# 2020
# Consolidated financial statements and notes

Edenred

# CONTENTS

# 1 CONSOLIDATED FINANCIAL STATEMENTS

# 1.1 CONSOLIDATED INCOME STATEMENT

| *(in € millions)* | Notes | 2020 | 2019 |
|---|---|---|---|
| Operating revenue | 4.2 | 1 423 | 1 570 |
| Other revenue | 4.2 | 42 | 56 |
| **Total revenue** | 4.2 | **1 465** | **1 626** |
| Operating expenses | 4.3 | (885) | (958) |
| Depreciation, amortization and impairment losses | 5.6 | (125) | (123) |
| **Operating profit before other income and expenses (EBIT)** | 4.5 | **455** | **545** |
| Share of net profit from equity-accounted companies | 5.4 | 13 | 14 |
| Other income and expenses | 10.1 | (41) | (25) |
| **Operating profit including share of net profit from equity-accounted companies** | | **427** | **534** |
| Net financial expense | 6.1 | (37) | (35) |
| **Profit before tax** | | **390** | **499** |
| Income tax expense | 7 | (124) | (153) |
| **NET PROFIT** | | **266** | **346** |
| Net profit attributable to owners of the parent | | 238 | 312 |
| Net profit attributable to non-controlling interests | 8.3 | 28 | 34 |
| | | | |
| Earnings per share (in €) | 8.2 | 0.97 | 1.30 |
| Diluted earnings per share (in €) | 8.2 | 0.97 | 1.29 |

# 1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(in € millions)* | Notes | 2020 | 2019 |
|---|---|---|---|
| **Net profit** | | **266** | **346** |
| **Other comprehensive income** | | | |
| Currency translation adjustment | 1.5 | (299) | 21 |
| Fair value adjustments to financial instruments and assets at fair value through other comprehensive income | 1.5 | 5 | 23 |
| Tax on items that may be subsequently reclassified to profit or loss | 1.5 | (1) | (7) |
| **Items that may be subsequently reclassified to profit or loss** | | **(295)** | **37** |
| Actuarial gains and losses on defined-benefit plans | 1.5 | (1) | (8) |
| Tax on items that may not be subsequently reclassified to profit or loss | 1.5 | - | 2 |
| **Items that may not be subsequently reclassified to profit or loss** | | **(1)** | **(6)** |
| **TOTAL OTHER COMPREHENSIVE INCOME (LOSS)** | | **(296)** | **31** |
| **COMPREHENSIVE INCOME (LOSS)** | | **(30)** | **377** |
| Comprehensive income (loss) attributable to owners of the parent | | (43) | 351 |
| Comprehensive income attributable to non-controlling interests | | 13 | 26 |

# 1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## CONSOLIDATED ASSETS

| *(in € millions)* | Notes | DEC. 31, 2020 | DEC. 31, 2019 |
|---|---|---|---|
| Goodwill | 5.1 | 1 457 | 1 604 |
| Intangible assets | 5.2 | 655 | 706 |
| Property, plant and equipment | 5.3 | 148 | 169 |
| Investments in equity-accounted companies | 5.4 | 64 | 69 |
| Non-current financial assets | 6.2 | 132 | 75 |
| Deferred tax assets | 7.2 | 49 | 94 |
| **TOTAL NON-CURRENT ASSETS** | | **2 505** | **2 717** |
| Trade receivables | 4.8 | 1 743 | 2 073 |
| Inventories, other receivables and accruals | 4.8 | 326 | 359 |
| Restricted cash | 4.7 | 2 578 | 1 864 |
| Current financial assets | 6.2 | 130 | 136 |
| Other marketable securities | 6.3 | 1 021 | 733 |
| Cash and cash equivalents | 6.3 | 1 125 | 1 004 |
| **TOTAL CURRENT ASSETS** | | **6 923** | **6 169** |
| **TOTAL ASSETS** | | **9 428** | **8 886** |

## CONSOLIDATED EQUITY AND LIABILITIES

| *(in € millions)* | Notes | DEC. 31, 2020 | DEC. 31, 2019 |
|---|---|---|---|
| Issued capital | | 493 | 486 |
| Additional paid-in capital and consolidated retained earnings (accumulated losses) | | (1 011) | (1 240) |
| Currency translation adjustment | | (675) | (391) |
| Treasury shares | | (37) | (48) |
| **Equity attributable to owners of the parent** | | **(1 230)** | **(1 193)** |
| Non-controlling interests | | 96 | 150 |
| **Total equity** | 8 | **(1 134)** | **(1 043)** |
| Non-current debt | 6.4/6.5 | 2 928 | 2 421 |
| Other non-current financial liabilities | 6.4/6.5 | 99 | 139 |
| Non-current provisions | 10.2 | 33 | 43 |
| Deferred tax liabilities | 7.2 | 129 | 174 |
| **TOTAL NON-CURRENT LIABILITIES** | | **3 189** | **2 777** |
| Current debt | 6.4/6.5 | 266 | 426 |
| Other current financial liabilities | 6.4/6.5 | 98 | 177 |
| Current provisions | 10.2 | 16 | 22 |
| Funds to be redeemed | 4.6 | 4 874 | 5 161 |
| Trade payables | 4.6 | 669 | 261 |
| Current tax liabilities | 4.6 | 11 | 33 |
| Other payables | 4.8 | 1 439 | 1 072 |
| **TOTAL CURRENT LIABILITIES** | | **7 373** | **7 152** |
| **TOTAL EQUITY AND LIABILITIES** | | **9 428** | **8 886** |

# 1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

| | *(in € millions)* | Notes | 2020 | 2019 |
|---|---|---|---|---|
| + | Net profit attributable to owners of the parent | | 238 | 312 |
| + | Non-controlling interests | | 28 | 34 |
| - | Share of net profit from equity-accounted companies | 5.4 | (13) | (14) |
| - | Depreciation, amortization and changes in operating provisions | | 130 | 126 |
| - | Expenses related to share-based payments | | 14 | 16 |
| - | Non-cash impact of other income and expenses | | 36 | 14 |
| - | Difference between income tax paid and income tax expense | | (2) | (8) |
| + | Dividends received from equity-accounted companies | 5.4 | 16 | 9 |
| = | **Funds from operations including other income and expenses** | | **447** | **489** |
| - | Other income and expenses (including restructuring costs) | | 28 | 35 |
| = | **Funds from operations before other income and expenses (FFO)** | | **475** | **524** |
| + | Decrease (increase) in working capital | 4.6 | 1 039 | 369 |
| + | Recurring decrease (increase) in restricted cash | 4.7 | (770) | (395) |
| = | **Net cash from (used in) operating activities** | | **744** | **498** |
| +/- | Other income and expenses (including restructuring costs) received/paid | | (26) | (33) |
| = | **Net cash from (used in) operating activities including other income and expenses (A)** | | **718** | **465** |
| - | Acquisitions of property, plant and equipment and intangible assets | | (104) | (98) |
| - | Acquisitions of investments | | (63) | (9) |
| - | External acquisition expenditure, net of cash acquired | | (127) | (757) |
| + | Proceeds from disposals of assets | | - | (5) |
| = | **Net cash from (used in) investing activities (B)** | | **(294)** | **(869)** |
| + | Capital increase | | 3 | 5 |
| - | Dividends paid[1] | 3.2 | (81) | (87) |
| + | (Purchases) sales of treasury shares | | (23) | (52) |
| + | Increase in non-current debt | 6.5 | 633 | 561 |
| - | Decrease in non-current debt | 6.5 | (6) | (116) |
| + | Change in current debt net of change in short-term investments | | (812) | (281) |
| = | **Net cash from (used in) financing activities (C)** | | **(286)** | **30** |
| - | **Net foreign exchange differences (D)** | | **(74)** | **10** |
| = | **Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)** | | **64** | **(364)** |
| + | Cash and cash equivalents at beginning of period | | 952 | 1 316 |
| - | Cash and cash equivalents at end of period | | 1 016 | 952 |
| = | **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **64** | **(364)** |

(1) Including cash dividends paid to owners of the parent for €60 million (€0.70 per share) and cash dividends paid to non-controlling interests for €21 million.

Net cash and cash equivalents at the end of the period can be analyzed as follows:

| | *(in € millions)* | Notes | 2020 | 2019 |
|---|---|---|---|---|
| + | Cash and cash equivalents | 6.3 | 1 125 | 1 004 |
| - | Bank overdrafts | 6.5 | (109) | (52) |
| = | **NET CASH AND CASH EQUIVALENTS** | | **1 016** | **952** |

# 1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *(in € millions)* | Issued capital | Additional paid-in capital | Treasury shares | Consolidated retained earnings (accumulated losses)[2] | Cumulative compensation costs – share-based payments | Cumulative fair value adjustments to financial instruments | Cumulative actuarial gains (losses) on defined-benefit plans | Cumulative currency translation adjustment[1] | Net profit attributable to owners of the parent | Equity attributable to owners of the parent | Total non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **DEC. 31, 2018** | **479** | **770** | **(22)** | **(2 743)** | **111** | **17** | **(3)** | **(424)** | **254** | **(1 561)** | **110** | **(1 451)** |
| Appropriation of 2018 net profit | - | - | - | 254 | - | - | - | - | (254) | **-** | - | **-** |
| Increase (decrease) in share capital | | | | | | | | | | | | |
| - in cash | - | - | - | - | - | - | - | - | - | **-** | 3 | **3** |
| - cancellation of treasury shares | - | (29) | - | - | - | - | - | - | - | **(29)** | - | **(29)** |
| - options exercised | - | 2 | - | - | - | - | - | - | - | **2** | - | **2** |
| - dividends reinvested in new shares | 7 | 137 | - | - | - | - | - | - | - | **144** | - | **144** |
| Dividends paid[3] | - | - | - | (206) | - | - | - | - | - | **(206)** | (25) | **(231)** |
| Changes in consolidation scope[4] | - | - | - | 61 | - | - | - | - | - | **61** | 31 | **92** |
| Compensation costs – share-based payments | - | - | - | - | 16 | - | - | - | - | **16** | - | **16** |
| (Acquisitions) disposals of treasury shares | - | - | (26) | - | - | - | - | - | - | **(26)** | - | **(26)** |
| Other[5] | - | - | - | 55 | - | - | - | - | - | **55** | 5 | **60** |
| **Other comprehensive income** | - | - | - | - | - | **12** | **(6)** | **33** | - | **39** | (8) | **31** |
| Net profit for the period | | | | | | | | | 312 | **312** | 34 | **346** |
| **TOTAL COMPREHENSIVE INCOME** | **-** | **-** | **-** | **-** | **-** | **12** | **(6)** | **33** | **312** | **351** | 26 | **377** |
| **DEC. 31, 2019** | **486** | **880** | **(48)** | **(2 579)** | **127** | **29** | **(9)** | **(391)** | **312** | **(1 193)** | **150** | **(1 043)** |
| Appropriation of 2019 net profit | - | - | - | 312 | - | - | - | - | (312) | **-** | - | **-** |
| Increase (decrease) in share capital | | | | | | | | | | | | |
| - in cash | - | - | - | - | - | - | - | - | - | **-** | 5 | **5** |
| - cancellation of treasury shares | - | (34) | - | - | - | - | - | - | - | **(34)** | - | **(34)** |
| - options exercised | - | 1 | - | - | - | - | - | - | - | **1** | - | **1** |
| - dividends reinvested in new shares | 7 | 103 | - | - | - | - | - | - | - | **110** | - | **110** |
| Dividends paid[3] | - | - | - | (170) | - | - | - | - | - | **(170)** | (21) | **(191)** |
| Changes in consolidation scope[4] | - | - | - | 69 | - | - | - | - | - | **69** | (51) | **18** |
| Compensation costs – share-based payments | - | - | - | - | 14 | - | - | - | - | **14** | - | **14** |
| (Acquisitions) disposals of treasury shares | - | - | 11 | - | - | - | - | - | - | **11** | - | **11** |
| Other[5] | - | - | - | 5 | - | - | - | - | - | **5** | - | **5** |
| **Other comprehensive income** | - | - | - | - | - | 4 | (1) | (284) | - | **(281)** | (15) | **(296)** |
| Net profit for the period | | - | | | | | | | 238 | **238** | 28 | **266** |
| **TOTAL COMPREHENSIVE INCOME** | - | - | - | - | - | 4 | (1) | (284) | 238 | **(43)** | 13 | **(30)** |
| **DEC. 31, 2020** | **493** | **950** | **(37)** | **(2 363)** | **141** | **33** | **(10)** | **(675)** | **238** | **(1 230)** | **96** | **(1 134)** |

(1) See Note 1.5 "Presentation currency and foreign currencies" detailing the main exchange rates used in 2019 and 2020. The €675 million negative translation reserve attributable to owners of the parent corresponds mainly to translation adjustments arising from changes in exchange rates for the Brazilian real for €400 million, the Venezuelan bolivar soberano for €129 million, the US dollar for €33 million and the Mexican peso for €33 million.

(2) This amount includes the €1,894 million negative impact of acquiring Edenred entities owned by Accor and deducted from equity following the demerger in June 2010.

(3) Corresponding to the distribution of €170 million paid to Group shareholders (of which €60 million in cash and €110 million in shares – see Note 3.2 "Payment of the 2019 dividend") and €21 million paid to minority shareholders.

(4) In 2019, changes in the attributable scope of consolidation corresponded mainly to the Itaú transaction, as follows:

- acquisition of Itaú shares: €96 million, of which €86 million attributable to owners of the parent and €10 million attributable to non-controlling interests;

- transfer of attributable consolidated retained earnings to non-controlling interests (disposal of 11% of Ticket Serviços): €21 million decrease in equity attributable to owners of the parent and €21 million increase in non-controlling interests.

Changes in consolidation scope in 2020 (excluding the currency effect) correspond mainly to the acquisition of the remaining 17% of UTA.

(5) The line "Other" corresponds mainly to the net impact of remeasuring the tax bases of the UTA purchase price allocation, as in 2019.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This icon indicates an IFRS standard issue.

This icon indicates a definition specific to the Edenred Group.

This icon indicates the use of an estimate or judgment. In the absence of standards or interpretations applicable to a specific transaction, the management of Edenred uses judgment to define and apply the accounting methods that will provide relevant and reliable information, so that the financial statements present a true and fair view of the financial position, the financial performance and the cash flows of the Group, and show the economic reality of transactions.

This icon indicates the Group's figures for the current period as well as the comparative period.

# NOTE 1 PRESENTATION OF THE GROUP AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 1.1 BUSINESS OVERVIEW

Edenred is a leading digital platform for services and payments and the everyday companion for people at work, connecting over 50 million users and 2 million partner merchants in 46 countries via more than 850,000 corporate clients.

Edenred offers specific-purpose payment solutions for food (such as meal benefits), mobility (such as multi-energy, maintenance, toll, parking and commuter solutions), incentives (such as gift cards, employee engagement platforms) and corporate payments (such as virtual cards). These solutions enhance user's well-being and purchasing power, improve companies' attractiveness and efficiency, and vitalize the employment market and the local economy. They also foster access to healthier food, more environmentally friendly products and softer mobility.

Edenred's 10,000 employees are committed to making the world of work a connected ecosystem that is safer, more efficient and more user-friendly every day.

In 2020, thanks to its global technology assets, the Group managed close to €30 billion in business volume, primarily carried out via mobile applications, online platforms and cards.

Edenred is listed on the Euronext Paris stock exchange and included in the following indices: CAC Next 20, FTSE4Good and MSCI Europe.

## 1.2 MANAGEMENT OF THE GROUP'S CAPITAL STRUCTURE

The Group's main capital management objective is to maintain an "investment grade" credit rating and robust capital ratios in order to facilitate business operations and maximize shareholder value.

Its capital structure is optimized to keep pace with changes in economic conditions by adjusting dividends, returning capital to shareholders or issuing new shares.

## 1.3 INFORMATION ABOUT THE PARENT COMPANY EDENRED S.A.

Registered name: Edenred

Registered office: 14-16 boulevard Garibaldi, 92130 Issy-les-Moulineaux – France

*Société anonyme à conseil d'administration* (French joint-stock company with a Board of Directors) with share capital of €493,166,702

Registered on the Nanterre Trade and Companies Register under No. 493 322 978

NAF code: 7010Z

These financial statements for the year ended December 31, 2020 were approved for publication by the Board of Directors of Edenred on March 1, 2021. They will be submitted for shareholders' approval during the General Meeting on May 11, 2021.

## 1.4 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to European Regulation (EC) 1606/2002 of July 19, 2002, the Edenred consolidated financial statements for the year ended December 31, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union as of that date. They include comparative financial information for 2019, prepared in accordance with the same principles and conventions and the same standards.

IFRSs are downloadable from the European Commission's website at the following address:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr#overview

The consolidated financial statements are presented in million euros, rounded to the nearest million. In some cases, rounding may lead to non-material differences between reported totals and the sum of the reported amounts.

## 1.5 PRESENTATION CURRENCY AND FOREIGN CURRENCIES

In accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, and for consolidation needs, balance sheet items expressed in a functional currency other than the euro are translated into euros at the exchange rate on the balance sheet date (closing exchange rate). Income statements expressed in a functional currency other than the euro are translated at the average rate for the period. Differences arising from translation are recorded as a separate component of equity and recognized in profit or loss on disposal or closing of the business.

| | | | 2020 | | 2019 | |
|---|---|---|---|---|---|---|
| | | | Closing rate at Dec. 31, 2020 | Average rate | Closing rate at Dec. 31, 2019 | Average rate |
| ISO code | Currency | Country | EUR 1 = | EUR 1 = | EUR 1 = | EUR 1 = |
| ARS | Peso | ARGENTINA | 103.26 | 103.26 | 67.26 | 67.26 |
| BRL | Real | BRAZIL | 6.37 | 5.89 | 4.52 | 4.41 |
| USD | US dollar | UNITED STATES | 1.23 | 1.14 | 1.12 | 1.12 |
| MXN | Peso | MEXICO | 24.42 | 24.54 | 21.22 | 21.55 |
| RON | Leu | ROMANIA | 4.87 | 4.84 | 4.78 | 4.75 |
| GBP | Pound sterling | UNITED KINGDOM | 0.90 | 0.89 | 0.85 | 0.88 |
| SEK | Krona | SWEDEN | 10.03 | 10.49 | 10.45 | 10.59 |
| CZK | Koruna | CZECH REPUBLIC | 26.24 | 26.46 | 25.41 | 25.67 |
| TRY | Lira | TURKEY | 9.11 | 8.05 | 6.68 | 6.36 |
| VES | Bolivar | VENEZUELA | 1 303 310.73 | 375 986.70 | 51 471.34 | 14 759.35 |

The impact on attributable consolidated equity of currency translation adjustments was a negative €284 million between December 31, 2019 and December 31, 2020. The difference mainly reflected movements in the following currencies:

| ISO code | Currency | Country | DEC. 31, 2020 |
|---|---|---|---|
| BRL | Real | BRAZIL | (189) |
| USD | US dollar | UNITED STATES | (47) |
| MXN | Peso | MEXICO | (25) |
| GBP | Pound sterling | UNITED KINGDOM | (11) |
| **TOTAL** | | | **(272)** |

## Hyperinflation in Argentina

Argentina has been qualified as a hyperinflationary economy since July 1, 2018. The Group has applied IAS 29 – Financial Reporting in Hyperinflationary Economies to its operations in this country since end-2018.

In line with this standard, a EUR/ARS exchange rate of 103.26 has been used. Non-monetary items have been adjusted using the consumer price index published by Argentina's national statistics institute, INDEC.

Application of hyperinflation to Argentina had a €2 million negative impact on net profit attributable to owners of the parent. The impact on consolidated equity was €2 million.

# 1.6 USE OF JUDGMENTS AND ESTIMATES

## 1.6.1 Estimates

The preparation of financial statements requires the use of estimates and assumptions to determine the reported amount of certain assets, 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 balance sheet date, the amounts in the Group's future financial statements could be materially different from current estimates.

The Group has paid particular attention to the impacts of the Covid 19 health crisis when making material estimates, especially in the following areas:

- measurement of goodwill (Note 5.1) and intangible assets (Note 5.2). The Group has taken into account the uncertainties surrounding the Covid-19 health crisis in its measurement of the recoverable amounts;
- measurement of provisions for recoverable current assets (Note 10.2);
- measurement of deferred tax assets recognized on tax loss carryforwards (Note 7.2), taking into account any impacts of the Covid-19 health crisis (Note 3.1) on taxable income projections.

### 1.6.2 Judgments

With regard to the impacts of the Covid-19 health crisis, the Group has used judgment to determine the applicable accounting treatment for non-recurring events presented in the financial statements under other income and expenses (see Note 10.1). The direct expenses associated with the crisis have been recognized in operating expenses (adaptations to workstation, purchases of masks etc.).

The Covid-19 health crisis has also led the Group to exercise judgment to assess:

- whether there are any indications of impairment of goodwill and intangible assets;
- expected credit losses amid the uncertainty (Note 3.1).

# NOTE 2 ACQUISITIONS, DEVELOPMENT PROJECTS AND DISPOSALS

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 interest 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.

In the year following the acquisition of a consolidated company, fair value adjustments are made to the identifiable assets and liabilities acquired. For this purpose, fair values are determined in the new subsidiary's local currency. In subsequent years, these fair value adjustments follow the same accounting treatment as the items to which they relate.

In accordance with IFRS 11 – Joint Arrangements, companies over which the Group exercises significant influence, either directly or indirectly, are accounted for by the equity method. Under the equity method, investments in associates and joint ventures are initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets.

The Group has accounted for business combinations and changes in ownership interest that do not result in a loss of control in accordance with IFRS 3 (revised) – Business Combinations and IFRS 10 – Consolidated Financial Statements.

As part of certain acquisitions and/or business combinations, the Group has granted commitments to buy back minority shareholders' interests. The exercise price of these options can be fixed or calculated using a predefined formula, and they can be exercised at any time or at a set date.

The Group records a financial liability at its present value for the puts granted to the minority shareholders of the entities concerned. Subsequent changes to the commitment's value are recognized with adjustments to the equity attributable to owners of the parent.

All equity security transactions between controlling and non-controlling shareholders not involving a loss of control must be recognized directly in equity.

# ACQUISITIONS, DEVELOPMENT PROJECTS AND DISPOSALS IN 2020

## EBV

On February 10, 2020, Edenred finalized the acquisition of 60% of the share capital of EBV Finance, a Lithuanian company specialized in tax refunds for European transportation companies. With this transaction, the Group is significantly strengthening its position in the segment and expanding its range of value-added services for international transportation companies in Europe.

The provisional purchase price allocation primarily led to the recognition of a customer list for €10 million and goodwill of €12 million.

EBV's contribution to the Group's consolidated financial statements can be analyzed as follows:

| (in € millions) | EBV 2020 |
|---|---|
| Total revenue | 11 |
| **Net profit attributable to owners of the parent** | **1** |

## CooperCard

On May 8, 2020, Edenred signed an agreement to acquire Cooper Card's client portfolio (170,000 active users) in Brazil. With this acquisition, Edenred is consolidating its integration into the economic fabric of the state of Paraná. With 11 million citizens, it is one of the country's most populous and dynamic states and represents a major employment pool.

