

NAVYA

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In accordance with the provisions of articles L. 451-1-2 III of the Monetary and Financial Code and 222-4 of the General Regulations of the Autorité des Marchés Financiers (AMF), we have prepared this report.

NAVYA

Société anonyme à directoire et conseil de surveillance

Au capital de 2.716.128,30 Euros

Siège social : 1, rue du Docteur Pierre Fleury Papillon – 69100 Villeurbanne

802 698 746 RCS LYON

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1 HALF YEAR ACTIVITY REPORT

1.1 GROUP'S HALF YEAR RESULTS AS AT 30TH JUNE 2018

1.1.1 P&L accounts analysis

1.1.1.1 Sales

Over the period of the first six month 2018, sales were made by the sale of autonomous shuttle, their deployment on site and associated services such as maintenance, supervision and software licence.

Sales amounted to Euro 9.0 millions over the period. Company sold 36 shuttles out of which 5 have been sold to NEoT.

1.1.1.2 Gross Margin

In the first half 2018, gross margin amounted to Euro 1.7 million, 19.3% of revenues to be compared with Euro 1.3 million, 13% of revenues for the full year 2017.

This improvement is due to the volume increase in hardware (shuttle) and a larger utilization of the services team.

1.1.1.3 Operating expenses

Operating expenses are made of research and development (R&D), sales and marketing and administrative expenses (SG&A). Those expenses amounted to Euro 7.3 millions for the first half 2018. 69% of those expenses are made of Payroll expenses. The remaining 31% are mainly made of:

- communications expenses such as trade show,
- building rental,
- fees such as lawyer, auditor and external advisor, insurance premiums
- R&D depreciation.

Note that, when compliant with IAS 38.57, Development expenditures on an individual project are recognized as an intangible asset. This amounted to Euro 2.3 millions during the first half 2018.

Other operating expenses, excluding R&D and SG&A, amounted to Euro 1.4 million, out of which Euro 1.2 million related to share based payments.

1.1.1.4 Operating loss and Net loss

Operating loss defined as the difference between gross margin and operating expenses including other operating expenses, amounted to Euro 7.0 millions for the period.

Net loss amounted to Euro 7.0 millions as a consequence of the operating loss.

1.1.2 Balance sheet item

1.1.2.1 Operating working capital requirement

Operating working capital requirement defined as the sum of inventories & work in progress, trade and other receivables minus trade payables increased from Euro 8.1 millions at the end of December 2017 to Euro 11.9 millions at the end of June 2018. This is the results of the increase in revenues and anticipation of larger activity in the second half of 2018.

1.1.2.2 Intangible assets

Intangible assets increased by Euro 1.5 million during the first six month of 2018 as the results of development expenses capitalization and current 6 months amortization.

1.2 GROUP ACTIVITY IN THE FIRST HALF OF THE CURRENT YEAR

1.2.1 Ante closing event

In January 2018, NAVYA presented at the Consumer Electronic Show in Las Vegas edition, its two autonomous vehicles: AUTONOM SHUTTLE and AUTONOM CAB, circulating in the streets of the historic center of Las Vegas: Fremont.

For the duration of CES 2018, AUTONOM CAB has transported more than 600 people in the Las Vegas Fremont district and more than 300 people at the Gold Lot on the Valeo track, within the CES itself. Regarding AUTONOM SHUTTLE, more than 1,500 people used it in the historic center of Las Vegas Fremont. Nevada Governor Brian Sandoval rode aboard AUTONOM SHUTTLE on the occasion of the National Governors Association conference.

In March 2018, the capital increase of Euros 5.0 millions performed by means of the exercise of 117,021 Stock Warrants issued in September 2016.

In April 2018, Navya carried out a capital increase in the amount of Euros 6.0 millions (gross amount before deduction of issuance costs) through the issue of 52,176 new shares subscribed by the existing shareholders.

On 31 May 2018, by decision of the General Assembly, the company Navya SAS changed its social form and became a public limited company with a board of directors and a supervisory board (“Société anonyme à directoire et Conseil de surveillance”).

5th of June 2018, NAVYA, with its AUTONOM SHUTTLE, has been selected by the AVENUE Consortium as the official autonomous vehicle supplier for the European HORIZON 2020 project, dedicated to developing autonomous vehicle solutions in some of Europe’s cities. The aim of the project is to create and carry out large-scale autonomous mobility trials in urban centers. The project’s autonomous shuttles will be deployed in 4 European cities:

- Luxembourg : 2 shuttles
- Lyon : 2 shuttles
- Copenhagen : 3 shuttles
- Geneva : 3 shuttles

As the Consortium's only autonomous vehicle manufacturer, NAVYA will provide all 10 vehicles. Armed with its considerable experience gained in conducting autonomous vehicle trials around the world, the company plays a major role in the project.

On June 6, 2018, Navya SA announced the issue of its Registration Document ("Document de base") with the Autorité des marchés financiers ("AMF"). The issue of the Registration Document was the first step in the proposed IPO of the Navya on the regulated market of Euronext Paris.

In addition, Navya sold its first UK shuttle to Salford University in Manchester.

1.2.2 Post closing event

In July, through its Initial Public Offering, NAVYA raised approximately €37.6 million by way of issuance of new shares. No existing shares have been sold as part of the offering and no over-allotment option has been granted.

On the basis of an offering price of €7.00 per share, the market capitalization of NAVYA amounts to approximately €190 million.

From August 3, 2018, Navya entrusts Oddo BHF with its liquidity agreement, for a 2-year period, renewable by tacit agreement for one year.

This agreement is in compliance with the March 21, 2011, Autorité des Marchés Financiers' AMAFI ethics policy and aims at NAVYA shares animation on the Euronext Paris market.

The assets brought to this liquidity agreement are as follows: 400,000 €.

