



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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1.1 CONSOLIDATED INCOME STATEMENT

<i>(in € millions)</i>	Notes	First-half 2020	First-half 2019
Operating revenue	4.1	675	748
Other revenue	4.1	21	29
Total revenue	4.1	696	777
Operating expenses	4.2	(441)	(467)
Depreciation, amortization and impairment losses	5.5	(63)	(61)
Operating profit before other income and expenses (EBIT)	4.1	192	249
Share of net profit from equity-accounted companies	5.4	6	6
Other income and expenses	10.1	(13)	(12)
Operating profit including share of net profit from equity-accounted companies		185	243
Net financial expense	6.1	(15)	(14)
Profit before tax		170	229
Income tax expense	7	(57)	(69)
NET PROFIT		113	160
Net profit attributable to owners of the parent		100	146
Net profit attributable to non-controlling interests		13	14
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Earnings per share attributable to owners of the parent (in €)	8	0.41	0.61
Diluted earnings per share (in €)	8	0.41	0.60

1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	Notes	First-half 2020	First-half 2019
Net profit		113	160
Other comprehensive income			
Currency translation adjustment		(244)	21
Fair value adjustments to financial instruments and assets at fair value through other comprehensive income		11	18
Tax on items that may be subsequently reclassified to profit or loss		(3)	(6)
Items that may be subsequently reclassified to profit or loss		(236)	33
Actuarial gains and losses on defined-benefit plans		1	(1)
Tax on items that may not be subsequently reclassified to profit or loss		-	-
Items that may not be subsequently reclassified to profit or loss		1	(1)
TOTAL OTHER COMPREHENSIVE INCOME		(235)	32
TOTAL COMPREHENSIVE INCOME		(122)	192
Comprehensive income attributable to owners of the parent	1.5	(113)	178
Comprehensive income attributable to non-controlling interests	1.5	(9)	14

1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated assets

<i>(in € millions)</i>	Notes	June 30, 2020	Dec. 31, 2019
Goodwill	5.1	1,495	1,604
Intangible assets	5.2	661	706
Property, plant and equipment	5.3	151	169
Investments in equity-accounted companies	5.4	64	69
Non-current financial assets	6.2	76	75
Deferred tax assets		112	94
TOTAL NON-CURRENT ASSETS		2,559	2,717
Trade receivables	4.3	1,674	2,073
Inventories, other receivables and accruals	4.3	400	359
Restricted cash	4.4	2,295	1,864
Current financial assets	6.2/6.5	192	136
Other marketable securities	6.3/6.5	1,004	733
Cash and cash equivalents	6.3/6.5	1,135	1,004
TOTAL CURRENT ASSETS		6,700	6,169
TOTAL ASSETS		9,259	8,886

Consolidated equity and liabilities

<i>(in € millions)</i>	Notes	June 30, 2020	Dec. 31, 2019
Issued capital		493	486
Additional paid-in capital		949	880
Consolidated retained earnings (accumulated losses)		(2,098)	(2,120)
Currency translation adjustment		(613)	(391)
Treasury shares		(28)	(48)
Equity attributable to owners of the parent		(1,297)	(1,193)
Non-controlling interests		90	150
Total equity		(1,207)	(1,043)
Non-current debt	6.4/6.5	2,931	2,421
Other non-current financial liabilities	6.4/6.5	130	139
Non-current provisions	10.2	38	43
Deferred tax liabilities		171	174
TOTAL NON-CURRENT LIABILITIES		3,270	2,777
Current debt	6.4/6.5	716	426
Other current financial liabilities	6.4/6.5	55	177
Current provisions	10.2	13	22
Funds to be redeemed	4.3	4,935	5,161
Trade payables	4.3	217	261
Current tax liabilities	4.3	27	33
Other payables	4.3	1,233	1,072
TOTAL CURRENT LIABILITIES		7,196	7,152
TOTAL EQUITY AND LIABILITIES		9,259	8,886

1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in € millions)</i>	Notes	First-half 2020	First-half 2019
+ Net profit attributable to owners of the parent		100	146
+ Non-controlling interests		13	14
- Share of net profit from equity-accounted companies	5.4	(6)	(6)
- Depreciation, amortization and changes in operating provisions		65	67
- Expenses related to share-based payments		7	8
- Non-cash impact of other income and expenses		12	(8)
- Difference between income tax paid and income tax expense		(7)	6
+ Dividends received from equity-accounted companies	5.4	11	9
= Funds from operations including other income and expenses		195	236
- (Gains) losses on disposals of assets, net		-	1
- Other income and expenses (including restructuring costs)		12	27
= Funds from operations before other income and expenses (FFO)		207	264
+ Decrease (increase) in working capital	4.4	448	(108)
+ Decrease (increase) in restricted cash	4.5	(489)	(132)
= Net cash from (used in) operating activities		166	24
+ Other income and expenses (including restructuring costs) received/paid		(13)	(27)
= Net cash from (used in) operating activities including other income and expenses (A)		153	(3)
- Acquisitions of property, plant and equipment and intangible assets		(53)	(37)
- Acquisitions of investments (non-consolidated companies)		(3)	(14)
- External acquisition expenditure, net of cash acquired		(102)	(721)
+ Proceeds from (disbursements relating to) disposals of assets		-	(7)
= Net cash from (used in) investing activities (B)		(158)	(779)
+ Capital increase		1	4
- Dividends paid ⁽¹⁾	3.2	(66)	(80)
+ (Purchases) sales of treasury shares		(28)	-
+ Increase in non-current debt		601	104
- Decrease in non-current debt		(1)	(17)
+ Change in current debt		(316)	225
= Net cash from (used in) financing activities (C)		191	236
- Net foreign exchange differences and fair value adjustments (D)		(79)	(4)
= Net increase (decrease) in cash and cash equivalents (E) = (A) + (B) + (C) + (D)	6.5	107	(550)
+ Cash and cash equivalents at beginning of period		952	1 316
- Cash and cash equivalents at end of period		1 059	766
= NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6.5	107	(550)

(1) Including cash dividends paid to owners of the parent for €60 million (€0.70 per share) and cash dividends paid to non-controlling interests for €6 million.

