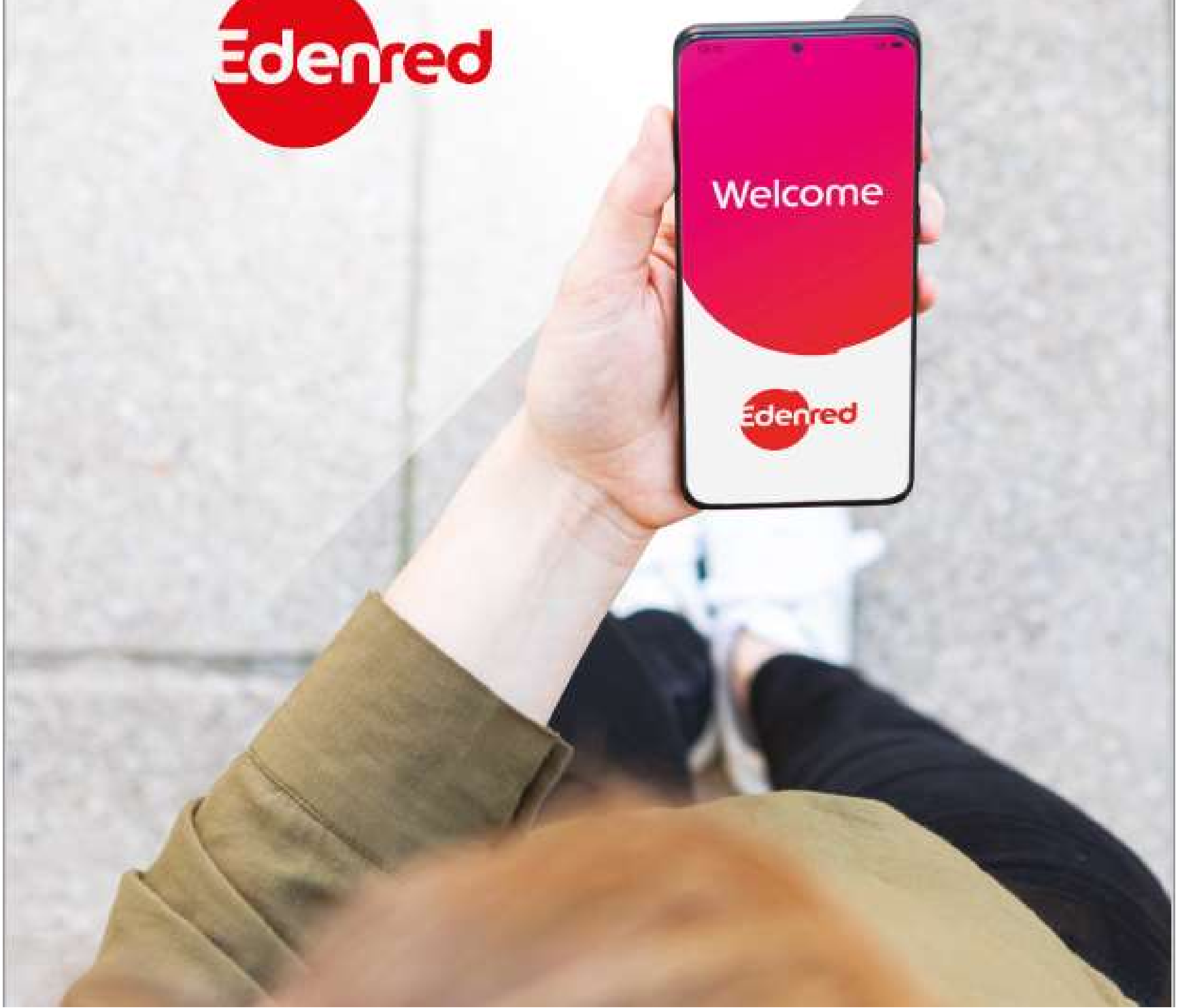
# 2023

# Half-Year Financial Report

Edenred



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# HALF-YEAR MANAGEMENT REPORT

# I. FIRST-HALF 2023 RESULTS

## 1.1 INTRODUCTION

### Thanks to the sound execution of its Beyond22-25 plan, Edenred confirms its strong growth momentum, quarter after quarter

#### Edenred reports a strong increase in earnings compared with first-half 2022

- **Total revenue of €1,163 million** in first-half 2023, up 26.1% as reported (+25.5% like-for-like)
    - **Operating revenue of €1,081 million**, up 20.0% on a like-for-like basis, including a 19.6% rise in the second quarter
    - **Other revenue of €82 million**, versus **€31 million** in first-half 2022, driven by business growth and higher interest rates
- **EBITDA of €483 million**, up 32.5% as reported (+35.2% like-for-like)
    - **EBITDA margin of 41.5%**, up 3.1 percentage points like-for-like
- **Net profit, Group share** of **€202 million**, up 18.8%
- Strong cash generation**: funds from operations before other income and expenses (FFO) of €338 million,** up 12,9%
- **Net debt: €1.85 billion** at end-June 2023 after the acquisition of Reward Gateway in May 2023 for approximately €1.3 billion

#### Edenred has significantly strengthened its range of employee engagement solutions with two acquisitions

- Acquisition of **Reward Gateway**, a fast-growing platform, leader in the United Kingdom and Australia and also present in the United States, with the aim of rolling out the offering in another six major countries in Continental Europe
- Acquisition of **GOintegro**, a leading platform in Latin America, active in seven countries

#### Edenred continues to extend its value proposition

- An enhanced digital experience to encourage engagement and use of its solutions
- New high value-added Beyond Food, Beyond Fuel and Beyond Payment services for clients, partner merchants and users
- Ongoing investments in the technology infrastructure of its platform, in particular through the development of API[1] connections to aggregate and distribute third-party solutions

#### By continuing to roll out its Beyond$_{22\text{-}25}$ strategic plan, Edenred expects to achieve new record results in 2023

- EBITDA expected to total between €1,020 million and €1,090 million for full-year 2023 vs. €836 million for full-year 2022.

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[1] *Application Programming Interface*

**Bertrand Dumazy, Chairman and Chief Executive Officer of Edenred, said:**

*"The robust growth Edenred has seen in recent periods continued apace in first-half 2023. Thanks to the hard work and talent of our 12,000 employees, this growth is proving ever more profitable, while we continue investing in our technology assets. We are pressing ahead with our Beyond$_{22\text{-}25}$ strategic plan to further penetrate our markets, enhance the experience of our clients, partner merchants and users, and enrich our offering of increasingly relevant solutions.*
*During the first half, we notably strengthened our position as the most trusted global Employee Benefits platform by acquiring Reward Gateway, which operates in the UK, Australia and the US, and GOintegro in Latin America. The acquisition of these two leading employee engagement platforms will enable us to provide HR departments with an even more comprehensive range of solutions, making their organizations more attractive so they can attract and retain top talent. We also plan to expand Reward Gateway's coverage to a selection of key countries in Continental Europe.*
*Lastly, thanks to the agility of our platform, we are starting to distribute third-party services, such as salary advance solutions, to better meet the expectations of a fast-changing world of work. After this strong first half, our outlook for the second half of the year is just as promising, as we target EBITDA of between €1,020 million and €1,090 million for full-year 2023."*

# FIRST-HALF 2023 RESULTS

At its meeting on July 24, 2023, the Board of Directors reviewed the Group's interim consolidated financial statements for the six months ended June 30, 2023.

Key financial metrics:

| (in € millions) | First-half 2023 | First-half 2022 | % change (reported) | % change (like-for-like) |
|---|---|---|---|---|
| Operating revenue | 1,081 | 891 | +21.3% | +20.0% |
| Other revenue | 82 | 31 | +166.4% | +185.2% |
| **Total revenue** | **1,163** | **922** | **+26.1%** | **+25.5%** |
| **EBITDA** | **483** | **365** | **+32.5%** | **+35.2%** |
| **EBIT** | **399** | **295** | **+35.2%** | **+40.3%** |
| **Net profit, Group share** | **202** | **170** | **+18.8%** | |

## 1.2 ANALYSYS OF CONSOLIDATED FINANCIAL RESULTS

- **Total revenue: €1,163 million**

Total revenue for first-half 2023 amounted to €1,163 million, up 26.1% as reported compared with first-half 2022. This increase includes unfavorable currency effects (-2.0%) and a positive scope effect (+2.7%) mainly linked to the acquisition of Reward Gateway, consolidated since May 2023. On a like-for-like basis, total revenue was up 25.5%.
In the second quarter, total revenue climbed 25.5% as reported and 25.2% like-for-like, following on from the growth seen in the first quarter. The scope effect was positive over the period, adding 4.3% to revenue, while the currency effect was an unfavorable 4.0%.
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- **Operating revenue: €1,081 million**

Operating revenue for the first six months of 2023 came to €1,081 million, up 21.3% as reported. This rise takes into account unfavorable currency effects (-1.4%) and a positive scope effect (+2.7%) mainly linked to the acquisition of Reward Gateway. On a like-for-like basis, operating revenue grew by 20.0% versus first-half 2022.

Second-quarter operating revenue totaled €562 million, up 20.9% as reported and up 19.6% like-for-like. The strong sales momentum of previous quarters was confirmed across all business lines. It reflects both growth in revenues generated by existing clients and continued market penetration with new clients of all sizes, largely thanks to the enhanced attractiveness of Edenred's solutions amid reduced purchasing power, a talent war, and a drive for better control over fleet expenses

- **Operating revenue by business line**

| (in € millions) | First-half 2023 | First-half 2022 | % change (reported) | % change (like-for-like) |
|---|---|---|---|---|
| Benefits & Engagement | 662 | 528 | +25.5% | +22.8% |
| Mobility | 282 | 252 | +12.0% | +14.9% |
| Complementary Solutions | 137 | 111 | +22.5% | +18.0% |
| **Total** | **1,081** | **891** | **+21.3%** | **+20.0%** |

The **Benefits & Engagement** business line, which accounted for 61% of the Group's business, generated €662 million in operating revenue in first-half 2023, representing like-for-like growth of 22.8% (+25.5% as reported), including a 22.7% like-for-like rise (+27.3% as reported) in the second quarter.

This strong growth was driven by the continued success of Edenred's digital Ticket Restaurant® offering, popular with both large corporate accounts and SMEs. In addition, with public authorities in many countries raising the statutory maximum face value of benefits since the beginning of 2022, companies are continuing to gradually increase the amounts granted to their employees to help protect their purchasing power. Further increases in maximum face values were decided by public authorities in first-half 2023, including in France, Portugal and the Czech Republic.

Performance was also boosted by the continued success of Beyond Food solutions. During the first half of the year, Edenred further expanded its range of employee engagement platforms thanks to the acquisitions of Reward Gateway and GOintegro[2]. They strengthen Edenred's position in this market, both geographically (United Kingdom, Australia, United States and Latin America) and in terms of the range of services offered. Edenred's offering now covers a unified suite of modules ranging from employee discounts and rewards and recognition solutions to well-being and social event solutions.
The Group is also leveraging its digital platform to distribute third-party solutions, as illustrated by the partnership entered into in May 2023 with Stairwage, France's leading salary payment on demand solution.

The **Mobility** business line, which accounts for 26% of the Group's business, generated €282 million in operating revenue in first-half 2023, representing like-for-like growth of 14.9% (+12.0% as reported), including a rise of 14.2% in the second quarter on a like-for-like basis (+8.5% as reported).

This sustained performance reflects the commercial success of the Beyond Fuel offering for fleet managers in both Europe and Latin America, notably driven by maintenance and toll solutions. These innovative products, such as the fully digital UTA One Next® solution, simplify fleet management and improve profitability, winning over clients of all sizes. However, growth was held back by the decline in fuel prices at the pump to a level significantly lower than in the second quarter of 2022, particularly in Brazil.

[2] Reward Gateway has been consolidated in Edenred's financial statements since May 2023 and GOintegro since late June 2023

**Complementary Solutions**, which includes Corporate Payment Services, Incentive & Rewards and Public Social Programs, generated operating revenue of €137 million in first-half 2023, representing 13% of the Group total. In first-half 2023, this business line was up 18.0% like-for-like (+22.5% as reported), of which 17.3% like-for-like in the second quarter (+20.0% as reported).

This business line's growth reflects the strong business momentum of Corporate Payment Services in North America, driven by new contract wins in segments such as property management, energy and golf clubs. Edenred Pay USA (formerly Edenred CSI) also received a boost from the integration of IPS (acquired in October 2022), which has enhanced its offering of payments with invoice automation solutions.

Complementary Solutions' performance also reflects the success of the Group's innovative programs, such as insurance for involuntary job loss, which already has 270,000 users following its January 2023 launch within the C3Pay super-app in the United Arab Emirates.

- **Operating revenue by region**

| (in € millions) | 2023 | 2022 | % change (reported) | % change (like-for-like) |
|---|---|---|---|---|
| Europe | 677 | 551 | +22.9% | +21.2% |
| Latin America | 312 | 270 | +15.0% | +14.7% |
| Rest of the World | 92 | 70 | +33.1% | +30.5% |
| **Total** | **1,081** | **891** | **+21.3%** | **+20.0%** |

In **Europe**, operating revenue amounted to €677 million in first-half 2023, an increase of 21.2% like-for-like and of 22.9% as reported. Second-quarter operating revenue rose by 21.9% like-for-like and by 25.7% as reported. Europe represented 63% of Group operating revenue.

