



## **HALF-YEAR FINANCIAL REPORT**

As of June 30, 2017

*Free translation into English of the consolidated financial statements as of June 30, 2017 issued in French, provided solely for the convenience of the English speaking user*

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# 1/ Condensed interim consolidated financial statements as of June 30, 2017

The following condensed interim consolidated financial statements were examined by the Board of Directors on July 26, 2017 and were subject to a limited review by the statutory auditors.

## I. INTERIM CONSOLIDATED INCOME STATEMENT

<i>(in thousands of euros)</i>	Notes	June 30, 2017	June 30, 2016
<b>Revenue</b>	4	<b>1 221 776</b>	<b>1 133 420</b>
Cost of sales	4	(716 213)	(649 697)
<b>Gross profit</b>		<b>505 563</b>	<b>483 723</b>
Distribution and marketing costs		(107 933)	(98 897)
Research and development expenses		(91 122)	(87 288)
Administrative expenses		(108 729)	(113 175)
<b>Profit from ordinary activities</b>		<b>197 779</b>	<b>184 363</b>
Other operating income	5.a.	-	3 402
Other operating expenses	5.a.	(6 512)	(3 779)
<b>Profit from operating activities</b>		<b>191 267</b>	<b>183 986</b>
Finance income	9.a.	20 972	44 542
Finance costs	9.a.	(29 009)	(45 514)
<b>Net finance costs</b>		<b>(8 037)</b>	<b>(972)</b>
Share of profits in equity-accounted investees		310	(196)
<b>Profit before income tax</b>		<b>183 540</b>	<b>182 818</b>
Income tax expense	10	(51 323)	(56 125)
<b>Net profit</b>		<b>132 217</b>	<b>126 693</b>
Attributable to:			
- Ingenico Group SA shareholders		130 452	122 075
- non-controlling interests		1 765	4 618
<b>Earnings per share (in euros)</b>			
<b>Net earnings:</b>			
- basic earnings per share		<b>2,12</b>	<b>2,01</b>
- diluted earnings per share		<b>2,08</b>	<b>1,96</b>

## II. INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euros)</i>	June 30, 2017	June 30, 2016
<b>Profit for the period attributable to Ingenico Group SA shareholders</b>	<b>130 452</b>	<b>122 075</b>
Translation differences (1)	(28 193)	(7 123)
Gains or losses of derivative hedging instruments (2)	1 651	215
Gains or losses of available-for-sale financial assets	378	(7 983)
Actuarial gains/(losses) on defined benefit plans		(2 414)
Income tax on gains/(losses) accounted in other comprehensive income	(585)	2 548
<b>TOTAL GAINS/LOSSES ACCOUNTED IN OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO INGENICO GROUP SA SHAREHOLDERS (3)</b>	<b>(26 749)</b>	<b>(14 757)</b>
Profit for the period and other comprehensive income attributable to Ingenico Group SA shareholders	103 703	107 318
Profit for the period and other comprehensive income attributable to non-controlling interests	1 765	4 618
Translation differences attributable to non-controlling interests	(2 666)	(1 009)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>102 802</b>	<b>110 927</b>

<i>(in thousands of euros)</i>	June 30, 2017	June 30, 2016
Income tax on translation adjustments		3
Income tax on gains or losses on hedging instruments	(585)	(227)
Income tax on change in value of financial assets available for sale		2 321
Income tax on actuarial gains and losses on defined benefit plans		451
<b>TAXES ON GAINS/LOSSES ACCOUNTED IN OTHER COMPREHENSIVE INCOME</b>	<b>(585)</b>	<b>2 548</b>

<sup>(1)</sup> The translation differences in 2016 reflected depreciation of the British pound. Those in 2017 were for the most part generated by subsidiaries whose financial statements are presented in US dollars.

<sup>(2)</sup> The portion of the gains or losses on interest rate swaps on bank loans and on foreign exchange forward contracts used to hedge cash flows that is determined to be an effective hedge is recognized directly in Other Comprehensive Income.

<sup>(3)</sup> All items recognized in Other Comprehensive Income except for actuarial gains or losses on remeasurement of the Group's defined benefit liability will subsequently be recycled to the consolidated income statement.

### III. INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### ASSETS

<i>(in thousands of euros)</i>	Notes	June 30, 2017	Dec. 31, 2016
Goodwill	7	1 438 499	1 409 291
Other intangible assets		504 387	488 151
Property, plant and equipment		72 771	74 893
Investments in equity-accounted investees		8 936	8 636
Financial assets	9.d.	22 709	16 633
Deferred tax assets		55 639	58 109
Other non-current assets	9.d.	28 273	27 491
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 131 214</b>	<b>2 083 204</b>
Inventories	5.c.	163 787	172 483
Trade and related receivables		573 036	501 061
Receivables related to intermediation activities	5.e.	34 528	28 525
Other current assets	9.d.	31 764	23 972
Current tax assets		28 836	26 962
Derivative financial instruments	9.c.	12 382	12 444
Funds related to intermediation activities	5.e.	241 811	273 086
Cash and cash equivalents	9.b.	1 173 182	1 013 854
<b>TOTAL CURRENT ASSETS</b>		<b>2 259 326</b>	<b>2 052 387</b>
<b>TOTAL ASSETS</b>		<b>4 390 540</b>	<b>4 135 591</b>

**EQUITY AND LIABILITIES***(in thousands of euros)*

	Notes	June 30, 2017	Dec. 31, 2016
Share capital	11	62 225	61 493
Share premium account		816 363	762 360
Other reserves		883 673	840 986
Translation reserves		8 701	37 827
<b>Equity attributable to Ingenico Group SA shareholders</b>		<b>1 770 962</b>	<b>1 702 666</b>
<b>Non-controlling interests</b>		<b>8 915</b>	<b>4 238</b>
<b>TOTAL EQUITY</b>		<b>1 779 877</b>	<b>1 706 904</b>
Non-current borrowings and long-term debt	9.b.	899 424	896 440
Provisions for retirement and benefit obligations		24 799	24 804
Other long-term provisions	8	23 293	24 164
Deferred tax liabilities		142 454	133 780
Other non-current liabilities		121 297	126 866
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1 211 267</b>	<b>1 206 054</b>
Short-term loans and borrowings	9.b.	451 590	243 742
Other short-term provisions	8	16 450	29 797
Trade and related payables		517 161	504 601
Payables related to intermediation activities	5.e.	276 339	301 611
Other current liabilities	5.d.	111 761	119 045
Current tax liabilities		24 994	20 036
Derivative financial instruments	9.c.	1 101	3 801
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 399 396</b>	<b>1 222 633</b>
<b>TOTAL LIABILITIES</b>		<b>2 610 663</b>	<b>2 428 687</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4 390 540</b>	<b>4 135 591</b>

#### IV. INTERIM CONSOLIDATED CASH FLOW STATEMENT

<i>(in thousands of euros)</i>	Notes	June 30, 2017	June 30, 2016
Profit for the period		132 217	126 693
Adjustments for:			
- Share of profit in equity-accounted investees		(310)	196
- Income tax expense		51 323	56 125
- Depreciation, amortization and provisions		38 731	44 289
- Change in fair value		(7 010)	(5 737)
- (Gains)/losses on disposal of assets		265	(16)
- Net interest costs/(income)		6 972	(769)
- Share-based payment expense (1)		7 305	14 602
Interest paid		(9 609)	(10 779)
Income tax paid		(46 533)	(75 101)
<b>Cash flows from operating activities before change in net working capital</b>		<b>173 351</b>	<b>149 503</b>
inventories		567	(3 119)
trade and other receivables		(91 244)	(24 845)
trade payables and other payables		11 712	(41 145)
<b>Change in net working capital</b>		<b>(78 965)</b>	<b>(69 109)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>94 386</b>	<b>80 394</b>
Acquisition of fixed assets		(37 666)	(27 336)
Proceeds from sale of tangible and intangible fixed assets		129	8 573
Disposal of subsidiaries, net of cash disposed of		-	3 246
Acquisition of subsidiaries, net of cash acquired	3	(72 200)	(8 311)
Loans and advances granted and other financial assets		(2 034)	(2 034)
Loan repayments received		2 270	794
Interest received		3 992	4 207
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(105 509)</b>	<b>(20 861)</b>
Purchase/(sale) of treasury shares		(451)	106
Proceeds from loans and borrowings		214 000	-
Repayment of loans and borrowings		(876)	(94 135)
Change in the Group's ownership interests in controlled entities		8 822	574
Changes in other financial liabilities		(165)	(119)
Dividends paid to shareholders		(40 464)	(34 406)
Taxes on financing activities		(584)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>180 282</b>	<b>(127 980)</b>
Currency translation effect on cash and bank overdrafts		(8 133)	2 522
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>161 026</b>	<b>(65 925)</b>
Net cash and cash equivalents at beginning of the year		1 003 243	899 901
Net cash and cash equivalents at year end		1 164 269	833 976

	June 30, 2017	June 30, 2016
Short-term investments and short-term deposits (only for the portion considered as cash equivalents)	145 750	237 157
Cash	1 027 432	615 834
Bank overdrafts	(8 913)	(19 015)
<b>TOTAL CASH AND CASH EQUIVALENTS, NET</b>	<b>1 164 269</b>	<b>833 976</b>

Funds collected in connection with intermediation activities are not included in the cash flow statement.

