

FINANCIAL AND OPERATIONAL GLOSSARY

ACCEPTANCE NETWORK

Network of affiliated merchants that accepts the Group's vouchers as a payment instrument.

There are three types of acceptance networks for the Group's card-based products:

- **closed loop:** the card is issued by an affiliated merchant under its own brand (e.g. Carrefour, Walmart, Starbucks) and is only accepted in its outlets;
- **filtered loop:** the card is issued only under the issuer's brand and is redeemable in a certain number of sales outlets, selected by the issuer who designed the preloaded service (meal card, food card, fuel card, gift card, etc.); and
- **open loop:** solutions (e.g. gift cards, prepaid cards and payroll cards) that are cobranded by the acceptance network and the issuer. They are accepted anywhere.

AFFILIATED MERCHANT COMMISSION

Commissions paid by Edenred affiliated merchants are based on the vouchers' face value. When the vouchers are presented for reimbursement, Edenred pays to the merchant the face value less the amount of its commission.

AFFILIATED MERCHANTS

Businesses that accept the Group's vouchers as a payment instrument, as part of a contractual relationship.

BENEFICIARIES

End users of the preloaded benefit or service, who receive the vouchers from their employer or a public institution.

COMPANY AND PUBLIC INSTITUTION COMMISSION

Commission billed to Edenred's clients (companies, non-profits and public institutions), comprising a variable component calculated as a percentage of issue volume and activity.

DIGITAL TRANSITION

The transition from paper to digital (cards, Internet, smartphone apps, etc.).

EBIT

EBIT corresponds to total revenue (operating and financial) less operating expenses, depreciation, amortization and provisions, and includes:

- operating EBIT; and
- financial EBIT.

EBIT is presented in Note 4.5 to the consolidated financial statement on page 183.

Operating EBIT excludes financial revenue.

Financial EBIT corresponds to financial revenue.

FACE VALUE

Amount marked on the payment voucher, or the credit on a digital solution.

FLOAT

The float corresponds to the working capital requirement, or service vouchers in circulation less receivables from client companies.

FREE CASH FLOW

Free cash flow is presented in Section 2.1.1.4 on page 44.

FUNDS FROM OPERATIONS BEFORE NON-RECURRING ITEMS (FFO)

Funds from operations before non-recurring items (FFO) corresponds to EBITDA less net financial expense, income tax paid, non-cash revenue and expenses included in EBITDA, provision movements included in net financial expense, income tax expense and non-recurring taxes. This management ratio is discussed in Section 2.1.1.5 on page 45.

ISSUE VOLUME

Total face value of the preloaded employee benefit services issued by Edenred to its corporate and public sector clients.

LIKE-FOR-LIKE

At constant exchange rates and scope of consolidation.

PENETRATION RATE

The ratio between the number of beneficiaries of a service voucher and the eligible active population, which depends on the applicable regulations in the country concerned.

RECURRING PROFIT AFTER TAX

Recurring profit after tax corresponds to net profit less non-recurring items (including tax), less minority interests.

REVENUE

Total Group revenue includes:

- operating revenue generated directly by services with and without issue volume; and
- financial revenue, generated by investing the float.

Operating revenue with issue volume includes:

- commissions paid by clients;
- commissions paid by affiliated merchants when vouchers are presented for reimbursement; and
- profits on vouchers that are lost or expire without being reimbursed.

Operating revenue without issue volume corresponds to revenue generated by value added businesses such as incentive programs, human services, and event-related services. The corresponding revenue is the amount billed to the client, and is recognized on delivery of the solutions.

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

- the voucher's issue date and reimbursement date for prepaid vouchers; and
- the top-up date and the date the credit is used for prepaid cards.

TAKE-UP RATE

Ratio of operating revenue to issue volume and total issue volume.

WORKING CAPITAL REQUIREMENT

The net balance of operating uses of funds and operating sources of funds. It is presented in Note 4.6 of the consolidated financial statements on page 184. It is structurally negative for prepaid solutions, as Edenred receives funds from client companies before having to reimburse its affiliated merchants.