In **France**, operating revenue amounted to €169 million in first-half 2023, representing an increase of 12.0% like-for-like and 12.8% as reported. In the second quarter, operating revenue growth was 10.5% like-for-like and 12.0% as reported. This performance reflects sustained growth in Benefits & Engagement solutions, thanks to the commercial success of the Ticket Restaurant® offer with large corporate accounts and SMEs. Beyond Food solutions also posted a robust performance, particularly the ProwebCE employee engagement platform.

Mobility solutions contributed to this performance, propelled by ongoing high demand, notably in the SME segment.

Operating revenue in **Europe excluding France** totaled €508 million in first-half 2023, up 24.7% like-for-like and up 26.7% as reported. Second-quarter operating revenue for the region rose by 26.0% like-for-like (+30.5% as reported), lifted in particular by the contribution of the United Kingdom's Reward Gateway following first-time consolidation. Benefits& Engagement enjoyed strong momentum across the region, once again turning in a robust performance, boosted by the strong business traction of Ticket Restaurant® and the increase in amounts granted by clients to their employees amid rising maximum face values. Beyond Food solutions continued to enjoy solid growth in the second quarter.
The region's excellent performance also reflects the success of the Beyond Fuel strategy, driven in particular by the launch of the UTA One Next® single European toll box and growing demand for the tax refund services offered by Edenred EBV Finance to European transportation companies.

Operating revenue in **Latin America** amounted to €312 million, up 14.7% like-for-like (+15.0% as reported), with a 13.6% like-for-like increase and a 9.3% reported increase in the second quarter. The region represented 29% of Group operating revenue.

In **Brazil**, operating revenue increased by 8.1% like-for-like in first-half 2023, reflecting gains of 5.9% in the second quarter. This growth reflects very good business momentum in Benefits & Engagement, spurred by the growing contribution of the Itaú Unibanco partnership in the SME segment. In Mobility, the strong sales performance was mitigated by the sharp drop in fuel prices at the pump compared with the second quarter of 2022, when prices were at their highest for the year. Performance was propelled in particular by the success of the Beyond Fuel strategy, which continues to prove its worth quarter after quarter, thanks to maintenance and toll management solutions.

In **Hispanic Latin America**, operating revenue rose by 30.1% like-for-like in the first half, with a 31.9% increase in the second quarter. This solid performance reflects both Mobility's continued penetration of the SME segment in Argentina and Mexico, and the strong momentum enjoyed by Benefits & Engagement.

In the **Rest of the World**, operating revenue amounted to €92 million in first-half 2023, up 30.5% like-for-like and up 33.1% as reported. The region represented 8% of Group operating revenue. This strong growth was driven notably by the sustained business momentum of Edenred Pay USA's corporate payment solutions, as well as by the success of digital solutions offered in countries including the United Arab Emirates and Taiwan.

- **Other revenue: €82 million**

Other revenue represented €82 million in first-half 2023, a rise of 166.4% as reported (+185.2% like-for-like). This first-half performance represents another significant increase, reflecting the impact of business growth on the float[3] as well as favorable changes in interest rates in all regions where the Group operates. In the eurozone, the series of interest rate hikes that began in July 2022 continued into the first half of 2023, while interest rates in non-eurozone European countries and in Latin America were higher than a year earlier.

- **EBITDA: €483 million**

For the six months ended June 30, 2023, EBITDA came in at €483 million, representing growth of 32.5% as reported and 35.2% like-for-like.
The EBITDA margin was 3.1 percentage points higher like-for-like, at a record first-half level of 41.5%. This performance demonstrates Edenred's ability to capitalize on the operating leverage of its platform business model, while maintaining a high level of investment in innovation and technology. EBITDA also benefited from the contribution of other revenue, which was up sharply in the first half.

- **Financial result**

Net financial expense amounted to €-58 million in first-half 2023 compared with €-17 million in the year earlier period.
Gross borrowing costs for first-half 2023 include amortization of bond issuance costs for €5 million.
Hedging instruments relate 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, as well as expenses related to the effects of applying IAS 29 hyperinflationary accounting to Argentina and Turkey.

- **Operating profit before tax**

Profit before tax stands at €321 million versus €270 million at June 30, 2022.

- **Income tax expense**

Income tax expense stood at €102 million for the period, versus €84 million in first-half 2022. The effective tax rate declined from 31.2% in first-half 2022 to 31.9% in the six months to June 30, 2023. The calculation is available hereafter chapter 2, Note 7 to the consolidated financial statements.

[3] The float corresponds to a portion of the operating working capital from the preloading of funds by corporate clients.

- **Net profit: €202 million**

Net profit, Group share amounted to €202 million versus €170 million in first-half 2022, an 18.8% increase primarily driven by growth in EBITDA.
Net profit takes into account other income and expenses for a net expense of €18 million (net expense of €9 million in first-half 2022), with the increase owing mainly to the costs of acquiring Reward Gateway. It also includes a net financial expense of €58 million (net financial expense of €17 million in first-half 2022), representing an additional €41 million as a result of the rise in interest rates impacting the cost of debt, the financial expense linked to the debt raised to fund the acquisition of Reward Gateway, and the negative impact of hyperinflation in Argentina and Turkey. Lastly, net profit takes into account an income tax expense of €102 million (income tax expense of €84 million in first-half 2022), and non-controlling interests for a negative €17 million (negative €16 million in first-half 2022).

## 1.3 LIQUIDITY AND FINANCIAL RESOURCES

### 1.3.1 Cash flows

| In € millions | June 2023 | June 2021 |
|---|---|---|
| **Net profit attributable to owners of the parent** | **202** | **170** |
| Non-controlling interests | 17 | 16 |
| Dividends received from equity-accounted companies | 3 | 10 |
| Difference between income tax paid and income tax expense | 6 | 10 |
| Non-cash impact from other income and expenses | 110 | 93 |
| **= Funds from operations before other income and expenses (FFO)** | **338** | **299** |
| Decrease (Increase) in working capital | (120) | (628) |
| Recurring decrease (Increase) in restricted cash | (128) | 419 |
| **= Net cash from (used in) operating activities** | **90** | **90** |
| Acquisitions of property, plant and equipment and intangible assets | (79) | (66) |
| **= Free cash flows (FCF)** | **11** | **24** |

Edenred leveraged its strongly cash-generative business model to deliver record-high funds from operations before other income and expenses (FFO) of €338 million in first-half 2023, up 12,9% as reported.

At June 30, 2023, Edenred had net debt of €1,851 million, versus €1,056 million at end-June 2022. The increase in net debt comes as a result of the £1.15 billion acquisition – the Group's largest ever – of Reward Gateway in May 2023, financed by a €1.2 billion two-tranche bond issue in June 2023, and by €0.1 billion in available cash. It also reflects free cash flow generation of €868 million over the twelve months ended June 30, 2023, €281 million returned to shareholders, and a negative €3 million impact of currency effects and non-recurring items.

### 1.3.2 Working capital requirement

At June 30, 2023, working capital stood at negative €5,060 million versus negative €4,985 million at December 31, 2022. The difference in working capital (excluding corporate income tax liabilities) is mainly attributable to:

- the sustained pace of consumption by beneficiaries, which led funds to be redeemed to decrease faster than vouchers in circulation were renewed. This situation was exacerbated by business seasonality effects late in the first half;
- a significant decrease in receivables linked to funds to be redeemed, explained in particular by the new regulations in Brazil around regulated programs: issuing companies, which used to allow clients to pay or transfer funds after loading, must now receive the funds before loading; and
- a €70 million negative currency effect, mainly on the Brazilian real and the Mexican peso.

### 1.3.3 Net debt

Gross borrowing costs for first-half 2023 include amortization of bond issuance costs for €5 million.

Hedging instruments relate 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, as well as expenses related to the effects of applying IAS 29 hyperinflationary accounting to Argentina and Turkey.

For details, see les Notes to consolidated financial statement:
- 6.4 (Debt and other financial liabilities) page 55;
- 6.5 (Net debt and net cash) page 59.

### 1.3.4 A solid financial position

Edenred enjoys a solid financial position with a high level of liquidity. In April 2023, Standard & Poor's raised the Group's rating to A- Strong Investment Grade with a stable outlook. This rating was confirmed following the acquisition of Reward Gateway, announced in May 2023.

### 1.3.5 Equity

Equity represented a negative amount of €548 million at June 30, 2023 and €613 million at December 31, 2022.
This is due to the recognition at historical cost of the assets contributed or sold to Edenred by Accor through the asset contribution-demerger transaction. It has no impact on the Group's refinancing capacity, the underlying strength of its financial position or its dividend paying ability. Further information about changes in consolidated equity is presented in the condensed half-year consolidated financial statements hereafter chapter 2, section 1.5.

### 1.3.6 Commitment to ESG and extra-financial performance

In the first half of 2023, Edenred further strengthened its commitment to social and environmental responsibility by becoming an official supporter of the Task Force on Climate-Related Financial Disclosures (TCFD), joining 4,000 companies and organizations worldwide that have expressed their support for the TCFD's recommendations.

The Group’s ESG policy has also been recognized by other external bodies. For example, Edenred is now included in Axylia’s Vérité40 index, obtaining an A carbon score. This rating reflects Edenred’s commitment to protecting the environment by reducing its carbon impact, with the aim of achieving net zero carbon by 2050 in line with SBTi targets , as well as supporting its clients in promoting a healthy, balanced diet and in their transition to sustainable mobility.

## 1.4 SIGNIFICANTS EVENTS OF 2022 FIRST HALF

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

Edenred announced 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.

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 status of most trusted global Employee Benefits & Engagement platform.

- **Edenred successfully issues €1.2 billion in dual-tranche bonds**

Edenred announced the success of its dual-tranche bond issue for a total amount of €1.2 billion. The issue will be used to finance a significant part of the £1.15 billion acquisition of Reward Gateway which was fully paid in cash by Edenred.

Placed with a diverse base of international institutional investors, the bond issue was approximately three times oversubscribed. The great success of this issue highlights the market's confidence in Edenred credit quality.

- **Edenred joins the CAC 40**

Edenred's inclusion in the CAC 40 index is recognition of the Group's stock market performance since its IPO on July 2, 2010. After radically disrupting its business model, Edenred has today become the everyday platform for people at work, operating in 45 countries.

And because it reflects both the Group's market capitalization and share liquidity, inclusion in the CAC 40 index is also a testament to investors' confidence in the Beyond$_{22-25}$ strategic plan and the Group's prospects for generating sustainable and profitable growth.

- **Edenred joins the Euronext Tech Leaders initiative dedicated to leading, high-growth tech companies**

Joining Euronext Tech Leaders is recognition of Edenred's top-tier positioning, as 70% of its revenue is generated in markets where the Group is market leader. It also acknowledges the success and scale of Edenred's technology leadership, with investments of close to €2 billion in technology since 2016 (€385 million in 2022), increasing the proportion of digital business volume to close to 95% today.

## II. OUTLOOK

In line with the good performance recorded in the first half of the year, Edenred will continue to roll out its Beyond$_{22\text{-}25}$ strategy, fully leveraging its B2B2C digital platform model.

In particular, Edenred will capitalize on its strong business momentum to further develop its offering in still largely underpenetrated markets, notably in the SME segment. As the operating environment continues to be shaped by a talent war, reduced purchasing power and greater consideration among fleet managers of the risks and opportunities of the energy transition, the attractiveness of Edenred solutions will keep serving as a powerful growth driver.

In line with its objectives, Edenred will also work to further extend its offering beyond food, beyond fuel and beyond payment, as illustrated perfectly by the integration and international expansion of newly acquired employee engagement platforms Reward Gateway and GOintegro. In addition, by harnessing the flexibility of its platform model, the Group will seek to form new partnerships to broaden its offering, aggregating third-party products on its platform as well as having its own solutions distributed via indirect channels.

Lastly, by continuing to invest in its first-in-class technology assets, Edenred intends to further enhance the user experience, notably by developing data-powered solutions and services.

By seizing all these opportunities, the Group will continue to generate sustainable and profitable growth. The Group expects to generate full-year EBITDA of between €1,020 million and €1,090 million in 2023, versus €836 million in 2022.

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## III. MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties that may affect the Group in the last six months of the year are presented in the "Risk Factors" section of the 2022 Universal Registration Document filed with French securities regulator AMF on March 30, 2023.

Furthermore, details about impacts of the inflation are presented in chapter 2, Note 1.4 of this Half-year Report.

The amounts relating to market and financial risks at 30 June 2023 are described in the note 6.6 in section "Notes to financial statements" of this Half-year Report. Furthermore, claims and litigation are presented in the note 10.3 in section "Notes to financial statements" of this Half-year Report.

# IV. MAIN RELATED PARTY TRANSACTIONS

There were no material changes in related party transactions during the half year of 2023.

More details in the 2022 Universal Registration Document page 119, Note 11.2.

# V. SUBSEQUENT EVENTS

None

# VI. GLOSSARY

## a) Main terms

- **Like-for-like, impact of changes in the scope of consolidation, currency effect:**

Like-for-like or organic growth corresponds to comparable growth, i.e., growth at constant exchange rates and scope of consolidation. 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.

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.