<sup>(1)</sup> Share-based payment expense of €7.3 million, including €4.0 million paid in equity instruments and €3.3 million paid in cash.



## V. INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)	Share capital	Share premium account	Translation reserve	Effective portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total equity attributable to Ingenico Group SA shareholders	Non-controlling interests	Total equity
<b>Balance at January 1, 2016</b>	<b>60 991</b>	<b>722 397</b>	<b>40 677</b>	<b>(358)</b>	<b>(7 034)</b>	<b>689 323</b>	<b>1 505 996</b>	<b>4 858</b>	<b>1 510 854</b>
Profit for the period 2016						244 276	244 276	6 555	250 831
Other comprehensive income			(3 483)	(250)		(11 681)	(15 414)	(353)	(15 767)
<b>Total comprehensive income for the period</b>			<b>(3 483)</b>	<b>(250)</b>		<b>232 595</b>	<b>228 862</b>	<b>6 202</b>	<b>235 064</b>
Dividends paid to shareholders (1)						(34 475)	(34 475)	(4 540)	(39 015)
Stock dividends paid to shareholders (2)	502	43 951				(44 454)	(1)		(1)
Treasury shares (3)		(3 988)			4 289	(9 065)	(8 764)		(8 764)
Share-based payments and exercise of stock options (4)						15 147	15 147		15 147
Revaluation of put options (5)						(7 252)	(7 252)		(7 252)
Accretion (6)			633			2 484	3 117	(2 282)	835
Others				1		35	36		36
<b>Balance at Dec. 31, 2016</b>	<b>61 493</b>	<b>762 360</b>	<b>37 827</b>	<b>(607)</b>	<b>(2 745)</b>	<b>844 338</b>	<b>1 702 666</b>	<b>4 238</b>	<b>1 706 904</b>
Profit for the half-year 2017						130 452	130 452	1 765	132 217
Other comprehensive income			(28 193)	1 066		378	(26 749)	(2 666)	(29 415)
<b>Total comprehensive income for the period</b>			<b>(28 193)</b>	<b>1 066</b>		<b>130 830</b>	<b>103 703</b>	<b>(901)</b>	<b>102 802</b>
Dividends paid to shareholders (1)						(37 740)	(37 740)		(37 740)
Stock dividends paid to shareholders (2)	732	54 003				(54 735)			
Treasury shares (3)					(543)	60	(483)		(483)
Share-based payments and exercise of stock options (4)						4 007	4 007		4 007
Revaluation of put options (5)						(4 123)	(4 123)		(4 123)
Dilution (6)			(933)			3 851	2 918	5 578	8 496
Others						14	14		14
<b>Balance at June 30, 2017</b>	<b>62 225</b>	<b>816 363</b>	<b>8 701</b>	<b>459</b>	<b>(3 288)</b>	<b>886 502</b>	<b>1 770 962</b>	<b>8 915</b>	<b>1 779 877</b>

June 2017:

(1) Cash dividend of €1.50 per share paid on June 12, 2017.

(2) Stock dividend financed through incorporation of reserves and issuance of 731,856 new shares.

(3) Movements in the treasury share portfolio are disclosed in Note 11, Share capital of the parent company.

(4) Share-based payment:

- The increase in retained earnings and other reserves reflects fair value adjustments to free share awards and other equity instruments granted recognized each year in profit from operating activities.

(5) Remeasurement of the put options granted to non-controlling shareholders of the subsidiaries Ingenico Holdings Asia Ltd and Ingenico Japan Co. Ltd.

(6) Sale of a 3% interest in Ingenico Holdings Asia Ltd to managers of the Group's business in China.

December 2016:

(1) Cash dividend of €1.30 per share paid on June 3, 2016.

(2) Stock dividend financed through incorporation of reserves and issuance of 502,641 new shares.

(3) Recognition of the option premium on Ingenico Group shares in the amount of €13.7 million, with €4.7 million in deferred tax liability. Movements in the treasury share portfolio are disclosed in Note 11, Share capital of the parent company.

(4) Share-based payment:

- The increase in retained earnings and other reserves reflects fair value adjustments to free share awards and other equity instruments granted recognized each year in profit from operating activities.

(5) Remeasurement of the put options granted to non-controlling shareholders of the subsidiaries Ingenico Holdings Asia Ltd and Ingenico Japan Co. Ltd (formerly Lyudia Inc.).

(6) Including the purchase of 1.16% of the shares of Ingenico Holdings Asia Ltd from High Champion.

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. THE GROUP

The preceding condensed interim consolidated financial statements present the operations and financial position of Ingenico Group SA (hereinafter referred to as “the Company”) and its subsidiaries, as well as the Group’s share of the profit or loss of jointly controlled entities and entities over which the Group has significant influence (together referred to as “the Group”).

Ingenico Group is the leading provider of payment solutions, offering payment solutions across all sales channels (in-store, mobile, online and cross-channel). Its offering is built primarily around three brands: Ingenico Smart Terminals, Ingenico Payment Services and Ingenico ePayments.

Ingenico Group SA is a company incorporated under French law with its registered office in Paris, whose securities were admitted for trading on the Paris Stock Exchange in 1985.

The condensed interim consolidated financial statements were approved by the Board of Directors on July 26, 2017.

### 2. ACCOUNTING PRINCIPLES AND METHODS

These condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Statements. They do not include all the information required for complete annual financial statements under IFRS and should be read in conjunction with the Group’s financial statements for the year ended December 31, 2016.

The condensed interim consolidated financial statements for the period from January 1, 2017 to June 30, 2017 were prepared using the same accounting principles and methods used in the consolidated financial statements for the fiscal year ended December 31, 2016.

In preparing these consolidated financial statements, the Group did not apply in advance the following standards, amendments and interpretations issued by the IASB or the IFRIC (International Financial Reporting Interpretations Committee) and adopted by the European Union as of June 30, 2017, but which are not yet mandatory:

- IFRS 15 – Revenue Recognition;
- IFRS 9 – Financial Instruments.

In addition, the Group has continued with its assessment of IFRS 15. The new standard is not expected to have any material impact on the consolidated financial statements.

Nor did the Group apply in advance the following standards, amendments and interpretations issued by the IASB or the IFRIC but not yet adopted by the European Union as of June 30, 2017:

- Amendments to IFRS 15 – Clarifications to IFRS 15;
- IFRS 16 – Leases;
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealized Losses;
- Amendments to IAS 7 – Disclosure Initiative;
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions;
- Amendments to IFRS 4 – Applying IFRS 9, Financial Instruments, with IFRS 4;
- Annual improvements (2014-2016 cycle) – Annual Improvements to IFRS Standards 2014–2016 Cycle;
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration.

### *Translation of financial statements*

The conversion rates for the main currencies used by the Group in fiscal year 2016 and half-year periods ended June 30, 2016 and 2017 are as follows:

Closing rate	June 30, 2017	Dec. 31, 2016
US dollar	1,1412	1,0541
Canadian dollar	1,4785	1,4188
Australian dollar	1,4851	1,4596
Pound sterling	0,8793	0,8562
Brazilian real	3,7600	3,4305
Chinese yuan	7,7385	7,3202

  

Average rate	June 30, 2017	June 30, 2016
US dollar	1,0825	1,1155
Canadian dollar	1,4445	1,4854
Australian dollar	1,4356	1,5221
Pound sterling	0,8600	0,7785
Brazilian real	3,4393	4,1349
Chinese yuan	7,4418	7,2937

### **Estimates**

In preparing these condensed interim consolidated financial statements, Group management was led to exercise a fair amount of judgment and to make assumptions and estimates affecting the application of the accounting methods and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates and assumptions.

The cases in which management exercised a significant degree of judgment in applying the accounting methods adopted by the Group in these interim condensed consolidated financial statements and the main sources of uncertainty regarding estimates are the same as those described in the consolidated financial statements for the year ended December 31, 2016.

### **Determination of income tax expense**

Income tax expense for each interim period is recognized based on the best estimate of the weighted average annual effective income tax rate expected for the full fiscal year.

### **Estimate for retirement benefit obligations**

In its interim financial statements, the Company estimates its retirement benefit obligations as half of the projected annual amount, calculated for the current fiscal year on the basis of actuarial valuations performed at the end of the preceding fiscal year, unless the occurrence of significant events warrants an updated estimate.

### 3. SIGNIFICANT EVENTS

#### ***Organizational changes***

On February 23, 2017, Ingenico Group announced a change of organization through the creation of two global Business Units that address the distinct needs of physical and online retailers as well as banks and acquirers.