The provisional purchase price allocation led to the recognition primarily of a customer list for 50 million Brazilian reals (€8 million) and goodwill of 115 million Brazilian reals (€18 million).

| (in € millions) | Coopercard 2020 |
|---|---|
| Total revenue | 1 |
| **Net profit attributable to owners of the parent** | **0** |

## UTA

On May 15, 2020, Edenred acquired all outstanding shares that it did not already own in its UTA subsidiary, Europe's second-largest issuer of multi-brand fuel cards and a leading provider of value-added services, such as toll settlement and vehicle maintenance solutions.

The increase to full ownership followed the exercise of a put option on an additional 17% of outstanding shares by the Eckstein family, co-founders of UTA, in an amount equal to €82 million.

# NOTE 3 SIGNIFICANT EVENTS

## 3.1 IMPACT OF COVID-19

The Covid-19 health crisis has impacted the economies of the 46 countries where the Group operates. The measures taken to contain the spread of the virus have created substantial disruption for companies around the world, triggering an economic downturn. Following a gradual recovery across all regions where the Group operates, the economy once again began to slow down at the end of the third quarter of 2020.

During the lockdown periods, Edenred implemented homeworking for nearly 95% of its employees worldwide, with only limited use of short-time working arrangements in France and business continuity has been secured thanks to the increasingly digital nature of its solutions. Employee Benefits, Fleet & Mobility Solutions and Complementary Solutions are resilient and their operations were only partially impacted by the pandemic.

The Group has incurred specific expenses in connection with the Covid-19 epidemic, which represent a marginal amount at the Group level. They mainly concern equipment and measures to ensure compliance with health regulations, initiatives to support employees, affiliates and partners, and payroll costs not fully covered by government-subsidized relief measures. The Group has assessed the consequences of the Covid-19 epidemic on counterparty risk (see Note 2.2 Risk Factors).

Following impairment tests performed on the Group's goodwill and non-current assets, no impairment losses were recognized in respect of the Covid-19 health crisis. However, the Group did recognize goodwill impairment relating to the Colombia CGU for €1 million and to the equity-accounted Goodcard investment for €3 million. Consequently, no further impairment will be recognized on deferred tax assets on tax loss carryforwards due to the impacts of the Covid-19 health crisis. In addition, the statistical rates used to impair current assets of Group entities were reviewed and adjusted in the interests of prudence to take into account the economic uncertainty surrounding the coming months, more specifically due to government relief measures that artificially reduce the business default rate.

Thanks to an assertive collection policy, the Group has reduced trade receivables days. Although economic indicators show that business default rates have improved due to government support in most of the regions where the Group operates, the Group has increased the level of provisioning for trade receivables for certain high-risk regions.

On a like-for-like basis compared with 2019, the decline in business activity over the year had a negative 1.6% impact on operating revenue (or €26 million), a negative 11.9% impact on other revenue (or €7 million), and a negative 2% impact on total revenue (or €33 million). Accordingly, EBITDA declined by 4.6% (or €31 million) and EBIT by 7.6% (or €41 million) (see Note 4.2.1 "Segment information by indicator").

With regard to cash flow, the total or partial economic shutdowns across the world prompted a decline in the use of Edenred solutions and more specifically in reimbursements to affiliates, which had a favorable impact on the seasonality of working capital, improving the Group's net debt position. These atypical differences triggered by the crisis will be gradually reabsorbed as economic activity recovers in 2021.

## 3.2 PAYMENT OF THE 2019 DIVIDEND

At the Combined General Meeting on May 7, 2020, Edenred shareholders approved the payment of a dividend of €0.70 per share in respect of 2019, with the option of receiving payment of the entire dividend in new shares.

The option for payment of the dividend in new shares, which ran from May 15 to May 29, 2020, led to the issuance of 3,378,494 new ordinary Edenred shares, representing 1.39% of the share capital, which were settled and admitted to trading on the Euronext Paris stock market on June 5, 2020.

The new shares carry dividend rights from January 1, 2020 and rank *pari passu* with existing ordinary Edenred shares. Following the issuance, the Company's share capital comprised 246,583,351 shares.

The total dividend amounted to €170 million and included cash dividends of €60 million paid to Group shareholders on June 5, 2020.

## 3.3 €600 MILLION BOND ISSUANCE

On June 18, 2020, Edenred issued €600 million worth of nine-year bonds maturing on June 18, 2029 and paying a coupon of 1.375%. The bond issuance enabled the Group to strengthen its financial resources and extend the average maturity of its debt under favorable conditions.

## 3.4 SUBSEQUENT EVENTS

**Extension of the maturity of the €750 million credit facility**

At December 31, 2020, Edenred had a €750 million undrawn confirmed line of credit, expiring in February 2025. This facility will be used for general corporate purposes.

In January 2021, the maturity of the €750 million syndicated credit facility was extended by one year beyond its February 12, 2025 expiry date, following Edenred's exercise of the maturity extension option granted in the facility agreement. By accepting this extension, all the participating banks reaffirmed their confidence in the Group. With the new five-year maturity, the facility will now be utilizable until February 2026.

# NOTE 4 OPERATING ACTIVITY

## 4.1 OPERATING SEGMENTS

IFRS 8 requires companies to present financial information aggregated into "operating segments". The operating segments must reflect the groupings made by "the chief operating decision maker" for the purposes of allocating resources and assessing the performance of the consolidated group.
For aggregation to occur, IFRS 8 requires that the operating segments have similar long-term economic characteristics, and be similar in each of the following respects:
a) the nature of the products and services;
b) the nature of the production processes;
c) the type or class of customer for their products and services;
d) the methods used to distribute their products or provide their services; and
e) if applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities.

### Chief operating decision maker

Edenred's chief operating decision maker is the Chief Executive Officer assisted by the Executive Committee (or "executive management"). Executive management makes decisions about resource allocation to the operating segments and assesses their performance.
Executive management decisions are based on data produced by the Group's internal reporting system. The internal reporting system presents information at the country level. This is because Edenred's business is multi-location with operational decisions made at the level of each homogeneous geographic area.
In the Group's internal reporting system, country-level information is aggregated into four geographical operating segments:

- France;
- Europe (excluding France);
- Latin America;
- Rest of the World.

Except France, the presented segments are thus aggregations of operating segments.

### Aggregation

The "Europe (excluding France)" and "Latin America" aggregations meet the criteria mentioned above.
The "Rest of the World" segment aggregates the countries that are not included in "France", "Europe (excluding France)" and "Latin America".

Finally, "Holding & Other" includes the Edenred S.A. holding company, regional headquarters and companies with no operating activity.
Transactions between segments are not material.

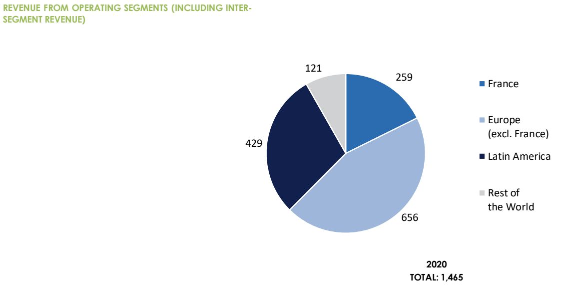
## Condensed financial information

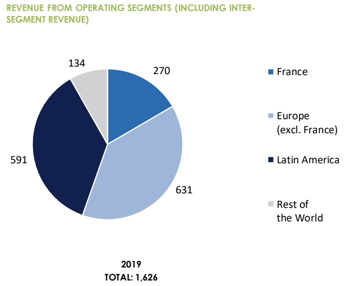
Income statement (in € millions)

Executive management uses the following indicators to track business performance:

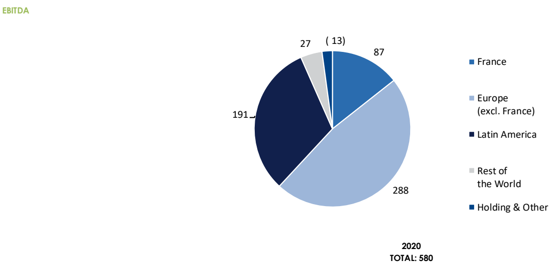
- Total revenue;
- EBITDA;
- EBIT.

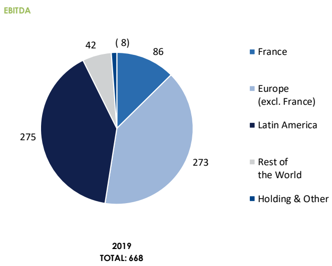
### TOTAL REVENUE FROM OPERATING SEGMENTS (including inter-segment revenue)




### EBITDA

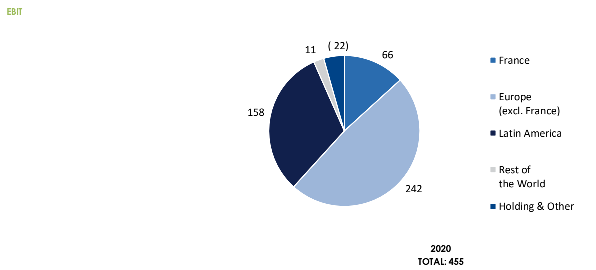


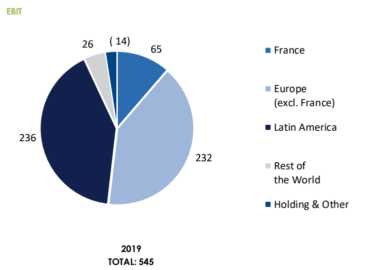




### Reconciliation of EBITDA

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Holding & Other | TOTAL |
|---|---|---|---|---|---|---|
| Total revenue | 259 | 656 | 429 | 121 | - | **1 465** |
| Operating expenses | (172) | (368) | (238) | (94) | (13) | **(885)** |
| **EBITDA – 2020** | 87 | 288 | 191 | 27 | (13) | **580** |
| **EBITDA – 2019** | **86** | **273** | **275** | **42** | **(8)** | **668** |

## EBIT




## STATEMENT OF FINANCIAL POSITION

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Holding & Other | DEC. 31, 2020 |
|---|---|---|---|---|---|---|
| Goodwill | 160 | 551 | 318 | 428 | - | **1 457** |
| Intangible assets | 76 | 248 | 199 | 114 | 18 | **655** |
| Property, plant and equipment | 29 | 69 | 21 | 9 | 20 | **148** |
| Non-current financial assets and investments in equity-accounted companies | 4 | 123 | 11 | 2 | 56 | **196** |
| Deferred tax assets | 1 | 24 | 9 | 1 | 14 | **49** |
| **Non-current assets** | **270** | **1 015** | **558** | **554** | **108** | **2 505** |
| **Current assets** | **1 212** | **3 017** | **1 267** | **286** | **1 141** | **6 923** |
| **TOTAL ASSETS** | **1 482** | **4 032** | **1 825** | **840** | **1 249** | **9 428** |
| **Equity and non-controlling interests** | **(23)** | **858** | **670** | **552** | **(3 191)** | **(1 134)** |
| **Non-current liabilities** | **34** | **127** | **79** | **10** | **2 939** | **3 189** |
| **Current liabilities** | **1 471** | **3 047** | **1 076** | **278** | **1 501** | **7 373** |
| **TOTAL EQUITY AND LIABILITIES** | **1 482** | **4 032** | **1 825** | **840** | **1 249** | **9 428** |

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Holding & Other | DEC. 31, 2019 |
|---|---|---|---|---|---|---|
| Goodwill | 160 | 548 | 411 | 485 | - | **1,604** |
| Intangible assets | 72 | 246 | 248 | 125 | 15 | **706** |
| Property, plant and equipment | 17 | 72 | 43 | 13 | 24 | **169** |
| Non-current financial assets and investments in equity-accounted companies | 1 | 68 | 13 | 8 | 54 | **144** |
| Deferred tax assets | 11 | 34 | 15 | 8 | 26 | **94** |
| **Non-current assets** | **261** | **968** | **730** | **639** | **119** | **2,717** |
| **Current assets** | **1,099** | **2,658** | **1,485** | **274** | **653** | **6,169** |
| **TOTAL ASSETS** | **1,360** | **3,626** | **2,215** | **913** | **772** | **8,886** |
| **Equity and non-controlling interests** | **(59)** | **1,007** | **815** | **606** | **(3,412)** | **(1,043)** |
| **Non-current liabilities** | **17** | **172** | **100** | **15** | **2,473** | **2,777** |
| **Current liabilities** | **1,402** | **2,447** | **1,300** | **292** | **1,711** | **7,152** |
| **TOTAL EQUITY AND LIABILITIES** | **1,360** | **3,626** | **2,215** | **913** | **772** | **8,886** |

## 4.2 SEGMENT INFORMATION

As explained in Note 14.8 "Glossary", like-for-like or organic growth corresponds to comparable data, that is, at constant scope of consolidation and exchange rates. This indicator reflects the Group's business performance.

Changes in revenue between 2020 and 2019 break down as follows:

| | | | Organic growth | | Changes in consolidation scope | | Currency effect | | Total change | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | **2020** | **2019** | In €m | As a % | In €m | As a % | In €m | As a % | In €m | As a % |
| Operating revenue | 1 423 | 1 570 | (26) | (1.6)% | +4 | +0.3% | (125) | (8.0)% | (147) | (9.4)% |
| Other revenue | 42 | 56 | (7) | (11.9)% | - | +0.0% | (7) | (12.7)% | (14) | (25.0)% |
| **Total revenue** | **1 465** | **1 626** | **(33)** | **(2.0)%** | **+4** | **+0.2%** | **(132)** | **(8.1)%** | **(161)** | **(9.9)%** |

### 4.2.1 Segment information by indicator

TOTAL REVENUE BY REGION

Total revenue is made up of operating revenue and other revenue.

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | TOTAL |
|---|---|---|---|---|---|
| Total revenue – 2020 | 259 | 656 | 429 | 121 | **1 465** |
| Total revenue – 2019 | 270 | 631 | 591 | 134 | **1 626** |
| Change | (11) | +25 | (162) | (13) | (161) |
| % change | (4.0)% | 4,0% | (27.4)% | (10.0)% | **(9.9)%** |
| **LIKE-FOR-LIKE CHANGE** | **(11)** | **+20** | **(40)** | **(2)** | **(33)** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **(4.0)%** | **+3.2%** | **(6.8)%** | **(1.3)%** | **(2.0)%** |

OPERATING REVENUE BY REGION

Changes in operating revenue between 2020 and 2019 break down by region as follows:

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | TOTAL |
|---|---|---|---|---|---|
| Operating revenue – 2020 | 253 | 647 | 406 | 117 | **1 423** |
| Operating revenue – 2019 | 264 | 620 | 559 | 127 | **1 570** |
| Change | (11) | +27 | (153) | (10) | (147) |
| % change | (4.0)% | +4.4% | (27.4)% | (8.3)% | **(9.4)%** |
| **LIKE-FOR-LIKE CHANGE** | **(11)** | **+22** | **(37)** | **-** | **(26)** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **(4.0)%** | **3.60%** | **(6.7)%** | **(0.2)%** | **(1.6)%** |

In 2020, operating revenue for Brazil stood at to €281 million, versus €398 million in 2019.

OTHER REVENUE

Other revenue is the interest generated by investing cash over the period between:

- the issuance date and the reimbursement date for prepaid vouchers; and
- the loading date and the redeeming date for prepaid cards.

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | TOTAL |
|---|---|---|---|---|---|
| Other revenue – 2020 | 6 | 9 | 23 | 4 | **42** |
| Other revenue – 2019 | 6 | 11 | 32 | 7 | **56** |
| Change | - | (2) | (9) | (3) | (14) |
| % change | (3.5)% | (19.7)% | (27.7)% | (42.1)% | **(25.0)%** |
| **LIKE-FOR-LIKE CHANGE** | **-** | **(2)** | **(3)** | **(2)** | **(7)** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **(3.5)%** | **(18.8)%** | **(8.7)%** | **(23.5)%** | **(11.9)%** |

## 4.2.2 Operating revenue by business line

In accordance with IFRS 15, revenue is recognized upon the transfer of control to the customer. The Group acts almost exclusively as an agent for its three main businesses, recognizing only an agency commission. For any other transactions in which the Group acts as the principal, the revenue is recognized in full.

For the Employee Benefits and Fleet & Mobility Solutions business lines:

- commissions received from corporate clients are recognized when vouchers are issued and sent to clients;
- commissions received from partner merchants are recognized upon presentation of the vouchers for reimbursement by the beneficiary, including commissions receivable from partner merchants applicable in some countries;
- profits on vouchers that expire without being reimbursed are recognized in income after the expiry date of the reimbursement rights.

In view of the public health situation and the exceptional government measures introduced to postpone the expiry dates of reimbursement rights, the Group has adjusted the recognition of profits on expired vouchers to reflect the new expiry dates. (For the Complementary Solutions business line: revenue corresponds to the amount billed to the corporate client and is recognized on delivery of the solutions. The delivery date is, under IFRS 15, when the performance obligations are extinguished).

In addition to the information broken down by region as presented in the section on segment information and in accordance with IFRS 15, the following tables show a breakdown of the Group's operating revenue by business line.

| *(in € millions)* | Employee Benefits | Fleet & Mobility Solutions | Complementary Solutions | TOTAL |
|---|---|---|---|---|
| Operating revenue – 2020 | 874 | 355 | 194 | **1 423** |
| Operating revenue – 2019 | 975 | 409 | 186 | **1 570** |
| Change | (101) | (54) | +8 | **(147)** |
| % change | (10.3)% | (13.2)% | +4.2% | **(9.4)%** |
| **LIKE-FOR-LIKE CHANGE** | **(43)** | **(5)** | **+22** | **(26)** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **(4.4)%** | **(1.2)%** | **+11.8%** | **(1.6)%** |

Complementary Solutions encompasses Corporate Payment Services, Incentive & Rewards Solutions, and Public Social Programs.

## 4.3 OPERATING EXPENSES

| *(in € millions)* | 2020 | 2019 |
|---|---|---|
| Employee benefit expense | (444) | (479) |
| Cost of sales | (144) | (157) |
| Business taxes | (36) | (47) |
| Other operating expenses | (261) | (275) |
| **TOTAL OPERATING EXPENSES** | **(885)** | **(958)** |

Other operating expenses consist mainly in IT expenses, external fees, marketing and advertising expenses, additions to and reversals of impairment of current assets, and development expenses.

## 4.4 EBITDA

Changes in EBITDA between 2020 and 2019 break down as follows:

| | | | Organic growth | | Changes in consolidation scope | | Currency effect | | Total change | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | 2020 | 2019 | In €m | As a % | In €m | As a % | In €m | As a % | In €m | As a % |
| **EBITDA** | **580** | **668** | **(31)** | **(4.6)%** | **+9** | **+1.4%** | **(66)** | **(9.9)%** | **(88)** | **(13.2)%** |

EBITDA is analyzed by operating segment in the table below:

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Holding & Other | TOTAL |
|---|---|---|---|---|---|---|
| EBITDA – 2020 | 87 | 288 | 191 | 27 | (13) | **580** |
| EBITDA – 2019 | 86 | 273 | 275 | 42 | (8) | **668** |
| Change | +1 | +15 | (84) | (15) | (5) | **(88)** |
| % change | +0.4% | +5.5% | (30.5)% | (34.8)% | (55.5)% | **(13.2)%** |
| **LIKE-FOR-LIKE CHANGE** | **+1** | **+13** | **(23)** | **(12)** | **(10)** | **(31)** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **+0.4%** | **+4.9%** | **(8.3)%** | **(28.7)%** | **(112.7)%** | **(4.6)%** |

## 4.5 EBIT

Changes in EBIT between 2020 and 2019 break down as follows:

| | | | Organic growth | | Changes in consolidation scope | | Currency effect | | Total change | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | 2020 | 2019 | In €m | As a % | In €m | As a % | In €m | As a % | In €m | As a % |
| **EBIT** | **455** | **545** | **(41)** | **(7.6)%** | **+7** | **+1.4%** | **(56)** | **(10.3)%** | **(90)** | **(16.5)%** |

EBIT is analyzed by operating segment in the table below:

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Holding & Other | TOTAL |
|---|---|---|---|---|---|---|
| EBIT – 2020 | 66 | 242 | 158 | 11 | (22) | **455** |
| EBIT – 2019 | 65 | 232 | 236 | 26 | (14) | **545** |
| Change | +1 | +10 | (78) | (15) | (8) | **(90)** |
| % change | +0.7% | +4.5% | (33.0)% | (59.3)% | +54.1% | **(16.5)%** |
| **LIKE-FOR-LIKE CHANGE** | **+1** | **+10** | **(26)** | **(14)** | **(12)** | **(41)** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **+0.7%** | **+4.5%** | **(11.0)%** | **(52.6)%** | **(88.0)%** | **(7.6)%** |

## 4.6 CHANGE IN WORKING CAPITAL AND FUNDS TO BE REDEEMED

Funds to be redeemed correspond to the face value of all vouchers in circulation and funds loaded on cards but not yet used. They derive from multiple transactions:

- on the one hand, with customers to whom vouchers have been issued or whose cards have been loaded, with a corresponding inflow recognized either in available cash or – depending on applicable regulations – in restricted cash (mainly in France, Belgium, the United States, the United Kingdom, Brazil and Romania);
- on the other hand, with merchants that are reimbursed by Edenred with respect to the vouchers and cards used by employees in their establishments.

Considering Edenred's operations, the main components of working capital analyzed are funds to be redeemed and restricted cash. These two aggregates are key indicators for managing the business.

Funds to be redeemed are recognized in current liabilities.

| *(in € millions)* | **DEC. 31, 2020** | **DEC. 31, 2019** | **Change** |
|---|---|---|---|
| Inventories, net | 43 | 32 | 11 |
| Trade receivables, net linked to funds to be redeemed | 1 099 | 1 330 | (231) |
| Trade receivables, net, not linked to funds to be redeemed | 644 | 743 | (99) |
| Other receivables, net | 283 | 327 | (44) |
| WORKING CAPITAL – ASSETS | 2 069 | 2 432 | (363) |
| Trade payables | (669) | (261) | (408) |
| Other payables | (1 439) | (1 072) | (367) |
| Funds to be redeemed | (4 874) | (5 161) | 287 |
| WORKING CAPITAL – LIABILITIES | (6 982) | (6 494) | (488) |
| **NEGATIVE WORKING CAPITAL** | **(4 913)** | **(4 062)** | **(851)** |
| Current tax liabilities | (11) | (33) | 22 |
| **NET NEGATIVE WORKING CAPITAL (incl. corporate income tax liabilities)** | **(4 924)** | **(4 095)** | **(829)** |

At December 31, 2020, working capital stood at negative €4,924 million versus negative €4,095 million at December 31, 2019. The difference reflects, one the one hand, the €363 million negative change in working capital assets owing mainly to a €330 million decrease in trade receivables due to the decline in business activity, a €134 million positive currency effect and a more assertive collection policy, and, on the other hand, a €488 million negative change in working capital liabilities corresponding primarily to a €881 million increase in current liabilities (excluding a €421 million negative currency effect).

| *(in € millions)* | 2020 | 2019 |
|---|---|---|
| Working capital at beginning of period | (4 062) | (3 615) |
| Change in working capital(1) | (1 039) | (369) |
| Acquisitions | (26) | (52) |
| Disposals/liquidations | (1) | (2) |
| Change in impairment of current assets | 11 | (10) |
| Currency translation adjustment | 187 | (37) |
| Reclassifications to other balance sheet items | 17 | 23 |
| NET CHANGE IN WORKING CAPITAL | (851) | (447) |
| **WORKING CAPITAL AT END OF PERIOD** | **(4 913)** | **(4 062)** |

(1) See section 1.4 "Consolidated statement of cash flows".

