

# Operating results growth

**Revenue +19% at 30.7 M€**

**Current Operating Income +48% at 1.7 M€**

**Net treasury of 8.8 M€**

Paris, 23 March 2017 at 5:45 pm: HiPay Group (code ISIN FR0012821916 - HIPAY), a fintech specialized in online payments, announces its 2016 full-year results.

<i>in million euros</i>	2016	2015	Var. (%)
<b>Consolidated income statements</b>			
Annual flow	1,624	920	+77%
Revenue	30.7	25.8	+19%
Current Operating Income	1.7	1.1	+48%
Net income from the consolidated companies	-2.3	-2.8	+19%
<b>Consolidated balance sheets</b>			
Shareholders' equity	55.1	58.0	-5%
Net cash	8.8	11.9	-26%

Commenting on the 2016 results, Grégoire Bourdin, CEO of HiPay, said: *“the past year confirms the operational transition towards the payment activity: success in both business and technology demonstrated by a 90% growth of the processed flow on the payment platform. Based upon the flow processed in December, the 2017 activity is already representing 2.4 billion euros which will be further augmented by new client integrations during the year. The Group’s organization has been structured to prioritize investments in growth segments and to focus the efforts of the teams on client services.”*

## A strong and profitable growth

The 2016 annual revenue amounts to 30.7 million euros, an increase of 19% compared to 2015.

Direct costs increased by 26% due to the payment activity’s strong growth, which now represents 80% of the costs.

HR expenses also increased by 14% as a result of the strengthening of the payment teams, in line with the growth strategy for this division. This year, HiPay attracted new talents,



bringing the total staff to 163 people at the end of the year. The payment team now represents two-thirds of the Group's staff and payroll costs. The 16 % rise of general costs is in line with the increased payroll costs.

Considering these changes, the current operating result amounts to 1.7 million euros in 2016, an increase of 48% compared to 2015.

The operating result comes in at -0.4 million euros, after taking into consideration the other non-current earnings and charges for -2.2 million euros, including -1.7 million euros linked to the Group's change in governance.

The financial result is -0.3 million euros.

Due to an income tax charge of -1.7 million euros, the consolidated net income is -2.3 million euros, an increase of 0.5 million euros.

### **A healthy balance sheet**

The consolidated balance shows 55 million euros of shareholders' equity.

On 31 December 2016, HiPay Group had no financial debt and a net cash of 8.8 million euros. Over the exercise, the operating activities have generated 1.1 million euros of cash.

Investment activities of -4.2 million euros correspond to our platform development costs and the acquisition of 25% of HiPay Portugal's capital held by minorities.

### **The payment division: commercial success and profitability growth**

<b>Payment</b> <i>(in million euros)</i>	<b>2016</b>	<b>2015</b>	<b>Var. (%)</b>
Annual flow	1,504	792	+90%
Revenue	19.2	13.2	+46%
Current Operating Income	-1.7	-2.8	+37%

In 2016, HiPay developed new innovative and tailor-made offers to meet customer needs and guide them through the entire payment process. These improvements have had a positive impact on revenue and current operating income of the payment division. They respectively register an increase of 46% and 37%.

2016 has also been the occasion for HiPay to enrich its offer with the evolution of its anti-fraud module. Merchants are now able to integrate personalized payment data directly linked to their activity. HiPay also guides them in the deployment of their omnichannel strategy by offering a unified management of their online and offline flows. Finally, a new developer



portal was introduced at the end of the year to allow HiPay's ecosystem to easily access all necessary information and SDKs for integrating its solutions.

At HiPay, technological innovation is also translated by new international and strategic partnerships. HiPay is now a privileged partner with the American Salesforce Commerce Cloud and Koomo, an Italian e-commerce solution.

### **Micropayment as a cash-flow generator**

<b>Micropayment (in million euros)</b>	<b>2016</b>	<b>2015</b>	<b>Var. (%)</b>
Annual flow	121	128	-6%
Revenue	11.5	12.6	-9%
Current Operating Income	3.4	3.9	-13%

The micropayment market continues to decline, and in consequence, the revenue of the division drops by 9%. The expenses are managed in order to continue to produce a positive cash-flow.

The Board of Directors is currently reviewing strategic options for this activity.

This year, the team focused its effort on three strategic projects. The priority was to improve final customers' user experience. The micropayment division also expanded the geographical coverage of its payment methods, specifically with the integration of direct carrier billing in several European countries. Finally, the micropayment division chose to invest in R&D for customer knowledge management to help merchants increase their conversion rates.

### **Stimulating outlook**

2016 has been in line with the Group's objectives. Building on this momentum, the coming year should be marked by a dynamic activity and further accomplishments in both technology and commercial plans. 2017 will confirm that payment is not the final act of a sale anymore but the central data for merchants to know and understand their customers.

HiPay's technologies will continue to focus on the ongoing improvement of our merchants' success rates and enhanced risk management. Our major goal for 2017 is to be ever more focused on helping merchants increase their revenues.

New product innovations will also be launched very soon. A further step has been made in data analysis with our project of artificial intelligence applied to anti-fraud where the HiPay Data & Analytics team is currently working and that will be released this year.



Closed by the HiPay Group SA Board of Directors on March 21st, 2017, the annual consolidated financial statements have been audited and the corresponding certification report is being prepared.