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

<i>(in € millions)</i>	Notes	First-half 2020	First-half 2019
+ Cash and cash equivalents	6.3	1,135	843
- Bank overdrafts	6.5	(76)	(77)
= CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,059	766

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	Currency translation adjustment ⁽¹⁾	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Total non-controlling interests	Total equity
Dec. 31, 2018	479	770	(22)	(2 743)	111	17	(3)	(424)	254	(1 561)	110	(1 451)
Appropriation of 2018 net profit	-	-	-	254	-	-	-	-	(254)	-	-	-
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
- in cash	-	-	-	-	-	-	-	-	-	-	2	2
- cancellation of treasury shares	-	(23)	-	-	-	-	-	-	-	(23)	-	(23)
- options exercised	-	2	-	-	-	-	-	-	-	2	-	2
- dividends reinvested in new shares	8	136	-	-	-	-	-	-	-	144	-	144
Dividends paid	-	-	-	(206)	-	-	-	-	-	(206)	(18)	(224)
Changes in consolidation scope	-	-	-	-	-	-	-	-	-	-	1	1
Compensation costs – share-based payments	-	-	-	-	8	-	-	-	-	8	-	8
(Acquisitions) disposals of treasury shares	-	-	21	-	-	-	-	-	-	21	-	21
Other ⁽⁵⁾	-	-	-	(11)	-	-	-	-	-	(11)	-	(11)
Other comprehensive income	-	-	-	-	-	12	(1)	21	-	32	1	33
Net profit for the period	-	-	-	-	-	-	-	-	146	146	14	160
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	12	(1)	21	146	178	14	192
June 30, 2019	487	885	(1)	(2 706)	119	29	(4)	(403)	146	(1 448)	110	(1 338)
Dec. 31, 2019	486	880	(48)	(2 579)	127	29	(9)	(391)	312	(1 193)	150	(1 043)
Appropriation of 2019 net profit	-	-	-	312	-	-	-	-	(312)	-	-	-
Increase (decrease) in share capital	-	-	-	-	-	-	-	-	-	-	-	-
- in cash	-	-	-	-	-	-	-	-	-	-	2	2
- cancellation of treasury shares	-	(34)	-	-	-	-	-	-	-	(34)	-	(34)
- options exercised	-	1	-	-	-	-	-	-	-	1	-	1
- dividends reinvested in new shares	7	102	-	-	-	-	-	-	-	109	-	109
Dividends paid ⁽³⁾	-	-	-	(170)	-	-	-	-	-	(170)	(6)	(176)
Changes in consolidation scope ⁽⁴⁾	-	-	-	74	-	-	-	(1)	-	73	(51)	22
Compensation costs – share-based payments	-	-	-	-	7	-	-	-	-	7	-	7
(Acquisitions) disposals of treasury shares	-	-	20	(13)	-	-	-	-	-	7	-	7
Other ⁽⁵⁾	-	-	-	16	-	-	-	-	-	16	4	20
Other comprehensive income	-	-	-	-	-	7	1	(221)	-	(213)	(22)	(235)
Net profit for the period	-	-	-	-	-	-	-	-	100	100	13	113
TOTAL COMPREHENSIVE INCOME	-	-	-	-	-	7	1	(221)	100	(113)	(9)	(122)
June 30, 2020	493	949	(28)	(2 340)	134	36	(8)	(613)	100	(1 297)	90	(1 207)

(1) See Note 1.4 "Presentation currency and foreign currencies" detailing the main exchange rates used in 2019 and 2020. The €613 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 €379 million, the Venezuelan bolivar soberano for €130 million and the Mexican peso for €43 million.

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

(3) Corresponding to the distribution of €170 million paid to Group shareholders (of which €60 million in cash and €109 million in shares – see Note 3.2 "Payment of the 2019 dividend") and €6 million paid to minority shareholders.

(4) Changes in scope of consolidation correspond mainly to the acquisition of the remaining 17% of UTA in the second quarter of 2020 – see Note 2 "Acquisitions, Development, Projects and Disposals".

(5) The line "Other" corresponds mainly to the deferred taxes impact of remeasuring the tax bases of the UTA purchase price allocation – see Note 2 "Acquisitions, Development, Projects and Disposals".



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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INTRODUCTION



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. When the Group uses estimates and assumptions, it applies the method presented in Note 1.5. 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

The Edenred Group's condensed consolidated financial statements for the six months ended June 30, 2020 were approved by the Board of Directors on July 24, 2020.

1.2 . BASIS OF PREPARATION OF THE 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, 2020 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 2019 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, 2020, 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 2019 consolidated financial statements, with the exception of:

- (1) the standards, amendments and interpretations effective for annual periods beginning on or after January 1, 2020 (see Note 11);
- (2) the specific items relating to the preparation of interim financial statements (see 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 2019 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.

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.

ISO code	Currency	Country	First-half 2020		Full-year 2019		First-half 2019	
			Closing rate at June 30, 2020	Average rate for first-half 2020	Closing rate at Dec. 31, 2019	Average rate for full-year 2019	Closing rate at June 30, 2019	Average rate for first-half 2019
			EUR 1 =	EUR 1 =	EUR 1 =	EUR 1 =	EUR 1 =	EUR 1 =
ARS	Peso	ARGENTINA	78.90	78.90	67.26	67.26	48.34	48.34
BRL	Real	BRAZIL	6.11	5.42	4.52	4.41	4.35	4.34
USD	US dollar	UNITED STATES	1.12	1.10	1.12	1.12	1.14	1.13
MXN	Peso	MEXICO	25.95	23.89	21.22	21.55	21.82	21.65
RON	Leu	ROMANIA	4.84	4.82	4.78	4.75	4.73	4.74
GBP	Pound sterling	UNITED KINGDOM	0.91	0.87	0.85	0.88	0.90	0.87
SEK	Krona	SWEDEN	10.49	10.66	10.45	10.59	10.56	10.52
CZK	Koruna	CZECH REPUBLIC	26.74	26.35	25.41	25.67	25.45	25.68
TRY	Lira	TURKEY	7.68	7.16	6.68	6.36	6.57	6.36
VES	Boliv ar	VENEZUELA	227,750.63	132,166.92	51,471.34	14,759.35	7,463.30	4,392.69

The impact on attributable consolidated equity of currency translation adjustments is negative by €221 million between December 31, 2019 and June 30, 2020. The difference mainly reflected movements in the following currencies:

ISO code	Currency	Country	June 30, 2020	Dec. 31, 2019	Change
BRL	Real	BRAZIL	(379)	(210)	(169)
USD	US dollar	UNITED STATES	16	14	2
MXN	Peso	MEXICO	(43)	(7)	(36)
GBP	Pound sterling	UNITED KINGDOM	(25)	(13)	(12)
Total			(431)	(216)	(215)

Hyperinflation in Argentina

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

In line with this standard, a EUR/ARS exchange rate of 78.90 has been used. Non-monetary items have been adjusted using the consumer price index published by Argentina's national statistics institute, INDEC.

The impact of the adjustment on the first-half 2020 interim financial statements is not material.

