Presse release

HIMEDIA: BUSINESS SHIFT, COURSE SET ON NATIVE ADVERTISING AND DRIVE TO STORE

- **Listing of HiPay Group which gathers all payment activities.**

- **Investments in historical general advertising activities brought to an end.**
  - Reduction in historical loss-making advertising activities perimeter.
  - Abandonment of previously announced annual financial objectives.
  - Goodwill impairment linked to these historical advertising activities.
  - Net losses of 31.8 million Euros.

- **Promising investments in Native Advertising and Drive to Store.**

- **Gross profit and EBITDA recovery in H2.**

Paris, September 10th 2015, 5.40 PM – The online media group HiMedia (ISIN Code FR0012821890 HIM, HIM.FR), today releases its financial results for the first half-year of 2015.

Main consolidated data (€ million)

6-month period - in €M	*H1 2015*	*H1 2014pf**	*H1 2014*
Turnover	32.6	37.6	40.2
Gross profit	**5.9**	**13.4**	**17.3**
EBITDA[1]	**(9.4)**	**(2.7)**	**(2.2)**
Transfers to and write-backs from depreciation and provisions	(1.0)	(0.8)	(0.9)
Current operating income[2]	**(10.4)**	**(3.5)**	**(3.1)**
Other non-current earnings and charges	(14.6)	27.2	26.6
Operating income	**(25.0)**	**23.7**	**23.5**
Financial results	(0.3)	(0.2)	(0.1)
Pre-tax earnings	(25.3)	23.5	23.4
Tax	(4.0)	(4.8)	(5.0)
Net income of continuing operations	**(29.3)**	**18.7**	**18.4**
Net income of divested business	(2.5)	(3.0)	(3.0)
Net income of consolidated companies	**(31.8)**	**15.7**	**15.4**

**2014 Proforma figures take into account the handover of Publishing activities, including Jeuxvideo.com as well as the listing of HiPay Group on June 29th 2015. 2015 H1 also takes into account the acquisition of Admoove as of*

1 Current operating income before depreciation and amortization
2 Before stock based compensation and non-current earnings and charges

January 1st 2015, Orange digital advertising networks as of March 1st 2015, Quantum Advertising as of May 1st 2015. Exit from loss-making German business took place on July 14th 2015. It will have a positive impact in second half-year's financial statements.

Commenting on 2015 first half-year figures, Cyril Zimmermann, Founder and Chief Executive Officer of HiMedia, declared: « *For the last year, we have deeply remodelled the Group's profile with the handover of our publishing activities and the listing of our payment activities gathered in HiPay Group. From now on, HiMedia is fully focused on the advertising business. The Group has initiated a significant shift by deciding to cease to invest in the historical commercial advertising activities to develop in priority its technological platforms specialised in « Native Advertising » and « Drive to Store » which show a strong growth potential. We wish to write a new chapter in HiMedia's history by starting over on a sound basis and a more virtuous business model.* »

BUSINESS PERIMETER REDUCTION, PROVISION FOR LOSSES LINKED TO ADVERTISING CONTRACTS AND GOODWILL IMPAIRMENT FROM THESE ACTIVITIES IN THE GROUP'S FINANCIAL STATEMENTS

The traditional non programmatic display advertising business continues to decline due to the evolution in the advertising market structure which makes the use of general advertising network less necessary. First half-year turnover has thus suffered from a 13% drop in pro forma figures.

2014 H1 pro forma figures exclude Publishing and Payment (HiPay Group) activities. 2015 H1 data also exclude Publishing and Payment (HiPay Group) activities but take into account the acquisition of Admoove, Orange digital advertising networks and Quantum Advertising.

Consequently, the Group has conducted during the summer time a strategic thinking and decided to end its investments in this historical commercial advertising activity.

The company has notably finalised the negotiation to put an end to "with minimum guaranteed revenue" contracts which costs were strongly increasing while income diminished. In addition, HiMedia has decided to sell the majority stake in its German division in order to stop funding the business.

Following this thinking and in light of the clouded outlook expected for traditional advertising activities, HiMedia has given up its previously announced objectives for 2015 fiscal year which were to reach a 85 to 90 million Euros turnover and an EBITDA between -1 and -3 million Euros.

In its first half-year financial statements, the company has processed with a goodwill impairment of 21.5 million Euros as well as deferred tax assets amounting to 3.6 million Euros. Also HiMedia has impaired the technological assets from these historical activities equivalent to 0.7 million Euros.

HiMedia will thus hold in its balance sheet technological assets and goodwill more coherent with the strategic shift that has been undertaken and the forthcoming developments of its business.

ANALYSIS OF THE PROFIT AND LOSS STATEMENT

Over the period, HiMedia generated a turnover of 32.6 million Euros, down 19% compared to 2014 H1 (13% in pro forma).

Group's gross profit amounted to 5.9 million Euros, down 66% compared to 2014 H1 (-56% in pro forma). Gross margin reached 18%.

Purchases, which amounted to 5.3 million Euros, are decreasing compared to 2014 H1 (8.7 million Euros). Transfers to and write-backs from depreciation and provisions came at 1 million Euros and are the result of investments directly linked to the development of technical platforms.