- **Business volume:**

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

- **Issue volume:**

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

- **Transaction volume:**

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

**b) Alternative performance measurement indicators included in the June 30, 2023 Interim Financial Report**

The alternative performance measurement indicators outlined below are presented and reconciled with accounting data in the Annual Financial Report.

| Indicator | Reference note in Edenred's 2023 condensed interim consolidated financial statements |
|---|---|
| **Operating revenue** | Operating revenue corresponds to:<br>• operating revenue generated by prepaid vouchers managed by Edenred,<br>• and operating revenue from value-added services such as incentive programs, human services and event-related services.<br>• It corresponds to the amount billed to the client company and is recognized on delivery of the solutions. |
| **Other revenue** | Other revenue is interest generated by investing cash over the period between:<br>• the issue date and the reimbursement date for vouchers,<br>• and the loading date and the redeeming date for cards.<br>The interest represents a component of operating revenue and as such is included in the determination of total revenue. |
| **EBITDA** | This aggregate corresponds to total revenue (operating revenue and other revenue) less operating expenses. |
| **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 senior management and other executive compensation as it reflects the economic performance of the business.<br><br>EBIT excludes the net profit from equity-accounted companies and excludes the other income and expenses booked in the "Operating profit including share of net profit from equity-accounted companies". |
| **Other income and expenses** | *See Note 10.1 of consolidated financial statements* |
| **Funds from operations (FFO)** | *See consolidated statement of cash flows (Part 1.4)* |

### c) Alternative performance measurement indicators not included in the June 30, 2023 Interim Financial Report

| Indicator | Definitions and reconciliations with Edenred's 2023 condensed interim consolidated financial statements |
|---|---|
| **Free cash flow** | Free cash flow corresponds to cash generated by operating activities less investments in intangible assets and property, plant and equipment. |

# VII. APPENDICES

## Operating revenue

| In € millions | Q1 2023 | Q1 2022 | Q2 2023 | Q2 2022 | H1 2023 | H1 2022 |
|---|---|---|---|---|---|---|
| Europe | 324 | 270 | 353 | 281 | 677 | 551 |
| *France* | *86* | *76* | *83* | *74* | *169* | *150* |
| *Rest of Europe* | *238* | *194* | *270* | *207* | *508* | *401* |
| Latin America | 150 | 123 | 162 | 148 | 312 | 270 |
| Rest of the world | 45 | 33 | 47 | 36 | 92 | 70 |
| **Total** | **519** | **426** | **562** | **465** | **1,081** | **891** |

| In % | Q1 Change reported | Q1 Change L/L | Q2 Change reported | Q2 Change L/L | H1 Change reported | H1 Change L/L |
|---|---|---|---|---|---|---|
| Europe | +20.1% | +20.5% | +25.7% | +21.9% | +22.9% | +21.2% |
| *France* | *+13.5%* | *+13.5%* | *+12.0%* | *+10.5%* | *+12.8%* | *+12.0%* |
| *Rest of Europe* | *+22.7%* | *+23.3%* | *+30.5%* | *+26.0%* | *+26.7%* | *+24.7%* |
| Latin America | +21.9% | +16.0% | +9.3% | +13.6% | +15.0% | +14.7% |
| Rest of the world | +35.5% | +35.5% | +30.8% | +26.0% | +33.1% | +30.5% |
| **Total** | **+21.8%** | **+20.4%** | **+20.9%** | **+19.6%** | **+21.3%** | **+20.0%** |

## Other revenue

| In € millions | Q1 2023 | Q1 2022 | Q2 2023 | Q2 2022 | H1 2023 | H1 2022 |
|---|---|---|---|---|---|---|
| Europe | 22 | 5 | 27 | 6 | 49 | 11 |
| *France* | *4* | *2* | *5* | *1* | *9* | *3* |
| *Rest of Europe* | *19* | *3* | *21* | *5* | *40* | *8* |
| Latin America | 12 | 7 | 12 | 10 | 24 | 17 |
| Rest of the world | 4 | 1 | 5 | 2 | 9 | 3 |
| **Total** | **38** | **13** | **44** | **18** | **82** | **31** |

| In % | Q1 Change reported | Q1 Change L/L | Q2 Change reported | Q2 Change L/L | H1 Change reported | H1 Change L/L |
|---|---|---|---|---|---|---|
| Europe | +382.7% | +390.2% | +319.8% | +321.2% | +346.5% | +350.5% |
| *France* | *+156.2%* | *+156.2%* | *+242.7%* | *+242.7%* | *+198.4%* | *+198.4%* |
| *Rest of Europe* | *+487.6%* | *+498.7%* | *+341.9%* | *+343.7%* | *+399.3%* | *+404.7%* |
| Latin America | +55.0% | +55.0% | +30.6% | +49.4% | +41.2% | +51.8% |
| Rest of the world | +279.3% | +356.3% | +199.9% | +377.2% | +233.4% | +368.4% |
| **Total** | **+189.3%** | **+198.4%** | **+149.2%** | **+175.2%** | **+166.4%** | **+185.2%** |

## Total revenue

| In € millions | Q1 2023 | Q1 2022 | Q2 2023 | Q2 2022 | H1 2023 | H1 2022 |
|---|---|---|---|---|---|---|
| Europe | 346 | 275 | 380 | 287 | 726 | 562 |
| *France* | *90* | *78* | *88* | *75* | *178* | *153* |
| *Rest of Europe* | *256* | *197* | *292* | *212* | *548* | *409* |
| Latin America | 161 | 130 | 175 | 158 | 336 | 287 |
| Rest of the world | 49 | 34 | 52 | 38 | 101 | 73 |
| **Total** | **557** | **439** | **606** | **482** | **1,163** | **922** |

| In % | Q1 Change reported | Q1 Change L/L | Q2 Change reported | Q2 Change L/L | H1 Change reported | H1 Change L/L |
|---|---|---|---|---|---|---|
| Europe | +26.2% | +26.8% | +32.2% | +28.5% | +29.3% | +27.7% |
| *France* | *+16.2%* | *+16.2%* | *+16.4%* | *+14.8%* | *+16.3%* | *+15.5%* |
| *Rest of Europe* | *+30.2%* | *+31.0%* | *+37.7%* | *+33.3%* | *+34.1%* | *+32.2%* |
| Latin America | +23.8% | +18.2% | +10.6% | +15.8% | +16.6% | +16.9% |
| Rest of the world | +43.3% | +45.7% | +37.5% | +40.0% | +40.3% | +42.7% |
| **Total** | **+26.8%** | **+25.7%** | **+25.5%** | **+25.2%** | **+26.1%** | **+25.5%** |

## EBITDA et EBIT

| In € millions | H1 2023 | H1 2022 | Change reported | Change L/L |
|---|---|---|---|---|
| Europe | 332 | 242 | +37.2% | +36.5% |
| *France* | 64 | 55 | +15.6% | +15.3% |
| *Rest of Europe* | 268 | 187 | +43.6% | +42.8% |
| Latin America | 130 | 120 | +8.8% | +11.6% |
| Rest of the world | 23 | 18 | +29.9% | +68.8% |
| Others | (2) | (15) | +79.2% | +86.4% |
| **EBITDA** | **483** | **365** | **+32.5%** | **+35.2%** |

| In € millions | H1 2023 | H1 2022 | Change reported | Change L/L |
|---|---|---|---|---|
| Europe | 288 | 205 | +40.6% | +41.3% |
| *France* | 52 | 44 | +17.9% | +17.6% |
| *Rest of Europe* | 236 | 161 | +46.7% | +47.8% |
| Latin America | 104 | 99 | +4.0% | +8.5% |
| Rest of the world | 15 | 11 | +45.7% | +121.6% |
| Others | (8) | (20) | +60.8% | +66.5% |
| **EBIT** | **399** | **295** | **+35.2%** | **+40.3%** |

## Summarized balance sheet

| In € millions<br>ASSETS | June 30, 2023 | Dec.31, 2022 | June 30, 2022 |
|---|---|---|---|
| Goodwill | 2,948 | 1,605 | 1,608 |
| Intangible assets | 973 | 738 | 728 |
| Property. plant & equipment | 167 | 157 | 155 |
| Investments in associates | 63 | 67 | 59 |
| Non-current derivative instruments | 8 | 4 | |
| Other non-current assets | 162 | 160 | |
| Float (Trade receivables. net) | 1,356 | 1,562 | 1,397 |
| Working capital excl. float (assets) | 1,980 | 1,731 | 1,711 |
| Restricted cash | 2,273 | 2,120 | 2,011 |
| Cash & cash equivalents | 2,728 | 3,030 | 2,650 |
| **TOTAL ASSETS** | **12,568** | **11,174** | **10,500** |

| In € millions<br>LIABILITIES | June 30, 2023 | Dec.31, 2022 | June 30, 2022 |
|---|---|---|---|
| Total equity | (548) | (613) | (806) |
| Gross debt and other financial liabilities | 4,587 | 3,341 | 3,706 |
| Provisions and deferred tax | 223 | 168 | 181 |
| Vouchers in circulation (Float) | 5,732 | 5,840 | 5,184 |
| Working capital excl. float (liabilities) | 2,574 | 2,438 | 2,235 |
| **TOTAL PASSIF** | **12,568** | **11,174** | **10,500** |

| | June 30, 2023 | Dec.31, 2022 | June 30, 2022 |
|---|---|---|---|
| **Total working capital** | **5,060** | **4,985** | **4,311** |
| Of which float: | **4,376** | **4,278** | **3,787** |

## From net profit. Group share to Free cash flows

| In € millions | June 2023 | June 2022 |
|---|---|---|
| **Net profit attributable to owners of the parent** | **202** | **170** |
| Non-controlling interests | 17 | 16 |
| Dividends received from equity-accounted companies | 3 | 10 |
| Difference between income tax paid and income tax expense | 6 | 10 |
| Non-cash impact from other income and expenses | 110 | 93 |
| **= Funds from operations before other income and expenses (FFO)** | **338** | **299** |
| Decrease (Increase) in working capital | (120) | (628) |
| Recurring decrease (Increase) in restricted cash | (128) | 419 |
| **= Net cash from (used in) operating activities** | **90** | **90** |
| Recurring capital expenditure | (79) | (66) |
| **= Free cash flows (FCF)** | **11** | **24** |

# 2 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

# I. CONSOLIDATED FINANCIAL STATEMENT

## 1.1 Consolidated income statement

| *(in € millions)* | Notes | First-half 2023 | First-half 2022 |
|---|---|---|---|
| Operating revenue | 4.1 | 1,081 | 891 |
| Other revenue | 4.1 | 82 | 31 |
| **Total revenue** | **4.1** | **1,163** | **922** |
| Operating expenses | 4.2 | (680) | (557) |
| Depreciation, amortization and impairment losses | 5.5 | (84) | (70) |
| **Operating profit before other income and expenses (EBIT)** | **4.4** | **399** | **295** |
| Share of net profit (loss) from equity-accounted companies | 5.4 | (1) | 1 |
| Other income and expenses | 10.1 | (19) | (9) |
| **Operating profit including share of net profit from equity-accounted companies** | | **379** | **287** |
| Net financial expense | 6.1 | (58) | (17) |
| **Profit before tax** | | **321** | **270** |
| Income tax expense | 7 | (102) | (84) |
| **NET PROFIT** | | **219** | **186** |
| Net profit attributable to owners of the parent | | 202 | 170 |
| Net profit attributable to non-controlling interests | | 17 | 16 |
| | | | |
| Earnings per share (in €) | 8 | 0.81 | 0.68 |
| Diluted earnings per share (in €) | 8 | 0.76 | 0.64 |

## 1.2 Consolidated statement of comprehensive income

| *(in € millions)* | | First-half 2023 | First-half 2022 |
|---|---|---|---|
| **Net profit** | | **219** | **186** |
| **Other comprehensive income** | | | |
| Currency translation adjustment | | 98 | 153 |
| Fair value adjustments to financial instruments and assets at fair value through other comprehensive income | | 13 | (18) |
| Tax on items that may be subsequently reclassified to profit or loss | | (4) | 5 |
| **Items that may be subsequently reclassified to profit or loss** | | **107** | **140** |
| Actuarial gains and losses on defined-benefit plans | | - | 12 |
| Tax on items that may not be subsequently reclassified to profit or loss | | - | (3) |
| **Items that may not be subsequently reclassified to profit or loss** | | **-** | **9** |
| **TOTAL OTHER COMPREHENSIVE INCOME** | | **107** | **149** |
| **COMPREHENSIVE INCOME** | | **326** | **335** |
| Comprehensive income attributable to owners of the parent | 1.5 | 303 | 312 |
| Comprehensive income attributable to non-controlling interests | 1.5 | 23 | 23 |

## 1.3 Consolidated statement of financial position

### 1.3.1 Consolidated assets

| *(in € millions)* | Notes | June 30, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Goodwill | 5.1 | 2,948 | 1,605 |
| Intangible assets | 5.2 | 973 | 738 |
| Property, plant and equipment | 5.3 | 167 | 157 |
| Investments in equity-accounted companies | 5.4 | 63 | 67 |
| Non-current financial assets | 6.2 | 131 | 129 |
| Deferred tax assets | | 39 | 35 |
| **TOTAL NON-CURRENT ASSETS** | | **4,321** | **2,731** |
| Trade receivables | 4.5 | 2,531 | 2,664 |
| Inventories, other receivables and accruals | 4.5 | 715 | 629 |
| Restricted cash | 4.6 | 2,273 | 2,120 |
| Current financial assets | 6.2/6.5 | 9 | 6 |
| Other marketable securities | 6.3/6.5 | 1,350 | 1,543 |
| Cash and cash equivalents | 6.3/6.5 | 1,369 | 1,481 |
| **TOTAL CURRENT ASSETS** | | **8,247** | **8,443** |
| **TOTAL ASSETS** | | **12,568** | **11,174** |

