

# Financial and operational glossary

## ACCEPTANCE NETWORK

The network of partner merchants that accepts the Group's solutions as payment instruments.

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

- **closed loop:** the card is issued by a partner merchant under its own brand (e.g., Carrefour, Walmart or 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.

## 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.

## 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 business volume.

## EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT corresponds to operating profit before other income and expenses, and includes:

- operating EBIT corresponds to EBIT before other revenue;
- other revenue (formerly financial revenue).

EBIT is presented in Note 14.3 to the consolidated financial, page 249.

## EBITDA

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

## EMPLOYEE USER

The person who uses the benefit or service received from his or her employer or from a public institution.

## FACE VALUE

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

## FLOAT

A portion of the operating working capital requirement corresponding to the preloading of funds by corporate clients.

## FREE CASH FLOW

Free cash flow is presented in section 2.3.1.4, page 71.

## FUNDS FROM OPERATIONS BEFORE OTHER INCOME AND EXPENSES (FFO)

Funds from operations before other income and expenses (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 2.3.1.4, page 71.

See also the consolidated statement of cash flows in section 4, part 1.4.

## GROUP REVENUE

**Total Group revenue** includes:

- operating revenue generated directly by services; and
- other revenue (formerly financial revenue), generated by investing the float.

**Operating revenue** includes:

- commissions paid by clients
- commissions paid by partner merchants when the benefits or services used at the merchant are reimbursed;
- income generated by employee users;
- profits on vouchers that are lost or expire without being reimbursed; and
- operating revenue from value-added services 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.

**Other revenue** is the 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.

## ISSUE VOLUME

Total face value of the funds preloaded on all of the payment solutions issued by Edenred to its corporate and public sector clients.

## LIKE-FOR-LIKE

At constant exchange rates and scope of consolidation. See definition for "Organic growth".

## OPERATING EBIT

This aggregate corresponds to EBIT adjusted for other revenue.

## ORGANIC GROWTH

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

Organic (or like-for-like) growth in revenue represents the difference between the amount for the current period and the amount for the comparative period, before the currency effect and the impact of acquisitions and/or disposals.

The impact of acquisitions is eliminated from the amount reported for the current period. The impact of disposals is eliminated from the amount reported for the comparative period. The sum of these two amounts is known as the impact of changes in the scope of consolidation or the scope effect.

The calculation of changes in activity is translated at the exchange rate applicable in the comparative period and divided by the adjusted amount for the comparative period.

The currency effect is the difference between the amount for the reported period translated at the exchange rate for the reported period and the amount for the reported period translated at the exchange rate applicable in the comparative period.

## OTHER INCOME AND EXPENSES

See Note 10.1 to the consolidated financial statements, page 235.

## PARTNER MERCHANT

A business or merchant that accepts the issuer's transactional solutions as payment. The partnership is based on a contractual relationship between the issuer and the merchant.

## PARTNER MERCHANT COMMISSION

Commissions paid by Edenred partner merchants are generally 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.

## PENETRATION RATE

The ratio between the number of employee users of a transactional solution and the eligible working population, as defined by local legislation in Employee Benefits.

## TAKE-UP RATE

The ratio of operating revenue generated by issue volume to total issue volume, in the Employee Benefits business.

## TRANSACTION VOLUME

Transaction volume represents the total value of the transactions paid for with payment instruments, at the time of the transaction.

## WORKING CAPITAL REQUIREMENT

The net balance of operating uses of funds and operating sources of funds. It is presented in Note 4.5 to the consolidated financial statements on page 175. It is structurally negative for prepaid solutions, as Edenred receives funds from corporate clients before having to reimburse its partner merchants. Certain non-prepaid solutions also generate a negative working capital requirement.

## TAKE-UP RATE

The ratio of operating revenue generated by issue volume to total issue volume, in the Employee Benefits business.