1.5 . USE OF JUDGMENTS AND ESTIMATES

The preparation of financial statements requires the application of judgment and the use of estimates and assumptions to determine the reported amount of certain assets, liabilities, income and expenses, and to take into account the potential positive or negative effect of uncertainties existing at the balance sheet date. Due to changes in the assumptions used and economic conditions different from those existing at the closing date, the amounts in the Group's future financial statements could be materially different from current estimates.

1.6 . ACCOUNTING CONSIDERATIONS RELATED TO THE COVID-19 EPIDEMIC

Impairment of current financial and non-financial assets

In accordance with IAS 36 – Impairment of Assets, goodwill, intangible assets, property, plant and equipment, and investment properties are tested for impairment when there is any indication that they may be impaired.

Indications of impairment are as follows for the Group's CGUs:

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

The Group identified the CGUs that were likely to be impacted by the epidemic. Impairment tests were carried out, but no impairment losses were recognized as of June 30, 2020.

The Group also reviewed trade receivables but did not recognize any additional impairment losses as the level of counterparty risk was stable compared with December 2019 (with the exception of some client defaults observed since the start of the crisis).

Deferred taxes on losses

In accordance with IAS 12 – Income Taxes, a deferred tax asset is recognized for ordinary and evergreen tax loss carryforwards only when it is probable that the asset will be recovered in the foreseeable future. The probability of recovery of deferred tax assets is reviewed on a periodic basis for each tax entity. Where appropriate, the review may lead the Group to derecognize deferred tax assets that had been recognized in prior years.

The Group reassessed the recoverability of its recognized deferred tax assets, but did not observe any material impact.



NOTE 2 : ACQUISITIONS, DEVELOPMENT PROJECTS AND DISPOSALS

Acquisitions, development projects and disposals in 2020

EBV

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

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

UTA

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

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

CooperCard

On May 8, 2020, Edenred signed an agreement to acquire Cooper Card's client portfolio (170,000 active users) in Brazil. With this acquisition, Edenred is consolidating its integration into the economic fabric of the state of Paraná. With 11 million citizens, it is one of the country's most populous and dynamic states and represents a major employment pool. The transaction has been approved by the Brazilian antitrust authority and is subject to the approval of the Central Bank of Brazil. It is expected to be finalized before the end of 2020.

NOTE 3 : SIGNIFICANT EVENTS

3.1 . IMPACT OF COVID-19

The Covid-19 health crisis has impacted the economies of the 46 countries where the Group operates. The measures taken to contain the spread of the virus have created substantial disruption for companies around the world, triggering an economic downturn. Economies are gradually reopening in the regions where the Group operates.

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



The Group has incurred specific expenses in connection with the Covid-19 epidemic, which represent a marginal amount at the Group level. They mainly concern equipment and measures to ensure compliance with health regulations, initiatives to support employees, affiliates and partners, and payroll costs not fully covered by government-subsidized relief measures. The Group has assessed the consequences of the Covid-19 epidemic on counterparty risk. No impairment losses were recognized during the first half of the year. On a like-for-like basis compared with 2019, the decline in business activity over the period had a 4.2% impact on operating revenue (or €32 million), an 18.4% impact on other revenue (or €5 million), and a 4.8% impact on total revenue (or €37 million). Accordingly, EBITDA declined by 12.8% (or €40 million) and EBIT by 17.7% (or €44 million) – See Note 4.1.2 – “Segment information by indicator”.

Sharp exchange rate fluctuations were also observed in first-half 2020 in the main currencies to which the Group is exposed, that led to a slight increase of 9.2% in net financial expense.

With regard to cash flow, the total or partial economic shutdowns across the world prompted a decline in the use of Edenred solutions and therefore the related reimbursements, which had a favorable impact on the seasonality of working capital. The atypical seasonal differences will be gradually reabsorbed as economic activity recovers.

No liquidity risk was identified. Furthermore, on June 10, 2020, Edenred issued €600 million worth of nine-year bonds paying a coupon of 1.375%. The bond issuance enabled the Group to extend the average maturity of its debt under favorable conditions and to finance its upcoming debt repayments in the second half of 2020 and in 2021. Lastly, on June 4, 2020, the Group extended its financial resources by submitting a Negotiable European Medium Term Note (NEU MTN) program to France's central bank. Under the program, the Group will be able to issue up to €250 million of medium-term negotiable debt with maturities beyond one year. The medium-term program complements the €750 million Negotiable European Commercial Paper (NEU CP) program for debt with maturities of one year or less.

3.2 . PAYMENT OF THE 2019 DIVIDEND

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

The option for payment of the dividend in new shares, which ran from May 7 to May 29, 2020, led to the issuance of 3,378,494 new ordinary Edenred shares, representing 1.39% of the share capital, which were settled and admitted to trading on the Euronext Paris stock market on June 5, 2020.

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

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

3.3 . SUBSEQUENT EVENTS

Edenred India

On July 16, 2020, the Group sold its Employee Benefits client portfolio in India to Sodexo for a non significant amount.



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.

The performance of each operating segment is measured based on changes in operating revenue, total revenue, EBITDA, operating EBIT and EBIT.

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 all of the criteria mentioned above.

The “Rest of the World” segment aggregates the countries that are not included in “France”, “Europe (excluding France)” and “Latin America”.

Finally, “Holding & Other” includes the Edenred SA holding company, regional headquarters and companies with no operating activity.

Transactions between segments are not material.



4.1.1. CONDENSED FINANCIAL INFORMATION

FIRST-HALF 2020



Income statement

<i>(in € millions)</i>	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	First-half 2020
Operating revenue	111	300	203	61	-	675
Other revenue	3	5	11	2	-	21
Total external revenue	114	305	214	63	-	696
Inter-segment revenue	-	6	-	-	(6)	-
TOTAL REVENUE FROM OPERATING SEGMENTS	114	311	214	63	(6)	696
OPERATING EXPENSES	(86)	(179)	(128)	(52)	4	(441)
EBITDA*	28	126	86	11	4	255
EBIT LESS OTHER REVENUE (OPERATING EBIT)	15	99	57	-	-	171
EBIT	18	104	68	2	-	192

* The impact of IFRS 16 on EBITDA amounted to €15 million.

FIRST-HALF 2019



Income statement

<i>(in € millions)</i>	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	First-half 2019
Operating revenue	128	294	266	60	-	748
Other revenue	3	5	18	3	-	29
Total external revenue	131	299	284	63	-	777
Inter-segment revenue	-	6	-	-	(6)	-
TOTAL REVENUE FROM OPERATING SEGMENTS	131	305	284	63	(6)	777
OPERATING EXPENSES	(89)	(173)	(155)	(45)	(5)	(467)
EBITDA*	42	126	129	18	(5)	310
EBIT LESS OTHER REVENUE (OPERATING EBIT)	28	102	91	7	(8)	220
EBIT	31	107	109	10	(8)	249

* The impact of IFRS 16 on EBITDA amounted to €15 million.