## 4.7 CHANGE IN RESTRICTED CASH

Restricted cash corresponds to voucher reserve funds. These funds, which are equal to the face value of vouchers in circulation, are subject to specific regulations in some countries, such as France for the *Ticket Restaurant*® and *Ticket CESU* solutions. In particular, use of the funds is restricted and they must be clearly segregated from the Group's other cash. The funds remain Edenred's property and are invested in locally regulated interest-bearing financial instruments.

Restricted cash corresponds mainly to voucher reserve funds subject to special regulations in the following countries: the United Kingdom (€985 million), France (€880 million), Belgium (€377 million), Romania (€120 million), the United States (€88 million), Brazil (€40 million), Mexico (€25 million), Italy (€19 million), Taiwan (€13 million), the United Arab Emirates (€11 million), Bulgaria (€11 million), and Uruguay (€7 million).

| *(in € millions)* | 2020 | 2019 |
|---|---|---|
| Restricted cash at beginning of period | 1 864 | 1 402 |
| Change for the period(1) | 770 | 395 |
| Acquisitions | - | 31 |
| Currency translation adjustment | (56) | 27 |
| Other changes | - | 9 |
| **Net change in restricted cash** | **714** | **462** |
| **RESTRICTED CASH AT END OF PERIOD** | **2 578** | **1 864** |

(1) See section 1.4 "Consolidated statement of cash flows".

# 4.8 TRADE AND OTHER RECEIVABLES AND PAYABLES

## Trade receivables

In accordance with IFRS 9, impairment of trade and other receivables is recognized on the basis of expected losses and no longer on incurred losses. A provision for impairment will therefore need to be recognized as soon as the receivable arises. For receivables with no significant financing component, the Group applies the alternative model, which consists in recognizing a provision equal to the lifetime expected losses on the contract.

| *(in € millions)* | DEC. 31, 2020 | DEC. 31, 2019 |
|---|---|---|
| Trade receivables, gross | 1 841 | 2 183 |
| Impairment losses | (98) | (110) |
| **TRADE RECEIVABLES, NET** | **1 743** | **2 073** |

## Inventories, other receivables and accruals

Accounting method used for inventories

Inventories are measured at the lower of cost and net realizable value, in accordance with IAS 2 – Inventories. Cost is determined by the weighted average cost method.

For Edenred, inventories mainly include ProwebCE ticket inventories as well as payment cards and paper for printing vouchers.

| *(in € millions)* | DEC. 31, 2020 | DEC. 31, 2019 |
|---|---|---|
| Inventories | 43 | 32 |
| Recoverable VAT | 106 | 121 |
| Employee advances and prepaid payroll taxes | 2 | 5 |
| Other prepaid and recoverable taxes | 11 | 37 |
| Prepaid expenses | 27 | 26 |
| Other receivables | 138 | 139 |
| **INVENTORIES, OTHER RECEIVABLES AND ACCRUALS, GROSS** | **327** | **360** |
| Impairment losses | (1) | (1) |
| **INVENTORIES, OTHER RECEIVABLES AND ACCRUALS, NET** | **326** | **359** |

At December 31, 2020, Other receivables stood at €138 million, versus €139 million at December 31, 2019. This item primarily comprises commissions receivable from partner merchants applicable in some countries (see Note 4.2.2) for €71 million (€69 million at December 31, 2019) and other miscellaneous receivables for €67 million (€70 million at December 31, 2019).

### Other payables and accruals

| *(in € millions)* | **DEC. 31, 2020** | DEC. 31, 2019 |
|---|---|---|
| VAT payable | 36 | 43 |
| Wages, salaries and payroll taxes payable | 87 | 92 |
| Other taxes payable (excl. corporate income tax) | 6 | 22 |
| Deferred income | 47 | 35 |
| Other payables | 1 263 | 880 |
| **Total other payables and accruals** | **1 439** | **1 072** |
| Corporate income tax liabilities | 11 | 33 |
| **OTHER PAYABLES AND ACCRUALS, NET** | **1 450** | **1 105** |

Other payables primarily comprise volumes to be issued for €49 million (€41 million at December 31, 2019) and other miscellaneous payables mainly relating to the Corporate Payment business for €1,214 million (€838 million at December 31, 2019).

# NOTE 5 NON-CURRENT ASSETS

## 5.1 GOODWILL

In the year following the acquisition of a consolidated company, fair value adjustments are made to the identifiable assets and liabilities acquired and the acquisition price is allocated. For this purpose, fair values are determined in the new subsidiary's local currency.

**Goodwill**

Goodwill, representing the excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets and liabilities acquired at the acquisition date, is recognized in assets under "Goodwill". Goodwill mainly results from the expected synergies and other benefits arising from the business combinations that have not been recognized as separated assets in IFRS.

In accordance with IFRS 3 (revised) – Business Combinations, each time it acquires an interest of less than 100% in an entity, the Group must choose whether to measure the non-controlling interest at fair value or as the non-controlling interest's proportionate share of the acquiree's identifiable net assets (with no change possible later in the event of an additional interest being acquired that does not transfer control). If the business is measured at its total fair value including non-controlling interests, goodwill attributable to non-controlling interests is also recognized.

Goodwill arising on investments in associates – corresponding to companies over which the Group exercises significant influence – is included in the carrying amount of the associate concerned.

Goodwill arising on the acquisition of subsidiaries is reported separately.

Goodwill is tested for impairment at least once a year and more frequently if there is any indication that it may be impaired. If the carrying amount of goodwill exceeds its recoverable amount, an irreversible impairment loss is recognized in the income statement.

| *(in € millions)* | **DEC. 31, 2020** | **DEC. 31, 2019** |
|---|---|---|
| Goodwill, gross | 1 625 | 1 778 |
| Accumulated impairment losses | (168) | (174) |
| **GOODWILL, NET** | **1 457** | **1 604** |

| *(in € millions)* | **DEC. 31, 2020** | **DEC. 31, 2019** |
|---|---|---|
| France (mainly Ticket Cadeaux, Proweb CE and Moneo Resto) | 160 | 160 |
| UTA (including Road Account) | 169 | 169 |
| United Kingdom (including Prepay Technologies and TRFC) | 141 | 149 |
| Italy (including Easy Welfare) | 92 | 92 |
| Romania (including Benefit Online) | 36 | 36 |
| Finland | 19 | 19 |
| Slovakia | 18 | 18 |
| Poland (including Timex) | 17 | 18 |
| Sweden | 18 | 17 |
| Czech Republic | 12 | 13 |
| Lithuania (EBV) | 12 | - |
| Belgium (including Merits & Benefits and Ekivita) | 11 | 11 |
| Portugal | 6 | 6 |
| Europe (excl. France) | 551 | 548 |
| Brazil (including Repom, Embratec and Coopercard) | 268 | 353 |
| Mexico | 39 | 45 |
| Other (individually representing less than €5 million) | 11 | 13 |
| Latin America | 318 | 411 |
| United States (including CSI) | 393 | 429 |
| Dubai (including Mint) | 26 | 46 |
| Japan | 8 | 9 |
| Other (individually representing less than €5 million) | 1 | 1 |
| Rest of the World | 428 | 485 |
| **GOODWILL, NET** | **1 457** | **1 604** |

Changes in the carrying amount of goodwill during the period presented were as follows:

| *(in € millions)* | 2020 | 2019 |
|---|---|---|
| **NET GOODWILL AT BEGINNING OF PERIOD** | **1 604** | **976** |
| **Increase in gross goodwill and impact of scope changes** | **13** | **620** |
| United States (CSI acquisition) | - | 407 |
| United Kingdom (TRFC acquisition) | - | 99 |
| Italy (Easy Welfare acquisition) | - | 46 |
| Dubai (Mint acquisition)* | (18) | 37 |
| Germany (Road Account acquisition) | - | 20 |
| Belgium (Merits & Benefits and Ekivita acquisitions) | - | 7 |
| Romania (Benefit Online acquisition) | 1 | 4 |
| Brazil (Coopercard consolidation) | 18 | - |
| Lithuania (EBV acquisition) | 12 | - |
| Other acquisitions | - | - |
| **Goodwill written off on disposals for the period** | **-** | **-** |
| **Impairment losses** | **(1)** | **(3)** |
| **Currency translation adjustment** | **(159)** | **11** |
| **NET GOODWILL AT END OF PERIOD** | **1 457** | **1 604** |

* Linked to the provisional allocation of the Mint acquisition price for 2019 period.

## 5.2 INTANGIBLE ASSETS

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses, in accordance with IAS 38 – Intangible Assets.

Incurred expenses related to internal projects are differentiated based on whether they are incurred during the research phase or the development phase. This differentiation is essential as the financial treatment is different for the two categories.

For an internal project, the research phase includes the preliminary investigation phase before the development phase, represented by the market application.

Expenses incurred during the research phase of an internal project are not capitalized but expensed in the income statement of the period during which they occurred.

Expenses incurred during the development phase of an internal project are analyzed in order to determine whether or not they can be capitalized. If the six criteria defined by IAS 38.57 are simultaneously met, expenses can be capitalized and amortized over the period defined by the category of assets in which they are included. If not, they are expensed in the income statement of the period during which they occurred.

According to IAS 38.57, expenses may only be capitalized if the entity demonstrates the following six items:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The main brands are considered intangible assets with indefinite useful lives and are therefore not amortized. Their carrying amount is reviewed at least once a year and more frequently if there is any indication that they may be impaired. If their recoverable amount determined according to the criteria applied at the acquisition date is less than their carrying amount, an impairment loss is recognized.

Other intangible assets (acquired and internally developed software, licenses and customer lists) are considered as having finite useful lives. They are amortized on a straight-line basis over their useful lives, as follows:

- licenses: life of the license;
- customer lists: 3 to 18 years;
- software: 2 to 7 years.

Identifiable intangible assets recognized in a business combination are initially recognized at amounts determined by independent valuations, performed using relevant criteria for the business concerned that can be applied for the subsequent measurement of the assets. Identifiable brands are measured based on multiple criteria, taking into account both brand equity and their contribution to profit. Customer lists are measured based on the cost of acquiring new customers.

| *(in € millions)* | **DEC. 31, 2020** | DEC. 31, 2019 |
|---|---|---|
| GROSS CARRYING AMOUNT | | |
| Brands | 66 | 66 |
| Customer lists | 570 | 620 |
| Licenses and software | 365 | 374 |
| Other intangible assets | 125 | 101 |
| TOTAL GROSS CARRYING AMOUNT | 1 126 | 1 161 |
| ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES | | |
| Brands | (11) | (11) |
| Customer lists | (162) | (145) |
| Licenses and software | (248) | (250) |
| Other intangible assets | (50) | (49) |
| TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES | (471) | (455) |
| **NET CARRYING AMOUNT** | **655** | **706** |

Customer lists acquired primarily comprise that of EBV for a net €10 million and Cooper Card for a net €8 million. Other intangible assets mainly concern assets in progress as part of IT platform development projects.

Changes in the carrying amount of intangible assets

| *(in € millions)* | **2020** | 2019 |
|---|---|---|
| **CARRYING AMOUNT AT BEGINNING OF PERIOD** | **706** | **432** |
| Intangible assets of newly consolidated companies | 18 | 287 |
| Internally generated assets | 20 | 19 |
| Additions | 68 | 54 |
| Amortization for the period | (80) | (80) |
| Impairment losses for the period | (12) | (9) |
| Currency translation adjustment | (82) | 5 |
| Reclassifications | 17 | (2) |
| **CARRYING AMOUNT AT END OF PERIOD** | **655** | **706** |

## 5.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, in accordance with IAS 16 – Property, Plant and Equipment. Assets under construction are measured at cost less any accumulated impairment losses. They are depreciated from the date when they are put in service.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, using the components method, from the date when they are put in service. The main depreciation periods applied are as follows:

- building improvements, fixtures and fittings: 5 to 15 years;
- equipment and furniture: 4 to 7 years.

Investment properties are depreciated on a straight-line basis over their estimated useful lives, using the components method. The Group's investment properties are located exclusively in Venezuela. Buildings are depreciated over a maximum of 40 years. Other components are depreciated over the same periods as other property, plant and equipment.

| (in € millions) | DEC. 31, 2020 GROSS CARRYING AMOUNT | DEC. 31, 2020 DEPRECIATION AND IMPAIRMENT LOSSES | DEC. 31, 2020 NET CARRYING AMOUNT | DEC. 31, 2019 GROSS CARRYING AMOUNT | DEC. 31, 2019 DEPRECIATION AND IMPAIRMENT LOSSES | DEC. 31, 2019 NET CARRYING AMOUNT |
|---|---|---|---|---|---|---|
| Land | 2 | - | 2 | 2 | - | 2 |
| Buildings | 18 | (7) | 11 | 18 | (7) | 11 |
| Fixtures and fittings | 31 | (19) | 12 | 32 | (18) | 14 |
| Equipment and furniture | 102 | (76) | 26 | 123 | (94) | 29 |
| Assets under construction | 1 | - | 1 | 10 | - | 10 |
| Right of use (IFRS 16) | 156 | (60) | 96 | 132 | (29) | 103 |
| **Total** | **310** | **(162)** | **148** | **317** | **(148)** | **169** |

Changes in the carrying amount of property, plant and equipment during the period were as follows:

| *(in € millions)* | **2020** | 2019 |
|---|---|---|
| CARRYING AMOUNT AT BEGINNING OF PERIOD – Excl. IFRS 16 | 66 | 52 |
| Property, plant and equipment of newly consolidated companies | - | - |
| Additions | 15 | 25 |
| Disposals | (1) | - |
| Depreciation for the period | (14) | (15) |
| Currency translation adjustment | (5) | (1) |
| Reclassifications | (10) | 5 |
| **CARRYING AMOUNT AT END OF PERIOD – Excl. IFRS 16** | **51** | **66** |
| Impact of IFRS 16 at end of period | 97 | 103 |
| **CARRYING AMOUNT AT END OF PERIOD** | **148** | **169** |

## 5.4 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

In accordance with IFRS 12 – Disclosure of Interests in Other Entities, an entity must disclose information that enables users of financial statements to evaluate:

- the nature of, and risks associated with, its interests in other entities; and
- the effects of those interests on its financial position, financial performance and cash flows.

As per IAS 28 (revised), exercising significant influence over a company consists in having the power to participate in the financial and operating policy decisions of the company but not control (as in the case of a fully consolidated company) or joint control over those policies.

At December 31, 2020, UTA equity-accounted companies consisted mainly of AGES (AGES Maut System GmbH & Co KG and Ages International GmbH & Co KG) and MSC (Mercedes Service Card Beteiligungs GmbH and Mercedes Service Card GmbH & Co KG).

### Change in investments in equity-accounted companies:

| *(in € millions)* | **2020** | 2019 |
|---|---|---|
| Investments in equity-accounted companies at beginning of period | 69 | 66 |
| Share of net profit from equity-accounted companies | 13 | 14 |
| Capital increase | 1 | - |
| Impairment of investments in equity-accounted companies | (3) | (2) |
| Dividends received from investments in equity-accounted companies | (16) | (9) |
| **Investments in equity-accounted companies at end of period** | **64** | **69** |

## 5.5 IMPAIRMENT TESTS

**Recoverable amount of assets**

In accordance with IAS 36 – Impairment of Assets, the carrying amounts of goodwill, intangible assets, property, plant and equipment, and investment properties are tested for impairment when there is any indication that they may be impaired. Assets with an indefinite useful life – corresponding solely to goodwill and brands – are tested at least once a year.

**Reversal of impairment losses**

In accordance with IAS 36 – Impairment of Assets, impairment losses on goodwill are irreversible. Impairment losses on property, plant and equipment and on intangible assets with an indefinite useful life, such as brands, are reversible in the case of a change in estimates used to determine their recoverable amount.

**Cash-generating units**

Impairment tests are performed at the level of the cash-generating unit (CGU) or group of CGUs.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. It corresponds to the level at which the Group organizes its businesses and monitors its results for internal management purposes. All assets are allocated to CGUs. When it is not possible to allocate goodwill on a non-arbitrary basis to individual CGUs, it may be allocated to a group of CGUs which may not be greater than an operating segment as defined in Note 4 "Operating Activity".

Indications of impairment are as follows for active CGUs:

- a significant drop in revenue, operating profit or operating cash flows;
- an unfavorable change (observed or expected in the near future) in the conditions of use of an asset (temporary closures or stoppages, downturn in business, disruptions to supplies or production, etc.);
- an unfavorable change (observed or expected in the near future) in the general economic environment of the entity or asset.

CGUs are identified by country (see Note 5.1). For the main countries, they are identified by type of solution (Employee Benefits, Fleet & Mobility Solutions and Complementary Solutions) if there are very different activities with separated sales teams and customer portfolios.

## Methods used to determine recoverable amounts

Impairment tests consist in comparing the carrying amount of a CGU with its recoverable amount, defined as the higher of fair value less cost to sell and value in use.

The carrying amount corresponds to the carrying value of capital employed.

For Edenred, it includes:

- goodwill;
- property, plant and equipment and intangible assets;
- working capital excluding float but including current tax liability.

Float corresponds to operating working capital, that is, vouchers in circulation to be redeemed less trade receivables.

Impairment tests are carried out in two steps:

- Step one: the carrying amount of the CGU/group of CGUs is compared to an EBITDA multiple that is considered as being representative of fair value less cost to sell. The Group considers that a difference of more than 20% between the fair value, less cost to sell, and the carrying amount means a potential loss in value.
- Step two: when there is a risk of a loss in value identified using this method or changes in the economic environment of the country or the local business, a test based on the discounted cash flow method is applied in order to determine the potential loss in value compared with the carrying amount.

## The method used is as follows:

| Step 1: Fair value less cost to sell | Step 2*: Value in use |
|---|---|
| **EBITDA multiple method:** This method can be used to measure fair value less cost to sell, and provides the best estimate of the price at which a CGU could be sold on the market on the valuation date. The method consists of calculating the CGU's average EBITDA for the last two years and applying a multiple based on the CGU's geographic location and the specific country risk. The multiples applied correspond to the average of transactions occurring on the market and within a range comparable to the valuation multiples of the Edenred Group, taking into account the uncertainties arising from **Covid-19**. If the recoverable amount is less than the carrying amount, it is recalculated using the discounted cash flow method (Step 2). | **Discounted cash flow method:** The projections used are consistent with the five-year business plans approved by the Board of Directors and factoring in the effects of the Covid-19 health crisis. In 2020, the rate used to discount cash flows was the Group's after-tax weighted average cost of capital (WACC), broken down by country and by business type. The perpetuity growth rate is aligned with the economic outlook in each of the countries concerned. |

** Used in two situations:*

- *the first step demonstrates loss of value;*
- *the CGU or the country is under specific economic circumstances.*

The Group identified the CGUs that were likely to be impacted by the epidemic and carried out impairment tests accordingly.

If as a result of this test the recoverable amount is less than the carrying amount, an impairment loss is recognized in an amount corresponding to the value-in-use method. The impairment loss is recorded first as a deduction from the carrying amount of the goodwill allocated to the CGU/group of CGUs, and then as a deduction from the carrying amount of the other assets of the CGU/group of CGUs.

The following CGUs were tested using the value-in-use method in 2020: Japan, Colombia, Prepay Solutions, CSI, Sweden, Goodcard, Ticket Servicios (Brazil) more specifically, the Itau intangible asset acquired in 2019 and Peru.

The following CGUs were tested using the value-in-use method in 2019: Japan and Colombia.

## Impairment losses

Accumulated impairment losses on property, plant and equipment and intangible assets amounted to €198 million in 2020 (versus €204 million in 2019).

Property, plant and equipment and intangible assets of CGUs impacted by accumulated impairment losses are detailed as follows:

| | DEC. 31, 2020 | | | | DEC. 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | **Gross carrying amount** | **Depre-ciation/ amort-ization** | **Accumu-lated impair-ment losses** | **Net carrying amount** | Gross carrying amount | Depre-ciation/ amort-ization | Accumu-lated impair-ment losses | Net carrying amount |
| Goodwill | 1 625 | | (168) | **1 457** | 1 778 | - | (174) | 1 604 |
| Brands | 66 | (6) | (5) | **55** | 66 | (6) | (5) | 55 |
| Customer lists | 570 | (160) | (2) | **408** | 620 | (141) | (4) | 475 |
| Other intangible assets | 490 | (275) | (23) | **192** | 475 | (278) | (21) | 176 |
| Property, plant and equipment | 310 | (162) | - | **148** | 317 | (148) | - | 169 |
| **TOTAL** | **3 061** | **(603)** | **(198)** | **2 260** | **3 256** | **(573)** | **(204)** | **2 479** |

## Key assumptions

In 2020, the discount rate applied was based on the Group weighted average cost of capital (WACC) and averaged 9.0% (8.8% in 2019).

The table below presents the discount rates and perpetuity growth rates for the CGUs tested in 2020.

| | **Discount rate** | | **Perpetuity growth rate** | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020*** | 2019 |
| Europe (excl. France) | 7.0% - 12.0% | N/A | 1.8% - 2.0% | N/A |
| Latin America | 9.8% - 15.8% | 12.5% | 2.0% - 3.3% | 3.0% |
| Rest of the World | 6.2% - 10.1% | 6.4% | 1.0% - 3.0% | 1.4% |

* Source: IMF inflation forecast for 2024.

## Sensitivity analysis

The quantitative data relating to the rate and growth assumption sensitivity analyses below concern the impacts on entities that were impaired during the year.

Impairment tests are performed by CGU but the results are presented below at the level of reportable segments in the interest of concision.

## Rate sensitivity

A 50 bps increase in the discount rates selected for the valuation of the 2020 utility values of the above-listed CGUs would not lead to an increase in significant write-downs for the year. A 50 bps decrease in these discount rates would not result in a reduction in significant write-downs for the year.

## Growth assumption sensitivity

A 50 bps decrease in the growth assumptions used for the valuation of the 2020 utility values of the above-listed CGUs would not lead to an increase in significant value losses for the year. A 50 bps increase in these growth assumptions would not result in a reduction in significant write-downs for the year.

# 5.6 DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

Depreciation, amortization, provision expenses and impairment losses reflect the operating costs of assets owned by Edenred. This item also includes amortization of fair value adjustments to assets acquired in business combinations.

| *(in € millions)* | **2020** | 2019 |
|---|---|---|
| Amortization of fair value adjustments to assets acquired in business combinations | (40) | (38) |
| Amortization of intangible assets | (40) | (42) |
| Depreciation of property, plant and equipment | (14) | (15) |
| Depreciation of right-of-use assets (effect of applying IFRS 16) | (31) | (28) |
| **TOTAL** | **(125)** | **(123)** |

In 2020, amortization of fair value adjustments to assets primarily included €8 million for CSI, €7 million for UTA, €4 million for Ticket Log, €3 million for TRFC, €5 million for Itaú and €1 million for ProwebCE.