## 1.3.2 Consolidated equity and liabilities

| *(in € millions)* | Notes | June 30, 2023 | Dec. 31, 2022 |
|---|---|---|---|
| Issued capital | | 499 | 499 |
| Additional paid-in capital and consolidated retained earnings (accumulated losses) | | (681) | (643) |
| Currency translation adjustment | | (425) | (517) |
| Treasury shares | | (56) | (57) |
| **Equity attributable to owners of the parent** | | **(663)** | **(718)** |
| Non-controlling interests | | 115 | 105 |
| **Total equity** | | **(548)** | **(613)** |
| Non-current debt | 6.4/6.5 | 3,971 | 2,763 |
| Other non-current financial liabilities | 6.4/6.5 | 364 | 368 |
| Non-current provisions | 10.2 | 22 | 20 |
| Deferred tax liabilities | | 192 | 138 |
| **TOTAL NON-CURRENT LIABILITIES** | | **4,549** | **3,289** |
| Current debt | 6.4/6.5 | 193 | 167 |
| Other current financial liabilities | 6.4/6.5 | 59 | 43 |
| Current provisions | 10.2 | 9 | 10 |
| Funds to be redeemed | 4.5 | 5,732 | 5,840 |
| Trade payables | 4.5 | 1,128 | 1,033 |
| Current tax liabilities | 4.5 | 50 | 46 |
| Other payables | 4.5 | 1,396 | 1,359 |
| **TOTAL CURRENT LIABILITIES** | | **8,567** | **8,498** |
| **TOTAL EQUITY AND LIABILITIES** | | **12,568** | **11,174** |

## 1.4 Consolidated statement of cash flows

| | | Notes | First-half 2023 | First-half 2022 |
|---|---|---|---|---|
| + | Net profit attributable to owners of the parent | | 202 | 170 |
| + | Non-controlling interests | | 17 | 16 |
| - | Share of net profit (loss) from equity-accounted companies | 5.4 | 1 | (1) |
| - | Depreciation, amortization and changes in operating provisions | | 70 | 73 |
| - | Expenses related to share-based payments | | 12 | 10 |
| - | Non-cash impact of other income and expenses | | 5 | 4 |
| - | Difference between income tax paid and income tax expense | | 6 | 10 |
| + | Dividends received from equity-accounted companies | 5.4 | 3 | 10 |
| = | **Funds from operations including other income and expenses** | | **316** | **292** |
| - | Other income and expenses (including restructuring costs) | | 22 | 7 |
| = | **Funds from operations before other income and expenses (FFO)** | | **338** | **299** |
| + | Decrease (increase) in working capital | 4.5 | (120) | (628) |
| + | Recurring decrease (increase) in restricted cash | 4.6 | (128) | 419 |
| = | **Net cash from (used in) operating activities** | | **90** | **90** |
| + | Other income and expenses (including restructuring costs) received/paid | | (21) | (7) |
| = | **Net cash from (used in) operating activities including other income and expenses (A)** | | **69** | **83** |
| - | Acquisitions of property, plant and equipment and intangible assets | | (79) | (66) |
| - | Acquisitions of investments | | (5) | (2) |
| - | External acquisition expenditure, net of cash acquired | | (1,033) | (46) |
| + | Proceeds from disposals of assets | | 4 | 13 |
| = | **Net cash from (used in) investing activities (B)** | | **(1,113)** | **(101)** |
| + | Capital increase | | - | - |
| - | Dividends paid[(1)] | 3.1 | (249) | (225) |
| + | (Purchases) sales of treasury shares | | (8) | 9 |
| + | Increase in non-current debt | | 1,197 | 1 |
| - | Decrease in non-current debt | | (255) | - |
| + | Change in current debt net of change in short-term investments | | 164 | (188) |
| = | **Net cash from (used in) financing activities (C)** | | **849** | **(403)** |
| - | **Net foreign exchange differences (D)** | | **24** | **17** |
| = | **Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)** | | **(171)** | **(404)** |
| + | Cash and cash equivalents at beginning of period | | 1,357 | 1,393 |
| - | Cash and cash equivalents at end of period | | 1,186 | 989 |
| = | **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **(171)** | **(404)** |

(1) Including cash dividends paid to owners of the parent for €249 million (€1 per share).

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

| | *(in € millions)* | Notes | June 30, 2023 | June 30, 2022 |
|---|---|---|---|---|
| + | Cash and cash equivalents | 6.3 | 1,369 | 1,160 |
| - | Bank overdrafts | 6.5 | (183) | (171) |
| = | **NET CASH AND CASH EQUIVALENTS** | | **1,186** | **989** |

## 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, 2021** | **499** | **1,055** | **(67)** | **(2,294)** | **153** | **10** | **(7)** | **(615)** | **313** | **(953)** | **84** | **(869)** |
| Appropriation of 2020 net profit | - | - | - | 313 | - | - | - | - | (313) | - | - | - |
| Increase (decrease) in share capital | | | | | | | | | | | | |
| - in cash | - | - | - | - | - | - | - | - | - | - | - | - |
| - cancellation of treasury shares | - | (10) | - | - | - | - | - | - | - | (10) | - | (10) |
| - options exercised | - | - | - | - | - | - | - | - | - | - | - | - |
| - dividends reinvested in new shares | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends paid | - | - | - | (224) | - | - | - | - | - | (224) | (1) | (225) |
| Changes in consolidation scope[4] | - | - | - | (36) | - | - | - | - | - | (36) | 2 | (34) |
| Compensation costs – share-based payments | - | - | - | - | 10 | - | - | - | - | 10 | - | 10 |
| (Acquisitions) disposals of treasury shares | - | - | 19 | - | - | - | - | - | - | 19 | - | 19 |
| Other | - | - | - | (28) | - | - | - | - | - | (28) | (4) | (32) |
| **Other comprehensive income** | - | - | - | - | - | **(11)** | **9** | **144** | - | **142** | **7** | **149** |
| Net profit for the period | - | - | - | - | - | - | - | - | 170 | 170 | 16 | 186 |
| **TOTAL COMPREHENSIVE INCOME** | **-** | **-** | **-** | **-** | **-** | **(11)** | **9** | **144** | **170** | **312** | **23** | **335** |
| **June 30, 2022** | **499** | **1,045** | **(48)** | **(2,269)** | **163** | **(1)** | **2** | **(471)** | **170** | **(910)** | **104** | **(806)** |
| | | | | | | | | | | | | |
| **Dec. 31, 2022** | **499** | **1,045** | **(57)** | **(2,251)** | **173** | **(1)** | **5** | **(517)** | **386** | **(718)** | **105** | **(613)** |
| Appropriation of 2022 net profit | - | - | - | 386 | - | - | - | - | (386) | - | - | - |
| Increase (decrease) in share capital | | | | | | | | | | | | |
| - in cash | - | - | - | - | - | - | - | - | - | - | - | - |
| - cancellation of treasury shares | - | (9) | - | - | - | - | - | - | - | (9) | - | (9) |
| - options exercised | - | - | - | - | - | - | - | - | - | - | - | - |
| - dividends reinvested in new shares | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends paid[3] | - | - | - | (249) | - | - | - | - | - | (249) | - | (249) |
| Changes in consolidation scope[4] | - | - | - | (19) | - | (2) | - | (1) | - | (22) | (15) | (37) |
| Compensation costs – share-based payments | - | - | - | - | 12 | - | - | - | - | 12 | - | 12 |
| (Acquisitions) disposals of treasury shares | - | - | 1 | - | - | - | - | - | - | 1 | - | 1 |
| Other[5] | - | - | - | 22 | - | (3) | - | - | - | 19 | 2 | 21 |
| **Other comprehensive income** | **-** | **-** | **-** | **-** | **-** | **8** | **-** | **93** | **-** | **101** | **6** | **107** |
| Net profit for the period | - | - | - | - | - | - | - | - | 202 | 202 | 17 | 219 |
| **TOTAL COMPREHENSIVE INCOME** | **-** | **-** | **-** | **-** | **-** | **8** | **-** | **93** | **202** | **303** | **23** | **326** |
| **June 30, 2023** | **499** | **1,036** | **(56)** | **(2,111)** | **185** | **2** | **5** | **(425)** | **202** | **(663)** | **115** | **(548)** |

(1) See Note 1.4 "Presentation currency and foreign currencies" detailing the main exchange rates used in 2022 and 2023. The €425 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 a negative €295 million, the Venezuelan bolivar for a negative €130 million, the Argentine peso for a negative €34 million, the Turkish lira for a negative €25 million, the Mexican peso for a positive €29 million and the US dollar for a positive €31 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) The distribution of €249 million corresponds to dividends paid to Group shareholders in cash (Note 3.1 "Payment of the 2022 dividend").

(4) In first-half 2022, changes in consolidation scope corresponded mainly to the first-time consolidation of Greenpass, which resulted in a €4 million increase in non-controlling interests, and to the acquisition of the remaining 20% non-controlling interest in TRFC, which led to a €36 million decrease in equity attributable to owners of the parent and a €2 million decrease in non-controlling interests.

In first-half 2023, the impact corresponded mainly to the acquisition of the remaining 28.29% non-controlling interest in Edenred PayTech, which led to a €22 million decrease in equity attributable to owners of the parent and a €15 million decrease in non-controlling interests.

(5) The line "Other" corresponds mainly to the impact of the change in the liability relating to the option over the 49% non-controlling interest in Greenpass, resulting in a €16 million increase in equity attributable to owners of the parent and a €2 million increase in non-controlling interests, and to the impact of hyperinflation in Argentina and Turkey, resulting in a €9 million increase in attributable equity.

# II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

- Note 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS
- Note 2: ACQUISITIONS, DEVELOPMENT PROJECTS AND DISPOSALS
- Note 3: SIGNIFICANT EVENTS
- Note 4: OPERATING ACTIVITY
- Note 5: NON-CURRENT ASSETS
- Note 6: FINANCIAL ITEMS
- Note 7: INCOME TAX – EFFECTIVE TAX RATE
- Note 8: EARNINGS PER SHARE
- Note 9: EMPLOYEE BENEFITS
- Note 10: OTHER PROVISIONS AND OBLIGATIONS
- Note 11: UPDATE ON ACCOUNTING STANDARDS

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 BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

## 1.1 Approval of the financial statements for publication

The Edenred group's condensed consolidated financial statements for the six months ended June 30, 2023 were approved for publication by the Board of Directors on July 24, 2023.

## 1.2 Basis of preparation of the consolidated financial statements

Pursuant to European Regulation (EC) No. 1606/2002 of July 19, 2002, the Edenred consolidated financial statements for the six months ended June 30, 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting. Since they are condensed financial statements, they do not include all the disclosures required under IFRS for the preparation of complete financial statements and must therefore be read in conjunction with the 2022 consolidated financial statements.

The accounting principles used to prepare the condensed consolidated financial statements are in line with IFRS standards and interpretations, as adopted by the European Union at June 30, 2023, which can be viewed at the following address:

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

The accounting policies used by the Group to prepare the condensed interim consolidated financial statements are the same as those applied to prepare the 2022 consolidated financial statements, with the exception of:

(1) the standards, amendments and interpretations effective for annual reporting periods beginning on or after January 1, 2023 (Note 11);
(2) the specific items relating to the preparation of interim financial statements (Note 1.3).

## 1.3 Specific items relating to the preparation of interim financial statements

### Income tax

For the interim consolidated financial statements, current and deferred income tax expense is calculated by applying the estimated annual average tax rate for the current fiscal year for each entity or tax group to profit before tax for the period. Income tax on any material non-recurring items for the period is measured at the actual income tax rate applicable to the items concerned.

### Post-employment benefits and other long-term employee benefits

The expense for the period relating to post-employment benefits and other long-term employee benefits corresponds to half of the projected annual expense, determined based on the data and actuarial assumptions used at the prior year-end.

In the event of significant changes in certain factors, such as market conditions and plan settlements and curtailments, the actuarial assumptions used by the Group to calculate the employee benefit obligation at the end of interim periods differ from those used at year-end. The impact of any changes in assumptions is recognized as appropriate in the consolidated statement of comprehensive income (see section 1.2).