Changes in total revenue and EBIT



Changes in total revenue and EBIT between first-half 2019 and first-half 2020 break down as follows:

(in € millions)	Δ First-half 2020/First-half 2019									
	First-half 2020	First-half 2019	Organic growth		Changes in consolidation scope		Currency effect		Total change	
			In €m	As a %	In €m	As a %	In €m	As a %	In €m	As a %
Operating revenue	675	748	(32)	(4.2)%	+4	+0.4%	(45)	(6.0)%	(73)	(9.8)%
Other revenue	21	29	(5)	(18.4)%	-	+0.3%	(3)	(8.6)%	(8)	(26.7)%
Total external revenue	696	777	(37)	(4.8)%	+4	+0.4%	(48)	(6.1)%	(81)	(10.4)%
OPERATING EXPENSES	(441)	(467)	(3)	+0.6%	+3	(0.8)%	+26	(5.4)%	+26	(5.6)%
EBITDA	255	310	(40)	(12.8)%	+7	+2.2%	(22)	(7.2)%	(55)	(17.8)%
EBIT LESS OTHER REVENUE (OPERATING EBIT)	171	220	(39)	(17.7)%	+6	+2.6%	(16)	(7.3)%	(49)	(22.3)%
EBIT	192	249	(44)	(17.7)%	+6	+2.4%	(19)	(7.5)%	(57)	(22.8)%

4.1.2. SEGMENT INFORMATION BY INDICATOR



Operating revenue by region

Changes in operating revenue between first-half 2019 and first-half 2020 break down as follows:

(in € millions)	France	Europe (excl. France)	Latin America	Rest of the World	TOTAL
Operating revenue – first-half 2020	111	300	203	61	675
Operating revenue – first-half 2019	128	294	266	60	748
Change	(17)	6	(63)	1	(73)
% change	(13.5)%	+2.1%	(23.7)%	+1.0%	(9.8)%
LIKE-FOR-LIKE CHANGE	(17)	+2	(19)	+2	(32)
LIKE-FOR-LIKE CHANGE AS A %	(13.5)%	+0.8%	(7.1)%	+3.5%	(4.2)%



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 2020	3	5	11	2	21
Other revenue – first-half 2019	3	5	18	3	29
Change	-	-	(7)	(1)	(8)
% change	(3.9)%	(8.2)%	(33.6)%	(40.1)%	(26.7)%
LIKE-FOR-LIKE CHANGE	-	-	(4)	(1)	(5)
LIKE-FOR-LIKE CHANGE AS A %	(3.9)%	(7.7)%	(21.1)%	(34.9)%	(18.4)%

Total revenue by region

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

<i>(in € millions)</i>	France	Europe (excl. France)	Latin America	Rest of the World	TOTAL
Total revenue – first-half 2020	114	305	214	63	696
Total revenue – first-half 2019	131	299	284	63	777
Change	(17)	6	(70)	-	(81)
% change	(13.3)%	+2.0%	(24.3)%	(1.0)%	(10.4)%
LIKE-FOR-LIKE CHANGE	(17)	+2	(23)	+1	(37)
LIKE-FOR-LIKE CHANGE AS A %	(13.3)%	+0.7%	(8.0)%	+1.6%	(4.8)%

EBITDA by region

<i>(in € millions)</i>	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
EBITDA – first-half 2020	28	126	86	11	4	255
EBITDA – first-half 2019	42	126	129	18	(5)	310
Change	(14)	-	(43)	(7)	+9	(55)
% change	(33.3)%	(0.1)%	(33.3)%	(40.6)%	(170.9)%	(17.8)%
LIKE-FOR-LIKE CHANGE	(14)	(1)	(21)	(9)	+5	(40)
LIKE-FOR-LIKE CHANGE AS A %	(33.3)%	(0.8)%	(16.6)%	(47.0)%	(99.0)%	(12.8)%

EBITDA corresponds to total revenue less operating expenses.

EBIT less other revenue (operating EBIT) by region

<i>(in € millions)</i>	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
EBIT less other revenue (operating EBIT) – first-half 2020	15	99	57	-	-	171
EBIT less other revenue (operating EBIT) – first-half 2019	28	102	91	7	(8)	220
Change	(13)	(3)	(34)	(7)	+8	(49)
% change	(48,4)%	(1,8)%	(38,1)%	(97,9)%	(96,9)%	(22,3)%
LIKE-FOR-LIKE CHANGE	(14)	(2)	(19)	(8)	+4	(39)
LIKE-FOR-LIKE CHANGE AS A %	(48,4)%	(1,8)%	(20,9)%	(121,2)%	(47,7)%	(17,7)%

Operating EBIT corresponds to EBIT less other revenue.


EBIT by region

<i>(in € millions)</i>	France	Europe (excl. France)	Latin America	Rest of the World	Holding & Other	TOTAL
EBIT – first-half 2020	18	104	68	2	-	192
EBIT – first-half 2019	31	107	109	10	(8)	249
Change	(13)	(3)	(41)	(8)	+8	(57)
% change	(43.8)%	(2.1)%	(37.3)%	(79.3)%	(96.9)%	(22.8)%
LIKE-FOR-LIKE CHANGE	(14)	(2)	(23)	(9)	+4	(44)
LIKE-FOR-LIKE CHANGE AS A %	(43.8)%	(2.1)%	(20.9)%	(93.5)%	(47.7)%	(17.7)%

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 Fleet & Mobility Solutions business lines:
 - o commissions received from corporate clients are recognized when vouchers are issued and sent to clients;
 - o commissions received from partner merchants are recognized upon presentation of the vouchers for reimbursement by the beneficiary;
 - o profits on vouchers that expire without being reimbursed are recognized in income after the expiry date of the reimbursement rights.
- For the Complementary Solutions business line: the revenue, corresponding to the amount billed to the corporate client, is recognized on delivery of the solutions.

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.