In August 2018, The Company signed a €30 m financing agreement with the European Investment Bank – EIB.

The financing is made of 2 tranches (A and B) of €15 m and each tranche will have a maturity of 5 years starting at the date of the draw down. Tranche B is subject to performance condition. The draw is at NAVYA's discretion and at the time of the draw of Tranche A, a number of warrants will be issued representing 1.5% of NAVYA's shares.

1.3 KEY TRANSACTIONS BETWEEN RELATED PARTIES

There is no transaction between related parties that took place during the first six months of the current fiscal year and had a significant impact on the financial situation or the results of the company and the group.

1.4 IMPORTANT EVENTS DURING THE FIRST HALF YEAR OF THE CURRENT FINANCIAL YEAR

Pursuant to article 222-6 of the AMF's general regulations, there are no significant events, to our knowledge, that occurred between January 1st, 2018 and June 30th, 2018 (1st semester of the current fiscal year) and/or likely to have an impact on the semi-annual accounts.

1.5 MAIN RISKS AND UNCERTAINTIES FOR THE NEXT SIX MONTHS

NAVYA faces various risks and uncertainties on the market and in particular, NAVYA's business remains subject to the adoption of various laws and regulations regarding the implementation of autonomous vehicles in all jurisdictions. In addition, NAVYA's future growth remains highly dependent upon the adoption by consumers of autonomous vehicles.

2 CONSOLIDATED CONDENSED ACCOUNTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

Interim consolidated financial statements prepared in accordance with IFRS standards for the six months period ended 30 June 2018

2.1 CONSOLIDATED BALANCE SHEET

NAVYA Balance sheet	Notes	June 30, 2018 K€	Dec 31, 2017 K€
Assets			
Intangible assets	4.1	7 034	5 518
Tangible assets	4.2	6 003	5 129
Investments from associates		0	74
Financial assets	4.3	781	750
Total non-current assets		13 818	11 471
Inventories & work in progress	5.1	7 560	4 904
Trade receivable	5.2	4 741	3 416
Other receivables	5.2	8 139	4 872
Current financial asset		0	0
Cash and cash equivalent	6.1	6 335	4 456
Total current assets		26 774	17 647
Total Assets		40 592	29 118
Liabilities			
Equity			
Share capital	7	2 178	2 009
Share premium	7	37 887	27 171
Reserves		-13 113	-2 822
Net loss for the period		-6 959	-11 482
Total equity		19 993	14 876
Non-current liabilities			
Post employment benefits		156	134
Non-current financial debts	6.3	1 760	1 082
Provision for others liabilities and charges		415	83
Total non-current liabilities		2 332	1 299
Current liabilities			
Current financial debts	6.3	1 127	956
Trade payables and related accounts	5.3	8 529	5 086
Tax and social security liabilities	5.4	2 439	1 985
Other creditors	5.5	6 172	4 915
Total current liabilities		18 267	12 942
Total liabilities and equity		40 592	29 118

2.2 CONSOLIDATED INCOME STATEMENT

NAVYA		Notes	June 30, 2018	Dec 31, 2017
Income Statement for the year ended			6 months K€	12 months K€
Sales	3,1		8 980	10 280
Cost of sales	3.2.1		-7 246	-8 941
Gross margin	3.2.2		1 734	1 338
Research and development expenses	3.3.1		-1 751	-1 855
Sales and marketing expenses	3.3.2		-2 383	-4 314
General and administrative expenses	3.3.3		-3 176	-3 247
Share based paiement expenses	3.4		-1 242	-3 182
Expense from associates			-74	-58
Others income and expenses			-109	-18
Operating loss			-7 001	-11 335
Finance expenses	3.6		-180	-168
Finance income	3.6		221	23
Financial loss	3,6		41	-145
Loss before income tax			-6 960	-11 482
Loss for the period			-6 960	-11 482

Earnings per share		Notes	June 30, 2018	Dec 31, 2017
Weighted average number of shares in circulation			20 873 597	20 092 170
Basic losses per share (€/share)	3.7		(0,33)	(0,57)
Diluted losses per share (€/share)	3.7		(0,33)	(0,57)

2.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NAVYA - IFRS		Notes	June 30, 2018	Dec 31, 2017
Statement of comprehensive income for the year ended			12 months K€	12 months K€
Loss for the year			-6 959	-11 482
Actuarial losses	8.1		32	-32
Translation adjustments			-83	84
Other items of comprehensive income			-51	51
Comprehensive loss			-7 010	-11 431
<i>Group share</i>			<i>-7 010</i>	<i>-11 431</i>
<i>Non-controlling interests</i>			<i>0</i>	<i>0</i>

2.4 CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

NAVYA Statement of change in equity	Share capital number	Share capital K€	Share premium K€	Reserves and result K€	Translation adjustments K€	Actuarial losses K€	Total equity- group share K€
At 31 December 2017	2 009 217	2 009	27 171	-14 333	83	-54	14 876
Net loss June 2018				-6 960			-6 960
Other comprehensive loss					-83	32	-51
Comprehensive loss		0	0	-6 960	-83	32	-7 010
Shares issued	52 176	52	5 948				6 000
Exercise of share warrants	117 021	117	4 907				5 024
Share-based payments				1 242			1 242
Capital increase costs			-139				-139
Stock split (by 10)	19 605 726						0
At 30 June 2018	21 784 140	2 178	37 887	-20 052	0	-22	19 993