## 1.4 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.

| | | | First-half 2023 | | Full-year 2022 | | First-half 2022 | |
|---|---|---|---|---|---|---|---|---|
| | | | Closing rate at June 30, 2023 | Average rate | Closing rate at Dec. 31, 2022 | Average rate | Closing rate at June 30, 2022 | Average rate |
| ISO code | Currency | Country | EUR 1 = | EUR 1 = | EUR 1 = | EUR 1 = | EUR 1 = | EUR 1 = |
| ARS | Peso | ARGENTINA | 278.96 | 278.96 | 188.93 | 188.93 | 130.06 | 130.06 |
| BRL | Real | BRAZIL | 5.28 | 5.48 | 5.64 | 5.44 | 5.42 | 5.55 |
| AED | Dirham | UNITED ARAB EMIRATES | 3.99 | 3.97 | 3.92 | 3.87 | 3.82 | 4.02 |
| USD | US dollar | UNITED STATES | 1.09 | 1.08 | 1.07 | 1.05 | 1.04 | 1.09 |
| MXN | Peso | MEXICO | 18.56 | 19.65 | 20.86 | 21.19 | 20.96 | 22.16 |
| CZK | Koruna | CZECH REPUBLIC | 23.74 | 23.68 | 24.12 | 24.56 | 24.74 | 24.64 |
| RON | Leu | ROMANIA | 4.96 | 4.93 | 4.95 | 4.93 | 4.95 | 4.95 |
| GBP | Pound sterling | UNITED KINGDOM | 0.86 | 0.88 | 0.89 | 0.85 | 0.86 | 0.84 |
| SEK | Krona | SWEDEN | 11.81 | 11.33 | 11.12 | 10.63 | 10.73 | 10.48 |
| TWD | Taiwan dollar | TAIWAN | 33.85 | 33.04 | 32.78 | 31.33 | 30.89 | 31.38 |
| TRY | Lira | TURKEY | 28.32 | 28.32 | 19.96 | 19.96 | 17.32 | 17.32 |
| VES | Bolivar | VENEZUELA | 30.09 | 25.85 | 18.03 | 6.89 | 5.72 | 5.07 |

The impact on attributable consolidated equity of currency translation adjustments was a positive €93 million between June 30, 2023 and December 31, 2022. The difference mainly reflects movements in the following currencies:

| ISO code | Currency | Country | June 30, 2023 |
|---|---|---|---|
| BRL | Real | BRAZIL | 43 |
| USD | US dollar | UNITED STATES | (11) |
| MXN | Peso | MEXICO | 29 |
| GBP | Pound sterling | UNITED KINGDOM | 40 |

### Hyperinflation in Argentina and Turkey

Argentina and Turkey have been qualified as hyperinflationary economies since July 1, 2018 and January 1, 2022, respectively. The Group applies IAS 29 – Financial Reporting in Hyperinflationary Economies to its operations in these countries.

A EUR/ARS exchange rate of 278.96 and a EUR/TRY exchange rate of 28.32 have been used. Non-monetary items have been adjusted using Argentina's IPC consumer price index, published by national statistics institute INDEC, and Turkey's TÜFE consumer price index, respectively.

The application of hyperinflationary accounting to Argentina and Turkey had an €8 million negative impact on net profit attributable to owners of the parent, and a €9 million positive impact on consolidated reserves.

## 1.5 Use of judgments and estimates

The preparation of financial statements requires the use of judgments, 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.

# NOTE 2 ACQUISITIONS, DEVELOPMENT PROJECTS AND DISPOSALS

## Edenred PayTech

On March 27, 2023, Edenred raised its stake in Edenred PayTech to 100% following the acquisition of the remaining 28.29% of the share capital (see section 1.5 "Consolidated statement of changes in equity").

## Reward Gateway

On May 16, 2023, Edenred acquired 100% of Reward Gateway, a leading employee engagement platform.

The following table sets out the provisional purchase price allocation as of May 16, 2023, the date on which Edenred obtained control:

| (in € millions) | Provisional purchase price allocation |
|---|---|
| Brands | 5 |
| Customer lists | 141 |
| Other intangible assets | 39 |
| Property, plant and equipment | 3 |
| Deferred tax assets | - |
| Trade receivables | 90 |
| Cash and cash equivalents | 30 |
| Non-current debt | (266) |
| Deferred tax liabilities | (43) |
| Trade payables | (25) |
| Other current and non-current assets and liabilities | (205) |
| **Net assets acquired** | **(231)** |
| Provisional goodwill | 1,267 |
| **Carrying amount of investment** | **1,036** |

The amounts presented in the table above are based on Reward Gateway's unaudited financial statements at the date of acquisition of control, prepared in accordance with the entity's usual accounting policies. The only changes made at June 30, 2023 were to bring Reward Gateway's financial statements in line with Edenred's accounting policies. Work is currently underway to adjust the values of the main assets and liabilities and to harmonize accounting policies.

In first-half 2023, the acquisition of Reward Gateway generated a cash outflow of €1,010 million, net of net debt assumed.

Acquisition-related costs were recognized under "Other income and expenses" for €16 million.

In first-half 2023, Reward Gateway's total consolidated revenue was €16.6 million, with EBIT of €2.1 million.

## GOintegro

On June 29, 2023, Edenred acquired 75% of GOintegro, a Latin American provider of a SaaS employee engagement platform. The provisional purchase price allocation primarily led to the recognition of goodwill for €17 million. Edenred granted a put option to the non-controlling interests on the remaining 25% stake.

# NOTE 3 SIGNIFICANT EVENTS

## 3.1 Payment of the 2022 dividend

At the Combined General Meeting on May 11, 2023, Edenred shareholders approved a dividend of €1 per share in respect of 2022.

The total dividend amounted to €249 million and was paid in cash to Group shareholders on June 9, 2023.

## 3.2 Subsequent events

None.

# 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, "Other" mainly comprises holding companies, regional headquarters and companies with no operating activity.
Transactions between segments are not material.

## 4.1.1 CONDENSED FINANCIAL INFORMATION

Executive management uses the following indicators to track business performance:

- total revenue;
- EBITDA, which corresponds to total revenue less operating expenses excluding depreciation, amortization and provisions;
- EBIT, which corresponds to total revenue less operating expenses.

FIRST-HALF 2023

Income statement

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Other | First-half 2023 |
|---|---|---|---|---|---|---|
| **Operating revenue** | **169** | **508** | **312** | **92** | **-** | **1,081** |
| Other revenue | 9 | 40 | 24 | 9 | - | **82** |
| **Total external revenue** | **178** | **548** | **336** | **101** | **-** | **1,163** |
| Inter-segment revenue | - | - | - | - | - | **-** |
| **TOTAL REVENUE FROM OPERATING SEGMENTS** | **178** | **548** | **336** | **101** | **-** | **1,163** |
| **EBITDA** | **64** | **268** | **130** | **23** | **(2)** | **483** |
| **EBIT** | **52** | **236** | **104** | **15** | **(8)** | **399** |

FIRST-HALF 2022

Income statement

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Other | First-half 2022 |
|---|---|---|---|---|---|---|
| **Operating revenue** | **150** | **401** | **270** | **70** | **-** | **891** |
| Other revenue | 3 | 8 | 17 | 3 | - | **31** |
| **Total external revenue** | **153** | **409** | **287** | **73** | **-** | **922** |
| Inter-segment revenue | - | - | - | - | - | **-** |
| **TOTAL REVENUE FROM OPERATING SEGMENTS** | **153** | **409** | **287** | **73** | **-** | **922** |
| **EBITDA** | **55** | **187** | **120** | **18** | **(15)** | **365** |
| **EBIT** | **44** | **161** | **99** | **11** | **(20)** | **295** |

## Changes in revenue and earnings

Changes in revenue and earnings between first-half 2023 and first-half 2022 break down as follows:

| | | | Δ First-half 2023 / First-half 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Organic growth | | Changes in consolidation scope | | Currency effect | | Total change | |
| *(in € millions)* | First-half 2023 | First-half 2022 | In €m | As a % | In €m | As a % | In €m | As a % | In €m | As a % |
| **Operating revenue** | 1,081 | 891 | +178 | +20.0% | +24 | +2.7% | (12) | (1.3)% | +190 | +21.3% |
| Other revenue | 82 | 31 | +57 | +185.2% | - | +0.0% | (6) | (19.4)% | +51 | +166.4% |
| **Total external revenue** | 1,163 | 922 | +235 | +25.5% | +24 | +2.6% | (18) | (2.0)% | +241 | +26.1% |
| **EBITDA** | 483 | 365 | +128 | +35.2% | +3 | +0.8% | (13) | (3.6)% | +118 | +32.5% |
| **EBIT** | 399 | 295 | +119 | +40.3% | (2) | (0.7)% | (13) | (4.4)% | +104 | +35.2% |

## Reconciliation of EBITDA

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Other | TOTAL |
|---|---|---|---|---|---|---|
| Total revenue | 178 | 548 | 336 | 101 | - | **1,163** |
| Operating expenses | (114) | (280) | (206) | (78) | (2) | **(680)** |
| **EBITDA – first-half 2023** | 64 | 268 | 130 | 23 | (2) | **483** |
| **EBITDA – first-half 2022** | **55** | **187** | **120** | **18** | **(15)** | **365** |

## Statement of financial position

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Other | June 30, 2023 |
|---|---|---|---|---|---|---|
| Goodwill | 167 | 1,863 | 418 | 500 | - | **2,948** |
| Intangible assets | 87 | 443 | 288 | 115 | 40 | **973** |
| Property, plant and equipment | 34 | 74 | 35 | 10 | 14 | **167** |
| Non-current financial assets and investments in equity-accounted companies | 57 | 70 | 13 | 4 | 50 | **194** |
| Deferred tax assets | 5 | 15 | 22 | 1 | (4) | **39** |
| **Non-current assets** | **350** | **2,465** | **776** | **630** | **100** | **4,321** |
| **Current assets** | **1,414** | **3,462** | **1,967** | **465** | **939** | **8,247** |
| **TOTAL ASSETS** | **1,764** | **5,927** | **2,743** | **1,095** | **1,039** | **12,568** |
| **Equity and non-controlling interests** | **(317)** | **1,810** | **979** | **505** | **(3,525)** | **(548)** |
| **Non-current liabilities** | **47** | **179** | **112** | **14** | **4,197** | **4,549** |
| **Current liabilities** | **2,034** | **3,938** | **1,652** | **576** | **367** | **8,567** |
| **TOTAL EQUITY AND LIABILITIES** | **1,764** | **5,927** | **2,743** | **1,095** | **1,039** | **12,568** |

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Other | June 30, 2022 |
|---|---|---|---|---|---|---|
| Goodwill | 160 | 557 | 389 | 502 | 0 | **1,608** |
| Intangible assets | 83 | 250 | 254 | 117 | 24 | **728** |
| Property, plant and equipment | 39 | 65 | 25 | 9 | 17 | **155** |
| Non-current financial assets and investments in equity-accounted companies | 49 | 77 | 10 | 7 | 59 | **202** |
| Deferred tax assets | 5 | 14 | 22 | - | (3) | **38** |
| **Non-current assets** | **336** | **963** | **700** | **635** | **97** | **2,731** |
| **Current assets** | **1,309** | **2,996** | **1,783** | **374** | **1,307** | **7,769** |
| **TOTAL ASSETS** | **1,645** | **3,959** | **2,483** | **1,009** | **1,404** | **10,500** |
| **Equity and non-controlling interests** | **(271)** | **686** | **786** | **601** | **(2,608)** | **(806)** |
| **Non-current liabilities** | **49** | **116** | **157** | **11** | **2,983** | **3,316** |
| **Current liabilities** | **1,867** | **3,157** | **1,540** | **397** | **1,029** | **7,990** |
| **TOTAL EQUITY AND LIABILITIES** | **1,645** | **3,959** | **2,483** | **1,009** | **1,404** | **10,500** |

## 4.1.2 Segment information by indicator

### TOTAL REVENUE BY REGION

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

Changes in total revenue between first-half 2023 and first-half 2022 break down as follows:

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | TOTAL |
|---|---|---|---|---|---|
| Total revenue – first-half 2023 | 178 | 548 | 336 | 101 | **1,163** |
| Total revenue – first-half 2022 | 153 | 409 | 287 | 73 | **922** |
| Change | +25 | +139 | +49 | +28 | +241 |
| % change | +16% | +34% | +17% | +40% | +26% |
| **LIKE-FOR-LIKE CHANGE** | **+24** | **+131** | **+49** | **+31** | **+235** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **+16%** | **+32%** | **+17%** | **+43%** | **+26%** |

### OPERATING REVENUE BY REGION

Changes in operating revenue between first-half 2023 and first-half 2022 break down by region as follows:

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | TOTAL |
|---|---|---|---|---|---|
| Operating revenue – first-half 2023 | 169 | 508 | 312 | 92 | **1,081** |
| Operating revenue – first-half 2022 | 150 | 401 | 270 | 70 | **891** |
| Change | +19 | +107 | +42 | +22 | +190 |
| % change | +13% | +27% | +15% | +33% | +21% |
| **LIKE-FOR-LIKE CHANGE** | **+18** | **+99** | **+40** | **+21** | **+178** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **+12%** | **+25%** | **+15%** | **+31%** | **+20.0%** |

Operating revenue for Brazil amounted to €211 million in first-half 2023, versus €190 million in first-half 2022.

## OTHER REVENUE BY REGION

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 – first-half 2023 | 9 | 40 | 24 | 9 | **82** |
| Other revenue – first-half 2022 | 3 | 8 | 17 | 3 | **31** |
| Change | +6 | +32 | +7 | +6 | +51 |
| % change | +198% | +399% | +41% | +233% | +166% |
| **LIKE-FOR-LIKE CHANGE** | **+6** | **+32** | **+9** | **+10** | **+57** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **+198%** | **+405%** | **+52%** | **+368%** | **+185%** |

## 4.1.3 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 Mobility business lines:

- commissions received from corporate clients are recognized when vouchers are issued to clients;
- commissions received from partner merchants are recognized upon presentation of the vouchers for reimbursement after use 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 or using a statistical model.

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 | Mobility | Complementary Solutions | TOTAL |
|---|---|---|---|---|
| Operating revenue – first-half 2023 | 662 | 282 | 137 | **1,081** |
| Operating revenue – first-half 2022 | 528 | 252 | 111 | **891** |
| Change | +134 | +30 | +26 | **+190** |
| % change | +26% | +12% | +23% | **+21%** |
| **LIKE-FOR-LIKE CHANGE** | **+120** | **+38** | **+20** | **+178** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **+23%** | **+15%** | **+18%** | **+20%** |

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

## 4.2 Operating expenses

| *(in € millions)* | First-half 2023 | First-half 2022 |
|---|---|---|
| Employee benefit expense | (325) | (267) |
| Cost of sales | (94) | (81) |
| Business taxes | (30) | (26) |
| Other operating expenses | (231) | (183) |
| **TOTAL OPERATING EXPENSES** | **(680)** | **(557)** |

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 for IT projects.