**Next financial communication:** 27 April 2017 – Q1 2017 revenue.

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### About HiPay Group

We're a global payment provider processing more than 2bn € annually across 150 countries and 220 payment types. By harnessing data analytics we help deliver valuable customer insights that enable our clients' businesses to succeed.

More information on [hipay.com](http://hipay.com)  
Find us on [Twitter](#), [LinkedIn](#) et [Google+](#)

HiPay Group is listed on the Euronext Paris Compartment C (ISIN code: FR0012821916 – mnemo HIPAY).

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# Appendix

## Consolidated income statements for full-year 2016 and 2015

<i>in thousands of Euros</i>	31 Dec.2016	31 Dec.2015
<b>Sales</b>	<b>30 704</b>	<b>25 823</b>
Direct costs	- 10 191	- 8 107
Payroll charges	- 10 240	- 9 016
General expenses	- 5 639	- 4 842
<b>EBITDA <sup>(1)</sup></b>	<b>4 634</b>	<b>3 858</b>
Depreciation and amortization	- 2 944	- 2 716
<b>Current operating profit</b>	<b>1 689</b>	<b>1 142</b>
Stock based compensation	177	- 627
Other non-current income and charges	- 2 241	- 3 996
<b>Operating profit</b>	<b>- 374</b>	<b>- 3 481</b>
Other financial income and charges	- 282	- 223
<b>Earning of the consolidated companies</b>	<b>- 656</b>	<b>- 3 704</b>
Share in the earnings of the companies treated on an equity basis	-	-
<b>Earnings before tax of the consolidated companies</b>	<b>- 656</b>	<b>- 3 704</b>
Income Tax	- 1 665	856
<b>Net income of the consolidated companies</b>	<b>- 2 321</b>	<b>- 2 848</b>
Including non controlling interests	55	187
<b>Including Group share</b>	<b>- 2 377</b>	<b>- 3 035</b>

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



**Consolidated balance sheets on December 1st, 2016 and December 31st, 2015**

<b>ASSETS - in thousands of Euros</b>	<b>31 Dec.2016</b>	<b>31 Dec.2015</b>
Net Goodwill	45 222	45 222
Net intangible fixed assets	6 955	6 847
Net tangible fixed assets	204	97
Deferred tax credits	1 492	1 552
Other financial assets	304	396
<b>Non-current assets</b>	<b>54 178</b>	<b>54 115</b>
Customers and other debtors	12 413	13 394
Other current assets	35 381	26 703
Cash and cash equivalents	8 831	11 929
<b>Current assets</b>	<b>56 625</b>	<b>52 027</b>
<b>TOTAL ASSETS</b>	<b>110 803</b>	<b>106 142</b>
<b>LIABILITIES - in thousands of Euros</b>	<b>31 Dec.2016</b>	<b>31 Dec.2015</b>
Share capital	54 505	54 505
Premiums on issue and on conveyance	15 495	15 495
Reserves and retained earnings	- 12 699	- 9 284
Consolidated net income (Group share)	- 2 377	- 3 035
<b>Shareholders' equity (Group share)</b>	<b>54 925</b>	<b>57 681</b>
Non controlling interests	152	360
<b>Shareholders' equity</b>	<b>55 076</b>	<b>58 041</b>
Non-current Provisions	194	197
<b>Non-current liabilities</b>	<b>194</b>	<b>197</b>
Suppliers and other creditors	19 184	22 313
Other current debts and liabilities	36 348	25 590
<b>Current liabilities</b>	<b>55 533</b>	<b>47 904</b>
<b>TOTAL LIABILITIES</b>	<b>110 803</b>	<b>106 142</b>



## Consolidated cash flow statement for full-year 2016 and 2015

<i>in thousands of Euros</i>	31 Dec.2016	31 Dec.2015
Net income	- 2 321	- 2 848
<i>Adjustments for:</i>	-	-
Depreciation of the fixed assets	3 095	2 761
Value losses	-	-
Other non current elements without impact on the cash	1 167	1 567
Financial income and charges	77	73
Share in associated companies	-	-
Net income on disposals of fixed assets	-	2
Costs of payments based on shares	- 177	453
Tax charge or proceeds	1 665	- 856
Operating profit before variation of the operating capital need and provisions	3 506	1 152
Variation of the operating capital need	- 1 770	- 5 396
Cash flow coming from operating activities	1 735	- 4 245
Interest paid	- 77	- 73
Tax on earnings paid	- 520	-
<b>Net Cash Flow Resulting From Operating Activities</b>	<b>1 138</b>	<b>- 4 318</b>
Disposal of subsidiary, after deduction of cash transferred	-	3 679
Acquisition of a subsidiary	- 360	-
Acquisition of fixed assets	- 3 810	- 2 481
Variation of financial assets	- 8	- 160
<b>Net Cash Flow Resulting From Investment Activities</b>	<b>- 4 178</b>	<b>1 038</b>
Repurchase of own shares	7	- 472
Dividends paid to minority interests	- 68	- 529
<b>Net Cash Flow Coming From Financial Activities</b>	<b>- 61</b>	<b>- 1 001</b>
Effect of exchange rates variation	3	- 8
<b>Net Variation Of Cash And Cash Equivalents</b>	<b>- 3 098</b>	<b>- 4 288</b>
Cash and cash equivalents on January 1st	11 929	16 217
<b>Cash And Cash Equivalents At The End Of The Period</b>	<b>8 831</b>	<b>11 929</b>