The global Retail Business Unit will help retailers and e-merchants follow consumers across sales channels, expand their cross-border sales and increase their conversion rate. It will provide a fluid, unified customer experience across channels with a combination of payment terminals, in-store and online payment services and omnichannel payment solutions.

The global Banks & Acquirers Business Unit will address banks' and acquirers' need to reduce the complexity of managing payments and to differentiate their offer to merchants. It will do so by leveraging the capabilities of Ingenico and Landi – the Group's Chinese subsidiary – to offer a streamlined range of terminals, and by delivering terminal solutions that add value to merchants' activities.

#### ***Acquisition of TechProcess***

On February 20, 2017, Ingenico Group acquired the Indian company TechProcess. Created in 2000, TechProcess has developed offerings in several markets where it has built leading positions, especially in online payments gateways, bill payments, mobile payments and recurring payments. The TechProcess acquisition will support Ingenico Group's strategy in India.

TechProcess is accounted for as a consolidated subsidiary in the financial statements for the half year ended June 30, 2017, and has been included in the Retail Business Unit.

Purchase Price Allocation on the TechProcess transaction has led the Group to recognize intangible assets in the amount of €20 million and a €7 million deferred tax liability. As a result, goodwill is €52 million.

#### ***Acquisition of SST***

On April 27, 2017, the Group acquired Systems of Secure Transactions LLC ("SST"), a partner and distributor of Ingenico Group in Ukraine since 1997.

SST will be accounted for in the Group's consolidated financial statements in the second half of 2017.

#### 4. SEGMENT REPORTING

The criteria used to determine reportable segments are set out in Note 4, Segment Reporting, of the consolidated financial statements for the year ended December 31, 2016. The information presented below is based on the management reporting used by the Executive Committee, the chief operating decision-maker as defined by IFRS 8, to evaluate the performance of the different segments.

Following the reorganization announced on February 2017, and described in Note 3, Significant events, the Group started to redefine the operating segments and its future internal reporting. The consequences of these changes will be disclosed in the segment reporting of the consolidated financial statements for the fiscal year ended December 31, 2017.

	June 30, 2017						
(in thousands of euros)	Europe & Africa	APAC & Middle East	North America	Latin America	ePayments	Central Operations	Consolidated
<b>External revenue</b>	434 285	302 220	127 945	87 274	270 308	(256)	<b>1 221 776</b>
<b>Terminals and related services</b>							831 653
<b>Payment services</b>							390 123
<b>Profit from ordinary activities</b>	68 671	39 448	17 655	4 970	4 075	62 960	<b>197 779</b>

	June 30, 2016						
(in thousands of euros)	Europe & Africa	APAC & Middle East	North America	Latin America	ePayments	Central Operations	Consolidated
<b>External revenue</b>	408 091	262 313	148 175	86 031	230 131	(1 321)	<b>1 133 420</b>
<b>Terminals and related services</b>							788 347
<b>Payment services</b>							345 073
<b>Profit from ordinary activities</b>	32 668	40 007	10 014	3 533	8 450	89 691	<b>184 363</b>

As of June 30, 2017, the turnover of the Banks and Acquirers Business Unit amounted to €706 million, compared to €641 million as of June 30, 2016. The turnover of the Retail Business Unit amounted to €516 million as of June 30, 2017 compared to €492 million as of June 30, 2016.

## 5. OPERATIONAL INFORMATION

### a. Other operating income and expenses

Other operating income and expenses are as follows:

<i>(in thousands of euros)</i>	June 30, 2017	June 30, 2016
Restructuring and business combination costs	(5 457)	(3 779)
Insurance reimbursement	-	1 571
Disputes	-	975
Others	(1 055)	856
<b>Total</b>	<b>(6 512)</b>	<b>(377)</b>

In the first half of 2017, other operating income and expenses mainly comprise costs incurred in connection with restructuring and business combinations, totaling €5.5 million.

As of June 30, 2016, other operating income and expenses mainly comprised the following:

- A cost of €3.8 million incurred in connection with restructuring and business combinations;
- An insurance reimbursement of €1.6 million as a result of a fire at a repair center in Italy in 2015;
- A positive balance of €1.0 million on provisions and reversals of provisions for litigation.

### b. Reconciliation of financial performance indicators with amounts in the consolidated financial statements

EBITDA is not an accounting term; it is a financial metric defined here as profit from ordinary activities before depreciation, amortization and provisions, and before expenses for share-based compensation plans.

EBIT is equal to profit from ordinary activities, adjusted for amortization of the purchase price for newly acquired entities allocated to the identifiable assets acquired.

Free cash flow is equal to EBITDA less: cash of other operating income and expenses, changes in working capital requirements, purchases net of disposals of property, plant and equipment and intangible fixed assets, financial expenses paid net of financial income, and tax paid.

<i>(in thousands of euros)</i>	June 30, 2017					
	Income statement	Amortization of Purchase Price Allocation	Reconciliation to EBIT	Cost of share-based payment	Other amortization and provision expenses	Reconciliation to EBITDA
<b>Revenue</b>	<b>1 221 776</b>	-	<b>1 221 776</b>	-	-	<b>1 221 776</b>
Cost of sales	(716 213)	6 208	(710 005)	623	4 386	(704 996)
<b>Gross profit</b>	<b>505 563</b>					
Distribution and marketing costs	(107 933)	16 250	(91 683)	1 359	(770)	(91 094)
Research and development expenses	(91 122)	285	(90 837)	805	12 389	(77 643)
Administrative expenses	(108 729)	-	(108 729)	4 518	625	(103 586)
<b>Profit from ordinary activities</b>	<b>197 779</b>					
<b>EBIT</b>			<b>220 522</b>			
<b>EBITDA</b>						<b>244 457</b>

<i>(in thousands of euros)</i>	<b>June 30, 2017</b>		
	<b>Cash-flow statement</b>	<b>Free cash- flow</b>	<b>Items from CF statement not in FCF</b>
<b>Profit for the period</b>	<b>132 217</b>	<b>132 217</b>	-
Adjustments for:			
- Share of profit of equity-accounted investees	(310)	(310)	-
- Income tax expense	51 323	51 323	-
- Depreciation, amortization and provisions	38 731	38 731	-
- Change in fair value	(7 010)	831	(7 841)
- (Gains)/losses on disposal of assets	265	265	-
- Net interest costs/(income)	6 972	6 972	-
- Share-based payment expense	7 305	7 305	-
Interest paid	(9 609)	(9 609)	-
Income tax paid	(46 533)	(46 533)	-
<b>Cash flows from operating activities before change in net working capital</b>	<b>173 351</b>		
Inventories	567	567	-
Trade and other receivables	(91 244)	(91 244)	-
Trade payables and other payables	11 712	11 712	-
<b>Change in net working capital</b>	<b>(78 965)</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>94 386</b>		
Acquisition of fixed assets	(37 666)	(37 666)	-
Proceeds from sale of tangible and intangible fixed assets	129	129	-
Acquisition of subsidiaries, net of cash acquired	(72 200)	-	(72 200)
Loans and advances granted and other financial assets	(2 034)	-	(2 034)
Loan repayments received	2 270	-	2 270
Interest received	3 992	3 992	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(105 509)</b>		
Purchase/sale of treasury shares	(451)	-	(451)
Proceeds from loans and borrowings	214 000	-	214 000
Repayment of loans and borrowings	(876)	-	(876)
Change in the Group's ownership interests in controlled entities	8 822	-	8 822
Changes in other financial liabilities	(165)	-	(165)
Dividends paid to shareholders	(40 464)	-	(40 464)
Taxes on financing activities	(584)	-	(584)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>180 282</b>		
Currency translation effect on cash and bank overdrafts	(8 133)	-	(8 133)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>161 026</b>		
<b>Free Cash Flow</b>		<b>68 682</b>	



### c. Inventories

<i>(in thousands of euros)</i>	June 30, 2017	Dec. 31, 2016
Raw materials and consumables	38 642	37 861
Finished products	142 170	150 822
Write-downs on raw materials and consumables	(7 003)	(6 923)
Impairments on finished products	(10 022)	(9 277)
<b>Total</b>	<b>163 787</b>	<b>172 483</b>

### d. Other current liabilities

Other current liabilities are broken down as follows:

<i>(in thousands of euros)</i>	June 30, 2017	Dec. 31, 2016
Deferred income	107 502	115 620
Other liabilities	4 259	3 425
<b>Total</b>	<b>111 761</b>	<b>119 045</b>

The decrease in deferred income was due mainly to the fact that the amounts invoiced in 2016 by the subsidiary Fujian Landi Commercial Equipment Co Ltd. have been recognized as revenue in these interim financial statements.

### e. Funds, receivables and payables related to intermediation activities

The principles governing receivables, funds and payables related to intermediation activities are set forth in Note 5, Operational Information, to the Group's consolidated financial statements for the year ended December 31, 2016.