2.5 CONSOLIDATED STATEMENT OF CASH FLOWS

NAVYA	Notes	June 30, 2018	Dec 31, 2017
Cash flow statement for the year ended		6 months	12 months
		K€	K€
Net cash used in operating activities			
Loss after income tax		-6 959	-11 482
- Depreciation of intangible assets	4.1	-1 182	-1 236
- Depreciation of property, plant and equipment	4.2	-841	-653
- Provisions		-386	-131
- Net expense arising from share-based payments	3,4	-1 242	-3 182
- Gains or losses on disposals of fixed assets		-45	-9
- Share of losses in associates	4.4	-74	-58
- Change of the fair value of advance payments	6.3	-9	-4
-Net financial interests paid		-12	-19
Self-financing capacity before net financial debt and taxes		-3 168	-6 189
- Change in working capital requirements		1 034	3 035
Net cash used in operating activities		-4 202	-9 224
Net cash used in investing activities			
Capitalisation of development expenses	4.1	-2 011	-3 573
Purchases of intangible assets	4.1	-685	-115
Purchases of tangible assets	4.2	-1 773	-3 430
Current financial assets	4.5	-31	-665
Net cash used in investing activities		-4 500	-7 782
Net cash used in financing activities			
Capital increase + share premium net of share capital increase costs	7	10 885	9
Payment of conditional advances and subventions	6.3	0	160
Proceed of new loans	6.3	365	500
Net financial interests paid		-12	-19
Repayment of loans, conditional advances and financial-leases	6.3	-648	-96
Net cash used in financing activities		10 590	554
(Decrease) /Increase in cash		1 888	-16 452
Cash & cash equivalents at beginning of the year	6.1	4 325	20 784
Effects of exchange rate changes		0	-8
Cash & cash equivalents at end of the year	6.1	6 213	4 325
(Decrease) /Increase in cash		1 888	-16 452
		June 30, 2018	Dec 31, 2017
Cash and cash equivalents		6,335	4,456
Bank overdrafts		-122	-131
Cash & cash equivalents at period-end (including bank overdrafts)		6,213	4,325

2.6 DETAILED BREAKDOWN OF CHANGES IN WORKING CAPITAL

Detail of working capital	June 30, 2018	Dec 31, 2017
Other non-current assets		
Inventories (net of inventory impairment)	-2 620	-4 091
Trade receivables and related accounts (net of impairment of trade receivables)	-1 317	-2 268
Other receivables	-278	-3 168
Trade payables and related accounts	3 439	3 492
Social and tax liabilities	452	1 119
Other creditors	1 357	1 882
Total change	1 034	-3 035

2.7 NOTE 1: GROUP PRESENTATION

The following information constitutes the Notes to the IFRS financial statements, and forming an integral part of the financial statements presented for the 6 months period from December 31, 2017 to June 30 2018 in accordance with International standards comprise the IFRS (International Financial Reporting Standards).

Unless otherwise indicated, the financial statements are presented in Keuros. Rounding is used in the calculation of certain financial data and other information in the financial statements. As a result, the figures provided as totals in certain tables may not be the exact sum of the preceding figures.

2.7.1 Information on the Company and its business

Navya (company incorporated under French law) was created in 2014 and provides full self-driving technology and vehicles.

Registered office address:

1, rue du Docteur Pierre Fleury Papillon, 69100 Villeurbanne

Register of Commerce and Companies number: 802 698 746

NAVYA is hereafter referred to as the "Company" or "the Group".

2.7.2 Basis of preparation of financial statements

Declaration of compliance

NAVYA prepared its financial statements, approved by the Board of Directors on September 21st, 2018 for the review of the supervisory board on September 26th, 2018 in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union at the date when the financial statements were prepared, for all the periods presented.

The applicable documentation is available on the European Commission's website https://ec.europa.eu/commission/index_fr.

The accounting principles, methods and options chosen by the Company are presented in the notes below.

Principles of preparation of the financial statements

In application of the European regulation 1606/2002 of July 19, 2002, the consolidated financial statements for the period ended June 30, 2018 were not prepared in all material respects, in accordance with IAS 34 – Interim Financial Reporting. In the absence of accounting closing as of June 30, 2017, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows do not include comparative information relating to the period from January 1, 2017 to June 30, 2017 required by IAS 34.

These interim condensed financial statements do not include all the information that need to be provided for year-end financial statements prepared in accordance with International Financial Reporting Standards (IFRS). They should be read jointly with the consolidated financial statements for the year ended December 31, 2017.

The accounting policies retained for the preparation of the Group interim condensed consolidated financial statements are compliant with the IFRS as endorsed by the European Union as of June 30, 2018 and available on https://ec.europa.eu/commission/index_fr

The accounting policies used by the Group in the interim consolidated financial statements are consistent with those applied in the consolidated financial statements at December 31, 2017 with the exception of:

- see note 9 “Update on accounting standards”
- IFRS 9- Financial instruments had no impact on the accounts. Indeed, the analysis performed did not lead to the identification of impairment losses for significant additional expected losses.
- the specific items related to the preparation of the interim consolidated financial statements:
- Post-employment and other long-term employee benefits

Post-employment and other long-term employee benefits expense for first semester ended June 30, 2018 corresponds to the semester of the estimated net expense for the full year, as determined based on prior year data and actuarial assumptions. These valuations are adjusted to take into account any significant changes in market conditions compared to the previous period, any curtailments, settlements or other material nonrecurring events of pension plan.

2.7.3 Use of judgments and estimates

The preparation of financial statements requires the application of judgment and the use of estimates and assumptions to determine the reported amount of certain assets and liabilities, income and expenses, and to take into account the potential positive or negative effect of uncertainties existing at the balance sheet date. Due to changes in the assumptions used and economic conditions different from those existing at the closing date, the amounts in the Group’s future financial statements could be materially different from current estimates.

To prepare the interim consolidated financial statements, the main judgments and estimates made by management as well as the main assumptions are consistent with those applied to prepare the annual financial statements as at December 31, 2017.