<i>(in € millions)</i>	Employee Benefits	Fleet & Mobility Solutions	Complementary Solutions	TOTAL
Operating revenue – first-half 2020	412	173	90	675
Operating revenue – first-half 2019	472	192	84	748
Change	(60)	(19)	6	(73)
% change	(12.6)%	(10.1)%	+6.1%	(9.8)%
LIKE-FOR-LIKE CHANGE	(40)	(1)	+9	(32)
LIKE-FOR-LIKE CHANGE AS A %	(8.4)%	(0.8)%	+11.0%	(4.2)%

4.2 . OPERATING EXPENSES



<i>(in € millions)</i>	First-half 2020	First-half 2019
Employee benefit expense	(221)	(235)
Cost of sales	(70)	(74)
Business taxes	(18)	(22)
Rental expense	(1)	(1)
Other operating expenses	(131)	(135)
TOTAL OPERATING EXPENSES	(441)	(467)

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

4.3 . CHANGE IN WORKING CAPITAL AND FUNDS TO BE REDEEMED



<i>(in € millions)</i>	June 30, 2020	Dec. 31, 2019
Inventories, net	27	32
Trade receivables, net	1,674	2,073
Other receivables, net	373	327
Working capital – assets	2,074	2,432
Trade payables	(217)	(261)
Other payables	(1,233)	(1,072)
Funds to be redeemed	(4,935)	(5,161)
Working capital – liabilities	(6,385)	(6,494)
NEGATIVE WORKING CAPITAL	(4,311)	(4,062)
Current tax liabilities	(27)	(33)
NEGATIVE WORKING CAPITAL (incl. corporate income tax liabilities)	(4,338)	(4,095)

Other receivables and payables are presented in the notes to the consolidated financial statements for the year ended December 31, 2019. They correspond mainly to prepaid and recoverable taxes, other prepaid expenses, accrued taxes, payroll taxes and deferred revenue. They also include funds received but not yet loaded.

<i>(in € millions)</i>	First-half 2020	First-half 2019
Working capital at beginning of period	4 062	3 615
Change in working capital ⁽¹⁾	448	(108)
Acquisitions	(26)	51
Disposals/liquidations	-	1
Change in impairment of current assets	5	8
Currency translation adjustment	(182)	1
Reclassifications to other balance sheet items	4	3
Net change in working capital	249	(44)
WORKING CAPITAL AT END OF PERIOD	4 311	3 571

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

4.4 . 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, the use of these funds is restricted and they must be clearly segregated from the Group's other cash accounts. The funds remain Edenred's property and are invested in locally regulated interest-bearing financial instruments.

Restricted cash corresponds to voucher reserve funds subject to special regulations, mainly in the following countries: France (€952 million), the United Kingdom (€804 million), Belgium (€290 million), the United States (€90 million), Romania (€79 million), Italy (€20 million), Brazil (€19 million), the United Arab Emirates (€12 million), Taiwan (€10 million), Bulgaria (€9 million) and Uruguay (€6 million).



<i>(in € millions)</i>	First-half 2020	First-half 2019
Restricted cash at beginning of period	1 864	1 402
Change for the period ⁽¹⁾	489	132
Acquisitions	-	35
Other changes	-	10
Currency translation adjustment	(58)	(5)
Net change in restricted cash	431	172
RESTRICTED CASH AT END OF PERIOD	2 295	1 574

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

NOTE 5 : NON-CURRENT ASSETS

5.1 . GOODWILL

<i>(in € millions)</i>	June 30, 2020	Dec. 31, 2019
Goodwill, gross	1,668	1,778
Accumulated impairment losses	(173)	(174)
GOODWILL, NET	1,495	1,604



The Group identified the CGUs that were likely to be impacted by the current epidemic and impairment tests were performed (see Note 1.6). Goodwill was not subject to any additional impairment as of June 30, 2020.

<i>(in € millions)</i>	June 30, 2020	Dec. 31, 2019
United States (including CSI)	431	429
Brazil (including Repom and Embrattec)	260	353
UTA (including Road Account)	168	169
United Kingdom (including Prepay Technologies and TRFC)	139	149
Italy (including Easy Welfare)	93	92
France (Ticket Cadeaux)	92	92
France (primarily ProwebCE)	52	52
Mexico	37	45
Dubai (including Mint)	35	46
Romania (including Benefit Online)	35	36
Finland	19	19
Slovakia	18	18
Poland (including Timex)	18	18
Sweden	17	17
France (Moneo Resto)	14	14
Czech Republic	12	13
Lithuania (EBV)	12	-
Belgium (including Merits & Benefits and Ekiv ita)	11	11
Japan	10	9
Portugal	6	6
Other (individually representing less than €5 million)	16	16
GOODWILL, NET	1,495	1,604



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

<i>(in € millions)</i>	First-half 2020	First-half 2019
NET GOODWILL AT BEGINNING OF PERIOD	1,604	976
Increase in gross goodwill and impact of scope changes	12	617
. United States (CSI acquisition)	-	443
. United Kingdom (TRFC acquisition)	-	99
. Germany (Road Account acquisition)	-	19
. Belgium (Merits and Ekiv ita acquisition)	-	6
. Italy (Easy Welfare acquisition)	-	50
. Lithuania (EBV) ⁽¹⁾	12	-
Goodwill written off on disposals for the period	-	(2)
Impairment losses	-	2
Currency translation adjustment	(111)	11
Reclassifications and other changes	(10)	-
NET GOODWILL AT END OF PERIOD	1,495	1,604

(1) See Note 2 "Acquisitions, development projects and disposals".

5.2 . INTANGIBLE ASSETS

<i>(in € millions)</i>	June 30, 2020	Dec. 31, 2019
GROSS CARRYING AMOUNT		
Brands	66	66
Customer lists	584	620
Licenses and software	345	374
Other intangible assets	113	101
TOTAL GROSS CARRYING AMOUNT	1,108	1,161
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES		
Brands	(10)	(11)
Customer lists	(150)	(145)
Licenses and software	(238)	(250)
Other intangible assets	(49)	(49)
TOTAL ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES	(447)	(455)
NET CARRYING AMOUNT	661	706



Changes in the carrying amount of intangible assets over the period were as follows:

<i>(in € millions)</i>	First-half 2020	First-half 2019
CARRYING AMOUNT AT BEGINNING OF PERIOD	706	432
Intangible assets of newly consolidated companies *	11	183
Internally generated assets	43	28
Amortization for the period	(41)	(39)
Impairment losses for the period in other expenses	(6)	(2)
Disposals	-	(1)
Currency translation adjustment	(66)	5
Reclassifications	14	-
CARRYING AMOUNT AT END OF PERIOD	661	606

* See Note 2 "Acquisitions, development projects and disposals".

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.