## 4.3 EBITDA

EBITDA BY REGION

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Other | TOTAL |
|---|---|---|---|---|---|---|
| EBITDA – first-half 2023 | 64 | 268 | 130 | 23 | (2) | **483** |
| EBITDA – first-half 2022 | 55 | 187 | 120 | 18 | (15) | **365** |
| Change | +9 | +81 | +10 | +5 | +13 | **+118** |
| % change | +16% | +44% | +9% | +30% | +79% | **+33%** |
| **LIKE-FOR-LIKE CHANGE** | **+8** | **+80** | **+14** | **+12** | **+14** | **+128** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **+15%** | **+43%** | **+12%** | **+69%** | **+86%** | **+35%** |

## 4.4 EBIT

### EBIT BY REGION

| *(in € millions)* | France | Europe (excl. France) | Latin America | Rest of the World | Other | TOTAL |
|---|---|---|---|---|---|---|
| EBIT – first-half 2023 | 52 | 236 | 104 | 15 | (8) | **399** |
| EBIT – first-half 2022 | 44 | 161 | 99 | 11 | (20) | **295** |
| Change | +8 | +75 | +5 | +4 | +12 | **+104** |
| % change | +18% | +47% | +4% | +46% | +61% | **+35%** |
| **LIKE-FOR-LIKE CHANGE** | **+8** | **+76** | **+9** | **+13** | **+13** | **+119** |
| **LIKE-FOR-LIKE CHANGE AS A %** | **+18%** | **+48%** | **+9%** | **+122%** | **+67%** | **+40%** |

## 4.5 Change in working capital and funds to be redeemed

| *(in € millions)* | June 30, 2023 | Dec. 31, 2022 | Change |
|---|---|---|---|
| Inventories, net | 50 | 59 | (9) |
| Trade receivables, net, linked to funds to be redeemed | 1,270 | 1,479 | (209) |
| Trade receivables, net, not linked to funds to be redeemed | 1,261 | 1,185 | 76 |
| Other receivables, net | 665 | 570 | 95 |
| WORKING CAPITAL – ASSETS | 3,246 | 3,293 | (47) |
| Trade payables | (1,128) | (1,033) | (95) |
| Other payables | (1,396) | (1,359) | (37) |
| Funds to be redeemed | (5,732) | (5,840) | 108 |
| WORKING CAPITAL – LIABILITIES | (8,256) | (8,232) | (24) |
| **NEGATIVE WORKING CAPITAL** | **(5,010)** | **(4,939)** | **(71)** |
| Current tax liabilities | (50) | (46) | (4) |
| **NET NEGATIVE WORKING CAPITAL (incl. corporate income tax liabilities)** | **(5,060)** | **(4,985)** | **(75)** |

At June 30, 2023, working capital stood at negative €5,060 million versus negative €4,985 million at December 31, 2022. The difference in working capital (excluding corporate income tax liabilities) is mainly attributable to:

- the sustained pace of consumption by beneficiaries, which led funds to be redeemed to decrease faster than vouchers in circulation were renewed. This situation was exacerbated by business seasonality effects late in the first half;
- a significant decrease in receivables linked to funds to be redeemed, explained in particular by the new regulations in Brazil around regulated programs: issuing companies, which used to allow clients to pay or transfer funds after loading, must now receive the funds before loading; and
- a €70 million negative currency effect, mainly on the Brazilian real and the Mexican peso.

| *(in € millions)* | First-half 2023 | First-half 2022 |
|---|---|---|
| Working capital at beginning of period | (4,939) | (4,853) |
| Change in working capital(1) | 120 | 628 |
| Acquisitions | (136) | (3) |
| Disposals/liquidations | 4 | - |
| Change in impairment of current assets | 13 | (3) |
| Currency translation adjustment | (70) | (39) |
| Reclassifications to other balance sheet items | (2) | (3) |
| **NET CHANGE IN WORKING CAPITAL** | **(71)** | **580** |
| **WORKING CAPITAL AT END OF PERIOD** | **(5,010)** | **(4,273)** |

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

The update to the statistical impairment rates used for Group entities' current assets did not lead to any additional material provisions being recognized in the first half of 2023.

## 4.6 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 also includes funds relating to Edenred PayTech's direct clients.

Restricted cash corresponds mainly to voucher reserve funds subject to special regulations in the following countries: France (€886 million), the United Kingdom (€728 million), Belgium (€252 million), Romania (€152 million) and the United States (€91 million).

| *(in € millions)* | First-half 2023 | First-half 2022 |
|---|---|---|
| Restricted cash at beginning of period | 2,120 | 2,428 |
| Change for the period[(1)] | 128 | (419) |
| Acquisitions | - | - |
| Currency translation adjustment | 25 | 8 |
| Other changes | - | (6) |
| **Net change in restricted cash** | **153** | **(417)** |
| **RESTRICTED CASH AT END OF PERIOD** | **2,273** | **2,011** |

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

# NOTE 5 NON-CURRENT ASSETS

## 5.1 Goodwill

| *(in € millions)* | June 30, 2023 | Dec. 31, 2022 |
|---|---|---|
| Goodwill, gross | 3,119 | 1,777 |
| Accumulated amortization and impairment losses | (171) | (172) |
| **GOODWILL, NET** | **2,948** | **1,605** |

No indications of impairment were identified on Group goodwill or non-current assets in 2023.

| *(in € millions)* | June 30, 2023 | Dec. 31, 2022 |
|---|---|---|
| France (mainly Ticket Cadeaux, Proweb CE and Moneo Resto) | 167 | 163 |
| United Kingdom (including Reward Gateway, Prepay Technologies and TRFC) | 1,454 | 143 |
| UTA (including Road Account) | 169 | 169 |
| Italy (including Easy Welfare) | 92 | 92 |
| Romania (including Benefit Online) | 34 | 35 |
| Finland | 19 | 19 |
| Slovakia | 18 | 18 |
| Poland (including Timex) | 18 | 17 |
| Sweden | 15 | 16 |
| Czech Republic | 14 | 13 |
| Lithuania (EBV) | 12 | 12 |
| Belgium (including Merits & Benefits and Ekivita) | 11 | 11 |
| Portugal | 6 | 6 |
| Other (individually representing less than €5 million) | 1 | 1 |
| Europe (excl. France) | 1,863 | 552 |
| Brazil (including Repom, Embratec and Coopercard) | 338 | 317 |
| Mexico | 51 | 46 |
| Argentina | 17 | - |
| Other (individually representing less than €5 million) | 12 | 11 |
| Latin America | 418 | 374 |
| United States (including CSI) | 464 | 479 |
| Dubai (including Mint) | 29 | 29 |
| Japan | 7 | 8 |
| Other (individually representing less than €5 million) | - | - |
| Rest of the World | 500 | 516 |
| **GOODWILL, NET** | **2,948** | **1,605** |

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

| *(in € millions)* | First-half 2023 | First-half 2022 |
|---|---|---|
| **NET GOODWILL AT BEGINNING OF PERIOD** | **1,605** | **1,506** |
| **Increase in gross goodwill and impact of scope changes** | **1,282** | **15** |
| Brazil (Greenpass acquisition) | - | 15 |
| United Kingdom (Reward Gateway acquisition) | 1,267 | - |
| France (Cogesco acquisition) | 4 | - |
| France (Enjoy Mon CSE) | 1 | - |
| Argentina (GOintegro acquisition) | 17 | - |
| United States (IPS)* | (7) | - |
| **Goodwill written off on disposals for the period** | **-** | **-** |
| **Impairment losses** | **-** | **-** |
| **Currency translation adjustment** | **61** | **87** |
| **NET GOODWILL AT END OF PERIOD** | **2,948** | **1,608** |

* Provisional allocation of IPS goodwill following the entity's acquisition in October 2022.

## 5.2 Intangible assets

| *(in € millions)* | June 30, 2023 | Dec. 31, 2022 |
|---|---|---|
| GROSS CARRYING AMOUNT | 1,698 | 1,371 |
| Brands | 70 | 65 |
| Customer lists | 775 | 606 |
| Licenses and software | 561 | 491 |
| Other intangible assets | 292 | 209 |
| ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES | (724) | (633) |
| Brands | (10) | (11) |
| Customer lists | (270) | (241) |
| Licenses and software | (364) | (322) |
| Other intangible assets | (81) | (59) |
| **NET CARRYING AMOUNT** | **973** | **738** |

## Changes in the carrying amount of intangible assets

| *(in € millions)* | First-half 2023 | First-half 2022 |
|---|---|---|
| **CARRYING AMOUNT AT BEGINNING OF PERIOD** | **738** | **677** |
| Intangible assets of newly consolidated companies | 195 | 1 |
| Internally generated assets | 62 | 50 |
| Additions | 13 | 12 |
| Disposals | - | (3) |
| Amortization for the period | (61) | (49) |
| Impairment losses for the period | - | - |
| Currency translation adjustment | 26 | 41 |
| Reclassifications | - | (1) |
| **CARRYING AMOUNT AT END OF PERIOD** | **973** | **728** |

## 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.

| *(in € millions)* | June 30, 2023 | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| | GROSS CARRY ING AMOUNT | DEPRECIATION AND IMPAIRMENT LOSSES | NET CARRY ING AMOUNT | GROSS CARRYING AMOUNT | DEPRECIATION AND IMPAIRMENT LOSSES | NET CARRYING AMOUNT |
| Land | 2 | - | 2 | 2 | - | 2 |
| Buildings | 18 | (8) | 10 | 19 | (8) | 11 |
| Fixtures and fittings | 38 | (29) | 9 | 30 | (21) | 9 |
| Equipment and furniture | 128 | (99) | 29 | 114 | (87) | 27 |
| Assets under construction | 2 | - | 2 | 3 | - | 3 |
| Right-of-use assets | 222 | (107) | 115 | 202 | (97) | 105 |
| **Total** | **410** | **(243)** | **167** | **370** | **(213)** | **157** |

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

| *(in € millions)* | First-half 2023 | First-half 2022 |
|---|---|---|
| CARRYING AMOUNT AT BEGINNING OF PERIOD | 157 | 156 |
| Property, plant and equipment of newly consolidated companies | 3 | - |
| Additions to property, plant and equipment | 4 | 4 |
| Right-of-use assets | 25 | 13 |
| Disposals and retirements | - | - |
| Depreciation for the period | (23) | (21) |
| Currency translation adjustment | 2 | 3 |
| Reclassifications | (1) | - |
| **CARRYING AMOUNT AT END OF PERIOD** | **167** | **155** |

## 5.4 Investments in equity-accounted companies

At June 30, 2023, this item consisted mainly of AGES (AGES Maut System GmbH & Co KG and Ages International GmbH & Co KG), MSC (Mercedes Service Card Beteiligungs GmbH and Mercedes Service Card GmbH & Co KG) and Freto.

### Change in investments in equity-accounted companies

| *(in € millions)* | First-half 2023 | First-half 2022 |
|---|---|---|
| Investments in equity-accounted companies at beginning of period | 67 | 67 |
| Additions to investments in equity-accounted companies | - | - |
| Share of net profit (loss) from equity-accounted companies | (1) | 1 |
| Capital increase | - | - |
| Impairment of investments in equity-accounted companies | - | - |
| Currency translation adjustment | - | 1 |
| Changes in consolidation scope | - | - |
| Dividends received from investments in equity-accounted companies | (3) | (10) |
| **Investments in equity-accounted companies at end of period** | **63** | **59** |

## 5.5 Depreciation, amortization and impairment losses

| *(in € millions)* | First-half 2023 | First-half 2022 |
|---|---|---|
| Amortization of customer lists | (20) | (18) |
| Amortization of intangible assets (excl. customer lists) | (41) | (31) |
| Depreciation of property, plant and equipment | (6) | (7) |
| Depreciation of right-of-use assets | (17) | (14) |
| **TOTAL** | **(84)** | **(70)** |

# NOTE 6 FINANCIAL ITEMS

## 1 Net financial expense

| *(in € millions)* | **First-half 2023** | First-half 2022 |
|---|---|---|
| Gross borrowing cost | (29) | (26) |
| Hedging instruments | (22) | 10 |
| Income from cash and cash equivalents and other marketable securities | 23 | 12 |
| **Net borrowing cost** | **(28)** | **(4)** |
| Net foreign exchange gains (losses) | - | - |
| Other financial income | 9 | 2 |
| Other financial expenses | (39) | (15) |
| **NET FINANCIAL EXPENSE** | **(58)** | **(17)** |

Gross borrowing costs for first-half 2023 include amortization of bond issuance costs for €5 million.

Hedging instruments relate 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, as well as expenses related to the effects of applying IAS 29 hyperinflationary accounting to Argentina and Turkey.