2.7.4 Scope of consolidation

Consolidation methods

The Group applies IFRS 10 – Consolidated *Financial Statements*, IFRS 11 – Joint Arrangements and IFRS 12 - Disclosure of Interests in Other Entities. In accordance with IFRS 10 – Consolidated Financial Statements, control over an entity has been determined based on a review of the criteria specified in the standard, which is not limited to the voting power held in the entity (more than 50%); an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with

the investee and has the ability to affect those returns through its power over the investee.

Associates are companies in which the Group exercises significant influence over financial and operational policies without having control. They are accounted for in the consolidated financial statements using the equity method.

All of the subsidiaries owned by the Group are included in the consolidation scope.

As of the date of the publication of these consolidated financial statements, the Group had:

- one subsidiary Navya Inc, located in USA (ownership 100% and created in 2016) – fully integrated ;
- one equity-accounted company, Navly located in Lyon -France (ownership 50% and created in 2016).

2.7.5 Foreign currency translation

The presentation currency is the Euro. Euro closing exchange rates and euro average exchange rates used to translate foreign operations in the consolidated financial statements were as follows:

	For the period and the year ended	
	June 2018	December 2017
Source : Banque de France		
€/ \$ period end exchange rate	1.1658	1.1993
€/ \$ average exchange rate	1.2107	1.1294

2.8 NOTE 2: SIGNIFICANT EVENTS

2.8.1 Highlights

2018

Capital increase

In March 2018, the capital increase of 5,025 K€ performed by means of the exercise of 117,021 Stock Warrants issued in September 2016;

In April 2018, Navya carried out a capital increase in the amount of € 6,000 K (gross amount before deduction of issuance costs) through the issue of 52,176 new shares subscribed by the existing shareholders.

2.8.2 Post-balance sheet events

Preparation for an Initial Public Offering on the Regulated Market of Euronext in Paris

In July 2018, Navya announced the success of its initial public offering on the regulated market of Euronext Paris.

The revised offering was well received by French and international institutional investors and the offering price was subsequently set at €7.00 per share.

NAVYA raised approximately €37.6 million by way of issuance of new shares. No existing shares have been sold as part of the offering and no over-allotment option has been granted.

On the basis of an offering price of €7.00 per share, the market capitalization of NAVYA amounts to approximately €190 million.

NAVYA entrust Oddo BHF with its liquidity agreement

The liquidity agreement has started from August 3, 2018, entrusting Oddo BHF with its liquidity agreement, for a 2-year period, renewable by tacit agreement for one year.

This agreement is in compliance with the March 21, 2011, Autorité des Marchés Financiers' AMAFI ethics policy and aims at NAVYA shares animation on the Euronext Paris market.

The assets brought to this liquidity agreement are as follows: 400,000 €

€30 m financing agreement with the European Investment Bank

The Company signed a €30 m financing agreement with the European Investment Bank – EIB.

The financing is made of 2 tranches (A and B) of €15 m and each tranche will have a maturity of 5 years starting at the date of the draw down. Tranche B is subject to performance condition. The draw is at NAVYA's discretion and at the time of the draw of Tranche A, a number of warrants will be issued representing 1.5% of NAVYA's shares.

2.9 NOTE 3: OPERATIONAL BUSINESS

The Company presents its income statement by function, as detailed in the notes below.

2.9.1 Sales

The sales according to IFRS 15 (excluding rental contracts sales) break down as follows:

Categories of sales (Amounts in K€)	Timing Recognition	June 30, 2018	Dec 31, 2017
Shuttles	At a point in time	8 090	9 292
Maintenance and services	Over time	703	686
Total		8 793	9 978

Sales by geographic area (included IFRS 15 and IAS 17 sales) is dispatched as follows:

SALES (Amounts in K€)	June 30, 2018	Dec 31, 2017
Sales of goods sold and services - France	2,910	2,736
Sales of goods sold and services - Europe (excl. France)	3,010	2,158
Sales of goods sold and services - Rest of the world	3,060	5,385
Total Sales	8,980	10,280

2.9.2 Cost of sales and Gross margin

2.9.2.1 Cost of sales

Costs of sales (Amounts in K€)	June 30, 2018	Dec 31, 2017
Goods consumptions	-4,595	-6,173
Payroll expenses	-2,226	-1,882
Others costs	-426	-887
Total	-7,246	-8,942

2.9.2.2 Gross margin

Gross margin per activity (Amounts in K€)	June 30, 2018			
	Shuttles	Maintenance and Services	Rental	Total
Sales	8,090	703	187	8,980
Gross Margin	1,767	-88	55	1,734

Gross margin per activity (Amounts in K€)	Dec 31, 2017			
	Shuttles	Maintenance and Services	Rental	Total
Sales	9 292	686	302	10 280
Gross Margin	1 460	-135	13	1 338

2.9.3 Breakdown of income and expenses by function

2.9.3.1 R&D expenses

R&D expenses (Amounts in K€)	June 30, 2018	Dec 31, 2017
Payroll expenses	-2,450	-3,371
R&D capitalized for the period	2,344	3,045
R&D tax credit	206	303
Depreciations of assets	-1,182	-1,129
Others costs	-669	-702
Total	-1,751	-1,855

2.9.3.2 Sales and marketing expenses

S&M expenses (Amounts in K€)	June 30, 2018	Dec 31, 2017
Payroll expenses	-1,117	-2,004
Others costs	-733	-1,767
Advertising and promotion	-280	
Travel expenses	-254	-542
Total	-2,383	-4,314

2.9.3.3 General and administrative expenses

General and Administrative expenses (Amounts in K€)	June 30, 2018	Dec 31, 2017
Payroll expenses	-1,527	-1,631
Others costs	-1,344	-1,534
Provisions for risks	-305	-83
Total	-3,176	-3,247

2.9.4 Share-based payments

2.9.4.1 Warrants for special shares for founders ("BSPCE")

Since its incorporation, the Company has established three remuneration plans likely to be settled in equity instruments in the form of "warrants for special shares for founders" ("BSPCE") granted to employees.