<i>(in thousands of euros)</i>	June 30, 2017	Dec. 31, 2016
Receivables related to intermediation activities	34 528	28 525
Funds related to intermediation activities	241 811	273 086
<b>Total assets related to intermediation activities</b>	<b>276 339</b>	<b>301 611</b>
Payables related to intermediation activities	276 339	301 611
<b>Total liabilities related to intermediation activities</b>	<b>276 339</b>	<b>301 611</b>

## 6. EMPLOYEE BENEFITS AND EXECUTIVE COMPENSATION (RELATED PARTIES)

### a. Related party transactions

Total compensation and benefits paid to the Executive Committee in the first half of 2017 and the first half of 2016 break down as follows.

<i>(in thousands of euros)</i>	June 30, 2017	June 30, 2016
Total compensation and benefits (1)	5 460	5 691
Free share awards (2)	836	1 522
<b>Total</b>	<b>6 296</b>	<b>7 213</b>

(1) Includes all compensation paid during the period (gross wages and salaries, including any variable portion, bonuses and benefits in kind, and amounts received under incentive programs and profit-sharing schemes).

(2) Expense recognized in the income statement for free share awards and the joint investment plan.

This Note shows only the compensation and benefits paid to members of the Executive Committee, whose role is to set Group strategy, create the conditions for implementation of that strategy and ensure that objectives are met. The Executive Committee is chaired by the Chairman and Chief Executive Officer.

As of June 30, 2017, following the organizational changes described in Note 3, Significant Events, the Executive Committee had 12 members, up from 11 as of June 30, 2016.

### b. Share-based payment expenses

#### *Free share awards and joint investment plan*

The free shares outstanding as of June 30, 2017 that had been awarded under previous plans were as follows:

- I. 10,650 shares under the plan set up on October 29, 2014;
- II. 172,200 shares under the plan set up on July 29, 2015;
- III. 18,610 shares under the plan set up on July 29, 2016.

As of June 30, 2017, 28,820 shares awarded under the joint investment plan of October 29, 2014 were outstanding.

During the first half of the year, two free share award plans and one joint investment plan were put in place. They are open to members of the Executive Committee and Group managers. The award of shares under those plans is subject to the fulfillment of service conditions and internal (financial performance based on EBITDA) and external (evolution of the share price) performance conditions. A maximum of 137,348 shares may be awarded.

#### *Other share-based payment arrangements*

The Group may elect to award some of its employees share appreciation rights indexed to the share price of Ingenico Group SA or to that of other Group entities, and settled in cash.

These share appreciation rights are measured at fair value. The fair value of the amounts to be paid is recognized over the vesting period as an expense in profit from operating activities, with a corresponding entry in other liabilities. This liability is remeasured at fair value in profit from operating activities until it has been settled.

#### *Employee share ownership*

On May 22, 2017, Ingenico Group announced the start of a new employee share ownership plan.

The *Ingenico Group 2017 Employee Share Ownership Plan* will give the employees of Ingenico Group in France the opportunity to subscribe under preferential conditions for a capital increase reserved for them.

The capital increase will involve the issuance on July 26, 2017 of up to 50,000 new shares, representing 0.08% of the share capital.

In accordance with IFRS 2, this plan has given rise to an employee benefit expense recognized in profit from operating activities for the half year ended June 30, 2017.

### *Impact on financial statements*

On the basis of the parameters used to calculate the fair value of free shares awarded under free share and joint investment plans, and after estimating the internal and external valuation criteria (fulfillment of service conditions and possibly performance conditions), Ingenico recognized an expense of €4.0 million paid in equity instruments in profit from operating activities for the half year ended June 30, 2017 (compared with €9.4 million as of June 30, 2016).

The expense for other share-based payment arrangements was €3.3 million (down from €5.2 million for the first half of 2016).

## **7. GOODWILL**

<i>(in thousands of euros)</i>	<b>June 30, 2017</b>	<b>Dec. 31, 2016</b>
<b>At January 1 (net value)</b>	<b>1 409 291</b>	<b>1 350 519</b>
Investments	51 828	61 016
Translation differences	(12 755)	(2 244)
Adjustments	(9 865)	-
<b>At closing (net value)</b>	<b>1 438 499</b>	<b>1 409 291</b>

### *Investments and adjustments during the period*

As stated in Note 3, Significant Events, Ingenico Group acquired TechProcess in 2017. After Purchase Price Allocation, goodwill amounted to €52 million.

The Purchase Price Allocation on the acquisition in 2016 of Nera Payment Services was finalized. On that basis, the Group recognized intangible assets in the amount of €12 million and a €2 million deferred tax liability. This resulted in a €10 million decrease in goodwill on the Nera acquisition.

Following the organizational changes announced in February 2017 and described in Note 3, Significant Events, the Group started to redefine its CGUs and the goodwill allocation among them. The consequences of these changes will be disclosed in the consolidated financial statements for the fiscal year ended December 31, 2017.

### *Impairment of intangible assets*

As of June 30, 2017 reporting date, there was no indication of the need to conduct impairment tests on goodwill.

## 8. OTHER PROVISIONS

	Balance at January 1, 2017	Translation differences	Additions	Reversals of amounts used	Reversals of unused amounts	Other movements	Balance at June 30, 2017
<i>(in thousands of euros)</i>							
Provisions for warranties	19 826	(911)	5 827	(7 891)	(183)	(82)	16 586
Provisions for litigation and claims	8 255	(97)	1 149	(1 277)	(324)	(1 280)	6 426
Provisions for restructuring	2 136	-	-	(920)	-	-	1 216
Other provisions	23 744	(317)	3 614	(4 809)	(7 997)	1 280	15 515
<b>Total</b>	<b>53 961</b>	<b>(1 325)</b>	<b>10 590</b>	<b>(14 897)</b>	<b>(8 504)</b>	<b>(82)</b>	<b>39 743</b>

### a. Warranties

The sale of terminals is usually accompanied by a 12-month warranty. The provision for warranties on the balance sheet reflects the estimated cost to the Group of meeting its terminal repair obligations. This statistical calculation is based on historical data. A change in provisions for warranties may therefore stem from one of two causes:

- Growth or decrease in sales accompanied by warranties in some affiliates; or
- An adjustment to the way the provision is calculated.

### b. Litigation and claims

Ingenico is engaged in a number of claims and arbitral proceedings that have arisen in the normal course of its business. These claims and proceedings are regularly reviewed by the Legal Department and are covered by provisions if the Group considers that it is probable that an outflow of economic benefits will be necessary to cover the risk incurred and that such an outflow can be reliably estimated. Reversals of unused amounts chiefly reflect the resolution of disputes that were settled in the Group's favor, or in which the amount of the damages awarded proved to be lower than originally estimated.

#### *Tax disputes*

During fiscal year 2017 and prior years, Group companies were subject to tax audits and occasionally proposals for adjustments. Provisions are recognized to cover the amounts of any such tax adjustments and other taxes notified to and accepted by the Group or for which the Group considers it probable that an outflow of economic benefits will be necessary and that such an outflow can be reliably estimated.

The Group periodically reviews the assessment of this risk as audits or litigation progress, and is of the opinion that there are no ongoing audits that will have a material impact on its financial position or liquidity.

#### *Tax disputes in Brazil*

The tax assessment procedures in respect of a Brazilian subsidiary are still in progress. They relate to the ICMS tax, where the amount in question was approximately €68 million as of June 30, 2017 (covering principal, interest and penalties from 2004 to 2009). The "Tax War" currently pitting Brazilian States against each other may affect Ingenico Group as well as a large number of foreign and domestic companies. Against this background, the tax authorities of the State of Sao Paulo have contested the deduction by Ingenico do Brasil of a portion of the ICMS tax on the sales invoices of a supplier, on the grounds that the State of Minas Gerais, in which the supplier operates, had granted the supplier a tax concession that violates federal law. All notified ICMS-related assessments are still being contested in the administrative courts in Brazil. As of June 30, 2017, Ingenico Group had not been notified of any final decision by the Brazilian administrative courts and consequently had not received any demand for payment. In addition, the subsidiary believes, on the advice of tax experts, that it has serious grounds for contesting the claims of the authorities. Based on an analysis of the risks involved and on the criteria set out in IAS 37, no provision has been recognized in the interim consolidated financial statements as of June 30, 2017.

### c. Other provisions

Other provisions include provisions for expenses incurred in the course of business (commitments made to suppliers to purchase inventories, customer quality risks, customers' sales indemnities and other).

