share with a nominal value of € 11 was allocated for 11 old shares with a nominal value of € 1 each (in accordance with the approval of the Combined Shareholders' Meeting of June 15th 2015).

The comparative data presented as of December 31<sup>st</sup>, 2014 correspond to the combined financial statements of the Group. The combined financial statements are prepared from the combination of equity of each entity of the perimeter. As a consequence, no capital or share premium has been recognized as there is no combinante legal entity.

The capital increase in 2015 corresponds to the contributions of securities HPME to Hi Pay Group SA on June 15<sup>th</sup>, 2015.

Data related to minority shareholders concern HiPay Portugal Lda owned by HPME for 53.9%.

On June 30<sup>th</sup>, 2016, HiPay Group holds 27 191 own shares valued at €322 757.17 acquired within the framework of the liquidity contract.



## NOTES CONCERNING THE GROUP'S SUMMARY CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### Note 1. Accounting principles and methods

#### 1.1. Entities presenting financial statements

Intermediary financial consolidated statements of Hipay Group integrate the accounts of HiPay Group S.A. (designated as "the Company") and its subsidiaries (all together designated as "the Group") as well as the participations of the Group in its associated. These are presented in thousands of euros.

Headquarters of the Company is located at 6 Place Colonel Bourgoïn, 75012 Paris.

#### 1.2. Basis of preparation 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 for first half-year of 2016 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>, 2016 by the European Union (publication in the Official Journal of the European Union).

The interim consolidated financial statements for the half-year ending on June 30<sup>th</sup>, 2016 have been prepared in accordance with the provisions of standard IAS 34 concerning "Interim financial information".

The consolidated financial statements on June 30<sup>th</sup>, 2016 and the related notes have been prepared under the responsibility of the Board of Directors and agreed at its meeting on July 26<sup>th</sup>, 2016. They were subject to a limited review by the auditors.

#### 1.3. Accounting principles and 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>, 2015, except for standards, amendments and interpretations applicable for the first time as from January 1<sup>st</sup>, 2016.

*Standards, amendments and interpretations, whose application is mandatory as of January 1<sup>st</sup>, 2016:*

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>, 2016, had no major impact on the Group's financial statements:

- Amendments to IAS 16 and IAS 38 on Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 19 on Employee Contributions
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- IFRS annual improvements cycle 2010 – 2012
- IFRS annual improvements cycle 2012 – 2014

The application of these standards, amendments and interpretations to be applied as from January 1<sup>st</sup>, 2016 did not have a material impact on the Group's interim consolidated financial statements.

#### *Early application*

On June 30<sup>th</sup>, 2016, the group did not apply early 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>, 2016:

- 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
- IFRS 16 – Leases

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.

#### 1.4. 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 for determination of the amounts to be posted with regard to certain assets, liabilities, income and charges, as well as of certain information provided in notes attached to the assets and liabilities, in particular :

- The goodwill and the impairment tests,
- The intangible assets acquired,
- The deferred tax credits,
- The depreciation of receivables,
- The provisions for risk.

The estimates and underlying assumptions are developed on the basis of past experience and other factors, such as events to come, considered reasonable in light of the circumstances. They are also used as the basis for exercise of the judgment 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 the ones initially estimated.

The estimates and the underlying assumptions are continuously reconsidered. The impact of the changes in estimates is directly booked during the period if it affects only the specific period, or during the period of change and subsequent periods if impacted by the change.

On June 30th, 2016, the estimates are the same as December 31<sup>st</sup>, 2016.

#### Note 2. Consolidation base

Company name	Country	30 June 2016 % Interest	31 Dec 2015 % Interest	Consolidation method	Date of creation / acquisition	Closing dates
Hipay Group SA	France	100%	100%	FC	16.03.2015	31.12
<b><u>Created companies</u></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	54%	54%	FC	22.01.15	31.12
HiPay Mobile Espana SL	Spain	100%	100%	FC	29.12.06	31.12
HiPay LLC	USA	100%	0%	FC	10.02.16	31.12
<b><u>Acquired companies</u></b>						
Hipay SAS	France	100%	100%	FC	08.02.06	31.12

On February 10<sup>th</sup>, 2016, HiPay LLC has been created. This company is owned at 100% by HiPay Group.

