



Edenred accelerates the extension of its Employee Benefits solutions in the Employee Engagement arena by acquiring leading platform Reward Gateway

Edenred, a leading digital platform for services and payments and worldwide leader in Employee Benefits, announces the acquisition of 100% of the share capital of Reward Gateway, a leading Employee Engagement platform with strong positions in the UK and in Australia, and also present in the United States. Reward Gateway offers a unified suite of solutions ranging from employee savings, rewards & recognition to well-being and corporate social animation, empowering Human Resources departments to build the right combination of engagement tools.

Reward Gateway is a fast-growing company that has successfully built a strong, highly profitable and sustainable business model. This acquisition, amounting to £1.15bn¹ and valuing Reward Gateway at 20x EV/EBITDA 23e², marks a major milestone in Edenred's Beyond²²⁻²⁵ strategic plan. By consolidating Reward Gateway's strong leading positions and extending its geographical scope in selected key countries, Edenred will accelerate the strengthening of its Employee Benefits value proposition in line with its mission to be the most trusted global Employee Benefits & Engagement platform.

Bertrand Dumazy, Chairman and CEO at Edenred, said: *"We are pleased to announce the acquisition of Reward Gateway and are looking forward to welcoming their teams in the Edenred world. By integrating this leading employee engagement platform, we are substantially extending our employee benefits offer to provide HR managers with a comprehensive range of solutions helping them make their organization more attractive to talents. While Reward Gateway is bringing us leading positions in the UK and in Australia, as well as a promising presence in the US market, we will be looking at scaling Reward Gateway outside of its current footprint in selected key countries. With a business model based on an efficient and fully scalable SaaS³ platform, Reward Gateway has been consistently delivering strong double-digit growth and high margins. The combination of our people, our solutions, our customer bases and our technologies offers high potential for synergies. This acquisition is a unique opportunity for Edenred to accelerate on the implementation of its Beyond strategy. A decisive move matching our mission to be the most trusted global employee benefits and engagement platform."*

Nick Burns, CEO at Reward Gateway, said: *"We are extremely proud to join Edenred. The combination of Reward Gateway's operations and technology with Edenred's position as a global market leader across 1 million corporate clients in 45 countries, offers an accelerated path to achieve our mission of 'making the world a better place to work'. As we will aim at a single unified platform, we will benefit from economies of scale to build tailored solutions for specific markets. Bringing together our collective strengths, from commercial reach to product innovation and advanced technology, will be putting us in a position to provide HR leaders with a truly market-beating solution."*

¹ Enterprise value

² Post run-rate integration synergies

³ Software as a Service

Reward Gateway, a highly performing business

Founded in 2006 in the UK, Reward Gateway is a leading SaaS Employee Engagement platform provider. With more than 4,000 customers and 8 million employees using its solutions in the UK, in Australia and in the US, Reward Gateway is the go-to partner for HR leaders to build better, stronger and more resilient organizations, to make the world a better place to work. Encompassing various engagement tools, from market-leading employee savings, reward and recognition, communications, surveys and well-being solutions, Reward Gateway's offer provides HR managers with full flexibility to engage, motivate and retain their employees.

Through a holistic and modular platform, Reward Gateway helps create a best-in-class streamlined employee experience fully customized for each organization. Thanks to open API integrations with more than 40 HRIS⁴, payroll, collaborative tools, benefits and third-party software providers, Reward Gateway offers to employers an automated experience.

Reward Gateway has enjoyed continued double-digit revenue growth and consistently high profitability over the recent years. It forecasts to generate £95m revenue and £45m EBITDA in FY2023.

Enriching Edenred value proposition in the fast-growing Employee Engagement market

Through the acquisition of Reward Gateway, Edenred accesses an already sizeable market with great penetration potential and opportunity to expand further. In the UK and Australia, where Reward Gateway is the market leader, the employee engagement markets, which represent a combined value of £1.9bn in revenue, is still vastly underpenetrated and expected to grow by more than 10% per annum⁵. The US market alone, where Reward Gateway has started building a position, is worth £4.5bn in revenue.

Structural trends that have emerged in a post-pandemic context, such as an acceleration in remote working and the war for talent, have put greater emphasis on employee engagement, leading HR leaders to leverage benefits and engagement solutions as differentiating factors. On top of that, growing considerations on purchasing power have considerably accelerated the focus on Employee Savings solutions.

A strategic acquisition fostering Edenred's mission to be the everyday platform for people at work

Edenred has successfully extended its portfolio into non-Meal & Food benefits over the years. The Group has notably developed a leading offer in Employee Benefits & Savings platforms in 17 countries, reinforced by the recently announced acquisition of GOintegro in Latin America.

The acquisition of Reward Gateway marks a major milestone in the roll-out of the Beyond²²⁻²⁵ strategic plan putting Edenred in the best position to be the most trusted global Employee Benefits & Engagement platform. By widening its Employee Savings offer, integrating new services such as well-being, and expanding its value proposition to Rewards & Recognition solutions, Reward Gateway provides Edenred with a unique opportunity to further accelerate in Beyond Food while enlarging its footprint by entering new promising and fast-growing markets such as the USA and Australia.

⁴ Human Resources Information System

⁵ From 2023 to 2028

A transaction with sizeable expected synergies

In addition to integration synergies, the planned roll-out of Reward Gateway in 6 major Edenred countries (Belgium, France, Germany, Italy, Romania, Spain) will considerably increase Edenred's addressed market and drive additional operating revenue. Business synergies will also be driven by boosted cross-selling opportunities with existing clients from both companies and further improve client retention through platform solutions and embedded experience.

Reward Gateway is currently held by funds managed by private equity firms Abry Partners and Castik Capital. The acquisition will be fully paid in cash by Edenred, to be financed by a €1bn bridge loan to be later refinanced on the debt capital markets as well as by €0.3bn from available cash at hand. The acquisition will be accretive to Group EPS from 2024 onwards. This value-creative transaction will be strongly accretive on a standalone basis and Edenred will in addition benefit from a strong upside in terms of cost, technological and commercial synergies.

The transaction is expected to close within a couple of days. Reward Gateway will be fully consolidated in Edenred's financial statements as from closing date.

Brian St. Jean, Partner and Austin Heiman, Principal at Abry Partners said: *"It was a pleasure supporting the Reward Gateway team over the last two years as we partnered with Castik Capital to help transform the business into a leading global SaaS engagement platform. We believe the business is poised to continue building on its market-leading position and we are confident that Edenred is the right partner to further accelerate the company's exceptional performance."*

Michael Phillips, Partner at Castik Capital said: *"We'd like to thank the Reward Gateway team as well as Abry Partners for the great collaboration over the past two years. During our partnership, Reward Gateway significantly invested in building out its self-service SaaS offering and further strengthened its position in the UK, Australia and the US. We wish Reward Gateway all the best in the future and will closely follow the continued strong development of the business within Edenred."*

About Edenred

Edenred is a leading digital platform for services and payments and the everyday companion for people at work, connecting 52 million users and 2 million partner merchants in 45 countries via close to 1 million corporate clients.

Edenred offers specific-purpose payment solutions for food (such as meal benefits), incentives (such as gift cards, employee engagement platforms), mobility (such as multi-energy, maintenance, toll, parking and commuter solutions) and corporate payments (such as virtual cards).

True to the Group's purpose, "Enrich connections. For good.", these solutions enhance users' well-being and purchasing power. They 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 responsible every day.

In 2022, thanks to its global technology assets, the Group managed some €38 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 40 ESG, CAC Next 20, CAC Large 60, Euronext 100, FTSE4Good and MSCI Europe.

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