## 9. FINANCING AND FINANCIAL INSTRUMENTS

### a. Net finance costs

<i>(in thousands of euros)</i>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
Interest expense on financial liabilities at amortized cost and bond loan	(10 657)	(10 063)
Interest expense on finance lease contracts	(31)	(108)
<b>Total interest expense</b>	<b>(10 688)</b>	<b>(10 171)</b>
Interest income long term debt	331	127
Income from cash and cash equivalents	1 414	1 898
Interest income on finance lease contracts	2 387	2 374
<b>Net interest expense</b>	<b>(6 556)</b>	<b>(5 772)</b>
Foreign exchange gains	16 676	31 568
Foreign exchange losses	(17 417)	(34 253)
<b>Foreign exchange gains and losses, net</b>	<b>(741)</b>	<b>(2 685)</b>
Financial component of retirement expenses and the cost of other post-employment benefits	(233)	(152)
Other financial income	164	8 575
Other financial expenses	(671)	(938)
<b>Other financial income and expenses, net</b>	<b>(740)</b>	<b>7 485</b>
<b>Net finance costs</b>	<b>(8 037)</b>	<b>(972)</b>
<b>Total financial income</b>	<b>20 972</b>	<b>44 542</b>
<b>Total financial expenses</b>	<b>(29 009)</b>	<b>(45 514)</b>

Net finance costs for the first half of 2017 were broken down as follows:

The Group's interest expense on borrowings was related to the borrowings described in Section 9b below.

- Interest expense on the OCEANE convertible bond was €5.3 million;
- Interest expense on a bond and embedded swap was €4.6 million;
- Interest expense on bank borrowings was €0.9 million (including amortization of the cost of the syndicated loan and the related commitment fee);
- Due to negative interest rates, commercial paper now generates interest income rather than interest expense.

The €0.7 million net foreign exchange loss for the half year ended June 30, 2017 (versus €2.7 million for the first half of 2016) was the result of gains and losses on remeasurement of loans and borrowings as well as on remeasurement of the related hedging instruments. It also includes the ineffective portion of operational hedges.

Other financial income and expenses comprised financial invoice discounting expenses and post-employment benefit obligations. It should be noted that in 2016, other financial income included a gain on the sale of Visa Europe securities.

## b. Net debt

<i>(in thousands of euros)</i>	June 30, 2017	Dec. 31, 2016	June 30, 2016
"OCEANE" convertible bond issue	442 627	437 288	432 049
Bond issue	456 468	458 509	460 901
Bank borrowings	(2 208)	(2 161)	(1 536)
Finance lease obligations	-	249	193
Other financial liabilities	2 537	2 555	2 717
<b>Non-current borrowings and long-term debt</b>	<b>899 424</b>	<b>896 440</b>	<b>894 324</b>
Bank and similar borrowings	391	405	263
Commercial papers	439 000	225 000	168 000
Finance lease obligations	488	663	638
Bank overdrafts	8 913	10 611	19 015
Other financial liabilities	1 905	1 659	1 361
Interest accrued but not due	893	5 404	976
<b>Short-term loans and borrowings</b>	<b>451 590</b>	<b>243 742</b>	<b>190 253</b>
<b>Total financial borrowings and debt</b>	<b>1 351 014</b>	<b>1 140 182</b>	<b>1 084 577</b>
Cash	1 027 432	728 724	615 834
Marketable securities and short-term deposits	145 750	285 130	237 157
<b>Cash and cash equivalents</b>	<b>1 173 182</b>	<b>1 013 854</b>	<b>852 991</b>
<b>Net debt</b>	<b>177 832</b>	<b>126 328</b>	<b>231 586</b>

As of June 30, 2017, long- and short-term bank borrowings and bond debt totaled €1,351.0 million (versus €1,140.2 million as of December 31, 2016). This increase in gross debt is primarily attributable to greater commercial paper issuance:

- €442.6 million in respect of an OCEANE convertible bond issued on June 26, 2015;
- €456.5 million in respect of a bond issued in May 2014;
- €439.0 million in respect of commercial paper, versus €225.0 million as of December 31, 2016; in May 2017, Ingenico Group raised the ceiling on its commercial paper issuance program from €300.0 million to €500.0 million;
- €8.9 million in bank overdrafts;
- A negative amount of €2.2 million that corresponds to the unamortized capitalized interest on the 750 million syndicated credit facility, which was undrawn at the reporting date;
- €0.9 million in interest accrued but not due, primarily on the bond issued in 2014.

### *Convertible bond issue*

On June 26, 2015, the Group issued an OCEANE bond, i.e., convertible into and/or exchangeable for new or existing Ingenico Group shares, maturing on June 26, 2022 (ISIN: FR0012817542). The total principal amount of the issue is €500 million, or 2,904,443 bonds with a face value of €172.15 each.

The OCEANE bond is classified as a compound financial instrument and therefore falls within the scope of IAS 32, which requires separate presentation on the issuer's balance sheet of the instrument's equity component (the holder's option to convert the instrument into an equity instrument of the entity) and liability component (the contractual arrangement to deliver cash).

The fair value of the OCEANE bond's liability and equity component were calculated on the issue date, which was June 26, 2015.

The fair value of the recognized liability classified as long-term debt is calculated using the average market rate for a straight bond. The difference between the face value and the fair value of the bond is recognized in equity under retained earnings and other reserves, net of deferred tax.

The OCEANE was issued with a nominal interest rate of 0%. As of the issue date, the average market rate for a straight bond with the same term was 2.31%. At that time, the fair value of the OCEANE's liability component was €422.7 million and that of its equity component was €73.3 million, after deduction of the cost of the issuer's call option and issuance costs (€4.1 million, prorated between the liability and equity components).

After deduction of issuance costs and reclassification of the equity component of the bonds, the effective interest rate is 2.41%.

In November 2016, the Group partially hedged its obligation to deliver treasury shares and therefore the potential dilution of Ingenico Group stock in the event of conversion of the OCEANES by purchasing 1,500,000 call options.

It should further be noted that following the distribution of a dividend for the fiscal year ended December 31, 2016, the conversion/exchange ratio for the OCEANE bond has been increased from 1.002 to 1.005 share per bond as of May 17, 2017.

#### ***Bond issue***

On May 20, 2014, Ingenico Group issued bonds that mature on May 20, 2021. The total principal amount of the issue is €450 million, or 4,500 bonds with a face value of €100,000 each. The bonds pay an annual coupon of 2.5%. The Group's liability is measured at amortized cost, with bond issuance costs amortized in profit or loss over the life of the bond.

The bond issue was accompanied by an information memorandum approved by the Autorité des Marchés Financiers under visa number 14-210 on May 16, 2014.

#### ***Bank borrowings***

In July 2014, Ingenico Group took out a syndicated revolving credit facility combined with a syndicated loan in a total amount of €600 million, which was used primarily to acquire GlobalCollect and which was broken down as follows:

- A €500 million revolving credit facility maturing on July 29, 2019 ;
- A 5-year €100 million term loan, which was repaid ahead of schedule in July 2015.

In June 2016, the maturity of the syndicated credit facility was extended by two years to July 29, 2021.

On December 21, 2016, a rider was attached to the syndicated credit facility. The amount was increased from €500 million to €750 million, two additional extension options (one year each) were granted and the bank syndicate was expanded.

The loan has a variable interest rate based on Euribor (1 to 6 months) plus a margin.

At end-June 2017, similarly to end-December 2016, the syndicated credit facility was undrawn.

In connection with the documentation signed in 2014, the Group committed to satisfying a prescribed net debt-to-EBITDA financial ratio, which is tested annually, based on pro forma consolidated financial statements. Since December 31, 2016, the Group was no longer required to satisfy that ratio.

Early redemption is possible at the initiative of Ingenico Group, or of the lenders in certain usual circumstances.

#### ***Bank overdrafts***

Bank overdrafts totaled €8.9 million, with Ingenico Payment Services GmbH accounting for €8.7 million of the total.

### c. Derivative financial instruments

#### *Fair value of derivative financial instruments at the reporting date*

(in thousands of euros)	June 30, 2017	Dec. 31, 2016
<b>Interest rate derivative instruments</b>		
Current assets	8 827	11 380
<b>Foreign exchange derivative instruments</b>		
Current assets	3 555	1 064
Current liabilities	(1 101)	(3 801)
<b>Total</b>	<b>11 281</b>	<b>8 643</b>

As of June 30, 2017, the Group's exchange rate hedging instruments consisted of futures, forwards, swaps and options.

Changes in the fair value of ineffective hedging instruments or the ineffective portions of effective hedging instruments are directly recognized in net finance costs. For foreign exchange hedges, they mainly reflect the effect of interest rate differentials between the currency of the hedged items and the euro.