**Note 3. Payroll Charges**

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

<i>in thousands of Euros</i>	June 30th, 2016	June 30th, 2015
Salaries	3 721	3 055
social security charges	1 400	1 174
Provision for end of career indemnities	11	1
<b>Payroll charges</b>	<b>5 132</b>	<b>4 229</b>

Staff changes were as follows:

	Dec 31th, 2015	Incoming	Outgoing	June 30th, 2016
France	109	29	-15	123
Rest of the world	26	5	-3	28
<b>Staff</b>	<b>134</b>	<b>34</b>	<b>-18</b>	<b>151</b>

In return of payment to HiMedia for deliveries of “management fees”, HiPay Group benefited until June 30<sup>th</sup>, 2015 of financial, legal, human and IT resources services. These charges were included in General expenses. The Group does not use these services anymore and has strengthen its teams accordingly (these charges are now integrated in payroll charges).

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

On June 30<sup>th</sup>, 2016, non current result mainly relates to the reorganization of group governance and micropayment activity. As of June 30<sup>th</sup>, 2015, other non-current income and expenses mainly corresponded to expenses related to the spin off HiMedia, the moving of office and the IPO expenses.

**Note 5. Financial result**

<i>in thousands of Euros</i>	June 30th, 2016	June 30th, 2015
Financial incomes	19	41
Financial expenses	-155	18
<b>Financial net result</b>	<b>-136</b>	<b>59</b>

On June 30<sup>th</sup>, 2016, financial result items mainly correspond to factoring interest and exchange losses. On June 30<sup>th</sup>, 2015 financial result items corresponded to interests on cash pooling with HiMedia and exchange losses.

**Note 6. Tax on profit or loss**

The tax expense can be analysed as shown below:

<i>in thousands of Euros</i>	June 30th, 2016	June 30th, 2015
Current taxes	- 433	- 463
Deferred taxes	- 6	195
Deferred taxes (on non-recurring items)	-	-
<b>Tax (charge)/Proceeds</b>	<b>- 439</b>	<b>- 268</b>
<i>Effective tax rate (%)</i>	<i>-84%</i>	<i>-12%</i>

Discrepancy between effective tax rate and theoretical tax rate can be analysed as shown below:

<i>in thousands of Euros</i>	June 30th, 2016	June 30th, 2015
<b>Tax rate in France</b>	<b>33%</b>	<b>33%</b>
Theoretical tax (charge)/proceeds	175	735
<i>Elements concerning the comparison with the effective rate:</i>		
Effect on rate modification	- 5	
Difference of tax rate between the countries	- 13	60
Effect of non-asset deficit transfers from the fiscal year	- 600	- 2 594
Permanent differences and other elements	107	1 552
Taxes without basis	- 101	- 21
<b>Real tax (charge)/proceeds</b>	<b>- 439</b>	<b>- 267</b>
<i>Effective tax rate</i>	<i>-84%</i>	<i>-12%</i>

On June 30<sup>th</sup>, 2016, the effective tax rate results mainly from non recognized deferred taxes on HiPay Group SA tax losses.

#### Note 7. Goodwill

Goodwill net book value assigned to each CGU (Cash Generating Unit) is as follows:

<i>in thousands of euros</i>	Dec 31th, 2015	Increase	Decrease	June 30th, 2016
Micropayment	5 000	-	-	5 000
E-Payment	40 222	-	-	40 222
<b>Goodwill net</b>	<b>45 222</b>	<b>-</b>	<b>-</b>	<b>45 222</b>

On June 30<sup>th</sup>, 2016, no indication of impairment of these assets has been identified.