## 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.

## 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.

| (in € millions) | June 30, 2023 | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Gross carrying amount | Impairment losses | Net carrying amount | Gross carrying amount | Impairment losses | Net carrying amount |
| Equity interests | 85 | (8) | 77 | 89 | (7) | 82 |
| Deposits and guarantees | 25 | - | 25 | 19 | - | 19 |
| Other non-current financial assets | 22 | (1) | 21 | 25 | (1) | 24 |
| Non-current derivatives | 8 | - | 8 | 4 | - | 4 |
| **NON-CURRENT FINANCIAL ASSETS** | **140** | **(9)** | **131** | **137** | **(8)** | **129** |

## 6.2.2 Current financial assets

| (in € millions) | June 30, 2023 | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Gross carrying amount | Impairment losses | Net carrying amount | Gross carrying amount | Impairment losses | Net carrying amount |
| Other current financial assets | 13 | (5) | 8 | 11 | (5) | 6 |
| Current derivatives | 1 | - | 1 | - | - | - |
| **CURRENT FINANCIAL ASSETS** | **14** | **(5)** | **9** | **11** | **(5)** | **6** |

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

Derivatives are recognized according to IFRS 9 – Financial Instruments. Their accounting treatment is detailed in Note 6.6 "Financial instruments and market risk management" to the consolidated financial statements for the year ended December 31, 2022.

## 6.3 Cash and cash equivalents and other marketable securities

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

| *(in € millions)* | June 30, 2023 Gross carrying amount | June 30, 2023 Impairment losses | June 30, 2023 Net carrying amount | Dec. 31, 2022 Gross carrying amount | Dec. 31, 2022 Impairment losses | Dec. 31, 2022 Net carrying amount |
|---|---|---|---|---|---|---|
| Cash at bank and on hand | 673 | - | 673 | 816 | - | 816 |
| Term deposits and equivalent – less than 3 months | 644 | - | 644 | 617 | - | 617 |
| Bonds and other negotiable debt securities | 1 | - | 1 | - | - | - |
| Mutual fund units in cash – less than 3 months | 51 | - | 51 | 48 | - | 48 |
| CASH AND CASH EQUIVALENTS | 1,369 | | 1,369 | 1,481 | | 1,481 |
| Term deposits and equivalent – more than 3 months | 1,334 | (1) | 1,333 | 1,422 | (1) | 1,421 |
| Bonds and other negotiable debt securities | 16 | - | 16 | 121 | - | 121 |
| Mutual fund units in cash – more than 3 months | 1 | - | 1 | 1 | - | 1 |
| OTHER MARKETABLE SECURITIES | 1,351 | (1) | 1,350 | 1,544 | (1) | 1,543 |
| **TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES** | **2,720** | **(1)** | **2,719** | **3,025** | **(1)** | **3,024** |

## 6.4 Debt and other financial liabilities

| *(in € millions)* | June 30, 2023 Non-current | June 30, 2023 Current | June 30, 2023 Total | Dec. 31, 2022 Non-current | Dec. 31, 2022 Current | Dec. 31, 2022 Total |
|---|---|---|---|---|---|---|
| Convertible bonds | 887 | - | 887 | 886 | - | 886 |
| Non-bank debt | 3,083 | - | 3,083 | 1,876 | 32 | 1,908 |
| Bank borrowings | 1 | 10 | 11 | 1 | 11 | 12 |
| Neu CP | - | - | - | - | - | - |
| Bank overdrafts | - | 183 | 183 | - | 124 | 124 |
| DEBT | 3,971 | 193 | 4,164 | 2,763 | 167 | 2,930 |
| Lease liabilities | 85 | 34 | 119 | 78 | 31 | 109 |
| Deposits and guarantees | 29 | 2 | 31 | 25 | 3 | 28 |
| Put options over non-controlling interests | 56 | 14 | 70 | 50 | 3 | 53 |
| Derivatives | 194 | 3 | 197 | 215 | 2 | 217 |
| Other | - | 6 | 6 | - | 4 | 4 |
| OTHER FINANCIAL LIABILITIES | 364 | 59 | 423 | 368 | 43 | 411 |
| **DEBT AND OTHER FINANCIAL LIABILITIES** | **4,335** | **252** | **4,587** | **3,131** | **210** | **3,341** |

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 13, 2023, Edenred issued two tranches of bonds for a total of €1,200 million. The issuance comprises a €500 million tranche maturing on December 13, 2026 and a €700 million tranche maturing on June 13, 2031, both paying a coupon of 3.625%. The proceeds will be used to finance the recent acquisition of Reward Gateway (see Note 2 "Acquisitions, development projects and disposals").

At June 30, 2023, the Group's gross outstanding bond position amounted to €4,200 million, which breaks down as follows:

| Issuance date | Amount in €m | Coupon | Maturity |
|---|---|---|---|
| June 13, 2023 | 500 | 3.625% | 3 years & 6 months<br>December 13, 2026 |
| June 13, 2023 | 700 | 3.625% | 8 years<br>June 13, 2031 |
| June 14, 2021 | 400* | 0% | 7 years<br>June 14, 2028 |
| June 18, 2020 | 600 | 1.375% | 9 years<br>June 18, 2029 |
| September 6, 2019 | 500* | 0% | 5 years<br>September 6, 2024 |
| December 6, 2018 | 500 | 1.875% | 7 years & 3 months<br>March 6, 2026 |
| March 30, 2017 | 500 | 1.875% | 10 years<br>March 30, 2027 |
| March 10, 2015 | 500 | 1.375% | 10 years<br>March 10, 2025 |
| **Gross outstanding bond position** | **4,200** | | |

* Convertible bonds (OCEANEs).

**Bonds convertible into and/or exchangeable for new and/or existing shares (OCEANEs) maturing in 2024 and 2028**

Following the distribution to Edenred SE shareholders of a dividend of €1.00 per share, paid out on June 9, 2023, the conversion/exchange ratio will be increased from 1.001 Edenred SE share per OCEANE to 1.003 Edenred SE shares per OCEANE by 2024 and from 1.003 to 1.007 Edenred SE shares per OCEANE by 2028, in accordance with the provisions of section 2.6.B.10 of the Terms and Conditions. This change will have no material impact on the financial statements.

At December 31, 2022, the gross outstanding bond position amounted to €3,000 million.

| Issuance date | Amount in €m | Coupon | Maturity |
|---|---|---|---|
| June 14, 2021 | 400* | 0% | 7 years<br>June 14, 2028 |
| June 18, 2020 | 600 | 1.375% | 9 years<br>June 18, 2029 |
| September 6, 2019 | 500* | 0% | 5 years<br>September 6, 2024 |
| December 6, 2018 | 500 | 1.875% | 7 years &<br>3 months<br>March 6, 2026 |
| March 30, 2017 | 500 | 1.875% | 10 years<br>March 30, 2027 |
| March 10, 2015 | 500 | 1.375% | 10 years<br>March 10, 2025 |
| **Gross outstanding bond position** | **3,000** | | |

* Convertible bonds (OCEANEs).

- Other non-bank debt

In June 2023, the remaining €32 million outstanding at December 31, 2022 on the €250 million Schuldschein private placement was repaid.

## Bank borrowings

Outstanding bank borrowings at June 30, 2023 amounted to €11 million.

## Neu CP and Neu MTN programs

At June 30, 2023, there were no amounts outstanding under the €750 million Negotiable European Commercial Paper (Neu CP) program.

The €250 million Negotiable European Medium Term Note (Neu MTN) program had not been used at that date.

## Maturity analysis – carrying amounts

- At June 30, 2023

| *(in € millions)* | First-half 2024 | First-half 2025 | First-half 2026 | First-half 2027 | First-half 2028 | 2029 and beyond | June 30, 2023 |
|---|---|---|---|---|---|---|---|
| Convertible bonds | - | 500 | - | - | 387 | - | 887 |
| Non-bank debt | - | 461 | 451 | 955 | - | 1,216 | 3,083 |
| Bank borrowings | 10 | - | 1 | - | - | - | 11 |
| Neu CP | - | - | - | - | - | - | - |
| Bank overdrafts | 183 | - | - | - | - | - | 183 |
| DEBT | 193 | 961 | 452 | 955 | 387 | 1,216 | 4,164 |
| Lease liabilities | 34 | 26 | 20 | 16 | 13 | 10 | 119 |
| Deposits and guarantees | 2 | 29 | - | - | - | - | 31 |
| Put options over non-controlling interests | 14 | 19 | 21 | 1 | 1 | 14 | 70 |
| Derivatives | 3 | 31 | 42 | 47 | - | 74 | 197 |
| Other | 6 | - | - | - | - | - | 6 |
| OTHER FINANCIAL LIABILITIES | 59 | 105 | 83 | 64 | 14 | 98 | 423 |
| **TOTAL** | **252** | **1,066** | **535** | **1,019** | **401** | **1,314** | **4,587** |

- At December 31, 2022

| *(in € millions)* | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 and beyond | Dec. 31, 2022 |
|---|---|---|---|---|---|---|---|
| Convertible bonds | - | 500 | - | - | - | 386 | 886 |
| Non-bank debt | 32 | - | 455 | 457 | 447 | 517 | 1,908 |
| Bank borrowings | 11 | 1 | - | - | - | - | 12 |
| Neu CP | - | - | - | - | - | - | - |
| Bank overdrafts | 124 | - | - | - | - | - | 124 |
| DEBT | 167 | 501 | 455 | 457 | 447 | 903 | 2,930 |
| Lease liabilities | 31 | 22 | 18 | 14 | 12 | 12 | 109 |
| Deposits and guarantees | 3 | 25 | - | - | - | - | 28 |
| Put options over non-controlling interests | 3 | 1 | 5 | 32 | 1 | 11 | 53 |
| Derivatives | 2 | 4 | 36 | 43 | 52 | 80 | 217 |
| Other | 4 | - | - | - | - | - | 4 |
| OTHER FINANCIAL LIABILITIES | 43 | 52 | 59 | 89 | 65 | 103 | 411 |
| **TOTAL** | **210** | **553** | **514** | **546** | **512** | **1,006** | **3,341** |

## 6.5 Net debt and net cash

| *(in € millions)* | **June 30, 2023** | Dec. 31, 2022 |
|---|---|---|
| Non-current debt | 3,971 | 2,763 |
| Other non-current financial liabilities | 364 | 368 |
| Current debt (excluding bank overdrafts) | 10 | 43 |
| Other current financial liabilities | 59 | 43 |
| Bank overdrafts | 183 | 124 |
| DEBT AND OTHER FINANCIAL LIABILITIES | 4,587 | 3,341 |
| Other current financial assets | (8) | (6) |
| Current derivatives | (1) | - |
| Non-current derivatives | (8) | (4) |
| Other marketable securities | (1,350) | (1,543) |
| Cash and cash equivalents | (1,369) | (1,481) |
| CASH AND CASH EQUIVALENTS AND OTHER FINANCIAL ASSETS | (2,736) | (3,034) |
| **NET DEBT** | **1,851** | **307** |

Other non-current and current financial liabilities include lease liabilities recognized in application of IFRS 16 in an amount of €119 million.

| *(in € millions)* | **First-half 2023** | First-half 2022 |
|---|---|---|
| Net debt at beginning of period | 307 | 816 |
| Increase (decrease) in non-current debt | 1 208 | (177) |
| Increase (decrease) in other non-current financial liabilities | (4) | 178 |
| Decrease (increase) in other marketable securities | 193 | (298) |
| Decrease (increase) in cash and cash equivalents, net of bank overdrafts | 171 | 404 |
| Increase (decrease) in other financial assets and liabilities | (24) | 133 |
| **Increase (decrease) in net debt** | **1 544** | **240** |
| **NET DEBT AT END OF PERIOD** | **1 851** | **1 056** |

## 6.6 Financial instruments and market risk management

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

- Hedging impact
- Before hedging

Debt before interest rate hedging breaks down as follows:

| | June 30, 2023 | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | **Amount** | **Interest rate** | **% of total debt** | Amount | Interest rate | % of total debt |
| Fixed-rate debt[1] | 3,981 | 1.9% | 100% | 2,806 | 1.1% | 100% |
| Variable-rate debt | - | 0.0% | 0% | - | 0.0% | 0% |
| **DEBT*** | **3,981** | **1.9%** | **100%** | **2,806** | **1.1%** | **100%** |

* Debt excluding bank overdrafts.

(1) The rates mentioned for fixed-rate debt correspond to the contractual rates (i.e., 1.375%, 1.875% and 3.625%) applied to the exact number of days in the year divided by 360.

- After hedging

Debt after interest rate hedging breaks down as follows:

| | June 30, 2023 | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | **Amount** | **Interest rate** | **% of total debt** | Amount | Interest rate | % of total debt |
| Fixed-rate debt | 2,611 | 2.5% | 66% | 1,415 | 1.2% | 50% |
| Variable-rate debt | 1,370 | 4.7% | 34% | 1,391 | 3.3% | 50% |
| **DEBT*** | **3,981** | **3.3%** | **100%** | **2,806** | **2.2%** | **100%** |

* Debt excluding bank overdrafts.

## Foreign exchange risk: currency analysis

- Hedging impact
- Before hedging

Debt before currency hedging breaks down as follows:

| | June 30, 2023 | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | **Amount** | **Interest rate** | **% of total debt** | Amount | Interest rate | % of total debt |
| EUR | 3,974 | 1.9% | 100% | 2,799 | 1.1% | 100% |
| Other currencies | 7 | 7.4% | 0% | 7 | 7.6% | 0% |
| **DEBT*** | **3,981** | **1.9%** | **100%** | **2,806** | **1.1%** | **100%** |

* Debt excluding bank overdrafts.