Type	Grant date	Number of warrants granted	Number of options lapsed	Number of maximum shares issued	Number of options outstanding	Number of maximum shares to issue
BSPCE 2016 PLAN 1	July 11, 2016	61,131	824	1,597	58,710	58,710
BSPCE 2016 PLAN 2	July 11, 2016	149,500			149,500	149,500
BSPCE 2016-1	Dec 14, 2017	112,400	8,500		103,900	103,900
June 30, 2018		323,031	9,324	1,597	312,110	312,110

The table below provides a summary of the key details of the BSPCE plans established as well as the assumptions used for valuation under IFRS 2:

Type	Grant date	Assumptions adopted							Total valuation per IFRS 2 (Black&Scholes) in K€
		Share value	Faire value of the option	Expected term	Exercise price in €	Expiry date	Volatility	Risk-free rate	
BSPCE 2016 PLAN 1	July 11, 2016	42.94 €	37.23 €	4.5 years	5.71 €	7 years	26%	0%	2,276
BSPCE 2016 PLAN 2	July 11, 2016	42.94 €	37.23 €	4.5 years	5.71 €	7 years	26%	0%	5,566
BSPCE 2016-1	Dec 14, 2017	42.94 €	12.12 €	6 years	42.94 €	10 years	27%	0%	1,260

Breakdown of the expense recognized pursuant to IFRS 2:

Type	Number of options outstanding	Total valuation per IFRS 2 (Black&Scholes) in K€	June 30, 2018		
			Cumulated expense as of Dec 31, 2017	June 30, 2018 expense	Cumulated expense as of June 30, 2018
BSPCE 2016 PLAN 1	58,710	2,276	1,974	158	2,133
BSPCE 2016 PLAN 2	149,500	5,566	4,895	396	5,291
BSPCE 2016-1	103,900	1,260	409	273	682
Total BSPCE	312,110	9,101	7,278	828	8,106

2.9.5 Stock-options

In May 2018 the Company has established remuneration plans likely to be settled in equity instruments in the form of Stock-Options.

Type	Grant date	Number of options granted	Number of options lapsed	Number of maximum shares issued	Number of options outstanding	Number of maximum shares to issue
Stock-Option 2018-1	May 28, 2018	42 000			42 000	42 000
June 30, 2018		42 000	0	0	42 000	42 000

The table below provides a summary of the key details of the stock option plan established as well as the assumptions used for valuation under IFRS 2:

Type	Grant date	Assumptions adopted							Total valuation per IFRS 2 (Black&Scholes) in K€
		Share value	Faire value of the option	Expected term	Exercise price in €	Expiry date	Volatility	Risk-free rate	
Stock-Option 2018-1	May 28, 2018	7.00 €	5.79 €	6 years	11.50 €	10 years	25%	0%	243

The exercise of the Stock-option is not subject to any performance condition, only a service condition applies. This plan is classified as "equity settled". The Company has no obligation to buy back these instruments from employees should they leave the company or should some specific event not occur.

Breakdown of the expense recognized pursuant to IFRS 2:

Type	Number of options outstanding	Total valuation per IFRS 2 (Black&Scholes) in K€	June 30, 2018		
			Cumulated expense as of Dec 31, 2017	June 30, 2018 expense	Cumulated expense as of June 30, 2018
STOCK-OPTION 2018-1	42,000	243	0	61	61

2.9.6 Free-shares

In May 2018 the Company has established remuneration plans likely to be settled in equity instruments in the form of Free Shares.

Type	Grant date	Number of free share granted	Number of free share lapsed	Number of maximum shares issued	Number of free share outstanding	Number of maximum shares to issue
Free Shares 2018-1	May 31, 2018	920 079			920 079	920 079
June 30, 2018		920 079	0	0	920 079	920 079

The table below provides a summary of the key details of free shares plan established as well as the assumptions used for valuation under IFRS 2:

Type	Grant date	Share value	Total valuation per IFRS 2 (K€)
Free Shares 2018-1	May 31, 2018	7.00 €	4,294

The definitive benefit of shares is subject to the fulfillment of 3 performance conditions. The valuation indicated below is based on management best estimate for each condition

Breakdown of the expense recognized pursuant to IFRS 2:

Type	Number of free shares	Total valuation per IFRS 2 in K€	June 30, 2018		
			Cumulated expense as of Dec 31, 2017	June 30, 2018 expense	Cumulated expense as of June 30, 2018
AGA 2018-1	920,079	4,294	0	353	353

2.9.7 Staff costs

STAFF COSTS (Amounts in K€)	June 30, 2018	Dec 31, 2017
Wages and salaries (including temporary workers)	-5,668	-6,851
Social Security costs	-1,761	-2,037
Total employees	-7,429	-8,888

2.9.8 Net financial income and expenses

FINANCIAL INCOME AND EXPENSES (Amounts in K€)	June 30, 2018	Dec 31, 2017
Interests of financial investments	0	14
Interests of loans	-39	-49
Exchange gains	120	-112
Other financial income and expenses	-40	1
Others finance income and expenses	41	-145

(Amounts in K€)	Impacts - Statement of financial position at 30 June 2018		Impacts - Statement of financial position at 31 December 2017	
	Interest	Change in fair value	Interest	Change in fair value
Assets				
Fair value of assets through profit and loss				
Loans and receivables				
Cash and cash equivalents	0		14	
Liabilities				
Fair value of debts through profit and loss		-19		-16
Liabilities measured at amortised cost	-39		-33	

2.9.9 Earnings per share

BASIC LOSSES PER SHARE (Amounts in K€)	June 30, 2018	Dec 31, 2017
Weighted average number of shares in circulation ⁽¹⁾	20 873 597	20 092 170
Net loss for the period	-6 959	-11 482
Basic losses per share (€/share)	(0,33)	(0,57)
Diluted losses per share (€/share)	(0,33)	(0,57)

⁽¹⁾ For December 31st 2017, this number has been multiplied by 10 to account for the split of the of the nominal value by 10 that occurred on June 30 2018 and included two capital increase.