In 2014, the Group put in place an interest rate swap, equal to 50 percent of the principal amount of the bond issued in 2014, or €225 million, with a 7-year life. It converts part of the Group's fixed-rate exposure into variable-rate exposure. This hedge is accounted for as a fair-value hedge, since any changes in the fair value of the derivative are recognized in profit or loss, as are any changes in the fair value of the underlying liability.



d. Financial assets and liabilities classified by accounting category

Asset and liability categories (in thousands of euros)	June 30, 2017							Fair value of the asset or liability category
	Assets/liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities at amortized cost	Assets & liabilities measured at fair value through equity	Derivative financial instruments designated for future cash flow hedges	Total net carrying amount		
Financial assets	-	12 383	-	10 326	-	22 709	22 709	
Other non-current assets	-	25 847	-	-	-	25 847	25 847	
Trade and other current receivables	-	539 981	-	-	-	539 981	539 981	
Cash and cash equivalents	1 173 182	-	-	-	-	1 173 182	1 173 182	
Receivables related to intermediation activities	-	34 528	-	-	-	34 528	34 528	
Funds related to intermediation activities	241 811	-	-	-	-	241 811	241 811	
Derivative financial instruments	11 451	-	-	-	931	12 382	12 382	
<b>Total financial assets</b>	<b>1 426 444</b>	<b>612 739</b>	<b>-</b>	<b>10 326</b>	<b>931</b>	<b>2 050 440</b>	<b>2 050 440</b>	
Convertible bond issue (OCEANE) (1)	-	-	442 627	-	-	442 627	484 054	
Bond issue	-	-	456 468	-	-	456 468	471 510	
Long-term loans	-	-	329	-	-	329	329	
Other non-current liabilities	-	-	29 356	72 863	-	102 219	102 219	
Short-term borrowings	-	-	451 590	-	-	451 590	451 590	
Trade payables and other current liabilities	-	-	496 351	1 626	-	497 977	497 977	
Payables related to intermediation activities	-	-	276 339	-	-	276 339	276 339	
Derivative financial instruments	868	-	-	-	233	1 101	1 101	
<b>Total financial liabilities</b>	<b>868</b>	<b>-</b>	<b>2 153 060</b>	<b>74 489</b>	<b>233</b>	<b>2 228 650</b>	<b>2 285 119</b>	

Dec. 31, 2016

Asset and liability categories (in thousands of euros)	Assets/liabilities measured at fair value through profit or loss	Loans and receivables	Liabilities at amortized cost	Assets & liabilities measured at fair value through equity	Derivative financial instruments designated for future cash flow hedges	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	7 400	-	9 233	-	16 633	16 633
Other non-current assets	-	25 816	-	-	-	25 816	25 816
Trade and other current receivables	-	469 198	-	-	-	469 198	469 198
Cash and cash equivalents	1 013 854	-	-	-	-	1 013 854	1 013 854
Receivables related to intermediation activities	-	28 525	-	-	-	28 525	28 525
Funds related to intermediation activities	273 086	-	-	-	-	273 086	273 086
Derivative financial instruments	11 839	-	-	-	605	12 444	12 444
<b>Total financial assets</b>	<b>1 298 779</b>	<b>530 939</b>	<b>-</b>	<b>9 233</b>	<b>605</b>	<b>1 839 556</b>	<b>1 839 556</b>
Convertible bond issue (OCEANE) (1)	-	-	437 288	-	-	437 288	477 723
Bond issue	-	-	458 509	-	-	458 509	468 360
Long-term loans	-	-	643	-	-	643	643
Other non-current liabilities	-	-	33 389	75 727	-	109 116	109 116
Short-term borrowings	-	-	243 742	-	-	243 742	243 742
Trade payables and other current liabilities	-	-	489 134	-	-	489 134	489 134
Payables related to intermediation activities	-	-	301 611	-	-	301 611	301 611
Derivative financial instruments	2 181	-	-	-	1 620	3 801	3 801
<b>Total financial liabilities</b>	<b>2 181</b>	<b>-</b>	<b>1 964 316</b>	<b>75 727</b>	<b>1 620</b>	<b>2 043 844</b>	<b>2 094 130</b>

(1) The fair value of the OCEANE convertible bond encompasses both its liability component and its equity component.

The fair value of the Group's bonds and convertible bonds is equal to the product of the number of bonds outstanding, times their quoted prices on June 30, 2017.

#### Fair value hierarchy

The objective criteria used for analyzing financial instruments by valuation method are based on the definition of fair value levels under IFRS 13.

Financial instruments carried at fair value subsequent to their recognition are:

- Assets and liabilities measured at fair value through profit or loss and equity;
- Available-for-sale assets;
- Derivative financial instruments designated as cash-flow hedges.

The fair value hierarchy is as follows:

- Inputs used are (non-adjusted) quoted market prices in active markets for identical assets or liabilities (Level 1);
- Inputs used are inputs other than quoted market prices, as in Level 1, that are observable either directly, by reference to prices for similar assets and liabilities quoted in active markets, or indirectly, by reference to inputs derived from quoted markets prices (Level 2);
- Valuation techniques based on non-observable inputs are used (Level 3).

These assets and liabilities can correspond to any of the three levels of fair value set out below for 2017 and 2016.

The Company did not make any transfers between levels from 2016 to 2017.

(in thousands of euros)	June 30, 2017			
	Total	Level 1	Level 2	Level 3
Financial assets	10 326	-	-	10 326
Derivative financial instruments (1)	12 382	-	12 382	-
Funds related to intermediation activities	241 811	241 811	-	-
Cash and cash equivalents	1 173 182	1 173 182	-	-
<b>Total financial assets</b>	<b>1 437 701</b>	<b>1 414 993</b>	<b>12 382</b>	<b>10 326</b>
Other non-current liabilities	72 863	-	-	72 863
Other current liabilities	1 626	-	-	1 626
Derivative financial instruments (1)	1 101	-	1 101	-
<b>Total financial liabilities</b>	<b>75 590</b>	<b>-</b>	<b>1 101</b>	<b>74 489</b>

(in thousands of euros)	Dec. 31, 2016			
	Total	Level 1	Level 2	Level 3
Financial assets	9 233	-	-	9 233
Derivative financial instruments (1)	12 444	-	12 444	-
Funds related to intermediation activities	273 086	273 086	-	-
Cash and cash equivalents	1 013 854	1 013 854	-	-
<b>Total financial assets</b>	<b>1 308 617</b>	<b>1 286 940</b>	<b>12 444</b>	<b>9 233</b>
Other non-current liabilities	75 727	-	-	75 727
Derivative financial instruments (1)	3 801	-	3 801	-
<b>Total financial liabilities</b>	<b>79 528</b>	<b>-</b>	<b>3 801</b>	<b>75 727</b>

(1) Derivative financial instruments are assets and liabilities measured at fair value through profit or loss or qualifying cash flow hedges.

As at end-December 2016, other non-current liabilities on Level 3 include put liabilities in relation to minority shareholders of Ingenico Holdings Asia Ltd and Ingenico Japan Co. Ltd. Each shareholder holds respectively 20% and 30% of the two subsidiaries. They both hold a put option on all of their shares. The put liabilities are measured at fair value.

## 10. INCOME TAX

<i>(in thousands of euros)</i>	June 30, 2017	June 30, 2016
<b>Profit before income tax (excl. Share of profits in equity-accounted investees)</b>	183 230	183 014
<b>Income tax expense</b>	<b>(51 323)</b>	<b>(56 125)</b>
<b>Effective tax rate</b>	<b>28,0%</b>	<b>30,7%</b>

Income tax expense for the half year ended June 30, 2017 has been estimated based on the information known to or anticipated by the Group at the reporting date, using the rate expected to be incurred in the full year. This method allows for more accurate estimates of income tax expense for half-year periods.

For the first half of 2017, the ratio of income tax expense to profit before tax was 28.0%, which is the effective tax rate, down from 30.7% for the half year ended June 30, 2016. This decrease in the projected tax rate is mainly attributable to a decrease in non-tax-deductible expenses, for example, employee benefit expenses arising on share-based payments, and non-deductible expenses incurred on dividends (French "Quote-part de frais et charges") received from foreign subsidiaries and included in the Group's results.

A number of foreign subsidiaries are taxed at a lower rate than the parent company, which reduced the tax rate projected as of June 30, 2017. At the same time, classification of the French CVAE tax as a current tax liability and the withholding taxes on dividends paid by Group subsidiaries have increased the effective tax rate.

## 11. SHARE CAPITAL OF THE PARENT COMPANY

### Number of outstanding shares

	June 30, 2017	Dec. 31, 2016
<b>Issued on January 1</b>	<b>61 493 241</b>	<b>60 990 600</b>
Shares issued in connection with dividend distributions <sup>(1)</sup>	731 856	502 641
<b>Shares issued at the end of the period</b>	<b>62 225 097</b>	<b>61 493 241</b>
Treasury shares at the end of the period	122 934	116 534
<b>Shares outstanding at the end of the period</b>	<b>62 102 163</b>	<b>61 376 707</b>

<sup>(1)</sup> See V. Consolidated statement of changes in equity

As of June 30, 2017, Ingenico Group SA's authorized share capital consisted of 62,225,097 shares with a par value of €1 each.