# NOTE 6 FINANCIAL ITEMS

## 6.1 NET FINANCIAL EXPENSE

Net financial expense includes:

- interest expense or income on borrowings, other financial liabilities and loans and receivables;
- exchange gains and losses on financial transactions;
- movements on financial provisions.

| *(in € millions)* | **2020** | 2019 |
|---|---|---|
| Gross borrowing cost | (56) | (56) |
| Hedging instruments | 20 | 20 |
| Income from cash and cash equivalents and other marketable securities | 20 | 23 |
| Net borrowing cost | (16) | (13) |
| Net foreign exchange gains (losses) | - | (1) |
| Other financial income | 4 | 5 |
| Other financial expenses* | (25) | (26) |
| **NET FINANCIAL EXPENSE** | **(37)** | **(35)** |

Gross borrowing costs for 2020 include amortization of bond issuance costs for €9 million and interest income on Neu CP issued at negative interest rates.

Interest paid amounted to €25 million in 2020 and €28 million in 2019.

Hedging instruments are related to expenses and income on interest rate swaps as presented in Note 6.6 “Financial instruments and market risk management”.

Other financial income and expenses mainly concern bank fees, banking expenses, miscellaneous interest, and financial provisions.

## 6.2 FINANCIAL ASSETS

IFRS 9 defines financial assets as a contractual right to receive an economic benefit that will ultimately result in the receipt of cash flows or an equity instrument. Financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the asset. The initial fair value corresponds to the asset’s purchase price.

Financial assets and liabilities are recognized and measured in accordance with IFRS 9 – Financial Instruments.

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified among the three main categories defined in IFRS 9, as follows:

- **At amortized cost**: One of the conditions of eligibility of a debt instrument for measurement at amortized cost is that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding ("SPPI instruments"). SPPI instruments include:

  1) term deposits and loans to non-consolidated companies. These assets are initially recognized at fair value;

  2) bonds and other marketable securities that are **held to maturity**. Because they are considered as being held to maturity, these assets are initially recognized at fair value.

  They are subsequently measured at amortized cost at each balance-sheet date. If there is an objective indication of impairment, an impairment loss is recognized at the reporting date. The impairment loss – corresponding to the difference between the carrying amount and the recoverable amount (i.e., the present value of expected cash flows discounted using the original effective interest rate) – is recognized in the income statement. It is reversible if recoverable value increases in following periods. For these two categories, initial fair value is equivalent to acquisition cost, because no material transaction costs are incurred.

- **At fair value through profit or loss**: Mutual fund units in cash are booked in "**Financial assets at fair value through profit and loss**". These assets are recognized at fair value in the balance sheet and fair value changes are recorded in the income statement.
- **At fair value through other comprehensive income (OCI)**: Derivative financial instruments recorded in assets and eligible for hedge accounting are measured at fair value and fair value changes are recorded in other comprehensive income.

### 6.2.1 Non-current financial assets

Non-current financial assets consist mainly of equity interests in non-consolidated companies, loans, and deposits and guarantees.

| | DEC. 31, 2020 | | | DEC. 31, 2019 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Gross carrying amount | Impairment losses | Net carrying amount | Gross carrying amount | Impairment losses | Net carrying amount |
| Equity interests | 59 | (2) | 57 | 58 | (7) | 51 |
| Deposits and guarantees | 18 | - | 18 | 24 | - | 24 |
| Other non-current financial assets | 58 | (1) | 57 | 1 | (1) | - |
| **NON-CURRENT FINANCIAL ASSETS** | **135** | **(3)** | **132** | **83** | **(8)** | **75** |

### 6.2.2 Current financial assets

| (in € millions) | DEC. 31, 2020 Gross carrying amount | DEC. 31, 2020 Impairment losses | DEC. 31, 2020 Net carrying amount | DEC. 31, 2019 Gross carrying amount | DEC. 31, 2019 Impairment losses | DEC. 31, 2019 Net carrying amount |
|---|---|---|---|---|---|---|
| Other current financial assets | 5 | (3) | 2 | 30 | (2) | 28 |
| Derivatives | 128 | - | 128 | 108 | - | 108 |
| **CURRENT FINANCIAL ASSETS** | **133** | **(3)** | **130** | **138** | **(2)** | **136** |

Other current financial assets primarily represent short-term loans with external counterparts.

Derivatives are recognized according to IFRS 9 – Financial Instruments. Their accounting treatment is detailed in Note 6.6 "Financial instruments and market risk management".

## 6.3 CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES

**Cash and cash equivalents**

"Cash and cash equivalents" include bank balances and short-term investments in money market instruments. To be classified in cash and cash equivalents, investments have to respect IAS 7 criteria. These instruments mainly correspond to bank term deposits and risk-free interest-bearing demand deposits. They have initial maturities of three months or less, are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

**Other marketable securities**

Instruments that have initial maturities of more than three months and less than one year are reported under "Other marketable securities". These instruments are highly liquid and are subject to an insignificant risk of changes in value due to interest rate and foreign exchange rate changes. However, they are no longer classified as cash and cash equivalents in line with IAS 7. This line item also includes restricted cash, corresponding to cash and cash equivalents subject to restrictions due to regulations that are specific to a country (such as exchange rate control). Instruments with initial maturities of more than one year may also be reported under this caption if they can be sold or canceled at any time with incurring material penalties.

**Accounting method**

"Cash and cash equivalents" and "Other marketable securities" are financial assets recognized according to IFRS 9 – Financial Instruments and its amendments.

Both cash and cash equivalents and other marketable securities are taken into account for the calculation of net debt.

| (in € millions) | DEC. 31, 2020 Gross carrying amount | DEC. 31, 2020 Impairment losses | DEC. 31, 2020 Net carrying amount | DEC. 31, 2019 Gross carrying amount | DEC. 31, 2019 Impairment losses | DEC. 31, 2019 Net carrying amount |
|---|---|---|---|---|---|---|
| Cash at bank and on hand | 628 | - | 628 | 461 | - | 461 |
| Term deposits and equivalent – less than 3 months | 471 | - | 471 | 528 | - | 528 |
| Bonds and other negotiable debt securities | - | - | - | - | - | - |
| Mutual fund units in cash – less than 3 months | 26 | - | 26 | 15 | - | 15 |
| CASH AND CASH EQUIVALENTS | 1 125 | - | 1 125 | 1 004 | - | 1 004 |
| Term deposits and equivalent – more than 3 months | 765 | (1) | 764 | 528 | (1) | 527 |
| Bonds and other negotiable debt securities | 256 | | 256 | 203 | - | 203 |
| Mutual fund units in cash – more than 3 months | 1 | | 1 | 3 | - | 3 |
| OTHER MARKETABLE SECURITIES | 1 022 | (1) | 1 021 | 734 | (1) | 733 |
| **TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES** | **2 147** | **(1)** | **2 146** | **1 738** | **(1)** | **1 737** |

## 6.4 DEBT AND OTHER FINANCIAL LIABILITIES

### Debt

Non-bank debt (bonds, private placements such as Schuldschein instruments, etc.) and bank borrowings set up as interest-bearing lines of credit and bank overdrafts are recognized for the amounts received, net of direct issuing costs. Debt is measured at amortized cost at inception and at fair value for the share of any hedged underlying debt. Amortized cost is determined by the effective interest rate method, taking into account the costs of the issuance and any issuance or redemption premiums.

| (in € millions) | DEC. 31, 2020 Non-current | DEC. 31, 2020 Current | DEC. 31, 2020 Total | DEC. 31, 2019 Non-current | DEC. 31, 2019 Current | DEC. 31, 2019 Total |
|---|---|---|---|---|---|---|
| Convertible bonds | 500 | | 500 | 500 | - | 500 |
| Non-bank debt | 2 414 | 113 | 2 527 | 1 897 | 252 | 2 149 |
| Bank borrowings | 14 | 44 | 58 | 24 | 16 | 40 |
| NEU CP | - | - | - | - | 106 | 106 |
| Bank overdrafts | - | 109 | 109 | - | 52 | 52 |
| DEBT | 2 928 | 266 | 3 194 | 2 421 | 426 | 2 847 |
| IFRS 16 liabilities | 74 | 28 | 102 | 80 | 25 | 105 |
| Deposits and guarantees | 19 | 5 | 24 | 10 | 19 | 29 |
| Put options over non-controlling interests | 6 | 60 | 66 | 46 | 129 | 175 |
| Derivatives | | 2 | 2 | - | 1 | 1 |
| Other | | 3 | 3 | 3 | 3 | 6 |
| OTHER FINANCIAL LIABILITIES | 99 | 98 | 197 | 139 | 177 | 316 |
| **DEBT AND OTHER FINANCIAL LIABILITIES** | **3 027** | **364** | **3 391** | **2 560** | **603** | **3 163** |

The contractual documents for debt and other financial liabilities do not include any particular covenants or clauses that could significantly change the terms.

## Debt

### Convertible bonds and non-bank debt

On June 18, 2020, Edenred issued €600 million worth of nine-year bonds maturing on June 18, 2029 and paying a coupon of 1.375%. The bond issuance enabled the Group to strengthen its financial resources and extend the average maturity of its debt under favorable conditions. Edenred has allocated €250 million to repaying the 2.625% bonds maturing in late October 2020.

At December 31, 2020, the Group's gross outstanding bond position amounted to €2,825 million, which breaks down as follows:

| Issuance date | Amount in €m | Coupon | Maturity |
|---|---|---|---|
| June 18, 2020 | 600 | 1.375% | 9 years June 18, 2029 |
| September 6, 2019 | 500 | 0% | 5 years September 6, 2024 |
| December 6, 2018 | 500 | 1.875% | 7 years & 3 months |
| March 30, 2017 | 500 | 1.875% | 10 years March 30, 2027 |
| March 10, 2015 | 500 | 1.375% | 10 years March 10, 2025 |
| May 23, 2012 | 225 | 3.75% | 10 years May 23, 2022 |
| **Gross outstanding bond position** | **2,825** | | |

At December 31, 2019, the gross outstanding bond position amounted to €2,475 million.

| Issuance date | Amount in €m | Coupon | Maturity |
|---|---|---|---|
| September 6, 2019 | 500 | 0% | 5 years September 6, 2024 |
| December 6, 2018 | 500 | 1.875% | 7 years & 3 months |
| March 30, 2017 | 500 | 1.875% | 10 years March 30, 2027 |
| March 10, 2015 | 500 | 1.375% | 10 years March 10, 2025 |
| October 30, 2013 | 250 | 2.625% | 7 years October 30, 2020 |
| May 23, 2012 | 225 | 3.75% | 10 years May 23, 2022 |
| **Gross outstanding bond position** | **2,475** | | |

### Other non-bank debt

In December 2019, a €105 million portion of the €250 million Schuldschein private placement was redeemed ahead of maturity. The remaining €145 million at December 31, 2020 represented different tranches of maturity and rates and can be detailed as follows:

| Issuance date | Rate | Amount in €m | Maturity |
|---|---|---|---|
| June 29, 2016 | 1.05%<br>Fixed | 45 | 5 years<br>June 29, 2021 |
| June 29, 2016 | Euribor 6 months * +105 bps<br>Variable | 68 | 5 years<br>June 29, 2021 |
| June 29, 2016 | 1.47%<br>Fixed | 32 | 7 years<br>June 29, 2023 |
| **Total Schuldschein loan** | | **145** | |

* 6-month Euribor with a 0% floor.

## Bank borrowings

Outstanding bank borrowings at December 31, 2020 amounted to €58 million.

## Neu CP and Neu MTN programs

At December 31, 2020, current debt outstanding under the Negotiable EUropean Commercial Paper (NEU CP) program stood at €0 million, out of a total authorized amount of €750 million.

In June 2020, a Negotiable EUropean Medium Term Note (Neu MTN) program for €250 million was submitted to and authorized by France's central bank. It will round out the Neu CP program and diversify the Group's sources of financing.

## Maturity analysis – carrying amounts

### At December 31, 2020

| (in € millions) | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 and beyond | DEC. 31, 2020 |
|---|---|---|---|---|---|---|---|
| Convertible bonds | - | - | - | 500 | - | - | 500 |
| Non-bank debt | 113 | 233 | 32 | - | 492 | 1 657 | 2 527 |
| Bank borrowings | 44 | 9 | 4 | 1 | - | - | 58 |
| NEU CP | - | - | - | - | - | - | - |
| BANK OVERDRAFTS | 109 | - | - | - | - | - | 109 |
| DEBT | 266 | 242 | 36 | 501 | 492 | 1 657 | 3 194 |
| IFRS 16 liabilities | 28 | 24 | 18 | 10 | 8 | 14 | 102 |
| Deposits and guarantees | 5 | 19 | - | - | - | - | 24 |
| Put options over non-controlling interests | 60 | - | - | 1 | - | 5 | 66 |
| Derivatives | 2 | - | - | - | - | - | 2 |
| Other | 3 | - | - | - | - | - | 3 |
| OTHER FINANCIAL LIABILITIES | 98 | 43 | 18 | 11 | 8 | 19 | 197 |
| **TOTAL** | **364** | **285** | **54** | **512** | **500** | **1 676** | 3 391 |

### At December 31, 2019

| (in € millions) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 and beyond | DEC. 31, 2019 |
|---|---|---|---|---|---|---|---|
| Convertible bonds | - | - | - | - | 500 | - | 500 |
| Non-bank debt | 252 | 113 | 236 | 32 | | 1 516 | 2 149 |
| Bank borrowings | 16 | 9 | 9 | 5 | 1 | - | 40 |
| NEU CP | 106 | - | - | - | - | - | 106 |
| Bank overdrafts | 52 | | | | | | 52 |
| DEBT | 426 | 122 | 245 | 37 | 501 | 1 516 | 2 847 |
| IFRS 16 liabilities | 25 | 19 | 15 | 12 | 11 | 23 | 105 |
| Deposits and guarantees | 19 | 10 | - | - | - | - | 29 |
| Put options over non-controlling interests | 129 | 42 | - | - | - | 4 | 175 |
| Derivatives | 1 | - | - | - | - | - | 1 |
| Other | 3 | 3 | - | - | - | - | 6 |
| OTHER FINANCIAL LIABILITIES | 177 | 74 | 15 | 12 | 11 | 27 | 316 |
| **TOTAL** | **603** | **196** | **260** | **49** | **512** | **1 543** | **3 163** |

## Credit facility

At December 31, 2020, Edenred had a €750 million undrawn confirmed line of credit, expiring in February 2025. This facility will be used for general corporate purposes.

In January 2021, the maturity of the €750 million syndicated credit facility was extended by one year beyond its February 12, 2025 expiry date, following Edenred's exercise of the maturity extension option granted in the facility agreement. All participating banks accepted this extension. With the new five-year maturity, the facility will now be utilizable until February 2026.

# 6.5 NET DEBT AND NET CASH

| *(in € millions)* | **DEC. 31, 2020** | DEC. 31, 2019 |
|---|---|---|
| Non-current debt | 2,928 | 2,421 |
| Other non-current financial liabilities | 99 | 139 |
| Current debt | 157 | 374 |
| Other current financial liabilities | 98 | 177 |
| Bank ov erdrafts | 109 | 52 |
| DEBT AND OTHER FINANCIAL LIABILITIES | 3,391 | 3,163 |
| Current financial assets | (130) | (136) |
| Other marketable securities | (1,021) | (733) |
| Cash and cash equiv alents | (1,125) | (1,004) |
| CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS | (2,276) | (1,873) |
| **NET DEBT** | **1,115** | **1,290** |

Other non-current and current financial liabilities include lease liabilities recognized in application of IFRS 16 in an amount of €101 million.

## At December 31, 2020

| | | Cash items | | | | Non-cash items | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | DEC. 31, 2019 | Increase | Decrease | Change | Exercise of NCI puts | New right-of-use assets and early terminations | Changes in consolidation scope | Fair value adjustments to financial instruments | Reclassifications | Currency translation adjustment | **DEC. 31, 2020** |
| Non-current debt | 2 421 | 630 | (2) | - | - | - | - | - | (121) | - | 2 928 |
| Other non-current financial liabilities | 139 | 3 | (4) | - | - | 14 | 2 | - | (47) | (8) | 99 |
| **TOTAL NON-CURRENT FINANCIAL LIABILITIES** | **2 560** | **633** | **(6)** | **-** | **-** | **14** | **2** | **-** | **(168)** | **(8)** | **3 027** |
| Current debt (including bank overdrafts) | 426 | - | - | (277) | - | - | - | - | 122 | (5) | 266 |
| Other current financial liabilities | 177 | - | - | (40) | (85) | - | 23 | (23) | 46 | - | 98 |
| Total current financial liabilities | 603 | - | - | (317) | (85) | - | 23 | (23) | 168 | (5) | 364 |
| Current financial assets | (1 873) | - | - | (628) | - | - | 31 | (5) | - | 199 | (2 276) |
| **TOTAL CURRENT FINANCIAL LIABILITIES (ASSETS)** | **(1 270) -** | **-** | **-** | **(945)** | **(85)** | **-** | **54** | **(28)** | **168** | **194** | **(1 912)** |
| **NET DEBT** | **1 290** | **633** | **(6)** | **(945)** | **(85)** | **14** | **56** | **(28)** | **-** | **186** | **1 115** |

## At December 31, 2019

| | | Cash items | | | | Non-cash items | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | DEC. 31, 2018 | Increase | Decrease | Change | Exercise of NCI puts | New right-of-use assets | Changes in consolidation scope | Fair value adjustments to financial instruments | Reclassifications | Currency translation adjustment | **DEC. 31, 2019** |
| Non-current debt | 2 213 | 552 | (114) | - | - | - | 12 | 51 | (293) | | 2 421 |
| Other non-current financial liabilities | 61 | 9 | (2) | - | - | 102 | | (10) | (21) | | 139 |
| **TOTAL NON-CURRENT FINANCIAL LIABILITIES** | **2 274** | **561** | **(116)** | **-** | **-** | **102** | **12** | **41** | **(314)** | **-** | **2 560** |
| Current debt (including bank overdrafts) | 297 | - | - | (273) | | - | (27) | 2 | 428 | (1) | 426 |
| Other current financial liabilities | 125 | - | - | (8) | | 29 | 3 | 22 | 6 | - | 177 |
| Total current financial liabilities | 422 | - | - | (281) | - | 29 | (24) | 24 | 434 | (1) | 603 |
| Current financial assets | (2 037) | - | | 133 | | | 46 | (19) | 8 | (4) | (1 873) |
| **TOTAL CURRENT FINANCIAL LIABILITIES (ASSETS)** | **(1 615)** | **-** | **-** | **(148)** | **-** | **29** | **22** | **5** | **442** | **(5)** | **(1 270)** |
| **NET DEBT** | **659** | **561** | **(116)** | **(148)** | **-** | **131** | **34** | **46** | **128** | **(5)** | **1 290** |

## 6.6 FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

The Group uses derivative financial instruments to hedge its exposure to risks arising in the course of its business. Hedged risks are currency, interest rate risks and fuel risks.

In accordance with IFRS 9, derivatives are initially recognized at cost. They are subsequently measured at fair value at each period-end. The intended use of the derivatives determines the IFRS designation and therefore the accounting treatment of changes in fair value.

Most interest rate and foreign currency derivatives used by Edenred are designated as hedging instruments. In accordance with IAS 39, hedge accounting is applicable if, and only if:

- at the time of setting up the hedge, there is a formal designation and documentation of the hedging relationship;
- the effectiveness of the hedging relationship can be demonstrated from the outset and at each balance sheet date, prospectively and retrospectively.

**Financial instruments designated as hedging instruments**

When derivatives are designated as hedging instruments, their accounting treatment varies depending on whether they are designated as:

- a fair value hedge of an asset or a liability or of an unrecognized firm commitment; or
- a cash-flow hedge.

| Fair value hedge | Cash flow hedge |
|---|---|
| A fair value hedge is a hedge of the exposure to changes in fair value of a financial liability or an unrecognized firm commitment.<br><br>The gain or loss from the change in fair value of the hedging instrument is recognized in profit or loss on a symmetrical basis with the gain or loss from the change in fair value of the hedged item. These two remeasurements offset each other within the same line items in the income statement, except for the ineffective portion of the hedge. | A cash flow hedge is a hedge of the exposure to variability in future cash flows associated with an existing asset or liability, or a highly probable forecast transaction.<br>The effective portion of the gain or loss from remeasurement at fair value of the hedging instrument is recognized in equity and the ineffective portion is recognized in the income statement for the period.<br><br>Cumulative gains or losses in equity are reclassified to the income statement in the period when the hedged item affects profit. |

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss carried in equity at the time remains in equity and is recognized in the income statement when the forecast transaction is ultimately recognized in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss carried in equity is immediately transferred to the income statement.

**Other derivatives**

Derivatives not designated as hedging instruments are classified as "Financial assets at fair value through profit and loss". Any changes in their fair value are booked in financial income or expense.

## Interest rate risk: fixed/variable interest rate analysis

### Hedging impact

#### Before hedging

Debt before interest rate hedging breaks down as follows:

| | DEC. 31, 2020 | | | DEC. 31, 2019 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | **Amount** | **Interest rate** | **% of total debt** | Amount | Interest rate | % of total debt |
| Fixed-rate debt [(1)] | 2 985 | 1.5% | 97% | 2 724 | 1.5% | 97% |
| Variable-rate debt | 100 | 1.7% | 3% | 71 | 1.4% | 3% |
| **DEBT*** | **3 085** | **1.5%** | **100%** | **2 795** | **1.5%** | **100%** |

* Debt excluding bank overdrafts.

(1) The rates mentioned for fixed-rate debt correspond to the contractual rates (i.e., 3.750%, 1.375% and 1.875%) applied to the exact number of days in the year divided by 360.

#### After hedging

Debt after interest rate hedging breaks down as follows:

| | DEC. 31, 2020 | | | DEC. 31, 2019 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | **Amount** | **Interest rate** | **% of total debt** | Amount | Interest rate | % of total debt |
| Fixed-rate debt | 924 | 0.6% | 30% | 866 | 0.6% | 31% |
| Variable-rate debt | 2 161 | 0.8% | 70% | 1 929 | 0.9% | 69% |
| **DEBT*** | **3 085** | **0.8%** | **100%** | **2 795** | **0.8%** | **100%** |

* Debt excluding bank overdrafts.

### Hedging of interest rate risk

Interest rate risk on fixed rate debt and variable rate financial assets is hedged using swaps where the Group is the fixed rate lender and variable rate borrower:

- swaps to hedge debt in euros: notional amount of €2,107 million relating to an underlying debt of €2,402 million and for a fair value of €90 million representing a financial asset;
- swaps to hedge marketable securities in Brazilian reals: notional amount of €228 million relating to an underlying debt of 1,455 million Brazilian reals and for a fair value of €28 million representing a financial asset;
- swaps to hedge marketable securities in Mexican pesos: notional amount of €60 million relating to an underlying debt of 1,500 million Mexican pesos and for a fair value of €6 million representing a financial asset.