The current operating income has decreased over the period at -10.4 million Euros, compared to -3.1 million Euros in 2014 H1.

The consolidated net income of continuing operations amounted to -29.3 million Euros (versus 18.4 million Euros in 2014 H1).

This net result can be detailed as follows:

- A current operating income of -10.4 million Euros (versus -3.1 million Euros for the first half of 2014).
- A non-operating income of -14.6 million Euros (against 26.6 million Euros in the first half of 2014), including 4.1 million Euros of income and expenses related to the reorganization of HiMedia group (composed mainly of the capital gain related to the dividend in kind distribution operations of HiPay shares), impairment of CGU France, Italian and Portuguese "historical activity" goodwill and a partial impairment of goodwill of Sweden which amounted to -21.5 million Euros and the recognition of a badwill related to the acquisition of Orange ad network entities in Spain and Latin America for 2.8 million Euros.
- And a tax expense of -4 million Euros (against -5 million Euros in 2014 h1), including impairment of deferred tax assets on loss carryforwards of -3.6 million Euros (France, Italy and Sweden).

PRIORITY GIVEN TO NATIVE ADVERTISING AND MOBILE ADVERTISING SUCH AS « DRIVE TO STORE » AND A MORE VIRTUOUS BUSINESS MODEL

Mobile advertising and marketing “drive to store” campaigns activities (supported by Admoove, company acquired in January 2015) have shown a promising dynamic at the end of the second quarter. Admoove’s geotargeting technology enables to offer advertisers in-store traffic-generator campaigns and loyalty programs through couponing. This offer is in line with numerous merchants’ expectations willing to reconcile the online marketing channel with in-store selling.

Similarly, Native Advertising activities have recorded strong growth over the first semester. Native allows a greater integration of advertising formats in websites, a better acceptance of the advertisement by visitors and produces better performances for advertisers. The Group has hence decided to increase its stake in Quantum company, which has entered the consolidation perimeter on May 1st.

FINANCIAL SITUATION AND OUTLOOK

At June 30 2015, the Group has a 15 million Euros of cash available in its balance sheet (the Group’s cash available has been split between HiMedia and HiPay Group following the spin-off), no significant indebtedness and a 20% stake in HiPay Group.

These resources will enable to fund the new business strategy as well as the shift taken towards Native Advertising and Drive to Store marketing.

The second semester should see in addition a strong recovery in gross profit with a level of sales similar compared to H1. The shift in business and the costs reduction undertaken during the first semester should have a significant impact on EBITDA which should rise to reach a -1 and -2 million Euros range over the second semester before a return to positive profitability in 2016.

A limited review has been performed by the Group auditors on the half year 2015 accounts from which the corresponding report will be issued. The half year accounts have been approved by Hi-Media SA’s Board of Directors on September 7, 2015. The financial report relative to the financial statements closed on June 30, 2015 is available on the Company’s website, at the address www.himediagroup.com under the “Investors” heading.

About HiMedia:

Pioneer in its field, HiMedia is a European leader in digital marketing. The company offers its clients a wide range of advertising solutions to leverage and optimize their digital strategy.

Established in 7 European countries, in the United States and in Latin America, the Group employs more than 280 people and generated sales of €76 million in 2014.

Independent since its creation, the company is listed on the Euronext Paris Compartment C and is included in the CAC Small, CAC-All Tradable indices and CAC PME. ISIN Code: FR 0012821890 / Mnémo: HIM

More information on www.himediagroup.com/en/our-businesses-himedia-digital-avertising

Facebook: https://www.facebook.com/HiMediaGroup

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Next financial communication: 2015 Q3 sales – November 5, 2015 after market closing.

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Consolidated income statements for the half-years ending on 30 June 2015 and 30 June 2014

In thousands of euro	30 June 2015	30 June 2014 [1]
Sales	32 616	40 205
Charges invoiced by the media	-26 739	-22 937
Gross profit	**5 877**	**17 268**
Purchases	-5 341	-8 663
Payroll charges	-9 938	-10 762
EBITDA	**-9 402**	**-2 157**
Depreciation and amortization	-989	-894
Current operating profit	**-10 391**	**-3 050**
Stock based compensation	-10	-74
Other non-current income and charges	-14 602	26 641
Operating profit	**-25 003**	**23 517**
Cost of indebtedness	-127	-127
Other financial income and charges	-145	-1
Earning of the consolidated companies	**-25 275**	**23 390**
Share in the earnings of the companies treated on an equity basis	-	-
Earnings before tax of the consolidated companies	**-25 275**	**23 390**
Income Tax	-4 004	-5 670
Income Tax on non-recurring items	-	705
Net income of the consolidated companies	**-29 279**	**18 425**
Net income from discontinued operations	-2 473	-3 057
Net income	**-31 753**	**15 368**
Minority interests from continuing operations	460	207
Minority interests from discontinued operations	-208	-263
Including Group Share	**-31 501**	**15 424**

	30 June 2015	30 June 2014
Weighted average number of ordinary shares	45 253 523	44 544 882
Earnings per share, Group share (in euro)	- 0,70	0,36
Weighted average number of ordinary shares (diluted)	45 253 523	45 368 502
Diluted earnings per share, Group share (in euro)	- 0,70	0,35

(1) The financial statements at 30 June 2014 have been prepared with the historical financial statements of Hi Media Group decreased to the combined financial statements of HiPay group established in accordance with the accounting policies presented in the notes to the annual financial statements 2015 of HiPay Group.
In accordance with IAS 8, the financial statements at June 30th, 2014 were regularized on VAT. The turnover was reduced by an amount of €0.5m; net income was reduced of the same amount (see Note 1.3 of the appendix to the consolidated financial statements dated December 31st, 2014).