### Treasury shares

<i>(in euros)</i>	January 1, 2017	Acquisitions	Divestitures	June 30, 2017
Number of securities	116 534	355 996	(349 596)	122 934
Average purchase price	23,56	82,52	82,48	26,75
<b>Total</b>	<b>2 746 044</b>	<b>29 377 124</b>	<b>(28 834 614)</b>	<b>3 288 554</b>

The portfolio of treasury shares held to be awarded under free share award plans or to reduce the share capital totaled 116,534 shares as of December 31, 2016. Ingenico Group held no shares under its liquidity contract as of December 31, 2016.

During the first half of 2017, the Group repurchased 355,996 shares, sold 348,996 shares, and 600 shares were awarded under free share award plans. The portfolio therefore totaled 122,934 shares as of June 30, 2017.

## 12. OFF-BALANCE SHEET COMMITMENTS

As of June 30, 2017, Ingenico Group had similar off-balance sheet commitments as compared to the December 31, 2016 reporting date.

In connection with the TechProcess acquisition, the Group has a general warranty with no time limit, specific warranties with regard to administrative formalities and the company's capitalization, which expire on February 20, 2020, and a warranty with regard to the company's business activity, which expires on July 30, 2018.

Furthermore, in connection with its investment in Joinedapp on June 23, 2017, Ingenico Group has pledged to raise its current interest in the company by \$750,000 in return for the right to purchase future Joinedapp shares at a preferential price during a predetermined period.

### 13. MAIN CONSOLIDATED ENTITIES

<b>Corporate name</b>	<b>Country</b>	<b>% interest</b>	<b>Consolidation method</b>
INGENICO GROUP SA	France	Parent Company	
<b>Consolidated subsidiaries</b>			
DI Deutsche Ingenico Holding GmbH	Germany	100%	FC
Ingenico e-Commerce Solutions GmbH	Germany	100%	FC
Ingenico GmbH	Germany	100%	FC
Ingenico Healthcare GmbH	Germany	100%	FC
Ingenico Marketing Solutions GmbH	Germany	100%	FC
Ingenico Payment Services GmbH	Germany	100%	FC
Ingenico International (Pacific) Pty Ltd	Australia	100%	FC
Ingenico e-Commerce Solutions SPRL	Belgium	100%	FC
Ingenico Financial Solutions SA	Belgium	100%	FC
Ingenico do Brasil Ltda.	Brazil	100%	FC
Ingenico Canada Ltd.	Canada	100%	FC
Fujian Landi Commercial Equipment Co., Ltd.	China	77%	FC
Ingenico Electronic Equipments (Beijing) Co., Ltd.	China	77%	FC
Ingenico Colombia Ltda.	Colombia	100%	FC
Ingenico Iberia, S.L.	Spain	100%	FC
Ingenico (Latin America) Inc.	United States	100%	FC
Ingenico Corp.	United States	100%	FC
Joinedapp Inc.	United States	15%	EM
Roam Data Inc.	United States	100%	FC
Ingenico Business Support SAS	France	100%	FC
Ingenico Connected Screens SAS	France	80%	FC
Ingenico e-Commerce Solutions SAS	France	100%	FC
Ingenico France SAS	France	100%	FC
Ingenico Prepaid Services France SAS	France	100%	FC
Ingenico Terminals SAS	France	100%	FC
Think & Go NFC SAS	France	80%	FC
Ingenico (UK) Ltd.	United Kingdom	100%	FC
Ingenico e-Commerce Solutions Ltd.	United Kingdom	100%	FC
Ingenico Holdings Asia Limited	Hong Kong	77%	FC
Ingenico Hungary Kft.	Hungary	100%	FC
Ingenico International India Pvt Ltd.	India	100%	FC
E-Billing Solutions Pvt Ltd.	India	100%	FC
Techprocess Payment Services Ltd	India	100%	FC
PT. Ingenico International Indonesia	Indonesia	100%	FC
Ingenico Italia SpA	Italy	100%	FC

<b>Corporate name</b>	<b>Country</b>	<b>% interest</b>	<b>Consolidation method</b>
<b>Consolidated subsidiaries</b>			
Ingenico Japan Co. Ltd. (previously Lyudia Inc.)	Japan	70%	FC
Ingenico Mexico S.A. de C.V.	Mexico	100%	FC
Ingenico Payment Systems Africa SARLAU	Morocco	100%	FC
GCS Holding BV	Netherlands	100%	FC
Global Collect BV	Netherlands	100%	FC
Ingenico e-Commerce Solutions BV	Netherlands	100%	FC
Ingenico Philippines Corp.	Philippines	100%	FC
Ingenico Polska Sp. z o.o	Poland	100%	FC
Ingenico CZ S.r.o.	Czech Republic	100%	FC
Ingenico LLC	Russia	100%	FC
Ingenico International (Singapore) Pte Ltd.	Singapore	100%	FC
Ingenico Payment Solutions Pte Ltd	Singapore	100%	FC
FIXED & MOBILE Pte Ltd.	Singapore	27%	EM
Ingenico (Suisse) SA	Switzerland	100%	FC
Ingenico e-Commerce Solutions GmbH	Switzerland	100%	FC
Ingenico International (Thailand) Co., Ltd.	Thailand	100%	FC
Ingenico Ödeme Sistem Çözümleri AS	Turkey	100%	FC
Ingenico Vietnam Co Ltd	Vietnam	100%	FC

FC: Full Consolidation

EM: Equity Method

#### 14. SUBSEQUENT EVENTS

On July 20, 2017, the Group announced the acquisition of Bambora, a player in payment services, for a total consideration of €1.5 billion. The transaction will be fully financed through available cash and debt. The closing is expected to occur by the end 2017.

## 2/ Half-year management report

The consolidated financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS). In order to provide meaningful comparable information, these data have been presented on an adjusted basis, i.e. restated to reflect the depreciation and amortization expenses arising on the acquisition of new entities. Pursuant to IFRS3R, the purchase price for new entities is allocated to the identifiable assets acquired and subsequently amortized over specified periods.

The main financial data for 2017 has been analyzed on an adjusted basis, i.e., before purchase price allocation (PPA).

EBITDA is not an accounting term; it is a financial metric defined here as profit from ordinary activities before depreciation, amortization and provisions, and before expenses for shares distributed to employees and officers. EBIT (Earnings Before Interest and Taxes) is equal to profit from ordinary activities, adjusted for amortization of the purchase price for newly acquired entities allocated to the identifiable assets acquired.

Free cash flow is equal to EBITDA less: cash and other operating income and expenses, changes in working capital requirements, investing activities net of disposals, financial expenses net of financial income, and tax paid (Note 5e in the exhibit of interim financial statements)

### Key figures

(in millions of euros)	H1'17	H1'16	Changes vs. H1'16
Revenue	<b>1 222</b>	1 133	8%
Adjusted gross profit	<b>512</b>	490	4%
As a % of revenue	<b>41,9%</b>	43,2%	(130) bpts
Adjusted operating expenses	<b>-291</b>	-284	3%
As a % of revenue	<b>-23,8%</b>	-25,1%	(130) bpts
Profit from ordinary activities, adjusted (EBIT)	<b>221</b>	206	7%
As a % of revenue	<b>18,0%</b>	18,1%	(10) bpts
Operating margin	<b>191</b>	184	4%
Net profit	<b>132</b>	127	4%
Net profit attributable to Group shareholders	<b>130</b>	122	7%
EBITDA	<b>244</b>	244	n.s.
As a % of revenue	<b>20,0%</b>	21,5%	(150) bpts
Free cash-flow	<b>69</b>	64	8%
FCF/EBITDA conversion rate	<b>28,1%</b>	26,2%	+190 bpts
Net debt	<b>178</b>	232	-23%
Net debt-to-EBITDA ratio	<b>0,4x</b>	0,5x	(0,1)x
Equity attributable to Group shareholders	<b>1 771</b>	1 588	12%



## 2.1 Financial data

### +5% revenue organic growth

	H1 2017			Q2 2017		
	€m	% change		€m	% change	
		Comparable	Reported		Comparable	Reported
Retail	516	3%	5%	273	2%	6%
Banks & Acquirers	706	7%	10%	355	7%	10%
<b>Total</b>	<b>1 222</b>	<b>5%</b>	<b>8%</b>	<b>628</b>	<b>5%</b>	<b>8%</b>
EMEA	470	7%	6%	242	4%	3%
APAC	264	13%	18%	122	5%	9%
Latin America	87	-9%	1%	44	-1%	5%
North America	128	-16%	-14%	76	1%	3%
ePayments	273	12%	18%	145	11%	21%
<b>Total</b>	<b>1 222</b>	<b>5%</b>	<b>8%</b>	<b>628</b>	<b>5%</b>	<b>8%</b>

### Performance in the first half

In the first half of 2017, revenue totaled €1,222 million, representing an 8% increase on a reported basis, including a positive foreign exchange impact of €12 million. On a comparable basis, revenue was 5% higher than in the first half of 2016.