The instruments granting deferred equity rights (BSPCE/AGA) are considered anti-dilutive as they result in a decrease in losses per share. Diluted losses per share are accordingly identical to basic losses per share.

2.9.10 Segment information

Key performance indicators (Amounts in K€)	June 30, 2018	Dec 31, 2017
Operating loss	-7 001	-11 335
<i>Share based payment</i>	1 242	3 182
<i>Expense from associates</i>	74	58
<i>Others income and expenses</i>	109	18
Recurring EBIT	-5 576	-8 078
<i>Current tangible amortization</i>	841	660
EBITDA	-4 736	-7 418

The Group operates in a single reportable segment, autonomous vehicles, in which the shuttle market represents, for the presented period, 100% of the revenue. With the launch of autonomy CAB in November 2017, Navya intends to address the autonomous cab market in the future. Consequently, before the end of 2018, Navya may follow the performance indicators of two operating segments, Shuttle and Cab. The Group may therefore identify and disclose two operating segments in its 2018 annual financial statements 2018 to reflect the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

For the 6 months period presented, the assets and the operating losses relate to French business activities. The sales are made in France, in Europe and the rest of the world (see note 3.1).

2.10 NOTE 4: NON CURRENT ASSETS

2.10.1 Intangible assets

GROSS VALUE OF INTANGIBLE ASSETS (Amounts in K€)	Softwares	Development costs in progress	Development costs	Total	Included Financial leases
Statement of financial position at 31 December 2017	319	1 481	5 665	7 465	109
Capitalisation of development expenses ⁽¹⁾		2 011		2 011	
Additions	45		640	685	12
Transfer		-873	873	0	
Statement of financial position at 30 June 2018	364	2 619	7 177	10 161	121
AMORTIZATION					
Statement of financial position at 31 December 2017	73	0	1 873	1 946	-4
Amortisation Charge	57		1 126	1 182	22
Disposals				0	
Statement of financial position at 30 June 2018	129	0	2 999	3 128	19
At 31 December 2017	246	1 481	3 792	5 519	113
At 30 June 2018	235	2 619	4 178	7 033	102

(1) Capitalization of development expenses for the period € 2,344 K, reduced by € 333 K of research credit tax

The projects with capitalized development costs are as follows:

- Development of NAVYA COGNITIV (NAVYA COGNITIV is the computer within the vehicles that constantly merges data collected by the sensor architecture);
- Development of Supervision software;
- Other development such as homologation, Cab.

Development expenses are depreciated over a period of three years and are recognized under Research and Development expenses.

In accordance with the method described above, the portion of the research tax credit set against capitalized development expenses respectively amounted to:

- in June 2018: €333K and
- in 2017: €422K

2.10.2 Tangible assets

GROSS VALUE OF TANGIBLE ASSETS (Amounts in K€)	Prototypes	Office and computer equipment	Transportation assets (Shuttles)	Others fixed assets	Tangible assets in progress	Total	Included Financial leases
Statement of financial position at 31 December 2017	2,321	69	1,796	1,316	950	6,452	665
Additions	356	36	851	165	433	1,841	68
Disposals			-165			-165	
Transfer	705				-705	0	
Currency translation adjustment	5	1	6	10		21	
Statement of financial position at 30 June 2018	3,386	106	2,489	1,490	678	8,149	733
AMORTIZATION							
Statement of financial position at 31 December 2017	725	29	376	191	0	1,322	88
Amortisation Charge	458	9	224	149		841	5
Disposals			-20			-20	
Currency translation adjustment	0	0	2	2		4	
Statement of financial position at 30 June 2018	1,184	39	581	342	0	2,146	93
At 31 December 2017	1,595	39	1,420	1,125	950	5,130	577
At 30 June 2018	2,202	67	1,908	1,148	678	6,003	640

As at June 30, 2018:

- the Company has not identified any indication of loss of value for capitalized development projects;
- the notion of CGU is applied at the level of the Company taken as a whole; and
- no non-current assets show any internal or external indication of loss of value.

2.10.3 Other non-current financial assets

NON-CURRENT ASSETS (Amounts in K€)	June 30 , 2018	Dec 31, 2017
Deposits and sureties	781	750
Total non-current assets	781	750

Sureties correspond to bank accounts with a bank guarantee for customer contracts (NeoT) amount to 781 K€ as at June 30, 2018.

2.11 NOTE 5: WORKING CAPITAL

2.11.1 Inventories

INVENTORIES (Amounts in K€)	June, 2018	Dec 31, 2017
Raw materials	3,800	3,470
Semifinished products	570	400
Finished products	3,348	1,108
Total gross inventories	7,718	4,978
Depreciation of raw materials	-90	-11
Depreciation of semifinished products	-68	-63
Total depreciation of inventories	-159	-74
Total net inventories	7,560	4,904

2.11.2 Trade and other receivables

2.11.2.1 Trade receivables

Trade receivable and related accounts (Amounts in K€)	June 30, 2018	Dec 31, 2017
Trade receivable and related accounts	2,208	3,255
Unbilled revenue	2,532	161
Total	4,741	3,416

36 vehicles were sold of which 5 rental contracts on the first semester of 2018. The increase of trade receivables is explained by the development of the business.

Trade receivables and related accounts include also € 46 K of rental services contract as at June 30, 2018 and € 497K as at December 31, 2017.