<i>(in € millions)</i>	June 30, 2020			Dec. 31, 2019		
	GROSS CARRYING AMOUNT	DEPRECIATION AND IMPAIRMENT LOSSES	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	DEPRECIATION AND IMPAIRMENT LOSSES	NET CARRYING AMOUNT
Land	2	-	2	2	-	2
Buildings	18	(7)	11	18	(7)	11
Fixtures	32	(18)	14	32	(18)	14
Equipment and furniture	119	(92)	27	123	(94)	29
Right of use	126	(34)	92	132	(29)	103
Assets under construction	5	-	5	10	-	10
Total	302	(151)	151	317	(148)	169



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

<i>(in € millions)</i>	First-half 2020	First-half 2019
CARRYING AMOUNT AT BEGINNING OF PERIOD	66	52
Property, plant and equipment of newly consolidated companies	-	1
Additions	10	9
Depreciation for the period	(8)	(8)
Currency translation adjustment	(5)	-
Reclassifications	(4)	-
CARRYING AMOUNT AT END OF PERIOD – BEFORE IFRS 16	59	54
Impact of IFRS 16 at end of period*	92	85
CARRYING AMOUNT AT END OF PERIOD	151	139

* The impact of IFRS 16 on the 2020 opening carrying amount came to €103 million. The impact on the 2019 opening carrying amount was €91 million.

5.4 . INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

At June 30, 2020, this item consisted mainly of AGES (AGES Maut System GmbH & Co KG and Ages International GmbH & Co KG) and MSC (Mercedes Service Card Beteiligungs GmbH and Mercedes Service Card GmbH & Co KG).

Change in investments in equity-accounted companies:

<i>(in € millions)</i>	First-half 2020	First-half 2019
Investments in equity-accounted companies at beginning of period	69	66
Share of net profit from equity-accounted companies	6	6
Impact of capital increases	1	-
Currency effect	(1)	-
Dividends received from investments in AGES and MSC equity-accounted companies	(11)	(9)
Investments in equity-accounted companies at end of period	64	64

5.5 . DEPRECIATION, AMORTIZATION, PROVISIONS AND IMPAIRMENT

<i>(in € millions)</i>	First-half 2020	First-half 2019
Amortization of fair value adjustments to assets acquired in business combinations	(20)	(18)
Amortization of intangible assets	(21)	(21)
Depreciation of property, plant and equipment	(8)	(8)
Depreciation of right-of-use assets IFRS 16	(14)	(14)
TOTAL	(63)	(61)

NOTE 6 : FINANCIAL ITEMS

6.1 . NET FINANCIAL EXPENSE

<i>(in € millions)</i>	First-half 2020	First-half 2019
Gross borrowing cost	(26)	(29)
Hedging instruments	9	10
Income from cash and cash equivalents and other marketable securities	11	12
Net borrowing cost	(6)	(7)
Net foreign exchange gains (losses)	(1)	1
Other financial income	2	4
Other financial expenses	(10)	(12)
NET FINANCIAL EXPENSE	(15)	(14)

Gross borrowing costs for first-half 2020 include amortization of bond issuance costs for €5 million.

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

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

6.2 . FINANCIAL ASSETS



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

6.2.1. NON-CURRENT FINANCIAL ASSETS

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

<i>(in € millions)</i>	June 30, 2020			Dec. 31, 2019		
	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Equity interests	59	(7)	52	58	(7)	51
Deposits and guarantees	22	-	22	24	-	24
Other	3	(1)	2	1	(1)	-
NON-CURRENT FINANCIAL ASSETS	84	(8)	76	83	(8)	75



6.2.2. CURRENT FINANCIAL ASSETS



(in € millions)	June 30, 2020			Dec. 31, 2019		
	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Other current financial assets	59	(2)	57	30	(2)	28
Derivatives	135	-	135	108	-	108
CURRENT FINANCIAL ASSETS	194	(2)	192	138	(2)	136

“Other current financial assets” represent short-term loans with external counterparts, classified as “Loans and receivables”.

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 in the 2019 Universal Registration Document.

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, 2020			Dec. 31, 2019		
	Gross carrying amount	Impairment losses	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Cash at bank and on hand	725	-	725	461	-	461
Term deposits and equivalent – less than 3 months	384	-	384	528	-	528
Mutual fund units in cash – less than 3 months	26	-	26	15	-	15
CASH AND CASH EQUIVALENTS	1,135	-	1,135	1,004	-	1,004
Term deposits and equivalent – more than 3 months	763	(1)	762	528	(1)	527
Bonds and other negotiable debt securities	241	-	241	203	-	203
Mutual fund units in cash – more than 3 months	1	-	1	3	-	3
OTHER MARKETABLE SECURITIES	1,005	(1)	1,004	734	(1)	733
TOTAL CASH AND CASH EQUIVALENTS AND OTHER MARKETABLE SECURITIES	2,140	(1)	2,139	1,738	(1)	1,737

6.4 . DEBT AND OTHER FINANCIAL LIABILITIES

(in € millions)	June 30, 2020			Dec. 31, 2019		
	Non-current	Current	Total	Non-current	Current	Total
Convertible bonds	500	-	500	500	-	500
Non-bank debt	2,411	364	2,775	1,897	252	2,149
Bank borrowings	20	48	68	24	16	40
NEU CP	-	228	228	-	106	106
Bank overdrafts	-	76	76	-	52	52
DEBT	2,931	716	3,647	2,421	426	2,847
IFRS 16 liabilities	72	24	96	80	25	105
Deposits and guarantees	5	19	24	10	19	29
Purchase commitments for non-controlling interests	50	8	58	46	129	175
Derivatives	-	1	1	-	1	1
Other	3	3	6	3	3	6
OTHER FINANCIAL LIABILITIES	130	55	185	139	177	316
DEBT AND OTHER FINANCIAL LIABILITIES	3,061	771	3,832	2,560	603	3,163

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

Debt

Convertible bonds and non-bank debt

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

At June 30, 2020, the Group's gross outstanding bond position amounted to €3,075 million, which breaks down as follows:

Issuance date	Amount in €m	Coupon	Maturity
June 18, 2020	600	1.375%	9 years June 18, 2029
September 6, 2019	500	0%	5 years September 6, 2024
December 6, 2018	500	1.875%	7 years & 3 months March 6, 2026
March 30, 2017	500	1.875%	10 years March 30, 2027
March 10, 2015	500	1.375%	10 years March 10, 2025
October 30, 2013	250	2.625%	7 years October 30, 2020
May 23, 2012	225	3.75%	10 years May 23, 2022
Gross outstanding bond position	3,075		

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

Issuance date	Amount in €m	Coupon	Maturity
September 6, 2019	500	0%	5 years September 6, 2024
December 6, 2018	500	1.875%	7 years & 3 months March 6, 2026
March 30, 2017	500	1.875%	10 years March 30, 2027
March 10, 2015	500	1.375%	10 years March 10, 2025
October 30, 2013	250	2.625%	7 years October 30, 2020
May 23, 2012	225	3.75%	10 years May 23, 2022
Gross outstanding bond position	2,475		

Other non-bank debt

In December 2019, a €105 million portion of the €250 million Schuldschein private placement was redeemed ahead of maturity. The remaining €145 million at June 30, 2020 represented different tranches of maturity and rates and can be detailed as follows:

Rate		Amount in €m	Coupon	Maturity
Fixed	1.05%	45	5	June 29, 2021
Variable	6-month Euribor* +105 bps	68	5	June 29, 2021
Fixed	1.47%	32	7	June 29, 2023
Total Schuldschein loan		145		

* 6-month Euribor with a 0% floor.