During the period, the Retail Business Unit reported a revenue of €516 million, an increase of 5% on reported figures. On a comparable basis, the increase in revenue was 3%, driven by a good performance in ePayments but impacted by a strong terminals renewal cycle that has taken place in 2016 in Europe.

The Banks and Acquirers Business Unit posted a revenue of €706 million, an increase of 10% on reported figures and including a positive foreign exchange effect of €12 million. On a comparable basis revenue increased by 7%, fueled by a strong demand in Europe and Asia despite a lack of dynamism in Brazil regarding the macroeconomic uncertainties.

### Gross profit up 4%

During the first half of 2017, the adjusted gross profit reached €512 million, or 41.9% of revenue. Excluding China, the adjusted gross profit as percentage of revenue represented 43.7% of revenue, or a 10 basis points increase compared to the first half of 2016 pro forma adjusted

### Operating expenses contained over the semester

Reported operating expenses stood at €307 million in the first half of 2017 compared with €299 million in H1 2016 and represented 25.1% of revenue.

(in millions of euros)	S1'16 reported	S1'17 reported	Restatement related to amortization	S1'17 adjusted
Sales & Marketing	99	108	(16)	92
Research & Development	87	91	(0)	91
General & Administrative	113	109	-	109
Total operating expenses	299	307	(17)	291
As a % of revenue	26,4%	25,1%		23,8%

After accounting for Purchase Price Allocation expenses of €17 million, adjusted operating expenses reached €291 million representing 23.8% of revenue compared to 25.1% in the first half of 2016. As discussed last February, the investments in our platforms tend to decrease all along the year as the forecasted plan has been achieved

### EBITDA margin representing 20.0% of revenue

EBITDA was €244 million in the first half of 2017, equal to 20.0% of revenue compared to 21.5% in the first half of 2016.

### EBIT margin representing 16.2% of revenue

After the impact of PPA and other operating results the profit from ordinary activities totaled €198 million compared with €184 million in the first half of 2016. Operating margin is at 16.2 percent of revenue, similar to H1'16. Profit from ordinary activities included Purchase Price Allocation expenses of €23 million as against €21 million in H1 2016.

### Impact of purchase of price allocation (PPA)

<i>(in millions of euros)</i>	<b>H1'17 adjusted excl. PPA</b>	PPA Impact	H1'17 reported
Gross Profit	<b>512</b>	(6)	506
Operating expenses	<b>(291)</b>	(17)	(307)
Profit from ordinary activities	<b>221</b>	(23)	198

At 18.0% of revenue, EBIT reached €221 million in the first half of 2017, versus €206 million in the prior-year period.

### Substantial profit from operating activities

Other operating income and expenses represented a net expense of €6.5 million, up from €0.4 million in the first half of 2015.

<i>(in millions of euros)</i>	<b>H1'17</b>	H1'16
Profit from ordinary activities	<b>198</b>	184
Profit from operating activities	<b>(7)</b>	(-)
Operating margin	<b>191</b>	184
<i>As a % of revenue</i>	<b>15,7%</b>	16,2%

After accounting for Purchase Price Allocation and other operating income and expenses, profit from operations totaled €191 million, compared with €184 million in the first half of 2016. The Group's operating margin was equal to 15.7% of revenue, versus 17.3% in the first half of 2016.

### Reconciliation of profit from ordinary activities to EBITDA

<i>(in millions of euros)</i>	<b>H1'17</b>	H1'16
Profit from ordinary activities	<b>198</b>	184
Amortization of assets acquired	<b>23</b>	21
EBIT	<b>221</b>	206
Other D&A and changes in provisions	<b>17</b>	23
Share-based payment expenses	<b>7</b>	15
EBITDA	<b>244</b>	244

## **Financial results**

(in millions of euros)	H1'17	H1'16
Interest expenses	(11)	(10)
Income from cash and cash equivalents	4	4
Net finance costs	(7)	(6)
Foreign exchange gains/losses	(1)	(3)
Other financial income	(1)	8
Financial result	(8)	(1)

## **Increase in profit attributable to shareholders**

(in millions of euros)	H1'17	H1'16
Profit from ordinary activities	191	184
Financial result	(8)	(1)
Share of profit of equity-accounted investees	0	(0)
Profit before income tax	184	183
Income tax	(51)	(56)
Net profit	132	127
Net profit attributable to shareholders	130	122

Financial results reached €-8 million compared to €-1 million in the first half of 2016, which results included a €8.5 million gain on the disposal of Visa Europe securities.

Income tax expense fell from €56 million in the first half of 2016 to €51 million in the first half 2017. The contraction of the effective tax rate is reflecting a favorable geographical mix.

The net profit attributable of Ingenico in the first half of 2017 was up 7% at €130 million versus €122 million in the first half of 2016.

## **A strong free cash flow reflected in the financial position**

During the first half of 2017, Ingenico Group's operations generated a free cash flow of €69 million, 8% higher than the prior year leading to an FCF/EBITDA ratio of 28.1%, an increase of 190 basis points. This improvement mainly resulted from the lower tax paid during the semester that has benefited from the geographical mix evolution. In parallel, the Group continued to invest in its activities with CAPEX amounting to €38 million.

The cash dividend paid in respect of 2016 was €40 million, whereas 58.6% of the total dividend amount was paid in stock (731,856 shares), reflecting the strong shareholders confidence.

As of June 30, 2017, the net debt reported at €178 million reflecting a leverage of 0.4x the LTM EBITDA versus €232 million in the first half of 2016.

## **2.2 Significant events occurred since June 30, 2017**

All significant events which occurred since June 30, 2017 are described in the Note 14 on "Subsequent events" in the notes to the consolidated financial statements as of June 30, 2017.

## **2.3 Principal risks and uncertainties in the second half of 2017**

Ingenico Group faces the same risks as described in the 2016 registration document, chapter 1.2 (Document de Référence).

## **2.4 Related-party transactions**

In the first half of 2017, there were no material transactions liable to be considered new regulated agreements. See Note 6a. on "Related-party transactions" in the notes to the interim consolidated financial statements as of June 30, 2017.

## **2.5 2017 Outlook**

Ingenico Group confirms its 2017 objectives:

- A revenue growth around 7% on a comparable basis
- A slight increase of the EBITDA margin compared to 2016 (20.6%)

## **2.6 Trends**

In an electronic payment market in the midst of a boom, driven by the rise of e-commerce, new regulations that restrict the use of physical money around the world and the continuous expansion of the middle class in the emerging economies, new consumption patterns and new payment methods have emerged.

Ingenico Group's unique status as a provider of smart terminals and both online and in-store payment services puts the company in an ideal position to offer its customers simple, secure, omni-channel payment acceptance solutions.

To strengthen its global leadership in omni-channel payment acceptance, Ingenico Group has identified four strategic priorities:

- Strengthen its in-store leadership
- Further develop its position in full-service online payment services by developing cutting-edge features that respond to the needs of large-scale retailers and businesses in the digital economy
- Boost its presence across all channels to be able to offer one-stop omni-channel solutions
- Anticipate technological change and accelerate short-term, medium-term and long-term innovation

In this context and supported by its market leadership in smart terminals and the quality of its payment services offering, Ingenico Group has set itself the following financial objectives for medium term:

- Progressive improvement of the organic growth rate and the EBITDA margin
- EBITDA to FCF conversion rate: 45% as a floor
- Dividend policy confirmed: payout ratio of 35%

### **3/ Attestation of the party responsible for the condensed interim financial statements**

I certify that to the best of my knowledge the interim condensed financial statements for the first half-year of 2017 were drawn up in accordance with the applicable accounting standards and give a true and fair view of the assets liabilities financial position and results of the Company and the consolidated group of entities and that the management report included herein gives a fair and true view of the significant events that occurred during the first six months of the year of their effect on the Group's accounts and of the Group's principal related-party transactions as well as a description of the principal risks and uncertainties confronting the Group in the remaining six months of the year.

Paris – July 26, 2017

Philippe Lazare  
Chief Executive Officer

## 4/ Statutory Auditors' Report on the H1 2017 condensed interim financial statements

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

### Ingenico Group S.A.

Registered office: 28-32 boulevard de Grenelle - 75015 Paris

Share capital: €.62.225.097

### Statutory Auditors' Review Report on the Half-yearly Financial Information

For the six-month period ended 30 June 2017

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying half-yearly condensed consolidated financial statements of Ingenico Group S.A., for the period from January 1 to June 30 2017,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

#### I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to the note 8 to the half-yearly condensed consolidated financial statements regarding the Company's position in respect of the outstanding tax assessments concerning Ingenico Group S.A. Brazilian subsidiary as at 30 June 2017.

#### II. Specific verification

We have also verified the information presented in the half-yearly management report on the half-yearly condensed consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the half-yearly condensed consolidated financial statements.

Paris La Défense, on the 26 July 2017

Paris La Défense, on the 26 July 20167

KPMG S.A.

MAZARS

Frédéric Quélin  
*Partner*

Thierry Blanchetier  
*Partner*