No trade receivables were impaired in any of the period presented. All receivables fall due within one year.

2.11.2.2 Other receivables

OTHER RECEIVABLES (Amounts in K€)	June 30, 2018	Dec 31, 2017
Research tax credit	1 473	933
Value added tax	3 075	3 254
Debtor suppliers	632	84
Prepaid expenses	2 925	561
Others	35	41
TOTAL OTHER RECEIVABLES	8 139	4 872

2.11.3 Trade payables and related accounts

TRADE PAYABLES AND RELATED ACCOUNTS (Amounts in K€)	June 30, 2018	Dec 31, 2017
Trade payables	5,622	4,713
Accrued expenses	2,906	373
Total trade payables and relates accounts	8,529	5,086

Trade payables and related accounts were not discounted insofar as the amounts were due within a year for each period presented.

2.11.4 Social and tax liabilities

Social and tax liabilities break down as follows:

SOCIAL AND TAX LIABILITIES (Amount in K€)	June 30, 2018	Dec 31, 2017
Personnel and related accounts	772	462
Social security and other social bodies	881	580
Others taxes	786	943
Total social and tax liabilities	2,439	1,985

Other taxes mainly correspond to VAT liability.

2.11.5 Other current liabilities

OTHER CURRENT LIABILITIES (Amounts in K€)	June 30, 2018	Dec 31, 2017
Advance payment received	2 983	2 911
H2020 Grant - advance payment	945	0
Other - accrued expenses	77	112
Deferred income related to rental contracts	1 988	1 247
Deferred income related to service contracts	179	646
Total other current liabilities	6 172	4 915

Advance payment received are related to sales of vehicles with payment received in advance.

Deferred income corresponds to services computed according to over time recognition method.

€ 646 K of deferred income, included in the 2017 financial statements have been recognized in sales during the first semester of 2018.

2.12 NOTE 6: FINANCIAL ELEMENTS

2.12.1 Cash and cash equivalent

CASH AND CASH EQUIVALENTS (Amounts in K€)	June 30, 2018	Dec 31, 2017
Bank accounts	6,335	4,456
Total Cash and cash equivalents	6,335	4,456

The Group has no short-term deposits or marketable securities.

2.12.2 Financial assets and liabilities and effects on profit and loss

The Company's assets and liabilities are measured as follows for each year:

ASSETS AND LIABILITIES (Amounts in K€)	June 30, 2018		Value - Statement of financial position as per IFRS 9			Non-financial instruments
	Carrying value	Fair value	Fair value through profit and loss	Loans and receivables	Financial liabilities at amortized cost	
Non-current financial assets	781	781		781	-	0
Trade receivables and related accounts	4 741	4 741		4 741	-	0
Other receivables	667	667		667	-	0
Cash and cash equivalents	6 335	6 335	6 335	-	-	0
Total assets	12 523	12 523	6 335	6 188	0	0
Current financial debt	1 127	1 127	-	-	1 127	0
Non-current financial debt	1 760	1 760	-	-	1 760	0
Trade payables and related accounts	8 529	8 529	-	-	8 529	0
Other creditors	77	77	-	-	77	0
Total liabilities	11 494	11 494	0	0	11 494	0

ASSETS AND LIABILITIES (Amounts in K€)	Dec 31, 2017		Value - Statement of financial position as per IFRS 9			Non-financial instruments
	Carrying value	Fair value	Fair value through profit and loss	Loans and receivables	Financial liabilities at amortized cost	
Non-current financial assets	750	750	546	204	-	0
Trade receivables and related accounts	3 416	3 416	-	3 416	-	0
Other receivables	123	123	-	123	-	0
Cash and cash equivalents	4 456	4 456	4 456	-	-	0
Total assets	8 744	8 744	5 002	3 743	0	0
Current financial debt	956	956	-	-	956	0
Non-current financial debt	1 082	1 082	-	-	1 082	0
Trade payables and related accounts	5 086	5 086	-	-	5 086	0
Other creditors	3 023	3 023	-	-	3 023	0
Total liabilities	10 146	10 146	0	0	10 146	0

2.12.3 Loans and financial debts

CURRENT AND NON-CURRENT FINANCIAL DEBT (Amounts in K€)	June 30, 2018	Dec 31, 2017
Repayable advances	649	689
Bank debts	627	393
Other financial debt	485	
Non-current financial debt	1 761	1 082

Repayable advances	158	110
Bank debts	330	716
Bank overdrafts	122	131
Other financial debt	518	0
Current financial debt	1 127	956

Total financial debts	2 888	2 038
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Analysis of financial debts by maturity

Financial debt maturities broke down as follows in the periods presented:

CURRENT AND NON-CURRENT FINANCIAL DEBT (Amounts in K€)	June 30, 2018			
	Carrying value	< 1 year	Between 1 and 5 years	> 5 years
Repayable advances	808	158	592	57
Bank debts	956	330	627	
Bank overdraft	122	122		
Other financial debt	1 002	518	485	
Total financial debt	2 888	1 127	1 704	57

CURRENT AND NON-CURRENT FINANCIAL DEBT (Amounts in K€)	Dec 31, 2017			
	Carrying value	< 1 year	Between 1 and 5 years	> 5 years
Repayable advances	799	110	633	57
Bank debts	1,108	716	393	-
Other financial debt	131	131	-	-
Total financial debt	2,038	956	1,026	57

2.12.3.1 Bank borrowings and financial lease

EVOLUTIONS OF LOANS (Amounts in K€)	Bank borrowings	Bank overdraft	Finance lease
At 31 December 2017	506	131	601
(+) Receipt	365		131
(-) Repayment	-535	-9	-113
(+/-) Other movements			
At 30 June 2018	336	122	620

Bank borrowings correspond to a € 500 000 short term loan, obtained on 2017 second half. The loan is fully repaid on May 31, 2018, with an interest rate corresponding to Euribor 3M+2%.