Under IFRS 9, swaps on debt are designated as hedging instruments in fair value hedges and swaps on marketable securities are designated as hedging instruments in cash flow hedges. These hedging operations have no material impact on the income statement as the efficiency ratio is almost 100%.

| *(in € millions)* | Notional amount | Fair value | 2021 | 2022 | 2023 | 2024 | 2025 and beyond |
|---|---|---|---|---|---|---|---|
| BRL: fixed-rate receiver swaps[1] | 228 | 28 | 6 | 81 | 31 | 47 | 63 |
| EUR: fixed-rate payer swaps | 50 | (1) | - | 50 | - | - | - |
| EUR: variable-rate payer swaps | 2 057 | 91 | - | 225 | 32 | - | 1 800 |
| MXN: fixed-rate receiver swaps[2] | 60 | 6 | - | - | 20 | 20 | 20 |
| **TOTAL** | **2 395** | **124** | **6** | **356** | **83** | **67** | **1 883** |

(1) Of which BRL 1,455 million (€228 million) in swaps to hedge marketable securities of the Ticket Serviços SA, Repom and Ticket Log entities.

(2) Of which MXN 1,500 million (€60 million) in swaps to hedge marketable securities of the Edenred Mexico entity.

## Interest rate risk sensitivity

Edenred is exposed to the risk of fluctuations in interest rates, given:

- the cash flows related to variable-rate debt, after hedge accounting; and
- derivative financial instruments eligible for cash flow hedge accounting for the ineffective portion of the hedging relationships.

The analysis below has been prepared assuming that the amount of the debt and the notional amounts of derivative instruments at December 31, 2020 remains constant over one year.

A 100 basis point change in interest rates (mainly the 3-month Euribor) would have the following impacts on equity and profit (before tax) at year-end:

| | Profit | | Equity | |
|---|---|---|---|---|
| *(in € millions)* | 100 bp decrease in interest rates | 100 bp increase in interest rates | 100 bp decrease in interest rates | 100 bp increase in interest rates |
| Debt at variable rate after hedge accounting | 16 | (17) | - | - |
| Derivatives eligible for cash flow hedge accounting | - | - | 1 | 1 |
| **TOTAL** | **16** | **(17)** | **1** | **1** |

## Foreign exchange risk: currency analysis

### Hedging impact

#### • Before hedging

Debt before currency hedging breaks down as follows:

| | DEC. 31, 2020 | | | DEC. 31, 2019 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | **Amount** | **Interest rate** | **% of total debt** | Amount | Interest rate | % of total debt |
| EUR | 3 048 | 1.4% | 99% | 2 785 | 1.5% | 100% |
| Other currencies | 37 | 3.2% | 1% | 10 | 6.1% | 0% |
| **DEBT*** | **3 085** | **1.5%** | **100%** | **2 795** | **1.5%** | **100%** |

* Debt excluding bank overdrafts.

#### • After hedging

Debt after currency hedging breaks down as follows:

| | DEC. 31, 2020 | | | DEC. 31, 2019 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | **Amount** | **Interest rate** | **% of total debt** | Amount | Interest rate | % of total debt |
| EUR | 3 017 | 0.7% | 98% | 2 751 | 0.8% | 98% |
| Other currencies | 68 | 2.3% | 2% | 44 | 3.8% | 2% |
| **DEBT*** | **3 085** | **0.8%** | **100%** | **2 795** | **0.8%** | **100%** |

* Debt excluding bank overdrafts.

### Currency hedges

For each currency, the "notional amount" corresponds to the amount of currency sold or purchased forward. Fair value is the difference between the amount converted at the period-end forward rate (which is different from the contract-date forward rate) and at the spot rate on the hedge's inception date.

With the exception of forward sales of Brazilian reals and Mexican pesos, all currency transactions carried out by the Group, as listed below, are hedging transactions. They consist of designated hedges of intra-group loans and borrowings in foreign currencies and correspond to documented fair value hedging relationships.

Forward sales of Brazilian reals and Mexican pesos for a nominal amount of €12 million correspond to hedging transactions to convert the Brazilian and Mexican Subsidaries'2021 earnings into euros in the 2020 consolidated financial statements.

At December 31, 2020, currency derivatives had an aggregate positive fair value of €2 million.

This figure breaks down as follows:

| (in € millions) | Notional amount | Fair value | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 and beyond |
|---|---|---|---|---|---|---|---|---|
| SEK | 63 | 3 | 63 | - | - | - | - | - |
| CZK | 44 | - | 44 | - | - | - | - | - |
| USD | 18 | (1) | 18 | - | - | - | - | - |
| MXN | 2 | - | 2 | - | - | - | - | - |
| PLN | 1 | - | 1 | - | - | - | - | - |
| FORWARD PURCHASES AND CURRENCY SWAPS | **128** | **2** | **128** | **-** | **-** | **-** | **-** | **-** |
| AED | 30 | - | 30 | - | - | - | - | - |
| USD | 1 | - | 1 | - | - | - | - | - |
| CZK | - | - | - | - | - | - | - | - |
| MXN | 4 | - | 4 | - | - | - | - | - |
| BRL | 8 | - | 8 | - | - | - | - | - |
| FORWARD SALES AND CURRENCY SWAPS | **43** | **-** | **43** | **-** | **-** | **-** | **-** | **-** |
| **TOTAL** | **171** | **2** | **171** | **-** | **-** | **-** | **-** | **-** |

### Sensitivity to exchange rates

A change of +10% in currency exchange rates of the major currencies would have the following impact on EBIT: Brazil (BRL) negative €11 million, United Kingdom (GBP) negative €3 million, and Mexico (MXN) negative €2 million.

A change of -10% in currency exchange rates of the major currencies would have the following impact on EBIT: Brazil (BRL) positive €13 million, United Kingdom (GBP) positive €3 million, and Mexico (MXN) positive €3 million.

## Liquidity risk

The tables below show the repayment schedule of debt, interest included.

Future cash flows relating to interest rates are calculated using market interest rates at December 31, 2020. Variable rates are estimated by reference to forecast rates and fixed rates are known in advance. Future cash flows represented by debt repayments are estimated based on the assumption that the facilities will not be rolled over at maturity.

## At December 31, 2020

| (in € millions) | DEC. 31, 2020 carrying amount | Contrac-tual flows | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 and beyond |
|---|---|---|---|---|---|---|---|---|
| Convertible bonds | 500 | 500 | - | - | - | 500 | - | - |
| Bonds | 2 382 | 2 382 | - | 233 | - | - | 492 | 1 657 |
| Schuldschein | 145 | 145 | 113 | - | 32 | - | - | - |
| Neu CP | - | - | - | - | - | - | - | - |
| Bank borrowings | 58 | 58 | 44 | 9 | 4 | 1 | - | - |
| Future interest | n.a | 216 | 42 | 37 | 34 | 34 | 28 | 41 |
| Bank overdrafts | 109 | 109 | 109 | - | - | - | - | - |
| DEBT | 3 194 | 3 410 | 308 | 279 | 70 | 535 | 520 | 1 698 |
| Other financial liabilities | 197 | 197 | 98 | 43 | 18 | 11 | 8 | 19 |
| Future interest | n.a | (87) | (21) | (18) | (16) | (15) | (11) | (6) |
| OTHER FINANCIAL LIABILITIES | 197 | 110 | 77 | 25 | 2 | (4) | (3) | 13 |
| **DEBT AND OTHER FINANCIAL LIABILITIES** | **3 391** | **3 520** | **385** | **304** | **72** | **531** | **517** | **1 711** |

## At December 31, 2019

| (in € millions) | DEC. 31, 2019 carrying amount | Contrac-tual flows | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 and beyond |
|---|---|---|---|---|---|---|---|---|
| Convertible bonds | 500 | 500 | - | - | - | - | 500 | - |
| Bonds | 2 004 | 2 004 | 252 | - | 236 | - | - | 1 516 |
| Schuldschein | 145 | 145 | - | 113 | - | 32 | - | - |
| Neu CP | 106 | 106 | 106 | - | - | - | - | - |
| Bank borrowings | 40 | 40 | 16 | 9 | 9 | 5 | 1 | - |
| Future interest | n.a | 186 | 40 | 34 | 29 | 25 | 25 | 33 |
| Bank overdrafts | 52 | 52 | 52 | - | - | - | - | - |
| DEBT | 2 847 | 3 033 | 466 | 156 | 274 | 62 | 526 | 1 549 |
| Other financial liabilities | 316 | 316 | 177 | 73 | 15 | 12 | 11 | 28 |
| Future interest | n.a | (65) | (19) | (16) | (11) | (9) | (5) | (5) |
| OTHER FINANCIAL LIABILITIES | 316 | 251 | 158 | 57 | 4 | 3 | 6 | 23 |
| **DEBT AND OTHER FINANCIAL LIABILITIES** | **3 163** | **3 284** | **624** | **213** | **278** | **65** | **532** | **1 572** |

## Commodity risk

| *(in € millions)* | Notional amount | Fair value | 2021 | 2022 | 2023 | 2024 | 2025 and beyond |
|---|---|---|---|---|---|---|---|
| Purchases of raw materials | - | - | - | - | - | - | - |
| Variable-for-fixed swaps* | 5 | (0) | 5 | - | - | - | - |
| Sales of raw materials | **5** | **(0)** | **5** | **-** | **-** | **-** | **-** |
| **Total** | **5** | **(0)** | **5** | **-** | **-** | **-** | **-** |

* Ultra-low sulfur diesel swaps (Platts European) are used for our European Fleet & Mobility subsidiaries.

## Credit and counterparty risk

In the normal course of business, the Group is exposed to the risk of counterparties being unable to honor their contractual obligations.

For example, the Group is exposed to credit risk in the event of default by its clients and to counterparty risk in respect of its investments of cash and its purchases of derivative instruments.

With several tens of thousands of corporate and public authority clients at December 31, 2020, the Group has a highly diversified customer base. Moreover, its clients include all types of entities, ranging from large and medium-sized corporates to national, regional and local public authorities.

The Group diversifies its exposure to financial counterparties by investing available cash with a variety of leading financial institutions. About 80% of investments are with institutions rated investment grade.

Its maximum exposure to a single financial counterparty represented less than 20% of the total funds invested at the closing date.

## Financial instruments and fair value analysis of financial assets and liabilities

The fair value hierarchy comprises the following levels:

- **Level 1**: fair value assessed by reference to prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: fair value assessed by reference to quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3**: fair value assessed by reference to inputs related to the asset or liability that are not based on market data (unobservable inputs).

## Market value of financial instruments

| *(in € millions)* | Fair value | Dec. 31, 2020 carrying amount | Amortized cost | Fair value through profit and loss | Fair value through other comprehensive income | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | |
| Non-current financial assets | 132 | 132 | 75 | 57 | | | | 57 |
| Restricted cash | 2 592 | 2 578 | 2 578 | | | | | |
| Current financial assets | 130 | 130 | 2 | | 128 | | 128 | |
| Other marketable securities | 1 038 | 1 021 | 1 020 | 1 | | 1 | | |
| Cash and cash equivalents | 1 125 | 1 125 | 1 099 | 26 | | 26 | | |
| **TOTAL ASSETS** | **5 017** | **4 986** | **4 774** | **84** | **128** | **27** | **128** | **57** |
| LIABILITIES | | | | | | | | |
| Non-current debt | 3 059 | 2 928 | 2 838 | | 90 | | 90 | |
| Other non-current financial liabilities | 99 | 99 | 99 | | | | | |
| Current debt | 157 | 157 | 157 | | | | | |
| Other current financial liabilities | 98 | 98 | 96 | | 2 | | 2 | |
| Bank overdrafts | 109 | 109 | 109 | | | | | |
| **TOTAL LIABILITIES** | **3 522** | **3 391** | **3 299** | **-** | **92** | **-** | **92** | **-** |

## Derivative financial instruments

| *(in € millions)* | IFRS classification | DEC. 31, 2020 Fair value | DEC. 31, 2020 Notional amount | DEC. 31, 2020 Nominal value | DEC. 31, 2019 Fair value | DEC. 31, 2019 Notional amount | DEC. 31, 2019 Nominal value |
|---|---|---|---|---|---|---|---|
| **Derivative financial instruments – asset position** | | | | | | | |
| Interest rate instruments | Cash flow hedge | 34 | 288 | - | 39 | 324 | - |
| Interest rate instruments | Fair value hedge | 91 | 2 057 | - | 68 | 1 882 | - |
| Currency instruments | Fair value hedge | 3 | - | 140 | - | - | 65 |
| Currency instruments | Cash flow hedge | - | - | 1 | - | - | - |
| Currency instruments | Trading | - | - | 8 | - | - | - |
| **Derivative financial instruments – liability position** | | | | | | | |
| Interest rate instruments | Cash flow hedge | (1) | 50 | - | (1) | 50 | - |
| Currency instruments | Fair value hedge | (1) | - | 18 | - | - | 34 |
| Currency instruments | Cash flow hedge | - | - | - | - | - | 5 |
| Currency instruments | Trading | - | - | 4 | - | - | - |
| Other derivatives | Cash flow hedge | - | - | 5 | - | - | - |
| **NET DERIVATIVE FINANCIAL INSTRUMENTS** | | **126** | **2 395** | **176** | **106** | **2 256** | **104** |

Derivative instruments were measured at December 31, 2020 by applying a credit valuation adjustment (CVA) in accordance with IFRS 13.

The CVA for a given counterparty is determined by calculating the result of: (i) exposure (i.e., the market value of the derivative instruments purchased from the counterparty, if positive), (ii) probability of default, and (iii) loss given default. CVAs at December 31, 2020 were not material.

- Cumulative fair value of financial instruments

Changes in retained earnings related to fair value of financial instruments are detailed in the table below:

| *(in € millions)* | DEC. 31, 2019 | New transactions | Change in fair value | Reclassification to P&L | DEC. 31, 2020 |
|---|---|---|---|---|---|
| Cash flow hedges (after tax) | 29 | 2 | 2 | - | **33** |
| Securities at fair value | 4 | - | - | - | **4** |
| **Total** | **33** | **2** | **2** | **-** | **37** |

# NOTE 7 INCOME TAX – EFFECTIVE TAX RATE

## 7.1 INCOME TAX

Income tax is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

In accordance with IAS 12 – Income Taxes, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax base using the liability method. This method consists of adjusting deferred taxes at each period-end, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The effects of changes in tax rates (and tax laws) are recognized in the income statement for the period in which the change is adopted.

Edenred has decided that the French tax assessed on the value added by the business (CVAE), which is based on the value added reflected in the individual financial statements, had the characteristics of an income tax, as defined in IAS 12. Therefore, income tax expense also includes the expense related to the CVAE. The CVAE amounted to €3 million in 2020 and to €3 million in 2019.

### Income tax expense and benefit

| (in € millions) | **2020** | 2019 |
|---|---|---|
| Current taxes | (96) | (123) |
| Withholding tax | (2) | (6) |
| Provisions for tax risks | - | (1) |
| SUB-TOTAL: CURRENT TAXES | (98) | (130) |
| Deferred taxes arising on temporary differences during the period | (26) | (23) |
| Deferred taxes arising on changes in tax rates or rules | - | - |
| SUB-TOTAL: DEFERRED TAXES | (26) | (23) |
| **TOTAL INCOME TAX EXPENSE** | **(124)** | **(153)** |

## Tax proof

| (in € millions) | 2020 | 2019 |
|---|---|---|
| **Net profit** | **266** | **346** |
| Income tax | (124) | (153) |
| **Profit before tax** | **390** | **499** |
| **Standard tax rate in France** | **32.02%** | **34.43%** |
| **Theoretical income tax expense** | **(125)** | **(172)** |
| Differences in foreign tax rates | 21 | 36 |
| Tax impact of share of net profit from equity-accounted companies | 4 | 5 |
| Adjustments for current taxes in respect of prior years | - | (7) |
| Adjustments for taxes arising on changes in tax rates | - | (2) |
| Movements in impairment of deferred tax assets | (5) | (2) |
| Other items* | (19) | (11) |
| TOTAL ADJUSTMENTS TO THEORETICAL INCOME TAX EXPENSE | 1 | 19 |
| **INCOME TAX EXPENSE** | **(124)** | **(153)** |
| **EFFECTIVE TAX RATE** | **31.8%** | **30.7%** |

* Other items include the impact of permanent differences and items taxed on bases other than the Group entities' taxable profit, primarily through withholding tax, France's CVAE tax and Italy's IRAP tax.

## 7.2 DEFERRED TAXES

Deferred taxes are recognized for all temporary differences, except when the difference arises from the initial recognition of non-deductible goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither accounting profit nor taxable profit.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except when:

- the Group is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognized for ordinary and evergreen tax loss carry forwards only when it is probable that the asset will be recovered in the foreseeable future. The probability of recovery of deferred tax assets is reviewed on a periodic basis for each tax entity. Where appropriate, the review may lead the Group to derecognize deferred tax assets that had been recognized in prior years. The probability of recovery is assessed using a tax plan that indicates the taxable income outlook for the entity, as projected over a period of three years. The assumptions used in the tax plan are consistent with those used in the budgets and medium-term plans prepared by Group entities and approved by executive management.

Deferred taxes are normally recognized in the income statement. However, when the underlying transaction is recognized in equity, the related deferred tax is also recorded in equity. Adjustments to deferred tax assets acquired in a business combination are recognized in profit or loss without a corresponding adjustment to goodwill.

In accordance with IAS 12, deferred taxes are not discounted.

An entity shall simultaneously offset deferred tax assets and deferred tax liabilities if, and only if:

- Edenred has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

## Details of recognized deferred tax assets and liabilities

At December 31, 2020, unrecognized deferred tax assets on tax loss carryforwards amounted to €21 million, including €9 million for the Holding & Other segment (primarily Edenred S.A.), €3 million for Slovakia, €3 million for China and €2 million for India.

At December 31, 2019, unrecognized deferred tax assets on tax loss carryforwards amounted to €20 million, including €11 million for the Holding & Other segment (primarily Edenred S.A.) and €2 million for India.

Deferred tax assets at December 31, 2020 break down as follows by type:

| | DEC. 31, 2019 | Profit and loss | Changes in consolidation scope | Other comprehensive income | Currency translation adjustment | Other* | DEC. 31, 2020 |
|---|---|---|---|---|---|---|---|
| Property, plant and equipment and intangible assets (including PPAs, goodwill and impairment) | (78) | (22) | (1) | - | 19 | 11 | (71) |
| IAS 19 provisions | 6 | (2) | - | - | - | - | 4 |
| Other provisions | 15 | 2 | - | - | (3) | - | 14 |
| Financial instruments | (28) | (2) | - | (1) | 5 | - | (26) |
| Tax loss carryforwards | 31 | 11 | - | - | (2) | - | 40 |
| Other | (26) | (13) | - | - | (2) | - | (41) |
| **TOTAL** | **(80)** | **(26)** | **(1)** | **(1)** | **17** | **11** | **(80)** |
| Of which deferred tax assets | 94 | | | | | | 49 |
| Of which deferred tax liabilities | 174 | | | | | | 129 |

Deferred tax assets on tax loss carryforwards break down as follows by maturity:

| *(in € millions)* | **DEC. 31, 2020** |
|---|---|
| 2020 | 1 |
| 2021 | 4 |
| 2022 | 6 |
| 2023 | 6 |
| 2024 | 8 |
| 2025 and beyond | 40 |
| Indefinite | 183 |
| **TOTAL** | **248** |

# NOTE 8 EQUITY

At December 31, 2020, total equity attributable to owners of the parent amounted to a negative €1,230 million. This negative value is mainly due to the legacy of the financial statements established for Edenred's demerger from the Accor group in July 2010.

In these financial statements, equity represented a negative €1,044 million at December 31, 2010. This was due to the recognition at historical cost of assets contributed or sold to Edenred by Accor through the asset contribution-demerger transaction.

None of the legal restructuring operations, whether consisting of asset contributions or sales by Accor in favor of Edenred, qualify as business combinations under IFRS 3. Whatever the legal method used to create the Edenred Group, the transactions would not have changed Edenred's scope as defined in the consolidated financial statements. Consequently, the contributions were analyzed as an internal restructuring of Edenred without any effect on Edenred's consolidated financial statements, to the extent that all of the contributed entities were already included in the scope of the consolidated financial statements. Similarly, the legal sale transactions between Accor and Edenred did not constitute acquisitions for Edenred, because all of the sold entities were already included in the scope of Edenred's combined financial statements prior to the legal sale transactions. However, in Edenred's financial statements, the sales led to an outflow of cash to the shareholder, Accor, without any benefit being received in return. The cash outflow therefore had to be recognized when it occurred as a distribution of reserves by Edenred, giving rise to a reduction in equity.

## 8.1 EQUITY

### Issued capital

At December 31, 2020, the Company's capital was made up of 246,583,351 shares with a par value of €2 (two euros) each, all fully paid up.

These 246,583,351 shares are ordinary shares with rights to all distributions of interim and final dividends, reserves or equivalent amounts.

## Change in capital in number of shares

| | 2020 | 2019 |
|---|---|---|
| **At January 1** | **243 204 857** | **239 266 350** |
| Capital increase linked to dividend payments | 3 378 494 | 3 938 507 |
| Shares issued on conversion of performance share rights | 780 301 | 894 357 |
| Shares issued on exercise of stock options | 30 150 | 126 850 |
| Share cancellation | (810 451) | (1 021 207) |
| **At December 31** | **246 583 351** | **243 204 857** |

## Treasury shares

Edenred shares held by the Group are recorded as a deduction from consolidated equity at cost. Capital gains/losses on disposal of Edenred shares are recognized directly in equity and do not affect profit for the financial year.

| *(in number of shares)* | 2020 | 2019 |
|---|---|---|
| **Shares at beginning of period** | **1 137 643** | **1 367 212** |
| PURCHASES OF SHARES | | |
| Share buy-back agreements | 686 783 | 1 197 860 |
| Liquidity contracts | (33 032) | 8 648 |
| SALES OF SHARES | | |
| Purchase option exercise, bonus shares and capital allocations | (303 106) | (414 870) |
| Share cancellation | (810 451) | (1 021 207) |
| **SHARES AT END OF PERIOD** | **677 837** | **1 137 643** |

Edenred S.A. shares held by the Company are measured at cost and recorded as a deduction from equity under "Treasury shares".

At December 31, 2020, a total of 677,837 shares were held in treasury.

At December 31, 2019, the number of shares held in treasury stood at 1,137,643.

| ENTITY TO WHICH THE CUSTODY OF THE LIQUIDITY CONTRACT* HAS BEEN ASSIGNED | PERIOD | 2020 | | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | SOLD | | PURCHASED | | SOLD | | PURCHASED | |
| | | NO. | TOTAL *(in € millions)* | NO. | TOTAL *(in € millions)* | NO. | TOTAL *(in € millions)* | NO. | TOTAL *(in € millions)* |
| Exane BNP Paribas | Since Oct. 3, 2016 | | | | | | | | |
| Kepler | Since Jun. 3, 2019 | 2 524 865 | 105 | 2 491 833 | 102 | 605 144 | 26 | 613 792 | 26 |

* In accordance with the code of ethics published by the Association française des marchés financiers (AMAFI) on March 8, 2011 and recognized by the French financial markets authority (Autorité des marchés financiers – AMF) on March 21, 2011.