Consolidated balance sheets as of 30 June 2015 and 31 December 2014

ASSETS - ***In thousands of euro***	**30 June 2015**	**31 Dec 2014**
Net goodwill	20 932	86 447
Net intangible fixed assets	1 431	7 720
Net tangible fixed assets	1 719	1 382
Deferred tax credits	78	3 332
Other financial assets (1)	14 409	822
Non-current assets	**38 570**	**99 703**
Customers and other debtors	33 568	57 242
Other current assets	16 971	28 082
Current financial assets	19	13
Cash and cash equivalents	15 475	48 733
Assets held for sale and discontinued operations	640	716
Current assets	**66 673**	**134 786**
TOTAL ASSETS	**105 242**	**234 489**

LIABILITIES - ***In thousands of euro***	**30 June 2015**	**31 Dec 2014**
Share capital	4 525	4 525
Premiums on issue and on conveyance	86 487	128 992
Reserves and retained earnings	-22 323	-18 626
Treasury shares	-6 703	-6 646
Consolidated net income (Group share)	-31 501	5 194
Shareholders' equity (Group share)	**30 485**	**113 439**
Minority interests	408	676
Shareholders' equity	**30 893**	**114 115**
Long-term borrowings and financial liabilities	2 277	2 263
Non-current provisions	720	835
Deferred tax liabilities	623	74
Non-current liabilities	**3 620**	**3 172**
Short-term financial liabilities and bank overdrafts	-0	-0
Suppliers and other creditors	55 299	91 228
Other current debts and liabilities	15 430	25 974
Liabilities held for sale and discontinued operations	0	-
Current liabilities	**70 728**	**117 202**
TOTAL LIABILITIES	**105 242**	**234 489**

Table of consolidated cash flows for the half-years ending on 30 June 2015 and on 31 December 2014 and on 30 June 2014

In thousands of euro	30 June 2015	31 Dec 2014	30 June 2014
Net income	-31 753	5 285	15 368
Depreciation of the fixed assets	1 764	5 848	3 184
Value losses	21 528	15 247	15 247
Other non-current without impact on the cash	-5 526	6 081	10 478
Cost of net financial indebtedness	127	1 201	646
Share in associated companies	-	2 596	2 570
Net income on disposals of fixed assets	379	-55 495	-56 761
Cash flow from discontinued operations	-2 485	-	-
Cash flow from business to be divested	-	-	-
Costs of payments based on shares	10	81	74
Tax charge or proceeds	4 004	7 011	6 162
Operating profit before variation of the operating capital need	-11 951	-12 144	-3 032
Variation of the operating capital need	322	897	647
Cash flow coming from operating activities	-11 629	-11 247	-2 384
Interest paid	-74	-1 152	-595
Tax on earnings paid	-2	-747	-524
NET CASH FLOW RESULTING FROM OPERATING ACTIVITIES	**-11 705**	**-13 145**	**-3 504**
Income from disposals of fixed assets	-	-	-
Valuation at fair value of the cash equivalents	-	-	-
Proceeds from disposals of financial assets	-	1 859	-
Disposal of subsidiary, after deduction of cash transferred	-	81 540	81 540
Acquisition of a subsidiary	-1 892	-98	-104
Acquisition of fixed assets	-2 734	-4 194	-2 953
Variation of financial assets	-963	-7	-69
Variation of suppliers of fixed assets	1 119	515	49
Effect of the perimeter variations (1)	-14 105	-	-
NET CASH FLOW COMING FROM INVESTMENT ACTIVITIES	**-18 575**	**79 615**	**78 463**
Proceeds from share issues	0	13	1
Redemption of own shares	-	-4 378	128
New borrowings	14	2 292	-
Repayments of borrowings	-	-21 572	-4 386
Other financial liabilities variation	-2 705	-4 080	-2 968
Dividends paid to minority interests	-234	-234	-225

NET CASH FLOW COMING FROM FINANCING ACTIVITIES	**-2 925**	**-27 959**	**-7 450**
Effect of exchange rate variations	-53	17	5
NET VARIATION OF CASH AND OF CASH EQUIVALENTS	**-33 258**	**38 527**	**67 514**
Cash and cash equivalents on January 1st	48 733	10 207	10 207
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**15 475**	**48 733**	**77 721**

(1) *Of which -€14.4 million following the carve-out with HiPay*