#### Note 8. Intangible fixed assets

The capitalized development expenses during the period are included in the line "Software and licenses", and relate to:

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

Intangible fixed assets net values changed as follows:

<i>in thousands of Euros</i>	Dec 31th, 2015	June 30th, 2016
Software and licenses	5 820	5 431
Trademarks	51	51
Fixed assets in progress	961	1 424
Other	16	16
<b>Total</b>	<b>6 847</b>	<b>6 921</b>

#### Note 9. Tangible fixed assets

Tangible fixed assets net values changed as follows:

<i>in thousands of Euros</i>	Dec 31th, 2015	June 30th, 2016
Fittings & installations	1	0
Office equipment and computer hardware	93	132
Furniture	3	2
<b>Total</b>	<b>97</b>	<b>135</b>

**Note 10. Deferred taxes**

On June 30<sup>th</sup>, 2016, deferred taxes are only composed of deferred tax assets amount to €1.5 million relating to HiPay SAS tax losses generated in 2015.

Tax losses have been activated in 2015 in view of taxable earnings prospects over a period maximum of 5 years.

On June 30<sup>th</sup>, 2016, the unrecognized deferred tax credits amount to €7.0 million (in base).

**Note 11. Other financial assets**

The other financial assets are as follows:

<i>in thousands of Euros</i>	Dec 31th, 2015	June 30th, 2016
Other securities	200	200
Deposits and sureties	196	196
<b>Total</b>	<b>396</b>	<b>396</b>

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

**Note 12. Customers and other debtors**

<i>in thousands of Euros</i>	June 30th, 2016	Dec 31th, 2015
Receivables and invoices to be established	16 312	16 471
Depreciation	-2 983	-3 077
<b>Receivables and other debtors</b>	<b>13 329</b>	<b>13 394</b>

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

On June 30<sup>th</sup>, 2016, the factoring contract implies a transfer of the credit risk: all assigned receivables have been derecognized. The amount of the receivables assigned with transfer of the credit risk, therefore derecognized within the meaning of IAS 39, under the factoring contracts of June 30<sup>th</sup>, 2016 is equal to €8.6 million vs €8,1 million at December 31<sup>st</sup>, 2015.

**Note 13. Other current assets**

All other current assets mature at under one year.

<i>in thousands of Euros</i>	June 30th, 2016	Dec 31th, 2015
Tax assets	6 054	5 032
Prepaid charges	630	1 041
Factor guarantee fund	468	476
Available cash balance	22 401	18 521
Other	1 440	1 634
<b>Other current assets</b>	<b>30 993</b>	<b>26 703</b>

The tax assets item consists primarily of VAT receivables.

Prepaid expenses mainly concern the rent deposit consented to HiMedia SA.

Available cash balance concerns the HiPay FullService business in Belgium and in France.

It amounts to €26.8 million as of June 30<sup>th</sup>, 2016 and €18.5 million at the end of December 2015 and relates to the financial commitments resulting from the issuance of electronic money and payouts to websites (consult. 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. Those accounts are identified separately from all other bank accounts that are used by the company for its own use.

#### Note 14. Cash and cash equivalents

<i>in thousands of Euros</i>	June 30th, 2016	Dec 31th, 2015
Cash equivalents	3 022	3 018
Cash reserve with the factor	27	57
Liquid assets	7 235	8 854
<b>Cash and cash equivalents</b>	<b>10 284</b>	<b>11 929</b>

#### Note 15. Other debts and current liabilities

All other debts mature at under one year.

<i>in thousands of Euros</i>	June 30th, 2016	Dec 31th, 2015
Tax and social liabilities	7 675	7 105
Prepaid income	49	106
Other liabilities	22 073	18 379
<b>Other current liabilities</b>	<b>29 797</b>	<b>25 590</b>

The Tax and social liabilities item primarily consists of VAT debts and debts towards social institutions.

Other liabilities are notably comprised of the financial commitments related to the issuance of electronic money and from the ongoing payouts from merchant sites using the platform FullService (consult. Other current assets).