The funds allocated to the liquidity contract but not invested in Edenred shares represent liquid assets and are classified as cash equivalents and cash equivalents.

## Dividends

### 2020 dividend

At the Edenred General Meeting called to approve the financial statements for the year ended December 31, 2020, shareholders will be asked to approve a dividend of €0.75 per share, representing a €0.05 growth compared to 2019, in line with the Group's progressive dividend policy.

Subject to approval by the General Meeting, this dividend will be granted during the first half of 2021. The dividend was not recognized under liabilities in the financial statements for the year ended December 31, 2020 as these financial statements were presented before appropriation of profit.

## 8.2 EARNINGS PER SHARE

**Basic earnings per share**

Basic earnings per share are calculated by dividing net profit (attributable to owners of the parent) by the weighted average number of shares outstanding during the year (adjusted to exclude shares held in treasury during the year).

**Diluted earnings per share**

Diluted earnings per share are calculated based on the average number of outstanding shares, as adjusted to include the weighted average number of shares that would result from the exercise, during the year, of existing stock options and any other dilutive instruments.

Diluted earnings per share are based on the average number of outstanding shares adjusted to take into account the effect of the potential ordinary shares.

At December 31, 2020, the Company's share capital was made up of 246,583,351 ordinary shares.

At December 31, 2020, the number of shares outstanding and the weighted average number of ordinary shares outstanding broke down as follows:

| *(in shares)* | **2020** | **2019** |
|---|---|---|
| SHARE CAPITAL AT END OF PERIOD | 246 583 351 | 243 204 857 |
| **Number of shares outstanding at beginning of period** | **242 067 214** | **237 898 638** |
| Number of shares issued for dividend payments | 3 378 494 | 3 938 507 |
| Number of shares issued on conversion of performance share plans | 780 301 | 894 357 |
| Number of shares issued on conversion of stock option plans | 30 150 | 126 850 |
| Number of shares canceled | (810 451) | (1 021 207) |
| **Issued shares at period-end excluding treasury shares** | **3 378 494** | **3 938 507** |
| Treasury shares not related to the liquidity contract | 426 774 | 238 717 |
| Treasury shares under the liquidity contract | 33 032 | (8 648) |
| **Treasury shares** | **459 806** | **230 069** |
| NUMBER OF SHARES OUTSTANDING AT END OF PERIOD | 245 905 514 | 242 067 214 |
| Adjustment to calculate weighted average number of issued shares | (1 452 310) | (1 659 119) |
| Adjustment to calculate weighted average number of treasury shares | (115 036) | 358 665 |
| **Total weighted average adjustment** | **(1 567 346)** | **(1 300 454)** |
| **WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES OUTSTANDING DURING THE YEAR** | **244 338 168** | **240 766 760** |

In addition, 1,661,974 performance shares were granted to employees between 2018 and 2020. Conversion of all of these potential shares would increase the number of shares outstanding to 247,567,488.

Based on the above number of potential shares and the average Edenred share price calculated:

- from January 1, 2020 to December 31, 2020 for Plans 10 and 11 (€42.53);
- from March 10, 2020 to December 31, 2020 for Plan 12 (€41.18); and
- from May 6, 2020 to December 31, 2020 for Plan 13 (€42.20);

the diluted weighted average number of shares outstanding at December 31, 2020 was 245 407 846.

| | **2020** | 2019 |
|---|---|---|
| **Net profit attributable to owners of the parent** *(in € millions)* | **238** | **312** |
| Weighted average number of issued shares *(in thousands)* | 245 131 | 241 546 |
| Weighted average number of treasury shares *(in thousands)* | (793) | (779) |
| **Number of shares used to calculate basic earnings per share** *(in thousands)* | **244 338** | **240 767** |
| **BASIC EARNINGS PER SHARE *(in €)*** | **0.97** | **1.30** |
| Number of shares resulting from the exercise of stock options *(in thousands)* | - | 21 |
| Number of shares resulting from performance share grants *(in thousands)* | 1 070 | 1 672 |
| **Number of shares used to calculate diluted earnings per share** *(in thousands)* | **245 408** | **242 460** |
| **DILUTED EARNINGS PER SHARE *(in €)*** | **0.97** | **1.29** |

## 8.3 NON-CONTROLLING INTERESTS

| *(in € millions)* | |
|---|---|
| **DEC. 31, 2018** | **110** |
| Impact of IFRS 16 | - |
| **DEC. 31, 2018 restated (IFRS 16)** | **110** |
| Net profit from non-controlling interests for the year | 34 |
| Dividends paid to non-controlling interests | (25) |
| Changes in consolidation scope | 31 |
| Capital increase | 3 |
| Other | 5 |
| Currency translation adjustment | (12) |
| Fair value adjustments to financial instruments and assets at fair value through other comprehensive income | 4 |
| **DEC. 31, 2019** | **150** |
| Net profit from non-controlling interests for the year | 28 |
| Dividends paid to non-controlling interests | (21) |
| Changes in consolidation scope | (51) |
| Capital increase | 5 |
| Other | |
| Currency translation adjustment | (15) |
| Fair value adjustments to financial instruments and assets at fair value through other comprehensive income | |
| **DEC. 31, 2020** | **96** |

Changes in consolidation scope between 2019 and 2020 primarily concerned the acquisition of the remaining 17% interest in UTA and the acquisition of a 60% interest in EBV (see Note 2 "Acquisitions, development projects and disposals").

# NOTE 9 EMPLOYEE BENEFITS

## 9.1 SHARE-BASED PAYMENTS

### Stock option plans

The fair value of the options is recognized on a straight-line basis over the vesting period for the relevant plan. The cost is included in employee benefit expense, with a corresponding adjustment to equity. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to equity.

IFRS 2 – Share-based Payment applies to the stock option plans set up by the Board of Directors on February 27, 2012. This plan does not have any specific vesting conditions except for the requirement for grantees to continue to be employed by the Group at the end of the vesting period.

The fair value of services received as consideration for the stock options is measured by reference to the fair value of the options at the grant date. The fair value of the options is determined using the Black & Scholes option pricing model. The grant date is defined as the date when the plan's terms and conditions are communicated to Group employees: it corresponds to the date on which the Board of Directors approved the plan.

The last stock option subscription plan expired on February 27, 2020 and was settled in 2020 with the exercise of 30,150 stock options.

### Performance share plans

IFRS 2 – Share-based Payment also applies to the performance share plans set up by the Board of Directors on February 17, 2014, February 20, 2015, December 9, 2015, May 4, 2016, March 8, 2017, February 21, 2018, February 27, 2019, March 10, 2020 and May 6, 2020.

The recognition principles are the same as those applied to stock option plans.

The number of performance shares is reviewed annually based on changes in the probability of the performance objectives being met.

- Main characteristics

Edenred's Board of Directors, at its meetings of February 17, 2014, February 20, 2015, December 9, 2015, May 4, 2016, March 8, 2017, February 21, 2018, February 27, 2019, February 25, 2020 and May 6, 2020, carried out the conditional attribution of performance shares.

The duration of the 2014-to-2015 plans is five years. Performance shares granted to French tax residents are subject to a three-year vesting period followed by a two-year lock-up and shares granted to residents of other countries are subject to a five-year vesting period without any lock-up. During the two-year lock-up, shares cannot be sold. The duration of the 2016-to-2020 plans is three years for all beneficiaries.

Performance shares vest when the performance conditions are fulfilled. However, if the grantee is no longer employed by the Group on the vesting date, depending on the reason for his or her departure the performance share rights may be forfeited or the number of rights may be reduced proportionately to his or her actual period of service since the grant date. The total number of vested shares may not exceed 100% of the initial grant.

Under these three-year plans, the 502,551 shares granted on March 10, 2020 (Plan 12) and the 12,013 shares granted on May 6, 2020 (Plan 13) will vest on March 10, 2023 and May 6, 2023, respectively, provided that several performance conditions are met.

Fulfillment of the performance conditions will be assessed over the period from January 1, 2020 to December 31, 2022, based on the degree to which the following objectives have been met:

(i) two internal performance objectives, which will determine 75% of the total grant and are linked to like-for-like growth in:

- Operational EBIT;
- Funds from operations before other income and expenses (FFO);

(ii) one external (market) performance objective, which will determine 25% of the total grant and is linked to:

- Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index.

Depending on the actual percentage of fulfillment of each of the plan's three performance conditions, the percentage of fulfillment of each performance condition may reach a maximum of 150% and the conditions can offset each other, when one condition is exceeded and another is not met or only partially met. However, the total number of vested shares may not exceed 100% of the initial amount of shares granted.

Performance shares vest subject to the fulfillment of performance conditions and provided that the grantees are still employed by the Group at the end of the vesting period.

The performance objectives are as follows:

| Plan 5 | | Plan 6 | | Plan 7 | |
|---|---|---|---|---|---|
| Plan of February 17, 2014 | | Plan of February 20, 2015 | | Plan of December 9, 2015 | |
| 824,000 shares | | 800,000 shares | | 137,363 shares | |
| **Weight** | **Conditions** | **Weight** | **Conditions** | **Weight** | **Conditions** |
| 80% of the shares granted | Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO) | 80% of the shares granted | Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO) | 75% of the shares granted | Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO) |
| 20% of the shares granted | One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index | 20% of the shares granted | One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index | 25% of the shares granted | One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index |
| The performance objectives were partially met for Plan 5 | | The performance objectives were partially met for Plan 6 | | The performance objectives were partially met for Plan 7 | |

| Plan 9 | | Plan 10 | | Plan 11 | | Plan 12 | | Plan 13 | |
|---|---|---|---|---|---|---|---|---|---|
| Plan of March 8, 2017 | | Plan of February 21, 2018 | | Plan of February 27, 2019 | | Plan of March 10, 2020 | | Plan of May 6, 2020 | |
| 794,985 shares | | 685,706 shares | | 597,220 shares | | 502,551 shares | | 12,013 shares | |
| **Weight** | **Conditions** | **Weight** | **Conditions** | **Weight** | **Conditions** | **Weight** | **Conditions** | **Weight** | **Conditions** |
| 75% of the shares granted | Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO) | 75% of the shares granted | Two internal performance objectives, linked to like-for-like growth in business volume and funds from operations before non-recurring items (FFO) | 75% of the shares granted | Two internal performance objectives, linked to like-for-like growth in operating EBIT and funds from operations before non-recurring items (FFO) | 75% of the shares granted | Two internal performance objectives, linked to like-for-like growth in operating EBIT and funds from operations before non-recurring items (FFO) | 75% of the shares granted | Two internal performance objectives, linked to like-for-like growth in operating EBIT and funds from operations before non-recurring items (FFO) |
| 25% of the shares granted | One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index | 25% of the shares granted | One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index | 25% of the shares granted | One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index | 25% of the shares granted | One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index | 25% of the shares granted | One market performance objective, linked to Edenred's total shareholder return (TSR) compared with the average TSR of the companies in the SBF 120 index |
| The performance objectives were met for Plan 9 | | The performance objectives are still being assessed for Plan 10 | | The performance objectives are still being assessed for Plan 11 | | The performance objectives are still being assessed for Plan 12 | | The performance objectives are still being assessed for Plan 13 | |

## Fair value of performance share plans

The fair value of performance shares corresponds to the share price on the day of the granting, net of the expected dividend payment during the vesting period. Note that for Plans 5, 6 and 7, for French tax residents, the two-year lock-up period led to a valuation of an illiquidity risk based on the interest rate for a loan to an employee, equal to the interest rate applied by a credit institution to a private client with average financial capacities.

The fair value of performance shares is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity.

The current fair value of Plan 12 is €37.79 per share, compared with a share price of €42.05 on March 10, 2020, the grant date. The current fair value of Plan 13 is €33.66 per share, compared with a share price of €37.46 on May 6, 2020, the grant date.

The fair value of performance shares is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity. The total cost recognized in respect of the 2020 plan amounted to €3 million in 2020.

| | 2017 | 2018 | 2019 | **2020 (Plan 12)** | **2020 (Plan 13)** |
|---|---|---|---|---|---|
| Fair value of benefits for French tax residents | 18.38 | 24.26 | 33.54 | 37.79 | 33.66 |
| Fair value of benefits for non-residents | 18.38 | 24.26 | 33.54 | 37.79 | 33.66 |
| Expense recognized* (in € millions) | 12 | 13 | 16 | 14 | |

** With a corresponding adjustment to equity for the duration of the plan.*

## 9.2 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The Group's obligation is determined by the projected unit credit method based on actuarial assumptions related to future salary levels, retirement age, mortality, staff turnover and discount rates. These assumptions take into account the macroeconomic situation and other specific circumstances in each country where the Group operates.

The fair value of the plan assets intended to hedge retirement obligation and other long-term employee benefits is used in order to evaluate the amount of the liability related to them. Pension and other retirement benefit obligations recognized in the balance sheet correspond to the discounted present value of the defined-benefit obligation less the fair value of plan assets. Any surpluses, corresponding to the excess of the fair value of plan assets over the projected benefit obligation, are recognized only when they represent future economic benefits available for the Group, for instance in the form of refunds from the plan or reductions in future contributions to the plan.

The net defined-benefit obligation is recognized in the balance sheet under "Non-current provisions".

For defined-benefit plans, current and past service costs are recognized in operating expenses.

For post-employment benefits, actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognized immediately in equity.

However, actuarial gains and losses related to current employees' long-term benefits, particularly long-service awards and loyalty bonuses, are recognized immediately in net financial expense.

Group employees receive three kinds of benefits:

1) **Short-term benefits**: paid vacation, paid sick leave and profit-shares.

2) **Long-term benefits**: long-service awards, long-term disability benefits, loyalty bonuses and seniority bonuses.

3) **Post-employment benefits:**

a. Defined-contribution plans: Obligations under these plans are funded by periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. Contributions to these plans are recognized immediately as an expense. The external organization is responsible for all benefit payments and the Group has no liability beyond the payment of contributions. Examples of defined-contribution plans include the government-sponsored basic pension and supplementary pension (ARRCO/AGIRC) schemes in France and defined-contribution pension schemes in other countries.

Contributions to these plans are recognized in the period to which they relate.

b. Defined-benefit plans (end-of-career compensation, pension funds): For defined-benefits plans, the Group assesses its obligation in accordance with IAS 19 (revised) – Employee Benefits. These plans are characterized by the employer's obligation toward employees. If they are not entirely pre-funded, a provision must be set aside.

For Edenred, the main post-employment defined-benefit plans concern:

- Defined-benefit pension plans, for which the benefits are calculated as follows:
    - lump-sum payments made to employees on retirement, determined by reference to the employee's years of service and final salary;
    - calculation based on factors defined by the Finance and Human Resources Departments each year;
    - related obligation covered by a provision in the balance sheet.

These plans mainly concern:

- Holding & Other (50.5% of the total projected benefit obligation at end-2020 versus 57.8% at end-2019);
- United Kingdom (23.4% of the total projected benefit obligation at end-2020 versus 19.5% at end-2019, after deducting plan assets);
- France (17.3% of the total projected benefit obligation at end-2020 versus 12.9% at end-2019);
- Belgium (1.6% of the total projected benefit obligation at end-2020 versus 2.4% at end-2019, after deducting plan assets).

- Length-of-service awards in Italy (7.2% of the obligation at end-2020):
    - lump-sum payments made to employees on retirement, resignation or dismissal, determined by reference to the employee's years of service and final salary;
    - related obligation covered by a provision in the balance sheet.

- The Edenred Group's pension obligations are funded under insured plans or by external funds. Plan assets therefore consist mainly in the classes of assets held in insurers' general portfolios managed according to conservative investment strategies.

## Actuarial assumptions

Actuarial valuations are based on a certain number of long-term factors defined by the Group, which are reviewed each year.

| 2020 | France | United Kingdom | Belgium | Italy | Holding & Other |
|---|---|---|---|---|---|
| Rate of future salary increases | 2.8% | N/A | 2.8% | 1.8% | 3% - 4% |
| Discount rate | 0.5% | 1.5% | 0.5% | 0.5% | 0.8% - 1.5% |
| Inflation rate | 1.8% | 3.3% | 1.8% | 1.8% | 1.8% |

| 2019 | France | United Kingdom | Belgium | Italy | Holding & Other |
|---|---|---|---|---|---|
| Rate of future salary increases | 2.8% | N/A | 2.8% | 1.8% | 3%-4% |
| Discount rate | 0.8% | 1.9% | 0.5% | 0.5% | 0.8%-1.5% |
| Inflation rate | 1.8% | 3.6% | 1.8% | 1.8% | 1.8% |

## Funded status of post-employment defined-benefit plans and long-term employee benefits

To improve legibility, Edenred has decided to present only non-zero and/or material aggregates.

### At December 31, 2020

| *(in € millions)* | Defined-benefit pension plans | Other defined benefit plans* | Total |
|---|---|---|---|
| Present value of funded obligation | 26 | - | 26 |
| Fair value of plan assets | (18) | - | (18) |
| **Surplus (deficit)** | **8** | **-** | **8** |
| Present value of unfunded obligation | - | 19 | 19 |
| Unrecognized past service cost | - | - | - |
| Surplus recognized in assets | - | - | - |
| **LIABILITIES RECOGNIZED IN THE BALANCE SHEET** | **8** | **19** | **27** |

** Including length-of-service awards and loyalty bonuses.*

### At December 31, 2019

| *(in € millions)* | Defined-benefit pension plans | Other defined benefit plans* | Total |
|---|---|---|---|
| Present value of funded obligation | 26 | - | 26 |
| Fair value of plan assets | (18) | - | (18) |
| **Surplus (deficit)** | **8** | **-** | **8** |
| Present value of unfunded obligation | - | 23 | 23 |
| **LIABILITIES RECOGNIZED IN THE BALANCE SHEET** | **8** | **23** | **31** |

** Including length-of-service awards and loyalty bonuses.*

# Change in funded status of post-employment defined-benefit plans by region

| | Pension plans | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | France | United Kingdom | Belgium | Italy | Holding & Other* | Rest of the World | Total | Other benefits | **Total 2020** | Total 2019 |
| **Projected benefit obligation at beginning of period** | **4** | **18** | **6** | **2** | **15** | **4** | **49** | **1** | **50** | **45** |
| Service costs | - | - | - | - | 1 | 1 | 2 | - | 2 | 4 |
| Interest costs | - | - | - | - | - | - | - | - | - | 1 |
| Past service costs (plan amendments) | - | - | - | - | - | - | - | - | - | - |
| Plan curtailments/settlements | - | - | - | - | (5) | - | (5) | - | (5) | (8) |
| Benefits paid | - | - | - | (1) | - | - | (1) | - | (1) | (1) |
| Actuarial (gains) losses | - | 1 | - | - | - | - | 1 | - | 1 | 8 |
| Currency translation adjustment | - | (2) | - | - | - | - | (2) | - | (2) | 1 |
| Total other | - | - | - | - | - | - | - | - | - | - |
| **PROJECTED BENEFIT OBLIGATION AT END OF PERIOD** | **4** | **17** | **6** | **1** | **11** | **5** | **44** | **1** | **45** | **50** |

** The impact on actuarial gains and losses is mainly due to experience adjustments resulting from the change in governance.*

| *(in € millions)* | France | United Kingdom | Belgium | Italy | Holding & Other | Rest of the World | Total | Other benefits | **Total 2020** | Total 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fair value of plan assets at beginning of period** | **-** | **12** | **5** | **-** | **-** | **1** | **18** | **-** | **18** | **17** |
| Interest income | - | - | - | - | - | - | - | - | - | 1 |
| Actual return on plan assets | - | - | - | - | - | - | - | - | - | - |
| Employer contributions | - | - | - | - | - | - | - | - | - | - |
| Benefits paid | - | - | - | - | - | - | - | - | - | (1) |
| Currency translation adjustment | - | - | - | - | - | - | - | - | - | 1 |
| **FAIR VALUE OF PLAN ASSETS AT END OF PERIOD** | **-** | **12** | **5** | **-** | **-** | **1** | **18** | **-** | 18 | **18** |

| *(in € millions)* | France | United Kingdom | Belgium | Italy | Holding & Other | Rest of the World | Total | Other benefits | **Total 2020** | Total 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Plan deficit at beginning of period* | 4 | 6 | 1 | 2 | 14 | 3 | 30 | 1 | 31 | 28 |
| Provision at end of period | 5 | 6 | - | 2 | 10 | 3 | 26 | 1 | 27 | 31 |
| **PLAN DEFICIT AT END OF PERIOD** | **5** | **6** | **-** | **2** | **10** | **3** | **26** | **1** | **27** | **31** |

** Including length-of-service awards and loyalty bonuses.*

| *(in € millions)* | **France** | **United Kingdom** | **Belgium** | **Italy** | **Holding & Other** | **Rest of the World** | **Total** | **Other benefits** | **Total 2020** | **Total 2019** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Service costs** | **-** | **-** | **-** | **-** | **1** | **1** | **2** | **-** | **2** | **3** |
| Net interest income | - | - | - | - | - | - | - | - | - | (8) |
| **COST FOR THE PERIOD** | **-** | **-** | **-** | **-** | **1** | **1** | **2** | **-** | **2** | **(5)** |
| **Actuarial gains and losses recognized in equity** | **-** | **1** | **-** | **-** | **-** | **-** | **1** | **-** | **1** | **7** |

## Changes in pension liabilities (including loyalty bonuses) between January 1, 2019 and December 31, 2020

| *(in € millions)* | **Amount** |
|---|---|
| **Liability at January 1, 2019** | **28** |
| Additions for the year | 4 |
| Reversals of unused amounts | (8) |
| Used amounts | (1) |
| Actuarial gains and losses for the period recognized in equity | 7 |
| Effect of changes in consolidation scope | - |
| Currency translation adjustment | 1 |
| **Liability at December 31, 2019** | **31** |
| Additions for the year | 2 |
| Reversals of unused amounts | (6) |
| Used amounts | - |
| Actuarial gains and losses for the period recognized in equity | 1 |
| Effect of changes in consolidation scope | - |
| Currency translation adjustment | (1) |
| **Liability at December 31, 2020** | **27** |

## Actuarial gains and losses arising from changes in assumptions and experience adjustments

| *(in € millions)* | **2020** | 2019 |
|---|---|---|
| Actuarial (gains) and losses – experience adjustments | (2) | 2 |
| Actuarial (gains) and losses – changes in demographical assumptions | - | - |
| Actuarial (gains) and losses – changes in financial assumptions | 3 | 5 |
| **Actuarial (gains) losses** | **1** | **7** |

## Sensitivity analysis

At December 31, 2020, a 0.5 point increase/decrease in the discount rate would lead to a roughly €4 million change in the Group's projected benefit obligation.