- After hedging

Debt after currency hedging breaks down as follows:

| | June 30, 2023 | | | Dec. 31, 2022 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | **Amount** | **Interest rate** | **% of total debt** | Amount | Interest rate | % of total debt |
| EUR | 3,635 | 3.1% | 91% | 2,764 | 2.2% | 98% |
| Other currencies | 346 | 5.4% | 9% | 42 | 5.6% | 2% |
| **DEBT*** | **3,981** | **3.3%** | **100%** | **2,806** | **2.2%** | **100%** |

* Debt excluding bank overdrafts.

Interest rate hedges include derivatives in the form of swaps that transform a fixed rate into a variable rate over a euro-denominated debt initially issued at a fixed rate. The derivatives are therefore variable-for-fixed swaps and classified as fair value hedges under IFRS 9.

These interest rate swaps represent a total notional amount of €1,950 million relating to an underlying debt of €3,300 million. At June 30, 2023, the derivatives had a fair value of negative €189 million, recorded in liabilities.

Edenred also have interest rate cap options to hedge swapped debt in euros designated as fixed rate hedging instruments in cash flow hedge under IFRS9.

These cap options have a notional value of €450 million relating to an underlying swapped debt of €1,950 million. At June 30, 2023, these derivatives had a fair value of positive €7 million, representing a financial asset.

Changes in the fair value of the hedges have no material impact on the income statement because they qualify for hedge accounting under IFRS.

# NOTE 7 INCOME TAX – EFFECTIVE TAX RATE

The effective tax rate is calculated based on:

- profit before tax;
- income tax expense adjusted for the tax on dividends, withholding tax, utilization of tax loss carryforwards and non-recurring items.

Based on these calculations, the effective tax rate changed from 31.2% in first-half 2022 to 31.9% in first-half 2023.

# NOTE 8 EARNINGS PER SHARE

At June 30, 2023, the Company's share capital was made up of 249,588,059 shares.

At June 30, 2023, the number of shares outstanding and the weighted average number of ordinary shares outstanding broke down as follows:

| *(in shares)* | **First-half 2023** | **First-half 2022** |
|---|---|---|
| SHARE CAPITAL AT END OF PERIOD | 249,588,059 | 249,588,059 |
| **Number of shares outstanding at beginning of period** | **249,009,088** | **248,536,041** |
| Number of shares issued for dividend payments | - | - |
| Number of shares issued on conversion of performance share plans | 208,027 | 237,271 |
| Number of shares issued on conversion of stock option plans | - | - |
| Number of shares canceled | (208,027) | (237,271) |
| **Issued shares at end of period excluding treasury shares** | **-** | **-** |
| Treasury shares not related to the liquidity contract | 212,295 | 479,123 |
| Treasury shares under the liquidity contract | 35,457 | 191,779 |
| **Treasury shares** | **247,752** | **670,902** |
| NUMBER OF SHARES OUTSTANDING AT END OF PERIOD | 249,256,840 | 249,206,943 |
| Adjustment to calculate weighted average number of issued shares | (24,270) | (9,207) |
| Adjustment to calculate weighted average number of treasury shares | (157,407) | (315,200) |
| **Total weighted average adjustment** | **(181,677)** | **(324,407)** |
| **WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING DURING THE YEAR** | **249,075,163** | **248,882,536** |

In addition, 1,766,444 performance shares were granted to employees between 2021 and 2023. Conversion of all of these potential shares, and of the 14,353,082 convertible bonds, would increase the number of shares outstanding to 265,376,366.

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

- from January 1, 2023 to June 30, 2023 for Plans 14, 15, 16 and 17 (€55.26);
- from February 23, 2023 to June 30, 2023 for Plan 18 (€57.41);

the diluted weighted average number of shares outstanding at June 30, 2023 was 264,379,927.

| | **First-half 2023** | First-half 2022 |
|---|---|---|
| **Net profit attributable to owners of the parent** *(in € millions)* | **202** | **170** |
| Weighted average number of issued shares *(in thousands)* | 249,564 | 249,579 |
| Weighted average number of treasury shares *(in thousands)* | (489) | (696) |
| **Number of shares used to calculate basic earnings per share** *(in thousands)* | **249,075** | **248,883** |
| **BASIC EARNINGS PER SHARE *(in €)*** | **0.81** | **0.68** |
| Number of shares resulting from the exercise of stock options *(in thousands)* | - | - |
| Number of shares resulting from performance share grants *(in thousands)* | 952 | 740 |
| Convertible bonds *(in thousands)* | 14,353 | 14,353 |
| **Number of shares used to calculate diluted earnings per share** *(in thousands)* | **264,380** | **263,976** |
| **DILUTED EARNINGS PER SHARE *(in €)*** | **0.76** | **0.64** |

# NOTE 9 EMPLOYEE BENEFITS

## 9.1 Share-based payments

- Main characteristics

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 the three-year Plan 18, the 626,185 shares granted on February 23, 2023 will vest on February 23, 2026 provided that several performance conditions are met.

Fulfillment of the performance conditions for the plan will be assessed over the period from January 1, 2023 to December 31, 2025, 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 growth in:

- EBITDA,
- the three CSR criteria (diversity, greenhouse gas emissions and nutrition);

(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.

- Fair value of performance share plans

The fair value of performance shares corresponds to the share price on the day of the grant, net of the expected dividend payment during the vesting period.

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.

For Plan 18, the fair value amounts to €48.46 per performance share, compared with a share price of €53.10 on February 23, 2023, 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 expense recognized in respect of the 2023 plan amounted to €3 million in first-half 2023.

# 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)* | **First-half 2023** | First-half 2022 |
|---|---|---|
| Movements in restructuring provisions | - | 3 |
| Restructuring and reorganization costs | (3) | (6) |
| **Restructuring expenses** | **(3)** | **(3)** |
| **Impairment of assets** | **-** | **-** |
| Acquisition-related costs | (17) | - |
| Capital gains and losses | (1) | (1) |
| Movements in provisions | 3 | - |
| Non-recurring gains and losses | (1) | (5) |
| **Other** | **(16)** | **(6)** |
| **TOTAL OTHER INCOME AND EXPENSES*** | **(19)** | **(9)** |

* Net cash costs included under this caption amounted to €21 million in first-half 2023 and €7 million in first-half 2022.

Other income and expenses in first-half 2023 were primarily as follows:

- restructuring expenses for €3 million;
- acquisition-related costs for €17 million, including €16 million relating to the acquisition of Reward Gateway on May 16, 2023.

Other income and expenses in first-half 2022 were primarily as follows:

- restructuring expenses for €3 million;
- recognition of a €5 million loss during a platform migration in Mexico and the transfer of the historical balances of client cards.

## 10.2 Provisions

Movements in non-current provisions between January 1, 2023 and June 30, 2023 can be analyzed as follows:

| *(in € millions)* | Dec. 31, 2022 | Impact on equity | Additions | Used amounts | Reversals of unused amounts | Currency translation adjustment | Reclassi-fications and changes in scope | June 30, 2023 |
|---|---|---|---|---|---|---|---|---|
| - Provisions for pensions and loyalty bonuses | 12 | - | 1 | - | - | - | - | 13 |
| - Provisions for claims and litigation and other contingencies | 8 | - | 2 | - | (1) | - | - | 9 |
| **TOTAL NON-CURRENT PROVISIONS** | **20** | **-** | **3** | **-** | **(1)** | **-** | **-** | **22** |

Movements in current provisions between January 1, 2023 and June 30, 2023 can be analyzed as follows:

| *(in € millions)* | Dec. 31, 2022 | Impact on equity | Additions | Used amounts | Reversals of unused amounts | Currency translation adjustment | Reclassi-fications and changes in scope | June 30, 2023 |
|---|---|---|---|---|---|---|---|---|
| - Restructuring provisions | 1 | - | - | - | - | - | - | 1 |
| - Provisions for claims and litigation and other contingencies | 9 | - | 1 | (1) | (1) | - | - | 8 |
| **TOTAL CURRENT PROVISIONS** | **10** | **-** | **1** | **(1)** | **(1)** | **-** | **-** | **9** |

Taken individually, all ongoing disputes are immaterial, with the exception of those 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 number of disputes with third parties or with judicial or administrative authorities (including tax authorities). Developments in significant disputes since December 31, 2022 are as follows:

### Antitrust dispute in France

In 2015, the French company Octoplus and three hospitality unions 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. However, the Antitrust Authority dismissed all allegations made by Octoplus and the three hospitality unions. 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. On March 31, 2021, Edenred paid the fine in an amount of €157 million and canceled the related surety. The associated asset has been recognized in other receivables.

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 therefore appealed. Following the appeal hearing on November 18, 2021, the appeal court is expected to hand down its decision on November 16, 2023 at the latest. Based on the opinion of its legal advisers, Edenred believes that it has strong arguments to challenge the Antitrust Authority's decision. Therefore, the Company has not set aside a related provision.

## Czech Republic antitrust dispute

In 2019, the Czech antitrust authorities conducted an investigation into Edenred Czech Republic, Sodexo and Up to examine the behavior of these entities on their market. This investigation led to a statement of objections being issued in October 2021 along with the amount of the potential fine, estimated by the Czech authorities at €4.1 million. Based on the opinion of its legal advisers, Edenred believes that it has solid arguments in its defense. Edenred has appealed the decision. The antitrust authorities are expected to announce their appeal decision in the second half of 2023. Judicial administrative appeal proceedings may then be launched, lasting approximately 12 to 18 months.

The Group believes that its arguments have a strong chance of success. Accordingly, no provision has been recognized in the financial statements.

## 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 119 million Brazilian reals (€21 million) in penalties and interest at December 31, 2022.

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 (€5 million), plus 442 million Brazilian reals (€78 million) in penalties and interest at December 31,

2022. 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 60 million Brazilian reals (€11 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 there is a probable chance of a favorable outcome. 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. On April 30, 2021, the company filed a second-instance appeal. On June 22, 2023, the appeal court ruled in favor of the company. However, the municipality of São Paulo has until September 2023 to appeal to the Superior Court. Based on the opinion of an expert familiar with the facts, the Company believes there is a good chance that the Superior Court judges will also find in its favor. 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 for the period from 2014 to 2016 had been completed. The tax authorities have challenged the brand royalties billed to Edenred Italy by Edenred SE, as well as the timing of revenue recognition (billing of partner merchants).

In November 2019, the authorities issued a proposed reassessment with the effect of suspending the statute of limitations. 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 brand royalties paid by Edenred Italy. At the same time, the Company continued to challenge the reassessment of partner merchant billing before the courts.

In April 2021 and July 2021, the authorities issued additional proposed reassessments in respect of the amount of brand royalties billed by Edenred SE in 2015 and 2016. The mutual agreement procedure has been extended to these reassessments.

In September 2022, the first-instance court ruled in favor of the Company in the matter of partner merchant billing. The appeal court upheld this decision on May 24, 2023. However, the tax authorities have until the end of November 2023 to appeal to the Supreme Court.

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 UPDATE ON ACCOUNTING STANDARDS

## 11.1 STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE FOR REPORTING PERIODS BEGINNING ON OR AFTER JANUARY 1, 2022

The following standards, amendments and interpretations adopted by the European Union became effective on January 1, 2022:

- Amendment to IAS 16 – Proceeds before Intended Use;
- Amendment to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract;
- Amendment to IFRS 3 – Reference to the Conceptual Framework.

These amendments are effective for annual reporting periods beginning on or after January 1, 2022.

Their application had no material impact on the periods presented.

In addition, the financial statements presented in 2022 take into account the IFRIC agenda decision on the costs of configuring or customizing a supplier's application software in a Software as a Service (SaaS) arrangement. The impact of this interpretation amounted to €2 million and was recognized in equity at January 1, 2022.

## 11.2 STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AFTER 2022

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

The following standards, amendments and interpretations published by the IASB are not yet effective in 2022:

- IFRS 17 – Insurance Contracts;
- Amendments to IFRS 17;
- Amendments to IAS 1 – Disclosure of Accounting Policies;
- Amendments to IAS 8 – Definition of Accounting Estimates.

The Edenred group chose not to early adopt these standards, amendments and interpretations at January 1, 2022. Their application is currently being analyzed.

# AUDITORS' REVIEW REPORT ON THE HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS


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Statutory Auditor
Member of the
Versailles and Center Regional Council


*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

## Statutory Auditors' review report on the half-yearly financial information

For the period from January 1 to June 30, 2023

To the Shareholders of EDENRED,

In compliance with the assignment entrusted to us by your shareholders' meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements for the period from January 1, 2023 to June 30, 2023,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

### 1.1 Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the European Union.

### 2.1 Specific verification

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

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

Paris-La Défense, July 25, 2023

The Statutory Auditors

| DELOITTE & ASSOCIÉS | ERNST & YOUNG Audit |
| --- | --- |
| Guillaume CRUNELLE | Pierre JOUANNE |

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# DECLARATION BY PERSONS RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

## STATEMENT BY THE PERSON RESPONSIBLE FOR THE 2023 HALF-YEAR FINANCIAL REPORT

I declare, to the best of my knowledge, that the condensed interim financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all of the companies included in the scope of consolidation, and that the interim management report on page 3 includes a true and fair review of the significant events of the first six months of the year, of their impact on the interim financial statements and of the main related-party transactions as well as an overview of the main risks and uncertainties in the remaining six months of the year.

Issy-les-Moulineaux – July 25, 2023

Bertrand Dumazy

Chairman and Chief Executive Officer

**Enrich connections.**
**For good.**

Edenred

European Company
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