Bank borrowings

Outstanding bank borrowings at June 30, 2020 amounted to €68 million.

NEU CP program

At June 30, 2020, non-current debt outstanding under the Negotiable European Commercial Paper (NEU CP) program stood at €228 million, out of a total authorized amount of €750 million.

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

Maturity analysis – carrying amounts

At June 30, 2020



(in € millions)	First-half 2021	First-half 2022	First-half 2023	First-half 2024	First-half 2025	First-half 2026 and beyond	June 30, 2020
Convertible bonds	-	-	-	-	500	-	500
Non-bank debt	364	234	32	-	490	1,655	2,775
Bank borrowings	48	9	8	3	-	-	68
NEU CP	228	-	-	-	-	-	228
Bank overdrafts	76	-	-	-	-	-	76
DEBT	716	243	40	3	990	1,655	3,647
IFRS 16 liabilities	24	17	14	12	9	20	96
Deposits and guarantees	19	5	-	-	-	-	24
Purchase commitments for non-controlling interests	8	45	-	1	-	4	58
Derivatives	1	-	-	-	-	-	1
Other	3	3	-	-	-	-	6
OTHER FINANCIAL LIABILITIES	55	70	14	13	9	24	185
TOTAL	771	313	54	16	999	1,679	3,832

At December 31, 2019



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

6.5 . NET DEBT AND NET CASH



<i>(in € millions)</i>	June 30, 2020	Dec. 31, 2019
Non-current debt	2,931	2,421
Other non-current financial liabilities	130	139
Current debt	716	426
Other current financial liabilities	55	177
DEBT AND OTHER FINANCIAL LIABILITIES	3,832	3,163
Current financial assets	(192)	(136)
Other marketable securities	(1,004)	(733)
Cash and cash equivalents	(1,135)	(1,004)
CASH AND CASH EQUIVALENTS AND OTHER CURRENT FINANCIAL ASSETS	(2,331)	(1,873)
NET DEBT	1,501	1,290

Other non-current and current financial liabilities include lease liabilities recognized in application of IFRS 16.




<i>(in € millions)</i>	First-half 2020	First-half 2019
Net debt at beginning of period	1 290	659
Impact of IFRS 16 at beginning of period	-	91
Increase (decrease) in non-current debt	510	80
Increase (decrease) in other non-current financial liabilities	(1)	18
Decrease (increase) in other marketable securities	(271)	10
Decrease (increase) in cash and cash equivalents, net of bank overdrafts	(107)	550
Increase (decrease) in other financial assets and liabilities excluding bank overdrafts	89	227
Increase (decrease) in net debt	220	976
Impact of IFRS 16	(9)	(4)
NET DEBT AT END OF PERIOD	1 501	1 631

6.6 . FINANCIAL INSTRUMENTS AND MARKET RISK MANAGEMENT

Interest rate risk: fixed/variable interest rate analysis

Before hedging

Debt, excluding bank overdrafts, before interest rate hedging breaks down as follows:




(in € millions)	June 30, 2020			Dec. 31, 2019		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt ⁽¹⁾	3 470	1,4%	97%	2 724	1,5%	97%
Variable-rate debt	101	1,9%	3%	71	1,4%	3%
DEBT *	3 571	1,5%	100%	2 795	1,5%	100%

* Debt excluding bank overdrafts

(1) The rates mentioned for fixed-rate debt correspond to the contractual rates (i.e., 3.750%, 2.625%, 1.375% and 1.875%) applied to the exact number of days in the year divided by 360.

After hedging

Debt, excluding bank overdrafts, after interest rate hedging breaks down as follows:




(in € millions)	June 30, 2020			Dec. 31, 2019		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Fixed-rate debt	1 286	0,7%	36%	866	0,6%	31%
Variable-rate debt	2 285	1,0%	64%	1 929	0,9%	69%
DEBT *	3 571	0,9%	100%	2 795	0,8%	100%

* Debt excluding bank overdrafts

Foreign exchange risk: currency analysis

Before hedging

Debt, excluding bank overdrafts, before currency hedging breaks down as follows:




(in € millions)	June 30, 2020			Dec. 31, 2019		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
EUR	3 529	1,4%	99%	2 785	1,5%	100%
Other currencies	42	3,9%	1%	10	6,1%	0%
DEBT *	3 571	1,5%	100%	2 795	1,5%	100%

* Debt excluding bank overdrafts

After hedging

Debt, excluding bank overdrafts, after currency hedging breaks down as follows:



(in € millions)	June 30, 2020			Dec. 31, 2019		
	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
EUR	3 495	0,9%	98%	2 751	0,8%	98%
Other currencies	76	2,9%	2%	44	3,8%	2%
DEBT *	3 571	0,9%	100%	2 795	0,8%	100%


* Debt excluding bank overdrafts

Interest rate hedges mainly 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 €2,232 million relating to an underlying debt of €2,607 million. At June 30, 2020, the derivatives had a fair value of €92 million, recorded in assets.

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 rose from 30.1% in first-half 2019 to 33.5% in the six months to June 30, 2020.

The 3.4 point increase in the effective tax rate between 2019 and 2020 is attributable to a 2020 restated effective tax rate of 32.9% and a 2019 restated rate of 32.8%, reflecting:

- a provision for tax risk for €1 million in 2020;
- a tax correction in June 2019 in respect of 2018 for €2 million;
- the impact of the tax effect of changes in consolidation scope and changes in taxation in 2019, which were only taken into account in second-half 2019, for a negative €8 million.

NOTE 8 : EARNINGS PER SHARE



At June 30, 2020, the Company's share capital was made up of 246,583,351 shares.