# NOTE 10 OTHER PROVISIONS AND OBLIGATIONS

## 10.1 OTHER INCOME AND EXPENSES

To make the consolidated financial statements easier to read, certain specific items of income and expense are reported under "Other income and expenses". This item is used only for income and expenses:

- related to a major event that occurred during the reporting period; and
- whose impact, if it were not presented separately from that of other transactions, would distort the understanding of the Group's underlying performance by users of the financial statements.

Other income and expenses can be analyzed as follows:

| *(in € millions)* | **2020** | 2019 |
|---|---|---|
| Movements in restructuring provisions | (2) | (2) |
| Restructuring and reorganization costs | (10) | (3) |
| **Restructuring expenses** | **(12)** | **(5)** |
| Impairment of property, plant and equipment | (1) | - |
| Impairment of intangible assets | (13) | (14) |
| **Impairment of assets** | **(14)** | **(14)** |
| Capital gains and losses | (4) | (4) |
| Reclassification of currency translation adjustments | 1 | (2) |
| Provisions | 4 | 16 |
| Non-recurring gains (losses) | (16) | (16) |
| **Other** | **(15)** | **(6)** |
| **TOTAL OTHER INCOME AND EXPENSES*** | **(41)** | **(25)** |

* Net cash costs included under this caption amounted to €26 million in 2020 and €33 million in 2019.

Other income and expenses in 2020 were primarily as follows:

- additional impairment of assets, primarily in France for €4 million and Brazil for €4 million;
- reversal of a provision relating to the ICSID dispute with the Hungarian government for €6 million (see Note 10.3 "Claims, litigation and tax risk");
- recognition of a €7 million loss during a platform migration in Mexico and the transfer of the historical balances of client cards;

- goodwill impairment in Brazil for €3 million relating to a non-core asset and in Colombia for €1 million;
- restructuring costs for €12 million;
- expenses related to "MTE" fund initiatives for €5 million.

Other income and expenses in 2019 were primarily as follows:

- €6 million in fees related to acquisitions in 2019;
- additional impairment of €8 million for Colombian, French and Mexican assets;
- goodwill impairment in Brazil for €3 million relating to a non-core asset and in Japan for €3 million;
- restructuring costs for €5 million.

## 10.2 PROVISIONS

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognized when the Group has a present obligation (legal, contractual or implicit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are determined based on the best estimate of the expenditure required to settle the obligation.

Provisions for restructuring costs are recorded when the Group has a detailed formal plan for the restructuring and the plan's main features have been announced to those affected by it.

Provisions for losses due to voucher theft are calculated for reported thefts based on a percentage of the stolen vouchers' aggregate face value corresponding to the Group's best estimate of the proportion of those vouchers that will be cashed in.

Movements in non-current provisions between January 1, 2020 and December 31, 2020 can be analyzed as follows:

| *(in € millions)* | DEC. 31, 2019 | Impact on equity | Additions | Used amounts | Reversals of unused amounts | Currency translation adjustment | Reclassi-fications and changes in scope | DEC. 31, 2020 |
|---|---|---|---|---|---|---|---|---|
| - Provisions for pensions and loyalty bonuses | 31 | 1 | 2 | - | (6) | (1) | - | 27 |
| - Provisions for claims and litigation and other contingencies | 12 | - | 2 | (2) | (2) | (4) | - | 6 |
| **TOTAL NON-CURRENT PROVISIONS** | **43** | **1** | **4** | **(2)** | **(8)** | **(5)** | **-** | **33** |

Movements in current provisions between January 1, 2020 and December 31, 2020 can be analyzed as follows:

| *(in € millions)* | DEC. 31, 2019 | Impact on equity | Additions | Used amounts | Reversals of unused amounts | Currency translation adjustment | Reclassi-fications and changes in scope | DEC. 31, 2020 |
|---|---|---|---|---|---|---|---|---|
| - Restructuring provisions | 3 | - | 8 | (2) | (1) | - | - | 8 |
| - Provisions for claims and litigation and other contingencies | 19 | - | 3 | (5) | (7) | - | (2) | 8 |
| **TOTAL CURRENT PROVISIONS** | **22** | **-** | **11** | **(7)** | **(8)** | **-** | **(2)** | **16** |

Taken individually, all ongoing disputes are immaterial, with the exception of those presented in Note 10.3 "Claims, litigation and tax risk".

Reversals of unused amounts of provisions for claims and litigation mainly comprised the reversal of provision relating to the ICSID dispute with the Hungarian government presented in Note 10.3 "Claims, litigation and tax risk".

## 10.3 CLAIMS, LITIGATION AND TAX RISK

In the normal course of its business, the Group is involved in a certain number of disputes with third parties or with judicial or administrative authorities (including tax authorities).

### Antitrust dispute in France

On October 9, 2015, the French company Octoplus filed a complaint with the French Antitrust Authority against several French companies in the meal voucher sector, including Edenred France. The Antitrust Authority's board met on April 5, 2016 and on July 7, 2016 to hear all the parties concerned as well as the investigation departments. On October 6, 2016, the Antitrust Authority decided to pursue its investigations without passing provisional measures against Edenred France.

On February 27, 2019, the investigation departments provided Edenred France with their final report, which contained two complaints dating from the early 2000s concerning information sharing through the Centrale de Remboursement des Titres (CRT) and the use of the CRT to lock up the meal voucher market. Edenred submitted its observations to the Antitrust Authority on April 29, 2019. On December 17, 2019, the Antitrust Authority announced that it had decided to fine Edenred €157 million on the grounds of the above two complaints. Edenred received an official request from the French tax authorities to pay the fine. In response, Edenred requested a stay of payment until March 31, 2021 with no impact on the fine, by providing a surety in the same amount. The tax authorities have accepted the proposed stay of payment. Edenred believes that the Antitrust Authority has misunderstood the competitive situation in the French meal voucher market and the CRT's role in this market. Edenred has appealed, based on the opinion of its legal advisors, considering that it has strong arguments to challenge the Antitrust Authority's decision. The appeal hearing is scheduled on November 18, 2021. Therefore, the Company has not set aside a related provision.

### Dispute with Kering (formerly PPR, which has been substituted for Fnac in the procedure) and Conforama

Edenred France (to which the rights of Accentiv' Kadéos were transferred) is involved in a dispute with Fnac and Conforama, two members of its gift solution acceptance and distribution network. The litigation concerns the breach by both companies of some of their contractual obligations, particularly the exclusive distribution of the Kadéos® card applicable until December 31, 2011.

In a decision on the merits of the case handed down on March 14, 2016, the Paris Commercial Court ordered Kering and Conforama to pay Edenred France an additional €7 million for damages sustained as well as €100,000 as compensation for the lawsuit brought by Kering and Conforama, which was considered to represent an abuse of process.

In a ruling handed down on December 12, 2018, the Paris Court of Appeal ordered Edenred France to return the above amounts that it had received in penalties and damages. Edenred France opposes the Court of Appeal's ruling and has brought the matter before the Court of Cassation. Proceedings are still ongoing. In the meantime, the penalties and damages totaling €19 million were repaid by Edenred France on January 24, 2019. This amount had been fully provisioned at December 31, 2018.

## Futureo dispute

Edenred France was a 38% minority shareholder of Aqoba S.A., which in turn controlled Aqoba EP, a payment institution licensed by France's banking supervisor, Autorité de Contrôle Prudentiel et de Résolution.

Aqoba S.A. and Aqoba EP were placed in compulsory liquidation in June 2014, notably leading to the termination of Aqoba EP's contract for the supply of payment services to Futureo.

On December 24, 2014, Futureo was also placed in compulsory liquidation. The liquidator brought suit against Edenred France and another shareholder of Aqoba S.A. before the Nanterre Commercial Court, alleging that they were responsible for Futureo's bankruptcy. Futureo's former Chief Executive Officer joined the suit. Together, Futureo's liquidator and the former Chief Executive Officer estimate their losses at around €15.6 million.

The Commercial Court held the first-instance hearing on December 17, 2019 and ruled in favour of the Group on July 24, 2020. As no appeal has been filed further to this ruling, and based on the opinion of its legal advisers, the Company considers that the proceedings are closed. Therefore, the Company has not set aside a related provision.

## Turkish antitrust litigation

In February 2010, the Turkish antitrust authorities conducted an investigation into Edenred Turkey and Sodexo Turkey to examine the behavior of these two entities on their market between 2007 and 2010. In July 2010, this investigation resulted in a decision to close the case without further action. After examining the application of another market participant seeking the annulment of that decision, the High Court of Justice ruled that the antitrust authorities had to conduct a full investigation of six market participants in Turkey, including Edenred, on the basis of their respective behavior on the service voucher market between 2007 and 2010.

On November 15, 2018, the Turkish antitrust authorities imposed a fine of approximately €1 million on Edenred in its capacity as a shareholder of Netser, the subsidiary set up 17 years ago with Sodexo to offer restaurant operators an efficient, low-cost technical electronic payments solution. Edenred paid the fine in the first half of 2019. The Company appealed the decision before the Ankara Administrative Court on May 31, 2019. The appeal was heard on October 22, 2020 and a decision is expected in the first half of 2021.

## ICSID dispute

Following a change in the Hungarian regulatory and tax framework related to the issuance conditions of meal and food vouchers, the Company filed a request for arbitration in August 2013 against the Hungarian government before the International Centre for Settlement of Investment Disputes (ICSID). The hearing was held before the arbitral tribunal in November 2015, and on December 13, 2016, the tribunal sentenced the Hungarian government to pay Edenred approximately €23 million, excluding interest (5% per year starting on January 1, 2012, which represents approximately €6 million). This decision represents an important step in the settlement of the dispute.

As the procedure is now closed, at December 31, 2016, the amount to be received is considered as certain according to IAS 37. As a consequence and pending the enforcement of the arbitral award, an estimate considered as reasonable of income and a related receivable for a net amount of €22 million were recognized in "Non-recurring income and expenses" in the Group's financial statements for the year ended December 31, 2016. This amount was received in March 2017. On April 11, 2017, the Hungarian government filed an application for annulment of the award, claiming that the tribunal had manifestly exceeded its powers and had failed to provide a legal basis for its award. It also filed an application for the revision of the tribunal's decision of June 5, 2018, in reference to a decision handed down by the Court of Justice of the European Union on March 6, 2018 in the Achméa case. The reconstituted tribunal dismissed the Hungarian government's claims, notably in a decision handed down on March 9, 2020. After consulting with its legal advisors, Edenred is satisfied that the procedure is now closed and that no other legal remedies are available to the Hungarian government to challenge the ruling of the arbitral tribunal.

## Edenred S.A. tax audit

In 2018 and 2019, a tax audit was carried out at Edenred S.A., covering the period from 2014 to 2016.

In December 2018, the tax authorities notified the Company of a proposed reassessment of the tax paid in 2014, on the grounds that the brand royalties billed to the Brazilian subsidiaries were understated and were not on arm's length terms.

Notification of the proposed reassessments of tax paid in 2015 and 2016 was received by the Company in July 2019. As originally expected, the tax authorities reduced the 2014 reassessment to align its position with that adopted with regard to 2015 and 2016.

The total tax, late interest and penalties claimed for the three years amount to €17 million. The Company contested the reassessments and filed a claim with the national tax board in early 2019. Following a sitting on January 24, 2020, the tax board issued an opinion against the reassessment. The tax authorities nevertheless notified the Company on July 3, 2020 that they would be maintaining the reassessment.

Based on the opinion of its tax advisers, the Company believes that it has solid arguments in its defense. The Company has not set aside a related provision.

## Tax litigation in Brazil

### Municipal tax – Ticket Serviços

In December 2011, the municipality of São Paulo notified the Brazilian company Ticket Serviços of a reassessment of municipal tax (ISS – *Imposto Sobre Serviços*) for the period from April to December 2006, even though the company had already paid this tax to the municipality of Alphaville.

For this period, the principal amount of the reassessment was 8 million Brazilian reals (€1 million), plus 94 million Brazilian reals (€15 million) in penalties and interest at December 31, 2020.

In November 2012, the municipality notified the company, on the same basis, of the amounts related to the period from January 2007 to March 2009.

For this second period, the principal amount of the reassessment was 28 million Brazilian reals (€6 million), plus 346 million Brazilian reals (€54 million) in penalties and interest at December 31, 2020. The company's motion before the Brazilian courts was denied in the first trial and an appeal was filed.

In addition to the reassessments mentioned above, the company may be required to pay for the government's legal fees and the court fees for a total of 48 million Brazilian reals (€8 million).

The administrative chamber of appeal ruled against the company on September 23, 2014. The company appealed the decision.

On August 11, 2015, the appeal lodged by the company was denied, thereby putting an end to the administrative phase of the dispute.

On November 10, 2015, the company filed a motion with the Court of Justice of the State of São Paulo for cancellation of the reassessments.

Based on the opinion of its tax advisers, the Company believes that the chance of a favorable outcome is very good. Therefore, the Company has not set aside a related provision.

The motion included a request to defer the payment of the disputed amount, which was granted by a decision handed down on November 12, 2015. The tax authorities appealed this decision, but the appeal was denied. The State of São Paulo appealed to the Supreme Court of Justice.

At the Court's request, the company provided a guarantee issued by Swiss Re.

An expert was appointed as part of the proceedings to observe and examine the facts of the case. The expert's opinion was favorable to the company.

On August 13, 2020, the first-instance judicial courts rejected the company's application. On September 24, 2020, the State of São Paulo lodged an appeal against the cap on the interest due. The company intends to file a second-instance appeal by the relevant deadline. Based on the opinion of an expert who has examined the facts, the Company believes that the chance of a favorable outcome is very good. Therefore, the Company has not set aside a related provision.

## Tax allowance for goodwill amortization

In January 2012, the Brazilian federal tax authorities notified Ticket Serviços of a reassessment of corporate income tax and the additional contribution (IRPJ and CSLL) for the fiscal years spanning from 2007 to 2010. The principal amount of the reassessment was 82 million Brazilian reals (€13 million), plus 326 million Brazilian reals (€51 million) in penalties and interest at December 31, 2020.

During 2016, the tax authorities issued two new reassessments, in line with the previous reassessment, for the following periods:

- for 2011, the principal amount of the reassessment was 25 million Brazilian reals (€4 million), plus 94 million Brazilian reals (€15 million) in penalties and interest at December 31, 2020;
- for 2012, the reassessment was 16 million Brazilian reals (€3 million), plus 44 million Brazilian reals (€7 million) in penalties and interest at December 31, 2020.

The tax authorities disallowed the tax deductibility of the goodwill amortization recognized on the buyout of the minority interest in Ticket Serviços. Ticket Serviços initiated proceedings before the administrative courts. The motion was denied by the higher court. The company was officially notified of this decision on August 14, 2015 and filed a request for clarification.

The request was rejected by the administrative courts.

The company has filed a first-instance request before the judicial courts to have the reassessments canceled and an application has also been made for a stay of payment of the contested amount. In 2018, the company posted a bank guarantee in support of its application for a stay of payment in an amount of 352 million Brazilian reals (€58 million), which constitutes an off-balance sheet commitment given by the Group.

On June 21, 2020, the first-instance judicial courts rejected the company's application. The company appealed the decision before the Federal Regional Court on October 19, 2020.

Based on the opinion of its tax advisers, the Company believes that the chance of a favorable outcome is very good. Therefore, the Company has not set aside a related provision.

## Tax litigation in Italy

In 2019, a tax audit was carried out at Edenred Italy, covering the period from 2014 to 2016.

In June 2019, the Italian tax authorities informed the company that the tax audit had been completed. The tax authorities have challenged the brand royalties billed to Edenred Italia by Edenred S.A., as well as the timing of revenue recognition.

In November 2019, the authorities issued a proposed reassessment with the effect of suspending the statute of limitations, contesting the amount of brand royalties billed to Edenred Italia by Edenred S.A. in 2014. As no consensus was reached further to the discussions with the tax authorities in the first half of 2020, Edenred initiated a mutual agreement procedure (MAP) between the Italian and French tax authorities on May 28, 2020 in respect of the reassessment.

Based on the opinion of its tax advisers, the Company believes that it has solid arguments in its defense.

A provision of €1 million has been set aside under current tax liabilities for this matter, corresponding to the Company's estimate of the reassessment risk, which is viewed as limited.

# NOTE 11 ADDITIONAL INFORMATION

## 11.1 ADDITIONAL INFORMATION ABOUT JOINTLY CONTROLLED ENTITIES

Not applicable.

## 11.2 RELATED PARTIES

For the purpose of applying IAS 24, the Group has identified the following related parties:

- all members of the Executive Committee and of the Board of Directors, and the members of their direct families;
- all companies in which a member of the Executive Committee holds material voting rights;

### Companies accounted for by the equity method

Relations between the parent company and its associates are presented on a dedicated line in the consolidated income statement and statement of financial position.

### Members of the Executive Committee

Transactions with members of the Executive Committee are disclosed in full in Note 11.3.

### Members of the Board of Directors

The only compensation paid to the members of the Board of Directors are the attendance fees. The amount of attendance fees paid to the members of the Board of Directors in respect of 2020 totaled €0.6 million. The Chief Executive Officer does not receive any attendance fees; his compensation is disclosed in Note 11.3 "Compensation paid to key management staff".

## 11.3 COMPENSATION PAID TO KEY MANAGEMENT STAFF

| *(in € millions)* | 2020 | 2019 |
|---|---|---|
| Short-term benefits | 14 | 13 |
| Share-based payments | 6 | 7 |
| **TOTAL COMPENSATION** | **20** | **20** |

## 11.4 STATUTORY AUDITORS' FEES

The table below shows the total fees billed by the Statutory Auditors that were recognized in the income statement in respect of the two periods presented:

| | DELOITTE & ASSOCIÉS | | | | ERNST & YOUNG | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount (excl. tax) | | % | | Amount (excl. tax) | | % | |
| *(in € millions)* | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Fees paid to the Statutory Auditors for auditing the financial statements | | | | | | | | |
| - Issuer | (0.4) | (0.4) | 20% | 16% | (0.4) | (0.4) | 20% | 19% |
| - Fully consolidated subsidiaries | (1.4) | (1.4) | 70% | 58% | (1.4) | (1.3) | 70% | 68% |
| **SUB-TOTAL** | **(1.8)** | **(1.8)** | **90%** | **74%** | **(1.8)** | **(1.7)** | **90%** | **87%** |
| Fees paid to the Statutory Auditors for other services* | | | | | | | | |
| - Issuer | - | (0.0) | 0% | 1% | - | (0.0) | 0% | 0% |
| - Fully consolidated subsidiaries | (0.2) | (0.6) | 10% | 25% | (0.2) | (0.3) | 10% | 13% |
| **SUB-TOTAL** | **(0.2)** | **(0.700)** | **10%** | **26%** | **(0.2)** | **(0.300)** | **10%** | **13%** |
| **TOTAL** | **(2.0)** | **(2.5)** | **100%** | **100%** | **(2.0)** | **(2.0)** | **100%** | **100%** |

* In 2020, these fees mainly concerned tax and payroll compliance engagements, as well as buy-side due diligence.

# 11.5 OFF-BALANCE SHEET COMMITMENTS

## Off-balance sheet commitments given

Off-balance sheet commitments amounted to €432 million at December 31, 2020, versus €475 million a year earlier.

At December 31, 2020, off-balance sheet commitments given broke down as follows:

| *(in € millions)* | DEC. 31, 2020 | | | | DEC. 31, 2019 |
|---|---|---|---|---|---|
| | <1 year | >1 year <5 years | >5 years | Total | |
| Voucher sale guarantees given to the public sector | 89 | 26 | 10 | 125 | 112 |
| Guarantees given to the public sector in Mexico | 43 | | | 43 | 71 |
| Bank bonds issued in Brazil | 13 | 2 | 21 | 36 | 45 |
| Bail bond issued within the framework of tax litigation on municipal tax in Brazil (ISS) | | 77 | | 77 | 80 |
| Bail bond issued within the framework of litigation on tax allowances for goodwill amortization | | 56 | | 56 | 78 |
| Capital commitments given to the Partech VI investment fund | 4 | 3 | | 7 | 9 |
| Intermarché bond as part of the contract with LCCC | 30 | | | 30 | 30 |
| **SUB-TOTAL** | **179** | **164** | **31** | **374** | **425** |
| Other* | 15 | 16 | 25 | 56 | 50 |
| **Total off-balance sheet commitments given** | **194** | **180** | **56** | **430** | **475** |

* Mainly comprising rental commitments not included in the scope of IFRS 16 and deposits.

To the best of the Group's knowledge and in accordance with generally accepted accounting principles, no commitments given have been omitted from the above list.

## Off-balance sheet commitments received

Off-balance sheet commitments received from third parties at December 31, 2020 amounted to €2 million. They consisted mainly in guarantees received from clients in Brazil in exchange for post-payment facilities granted by Repom for the same amount.