A second loan has been obtained during the first semester of 2018, as of a medium term loan amounted to €365 K. The loan is repayable each month during 36 months, with an interest rate corresponding to 3,09 %.

2.12.3.2 Repayable advances and subsidies

Since 2015, the Company has benefited from four repayable advance programs, totaling a maximum of respectively 250 K€, 300 K€, 250 K€ and 397 K€. The following table presents movements corresponding to these advances between June 30, 2017 and June 30, 2018:

EVOLUTIONS OF REPAYABLE ADVANCES (Amounts in K€)	Advance 1	Advance 2	Advance 3	Advance 4	TOTAL
At 31 December 2017	274	233	233	60	799
(+) Receipt	-	-	-	-	0
(-) Repayment	-	-	-	-	-
(-) Subsidies	-	-	-	-	0
(+) Interest cost	3	3	3	-	9
At 30 June 2018	277	235	235	60	808

2.12.4 Management and assessment of financial risks

The Group may be exposed to a range of financial risks: market risk, credit risk and liquidity risk. Where necessary, the Company must take ordinary steps in proportion to its size to minimize the potentially adverse effects of these risks on financial performance. The Company's policy is not to subscribe to financial instruments for speculation purposes.

The management and assessment of financial risks on June 30, 2018 have not significantly changed since 31 December 2017.

2.13 NOTE 7: SHARE CAPITAL

Issued share capital

The share capital is €2.178.414. It is divided into 21 784 140 fully paid-up shares, with a per value of €0,10 each, as below:

COMPOSITION OF SHARE CAPITAL	June 30, 2018	Dec 31, 2017
Capital (in K€)	2,178,414	2,009,217
Number of shares ⁽¹⁾	21,784,140	20,092,170
Share value (in €)	0.10 €	0.10 €

(1) For December 31st 2017, this number has been multiplied by 10 to account for the split of the of the nominal value by 10 that occurred on June 30 2018

This excludes warrants for special shares for founders (“BSPCE”) granted to certain investors and individuals, both Company employees and otherwise and not yet exercised.

2.14 NOTE 8: RELATED PARTIES TRANSACTION, OFF-BALANCE SHEET COMMITMENTS GIVEN AND CONTINGENT LIABILITIES

The related parties transaction, off-balance sheet commitments given and contingent liabilities on June 30, 2018 have not significantly changed since 31 December 2017.

2.15 NOTE 9: UPDATE ON ACCOUNTING STANDARDS

Standards, amendments and interpretations adopted by the European Union but not yet mandatory for financial years starting as from January 1st 2018.

- IFRS 16 – Leases contracts
- Amendments to IFRS 9: Prepayment Features with Negative Compensation

The Company is currently in the process of assessing the impact of the first-time adoption of these new standards and does not anticipate any significant impact on its financial statements, with the exception of IFRS 16.

Accounting standard IFRS 16 will be compulsory from January 1, 2019, or, in the case of early adoption, from January 1, 2018. The Group does not foresee an early adoption of these standards.

IFRS 16 eliminates the distinction between simple rental agreements and financial lease agreements and provides for the accounting of all rental contracts on the renter’s balance sheet, with recognition of an asset (representing the right to use the rented asset during the duration of the contract) and of a liability (corresponding to the rental obligation). The standard will also impact the presentation of the income statement

(operating income and financial charges) and of the cash flow statement (cash flow from operating activities and cash flow from financing activities).

As a result, commercial leases and simple lease agreements will be subject to a restatement pursuant to IFRS 16. The lease commitment, as described in note 9.2.3 in the notes of financial statements as at December 2017 have not materially changed as at March 31, 2018.

Accounting standards and interpretations issued by IASB and IFRS Interpretation Committee but not yet endorsed by the European Union

The following standards and interpretations issued by IASB and IFRS Interpretation Committee are not yet approved by the European Union. Their potential impact is currently under review by the Group.

- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to References to the Conceptual Framework in IFRS Standards

These amendments are applicable for annual periods beginning on or after January 1, 2019.

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**Statutory auditors' review report
on the condensed Half-yearly Financial Information**

For the period from January 1 to June 30, 2018

To the Shareholders,

In compliance with the assignment entrusted to us by your general 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 condensed half-yearly consolidated financial statements of NAVYA, for the period from January 1 to June 30, 2018,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the management board (directoire). Our role is to express a conclusion on these condensed half-yearly consolidated 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.

As stated in the note 1.2 of the condensed half-yearly consolidated financial statements, in the absence of accounting closing as of June 30, 2017, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows do not include comparative information relating to the period from January 1 to June 30, 2017 required by IAS 34 –standard of the IFRSs as adopted by the European Union applicable to interim financial reporting.

Based on our review and except for the effects of the absence of comparative information described above, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly 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 reporting.

II. Specific verification

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

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

Paris and Lyon, September 27, 2018

The Statutory Auditors

BCRH & ASSOCIÉS

DELOITTE & ASSOCIÉS

Paul GAUTEUR

Dominique VALETTE

4 TESTIMONIAL OF THE PERSON IN CHARGE

I certify, to my knowledge, that the consolidated accounts for the past six months are established in accordance with the applicable accounting standards and provide a true picture of the assets, financial situation and result of the company and of all Companies included in the consolidation, and the biannual activity report presents a true picture of the important events that occurred during the first six months of the year, their impact on the semi-annual accounts, the main Related-party transactions, as well as a description of the main risks and major uncertainties for the remaining six months of the fiscal year. »

At Villeurbanne, the September 21st, 2018.

M. Christophe SAPET
Chairman of the Board