#### Note 16. Sector information

<i>in thousands of Euros</i>	Micropayment		E-payment		Total	
	June 30th, 2016	June 30th, 2015	June 30th, 2016	June 30th, 2015	June 30th, 2016	June 30th, 2015
Sales	5 863	5 831	9 063	6 681	14 926	12 512
Direct costs	-1 036	-1 409	-3 876	-2 660	-4 912	-4 069
Payroll charges	-1 659	-2 077	-3 472	-2 152	-5 132	-4 229
General expenses	-648	-1 191	-2 181	-1 550	-2 829	-2 740
<b>EBITDA</b>	<b>2 519</b>	<b>1 154</b>	<b>-466</b>	<b>320</b>	<b>2 053</b>	<b>1 474</b>
Depreciation	-792	-1 059	-558	-114	-1 350	-1 172
<b>Current EBIT</b>	<b>1 727</b>	<b>95</b>	<b>-1 024</b>	<b>206</b>	<b>703</b>	<b>302</b>

#### Note 17. Off-balance sheet commitments and contingent liabilities

##### 17.1. Commitments received

The Hipay Group does not benefit from any commitment as of June 30<sup>th</sup>, 2016.

##### 17.2. Commitments given

No third party benefits of commitment from the Hipay Group as of June 30<sup>th</sup>, 2016.

### 17.3. Disputes

Labour tribunal disputes are in progress with former employees who are disputing the legitimacy of their layoffs. The company has established the provisions that it considers necessary based on its assessment of the merits of the actions of the claimants.

## Note 18. Transactions between related parties

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

The remuneration corresponds to the compensation paid to the Chief Executive Officer.

<i>in thousands of Euros</i>	June 30th, 2016	Dec 31th, 2015
Short term employee benefit	224	299
Post-employment benefits	-	-
Other long-term benefits	-	-
Providing termination benefits	531	-
<b>Total</b>	<b>755</b>	<b>299</b>

On May 11<sup>th</sup>, 2016, Mr. Cyril Zimmermann has been dismissed from his position as Chairman of the Board of Directors of HiPay Group.

During this meeting, the Board of Directors has decided of a dismissal compensation of €530,667. This amount is included in other income and charges.

### 18.2. Other related parties

As of June 30<sup>th</sup>, 2016, HiPay Group is still linked to HiMedia SA by a sublease agreement. Billings related to rental expenses remain the main flow between both Groups.

Besides, on May 2<sup>nd</sup>, 2016, HiPay Group was part of an agreement between shareholders by which HiMedia reduced its shareholding and BJ Invest became the first shareholder of HiPay Group (consult. Significant events over the period).

## Note 19. Significant events over the period

On February 10<sup>th</sup>, 2016, HiPay LLC was created. This Company based in the US is a 100% subsidiary of HiPay Group.

Within the framework of an agreement dated May 2<sup>nd</sup>, 2016, with the company BJ Invest, HiMedia sold 10% of HiPay Group SA's capital (495 497 shares) to BJ Invest SAS and United Internet sold 430 454 HiPay Group's shares to BJ Invest SAS. As the consequence of this off-market, BJ Invest became the first shareholder of HiPay Group with 28.42% of the share capital.

On May 11<sup>th</sup>, 2016, new Board members have been co-opted. Since then, the Board of Directors is composed of Mr. Benjamin Jayet (President of the Board of Directors), Mrs. Marie-Christine Levet, (Director), BJ Invest (Director, represented by Mr. Grégoire Bourdin), Mr. Arnaud Bret (Director), HiMedia (Director, represented by Mr. Cyril Zimmermann).

## Note 20. Events occurred since June 30<sup>th</sup>, 2016

In July, the company HPME acquired 25% of the capital of HiPay Portugal from two minority shareholders. HPME now holds 78.9% of the capital, the remaining percentage being held by the founder and manager of the company.