# NOTE 12 LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2020

In accordance with regulation 2016-09 of French accounting board Autorité des Normes Comptables Françaises, the list of consolidated companies and details of the main investments in non-consolidated companies are provided below for users of the financial statements. All companies controlled by the Group or over which the Group exercises significant influence are included in the scope of consolidation.

| | Country | | 2020 Method | 2020 Interest held (%) | 2019 Method | 2019 Interest held (%) | Change (%) |
|---|---|---|---|---|---|---|---|
| **FRANCE** | | | | | | | |
| Conecs | France | | EQ | 25.00 | EQ | 25.00 | 0.00 |
| Edenred Corporate Payment France | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred France | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Paiement | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Ticket Fleet Pro SAS | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Fuel Card A | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Servicarte | France | | NC | 0.00 | FC | 100.00 | -100.00 |
| La Compagnie des Cartes Carburants | France | | FC | 80.48 | FC | 80.48 | 0.00 |
| Proweb CE | France | | FC | 100.00 | FC | 99.30 | 0.70 |
| PWCE Participations | France | | FC | 100.00 | FC | 99.30 | 0.70 |
| UTA France S.a.r.l | France | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Edenred Fleet & Mobility SAS | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Addworking | France | | NC | 16.78 | NC | 16.78 | 0.00 |
| Lucky Cart SAS | France | | NC | 22.18 | NC | 24.39 | -2.21 |
| Zen Chef | France | | NC | 13.22 | NC | 15.76 | -2.54 |
| Andjaro | France | | NC | 18.10 | NC | 22.73 | -4.63 |
| Activitiz | France | | NC | 9.89 | NC | 9.89 | 0.00 |
| CRCESU | France | | NC | 16.67 | NC | 16.67 | 0.00 |
| Fretlink | France | | NC | 5.50 | NC | 5.50 | 0.00 |
| Fuse | France | | NC | 7.37 | NC | 7.37 | 0.00 |
| OONETIC SAS | France | | NC | 16.42 | N/A | N/A | N/A |
| CRT | France | | NC | 25.00 | NC | 25.00 | 0.00 |
| E-Solutions NC | France | | NC | 30.00 | NC | 30.00 | 0.00 |
| **Europe (excl. France)** | | | | | | | |
| EW Innovation | Albania | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Austria GmbH | Austria | | FC | 100.00 | FC | 100.00 | 0.00 |
| UTA Austria GmbH | Austria | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Edenred Belgium SA | Belgium | | FC | 100.00 | FC | 100.00 | 0.00 |
| Luncheck SA | Belgium | | NC | 0.00 | FC | 99.99 | -99.99 |
| Award Services | Belgium | | NC | 0.00 | FC | 100.00 | -100.00 |
| Merits & Benefits | Belgium | | FC | 100.00 | FC | 100.00 | 0.00 |
| Ekivita | Belgium | | FC | 100.00 | FC | 100.00 | 0.00 |
| PPS EU | Belgium | | FC | 70.45 | FC | 70.45 | 0.00 |
| Edenred Bulgaria AD | Bulgaria | | FC | 50.00 | FC | 50.00 | 0.00 |
| EBV Bulgaria | Bulgaria | New in scope (EBV sub-group) | FC | 60.00 | N/A | N/A | N/A |
| UTA Bulgaria | Bulgaria | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| UTA Czech s.r.o. | Czech Republic | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Edenred CZ s.r.o. | Czech Republic | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Production Center | Czech Republic | | FC | 100.00 | FC | 100.00 | 0.00 |
| Nikosax A/S | Denmark | (EBV sub-group) | FC | 60.00 | FC | 83.00 | -23.00 |
| Timex Card Estonia | Estonia | (UTA sub-group) | FC | 54.00 | FC | 44.82 | 9.18 |
| Edenred Finland | Finland | | FC | 100.00 | FC | 100.00 | 0.00 |
| Ages Maut System Gmbh & Co KG | Germany | (UTA sub-group) | NC | 16.60 | EQ | 13.78 | 2.82 |
| Ages International Gmbh & Co KG | Germany | (UTA sub-group) | NC | 16.60 | EQ | 13.78 | 2.82 |
| Edenred Deutschland Gmbh | Germany | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Incentive & Rewards Gmbh | Germany | | NC | 0.00 | FC | 100.00 | -100.00 |
| Edenred Vouchers Gmbh | Germany | | NC | 0.00 | FC | 100.00 | -100.00 |
| Edenred Tankkarten* | Germany | | FC | 100.00 | FC | 100.00 | 0.00 |
| Union Tank Eckstein Gmbh & Co. KG | Germany | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Itemion GmbH & Co. KG | Germany | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| UTA GmbH | Germany | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Itemion Verwaltungs GmbH | Germany | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Mercedes Service Card GmbH & Co KG | Germany | (UTA sub-group) | EQ | 49.00 | EQ | 40.67 | 8.33 |
| Mercedes Service Card Beteiligungs GmbH | Germany | (UTA sub-group) | EQ | 49.00 | EQ | 40.67 | 8.33 |
| Timex Card | Germany | | FC | 54.00 | FC | 44.82 | 9.18 |
| Omega2 GMBH | Germany | New in scope | FC | 100.00 | N/A | N/A | N/A |
| Vouchers Services | Greece | | FC | 51.00 | FC | 51.00 | 0.00 |
| UTA Magyarország Kft. | Hungary | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Nikosax HU | Hungary | (EBV sub-group) | FC | 60.00 | FC | 83.00 | -23.00 |
| Edenred Magyarország | Hungary | | FC | 100.00 | FC | 100.00 | 0.00 |
| UTA Italia s.r.l. | Italy | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Edenred Italia s.r.l. | Italy | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Italia Financiera S.r.l | Italy | | FC | 100.00 | FC | 100.00 | 0.00 |
| Easy Welfare | Italy | | FC | 100.00 | FC | 100.00 | 0.00 |
| Easy Welfare Broker | Italy | | NC | 0.00 | FC | 100.00 | -100.00 |
| RWA Consulting | Italy | | FC | 100.00 | FC | 100.00 | 0.00 |
| Welfare Innovation | Italy | | NC | 0.00 | NC | 12.50 | -12.50 |
| Timex Card Lithuania | Lithuania | (UTA sub-group) | FC | 54.00 | FC | 44.82 | 9.18 |
| UAB Areja | Lithuania | (EBV sub-group) | FC | 100.00 | FC | 100.00 | 0.00 |
| EBV Lithuania | Lithuania | New in scope (EBV sub-group) | FC | 60.00 | N/A | N/A | N/A |
| Edenred Luxembourg | Luxembourg | | FC | 100.00 | FC | 100.00 | 0.00 |
| Cube RE SA | Luxembourg | | FC | 100.00 | FC | 100.00 | 0.00 |
| Daripod Holding | Luxembourg | | NC | 0.00 | FC | 50.00 | -50.00 |
| Car-Pay-Diem | Luxembourg | | NC | 10.00 | NC | 0.00 | 10.00 |
| Edenred MD S.R.L. | Moldova | | NC | 0.00 | FC | 100.00 | -100.00 |
| UTA Nederland B.V. | Netherlands | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Edenred Nederland | Netherlands | | FC | 100.00 | FC | 100.00 | 0.00 |
| Nikosax PL | Poland | (EBV sub-group) | FC | 60.00 | FC | 83.00 | -23.00 |
| Edenred Polska | Poland | | FC | 100.00 | FC | 99.99 | 0.01 |
| EBV Poland | Poland | New in scope (EBV sub-group) | FC | 60.00 | N/A | N/A | N/A |
| Edenred Portugal Lda | Portugal | | FC | 50.00 | FC | 50.00 | 0.00 |
| One Card | Portugal | | FC | 86.34 | FC | 56.34 | 30.00 |
| UTA Romania Services srl | Romania | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Edenred Romania srl | Romania | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Digital Technology Center | Romania | | FC | 100.00 | FC | 100.00 | 0.00 |
| Benefit Systems SRL | Romania | | FC | 100.00 | FC | 100.00 | 0.00 |
| Benefit Admin | Romania | | NC | 0.00 | FC | 100.00 | -100.00 |
| Benefit Broker De Pensii Private | Romania | | FC | 100.00 | FC | 100.00 | 0.00 |
| EBV Romania | Romania | New in scope (EBV sub-group) | FC | 60.00 | N/A | N/A | N/A |
| Edenred Slovakia s.r.o | Slovakia | | FC | 100.00 | FC | 100.00 | 0.00 |
| UTA Slovakia s.r.o | Slovakia | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Ticket Service s.r.o. | Slovakia | | FC | 100.00 | FC | 100.00 | 0.00 |
| UTA España | Spain | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Nikosax España | Spain | (EBV sub-group) | FC | 60.00 | FC | 83.00 | -23.00 |
| Edenred España SA | Spain | | FC | 100.00 | FC | 100.00 | 0.00 |
| Izi Card SL | Spain | | NC | 39.68 | NC | 39.68 | 0.00 |
| EBV Spain | Spain | New in scope (EBV sub-group) | FC | 60.00 | N/A | N/A | #VALUE! |
| Edenred Sweden AB | Sweden | | FC | 100.00 | FC | 100.00 | 0.00 |
| Delicard Group AB | Sweden | | FC | 100.00 | FC | 100.00 | 0.00 |
| UTA Tank AG | Switzerland | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Avrios International | Switzerland | | NC | 6.41 | NC | 6.41 | 0.00 |
| Timex Card Ukraine | Ukraine | (UTA sub-group) | FC | 54.00 | FC | 44.82 | 9.18 |
| UTA Freight UK Ltd | United Kingdom | (UTA sub-group) | FC | 100.00 | FC | 83.00 | 17.00 |
| Edenred UK Group Ltd | United Kingdom | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Incentives & Motivation Limited | United Kingdom | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Travel Limited | United Kingdom | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Employee Benefits Limited | United Kingdom | | FC | 100.00 | FC | 100.00 | 0.00 |
| Prepay Technologies Ltd | United Kingdom | | FC | 70.45 | FC | 70.45 | 0.00 |
| Edenred Coporate Payment UK | United Kingdom | | FC | 100.00 | FC | 100.00 | 0.00 |
| The Right Fuel Card Group | United Kingdom | | FC | 80.00 | FC | 80.00 | 0.00 |
| Diesel 24 | United Kingdom | | FC | 80.00 | FC | 80.00 | 0.00 |
| JayTeeEnergy | United Kingdom | | FC | 80.00 | FC | 80.00 | 0.00 |
| Be Fuelcards | United Kingdom | | FC | 80.00 | FC | 80.00 | 0.00 |
| ChildCare Vouchers | United Kingdom | | FC | 100.00 | FC | 100.00 | 0.00 |
| Launchpad | United Kingdom | | NC | 13.16 | NC | 13.23 | -0.07 |
| Globalvcard Paysystems UK | United Kingdom | | FC | 100.00 | FC | 100.00 | 0.00 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Latin America** | | | | | | | |
| Edenred Argentina | Argentina | | FC | 100.00 | FC | 100.00 | 0.00 |
| Soporte Servicios* | Argentina | | FC | 100.00 | FC | 100.00 | 0.00 |
| Ticket Serviços Brésil | Brazil | | FC | 89.00 | FC | 89.00 | 0.00 |
| Ticketseg - Corretora de seguros S.A. | Brazil | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Brasil Participações* | Brazil | | FC | 100.00 | FC | 100.00 | 0.00 |
| Accentiv' Serviços Tecnologica Da informaçao S/A | Brazil | | FC | 65.00 | FC | 65.00 | 0.00 |
| Ticket Soluções HDFGT S.A | Brazil | | FC | 65.00 | FC | 63.00 | 2.00 |
| B2B Comercio Electronico de Paces | Brazil | | FC | 50.00 | FC | 42.65 | 7.35 |
| Repom SA | Brazil | | FC | 65.00 | FC | 63.00 | 2.00 |
| Topazio Cartoes | Brazil | | FC | 50.00 | FC | 48.46 | 1.54 |
| Ticket Freto | Brazil | | FC | 65.00 | FC | 63.00 | 2.00 |
| Edenred Holding Financeira | Brazil | | NC | 0.00 | FC | 100.00 | -100.00 |
| Levo Log | Brazil | | FC | 65.00 | FC | 63.00 | 2.00 |
| Cooper Cards | Brazil | New in scope | FC | 100.00 | N/A | N/A | N/A |
| Edenred Serviços Empresariais | Brazil | | FC | 100.00 | FC | 100 | 0 |
| Good Card | Brazil | | EQ | 35.00 | EQ | 35.00 | 0.00 |
| Edenred Chile | Chile | | FC | 74.35 | FC | 74.35 | 0.00 |
| Servicios Empresariales de Colombia SA | Colombia | | FC | 100.00 | FC | 100.00 | 0.00 |
| Big Pass S.A. | Colombia | | FC | 100.00 | FC | 100.00 | 0.00 |
| Nectar Holdings | Costa Rica | | EQ | 30.00 | EQ | 30.00 | 0.00 |
| Servicios Y Soluciones Empresariales Ticket Edenred S.A. de C.V. | Mexico | | FC | 100.00 | FC | 100.00 | 0.00 |
| Operadora de Programas de Abasto Multiple SA de CV | Mexico | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Mexico | Mexico | | FC | 100.00 | FC | 100.00 | 0.00 |
| Sinergel S.A. de C.V. | Mexico | | FC | 100.00 | FC | 100.00 | 0.00 |
| Vales y Monederos Electronicos Puntoclave | Mexico | | FC | 100.00 | FC | 100.00 | 0.00 |
| Merchant Services de Mexico S.A. de C.V. | Mexico | | FC | 100.00 | FC | 100.00 | 0.00 |
| Servicios Edenred | Mexico | | FC | 100.00 | FC | 100.00 | 0.00 |
| SEDESA | Mexico | | NC | 0.00 | EQ | 20.00 | -20.00 |
| Fintech Mexico | Mexico | New in scope | FC | 100.00 | N/A | N/A | N/A |
| Global Rewards Mexico | Mexico | | FC | 100.00 | FC | 100.00 | 0.00 |
| Nectar Technologies Mexico | Mexico | New in scope | FC | 75.00 | N/A | N/A | N/A |
| Nectar Technology | Nicaragua | | FC | 75.00 | FC | 51.00 | 24.00 |
| Edenred Panama | Panama | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Peru | Peru | | FC | 67.00 | FC | 67.00 | 0.00 |
| Efectibono | Peru | | FC | 67.00 | FC | 67.00 | 0.00 |
| Westwell Group* | Uruguay | | FC | 100.00 | FC | 100.00 | 0.00 |
| Luncheon Tickets | Uruguay | | FC | 100.00 | FC | 100.00 | 0.00 |
| Promote S.A. | Uruguay | | FC | 100.00 | FC | 100.00 | 0.00 |
| Cestaticket Services C.A. | Venezuela | | FC | 57.00 | FC | 57.00 | 0.00 |
| Inversiones Quattro Venezuela | Venezuela | | FC | 100.00 | FC | 100.00 | 0.00 |
| Inversiones Cinq Venezuela | Venezuela | | FC | 100.00 | FC | 100.00 | 0.00 |
| Inversiones Huit Venezuela | Venezuela | | FC | 100.00 | FC | 100.00 | 0.00 |
| Inversiones Neuf Venezuela | Venezuela | | FC | 100.00 | FC | 100.00 | 0.00 |
| Inversiones Dix Venezuela | Venezuela | | FC | 100.00 | FC | 100.00 | 0.00 |
| Inversiones Onze 2040 | Venezuela | | FC | 100.00 | FC | 100.00 | 0.00 |
| Inversiones Douze Venezuela | Venezuela | | FC | 100.00 | FC | 100.00 | 0.00 |
| Inversiones Quatorze | Venezuela | | FC | 100.00 | FC | 100.00 | 0.00 |
| Inversiones Quinze 1090 | Venezuela | | FC | 100.00 | FC | 100.00 | 0.00 |
| Inversiones Seize 30 | Venezuela | | FC | 100.00 | FC | 100.00 | 0.00 |
| **Rest of the World** | | | | | | | |
| Globalvcard Canada | Canada | | FC | 100.00 | FC | 100.00 | 0.00 |
| Beijing Surfgold Technology Ltd | China | | FC | 100.00 | FC | 100.00 | 0.00 |
| Accentiv' Shangai Company | China | | FC | 100.00 | FC | 100.00 | 0.00 |
| Smart Fleet Maintenance Technology | China | | EQ | 49.00 | EQ | 49.00 | 0.00 |
| Edenred Hong-Kong | Hong Kong | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred India PVT ltd | India | | FC | 100.00 | FC | 100.00 | 0.00 |
| Surfgold.com India PVT ltd | India | | FC | 100.00 | FC | 100.00 | 0.00 |
| SRI Ganesh Hospitality Services Private Ltd* | India | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Japan | Japan | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred SAL | Lebanon | | NC | 0.00 | FC | 80.00 | -80.00 |
| Cardtrend Systems Sdn Bhd | Malaysia | | NC | 0.00 | IG | 100.00 | -100.00 |
| Edenred Maroc SAS | Morocco | | FC | 83.67 | FC | 83.67 | 0.00 |
| Edenred PTE Limited | Singapore | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Fleet & Mobility Singapore (*) | Singapore | | FC | 100.00 | FC | 100.00 | 0.00 |
| Global Rewards Singapore PTE Ltd | Singapore | | FC | 100.00 | FC | 100.00 | 0.00 |
| Smart Fleet Management Technology | Singapore | | EQ | 49.00 | EQ | 49.00 | 0.00 |
| Edenred PTE Ltd. Taiwan Branch | Taiwan | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Kurumsal Cozumler | Turkey | | FC | 100.00 | FC | 100.00 | 0.00 |
| Accentiv Hediye Ve Danismanlik Hizmetleri | Turkey | | FC | 100.00 | FC | 100.00 | 0.00 |
| Network Servisleri | Turkey | | NC | 0.00 | FC | 50.00 | -50.00 |
| Edenred Ödeme Hizmetleri | Turkey | | FC | 100.00 | FC | 100.00 | 0.00 |
| TR Tunisie | Tunisia | | NC | 99.97 | NC | 99.97 | 0.00 |
| C3 Card International Limited | United Arab Emirates | | FC | 100.00 | FC | 100.00 | 0.00 |
| C3 Card DTMFZ | United Arab Emirates | | FC | 100.00 | FC | 100.00 | 0.00 |
| C3 Edenred LLC | United Arab Emirates | | FC | 49.00 | FC | 49.00 | 0.00 |
| Edenred North America inc | United States | | FC | 100.00 | FC | 100.00 | 0.00 |
| Edenred Commuter Benefits Solution | United States | | FC | 100.00 | FC | 100.00 | 0.00 |
| NutriSavings LLC | United States | | NC | 0.00 | FC | 100.00 | -100.00 |
| Global Rewards North America | United States | | FC | 100.00 | FC | 100.00 | 0.00 |
| CSI Enterprises Inc | United States | | FC | 100.00 | FC | 100.00 | 0.00 |
| Globalvcard LLC | United States | | FC | 100.00 | FC | 100.00 | 0.00 |
| Beamery Inc | United States | | NC | 7.34 | NC | 7.13 | 0.21 |
| Beekeeper Holding Inc | United States | | NC | 4.84 | NC | 3.98 | 0.86 |
| Dexx Technologies Inc | United States | | NC | 9.82 | NC | 9.82 | 0.00 |
| Globalvcard Spend Secure LLC | United States | | NC | 0.00 | FC | 100.00 | -100.00 |
| **Holding & Other** | | | | | | | |
| ASM* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Gaméo* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Landray* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Saminvest* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| GABC* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Veninvest Quattro* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Veninvest Cinq* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Veninvest Huit* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Veninvest Neuf* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Veninvest Onze* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Veninvest Douze* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Veninvest Quatorze* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Veninvest Quinze* | France | | FC | 100.00 | FC | 100.00 | 0.00 |
| Veninvest Seize* | France | | FC | 100.00 | FC | 100.00 | 0.00 |

*FC: full consolidation method*

*EQ: equity method*

*NC: non-consolidated*

** Holding company*

# NOTE 13 UPDATE ON ACCOUNTING STANDARDS

## 13.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following standards, amendments and interpretations adopted by the European Union with mandatory application on January 1, 2020 came into effect on that date:

| Standard | Name | Summary | Potential impact on Edenred's financial statements |
|---|---|---|---|
| **Amendment to IFRS 16** | Rent Concessions | The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. | No material impact |
| **Amendment to IFRS 3R** | Definition of a Business | The amendments provide supplementary guidance to help companies determine whether an acquisition made is of a business or a group of assets when applying IFRS 3. Distinguishing between a business and a group of assets is important because an acquirer recognizes goodwill only when acquiring a business. | No material impact |
| **Amendments to IFRS 9, IFRS 7 and IAS 39** | Interest Rate Benchmark Reform | These amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the IBOR reform. They modify some specific hedge accounting requirements. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. | No material impact |
| **Amendments to IAS 1 and IAS 8** | Definition of Material | Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. | No material impact |
| **Amendments to References to the Conceptual Framework in IFRS Standards** | Amendments to References to the Conceptual Framework in IFRS Standards | IFRS 2 – Share-based Payment, IFRS 3 – Business Combinations, IFRS 6 – Exploration for and Evaluation of Mineral Resources, IAS 1 – Presentation of Financial Statements, IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, IAS 34 – Interim Financial Reporting, IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, IAS 38 – Intangible Assets, IFRIC 12 – Service Concession Arrangements, IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments, IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine, IFRIC 22 – Foreign Currency Transactions and Advance Consideration, and SIC-32 – Intangible Assets – Web Site Costs. | No material impact |

The application of these standards, amendments and interpretations had no material impact on the periods presented.

## 13.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS OPTIONAL FOR REPORTING PERIODS BEGINNING ON OR AFTER JANUARY 1, 2020

Standards, amendments and interpretations published by the IASB but not yet adopted by the European Union:

The following standards and amendments published by the IASB have not yet been adopted by the European Union:

- IFRS 17 – Insurance Contracts;
- Amendments to IFRS 17;
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3 – Reference to the Conceptual Framework;
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use;
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 (Phase 2); and
- Amendments to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9.

The Group chose not to early adopt these standards, amendments and interpretations at January 1, 2020.

# NOTE 14 GLOSSARY

## 14.1 BUSINESS VOLUME

Business volume comprises total issue volume of Employee Benefits, Incentive & Rewards solutions, Public Social Programs and Corporate Payment Services, plus the transaction volume of Fleet & Mobility Solutions and other solutions.

## 14.2 OPERATING REVENUE

Operating revenue corresponds to revenue from (i) the voucher business managed by Edenred and (ii) value-added services such as incentive programs, human services and event-related services. It corresponds to the amount billed to the corporate client and is recognized on delivery of the solutions.

## 14.3 OTHER REVENUE

Other revenue is the interest generated by investing cash over the period between:

- the issuance date and the reimbursement date for prepaid vouchers; and
- the loading date and the redeeming date for prepaid cards.

Other revenue represents income from operations and is combined with operating revenue to determine total revenue.

## 14.4 EBITDA

This aggregate corresponds to total revenue (operating revenue and other revenue) less operating expenses (excluding depreciation, amortization and provisions).

## 14.5 OPERATING EBIT

This aggregate corresponds to EBIT less other revenue.

## 14.6 EBIT

This aggregate is the "Operating profit before other income and expenses", which corresponds to total revenue (operating revenue and other revenue) less operating expenses, depreciation, amortization (mainly intangible assets, internally generated or acquired assets) and non-operating provisions. It is used as the benchmark for determining compensation at the Group level, especially for executives, as it reflects the economic performance of the business.

EBIT excludes the net profit from equity-accounted companies and excludes the other income and expenses recognized in "Operating profit including share of net profit from equity-accounted companies".

## 14.7 CONSOLIDATED STATEMENTS OF CASH FLOWS

The consolidated statement of cash flows is presented on the same basis as the management reporting schedules used internally to manage the business. It shows cash flows from operating, investing and financing activities.

Cash flows from operating activities include:

- funds from operations before other income and expenses (FFO);
- cash received and paid in relation to other income and expenses;
- changes in working capital;
- changes in restricted cash.

Cash flows from investing activities include:

- recurring expenditure to maintain in a good state of repair or to replace operating assets held at January 1 of each year and required for normal operations;
- development expenditure, including the fixed assets and working capital of newly consolidated subsidiaries and additions to fixed assets of existing subsidiaries;
- proceeds from disposals of assets.

Cash flows from financing activities include:

- changes in equity;
- changes in debt and borrowings;
- dividend payments;
- purchases/sales of treasury shares;
- acquisition of non-controlling interests.

## 14.8 LIKE-FOR-LIKE GROWTH

Like-for-like growth corresponds to organic growth, that is, at constant scope of consolidation and exchange rates. This indicator reflects the Group's business performance.

Changes in activity (like-for-like or organic growth) represent changes in amounts between the current period and the comparative period, adjusted for currency effects and for the impact of acquisitions and/or disposals. Like-for-like data temporarily excludes Venezuela, due to the country's high level of inflation.

The impact of acquisitions is eliminated from the amount reported for the current period and changes in activity are calculated in relation to this adjusted amount for the current period.

The impact of disposals is eliminated from the amount reported for the comparative period and changes in activity are calculated in relation to this adjusted amount for the comparative period.

The changes in activity thus calculated are translated at the exchange rate applicable in the comparative period and divided by the adjusted amount for the comparative period.