At June 30, 2020, the number of shares outstanding and the weighted average number of shares outstanding broke down as follows:

<i>(in shares)</i>	First-half 2020	First-half 2019
SHARE CAPITAL AT END OF PERIOD	246,583,351	243,328,507
Number of shares outstanding at beginning of period	242,067,214	237,899,138
Number of shares issued for dividend payments	3,378,494	3,938,507
Number of shares issued on conversion of performance share plans	780,301	894,357
Number of shares issued on conversion of stock-option plans*	30,150	123,650
Number of shares canceled	(810,451)	(894,357)
Issued shares at period-end excluding treasury shares	3,378,494	4,062,157
Treasury shares not related to the liquidity contract	426,611	1,309,227
Treasury shares under the liquidity contract	(55,236)	20,384
Treasury shares	371,375	1,329,611
NUMBER OF SHARES OUTSTANDING AT END OF PERIOD	245,817,083	243,290,906
Adjustment to calculate weighted average number of issued shares	(2,934,931)	(3,597,116)
Adjustment to calculate weighted average number of treasury shares	(52,875)	439,511
Total weighted average adjustment	(2,987,806)	(3,157,604)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING DURING THE PERIOD	242,829,277	240,133,302

* Excluding the 3,200 shares issued on exercise of stock options between June 3 and June 30, 2019.

In addition, 1,690,374 performance shares were granted to employees between 2018 and 2020. Conversion of all of these potential shares would increase the number of shares outstanding to 247,507,457.

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

- from January 1, 2020 to June 30, 2020 for Plans 10 and 11 (€41.70);
- from March 10, 2020 to June 30, 2020 for Plan 12 (€37.61);
- from May 6, 2020 to June 30, 2020 for Plan 13 (€38.49);

The diluted weighted average number of shares outstanding at June 30, 2020 was 243,870,720.



	First-half 2020	First-half 2019
Net profit attributable to owners of the parent <i>(in € millions)</i>	100	146
Weighted average number of issued shares <i>(in thousands)</i>	243,648	239,731
Weighted average number of treasury shares <i>(in thousands)</i>	(819)	402
Number of shares used to calculate basic earnings per share <i>(in thousands)</i>	242,829	240,133
BASIC EARNINGS PER SHARE <i>(in €)</i>	0.41	0.61
Number of shares resulting from the exercise of stock options <i>(in thousands)</i>	-	34
Number of shares resulting from performance share grants <i>(in thousands)</i>	1,041	1,800
Number of shares used to calculate diluted earnings per share <i>(in thousands)</i>	243,871	241,967
DILUTED EARNINGS PER SHARE <i>(in €)</i>	0.41	0.60

NOTE 9 : EMPLOYEE BENEFITS

9.1 . SHARE-BASED PAYMENTS

Main characteristics

On February 25, 2020, the Board of Directors authorized the Chairman and Chief Executive Officer to grant 502,551 performance share rights on March 10, 2020 (Plan 12).

On May 6, 2020, the Board of Directors set up an additional performance share plan (Plan 13) comprising 12,013 performance share rights.

The shares originally granted under these three-year plans will vest on March 10, 2023 and May 7, 2023, respectively, provided that several performance conditions are met.

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

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

- ✓ operating EBIT,
- ✓ funds from operations before other income and expenses (FFO);

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

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

Depending on the actual percentage of fulfillment of each of the plans' 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 date of the grant, net of the expected dividend payment during the vesting period.



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

The fair value of performance shares is recognized on a straight-line basis over the vesting period in employee benefit expense, with a corresponding adjustment to equity. The total cost recognized in respect of the 2020 plans amounted to €1 million in first-half 2020.

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:



<i>(in € millions)</i>	First-half 2020	First-half 2019
Movements in restructuring provisions	-	1
Restructuring and reorganization costs	(4)	(1)
Restructuring expenses	(4)	-
Impairment of property, plant and equipment	-	(1)
Impairment of intangible assets	(6)	-
Impairment of assets	(6)	(1)
Capital gains and losses	(1)	(4)
Reclassification of currency translation adjustments	1	(1)
Provisions	5	16
Non-recurring gains (losses)	(8)	(22)
Other	(3)	(11)
TOTAL OTHER INCOME AND EXPENSES	(13)	(12)

Other income and expenses in first-half 2020 were primarily as follows:

- additional impairment of technologically obsolete assets in Brazil for €3 million, in France for €2 million and in Mexico for €1 million;
- reversal of a provision relating to the ICSID dispute with the Hungarian government for €6 million (See Note 10.3 – "Claims and litigation");
- recognition of a €7 million loss related to a platform migration in Mexico and the transfer of client cards historical balances;
- restructuring costs for €4 million.

Other income and expenses in first-half 2019 were primarily as follows:

- €4 million in fees related to acquisitions in 2019 (Cf. Note 2 "Acquisitions, development projects and disposals");
- €3 million in additional impairment of Russian assets;
- reversal of a provision relating to the dispute with Kering (formerly PPR) and Conforama for €19 million and recognition of a corresponding entry in non-recurring expenses.

10.2 . PROVISIONS



Movements in non-current provisions between January 1, 2020 and June 30, 2020 can be analyzed as follows:



<i>(in € millions)</i>	Dec. 31, 2019	Impact on equity	Additions	Used amounts	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	June 30, 2020
- Provisions for pensions and loyalty bonuses	31	(1)	2	(0)	-	(1)	0	31
- Provisions for claims and litigation and other contingencies	12	-	-	(0)	(2)	(3)	(0)	7
TOTAL NON-CURRENT PROVISIONS	43	(1)	2	(0)	(2)	(4)	(0)	38

Movements in current provisions between January 1, 2020 and June 30, 2020 can be analyzed as follows:



<i>(in € millions)</i>	Dec. 31, 2019	Impact on equity	Additions	Used amounts	Reversals of unused amounts	Currency translation adjustment	Reclassifications and changes in scope	June 30, 2020
- Restructuring provisions	3	-	2	(2)	-	-	-	3
- Provisions for claims and litigation and other contingencies	19	-	1	(1)	(8)	-	(1)	10
TOTAL CURRENT PROVISIONS	22	-	3	(3)	(8)	-	(1)	13

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

The reversal of €8 million in unused amounts mainly comprised the reversal of a €6 million provision relating to the ICSID dispute with the Hungarian government.

10.3 . CLAIMS AND LITIGATION

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

Information on these disputes can be found in Note 10.3 to the consolidated financial statements for the year ended December 31, 2019. Developments in first-half 2020 are presented below.



Antitrust dispute in France

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

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

ICSID dispute

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

As the procedure is now closed, at December 31, 2016, the amount to be received is considered as certain according to IAS 37. As a consequence and pending the enforcement of the arbitral award, an estimate considered as reasonable of income and a related receivable for a net amount of €22 million were recognized in "Non-recurring income and expenses" in the Group's financial statements for the year ended December 31, 2016. This amount was received in March 2017. On April 11, 2017, the Hungarian government filed an application for annulment of the award, claiming that the tribunal had manifestly exceeded its powers and had failed to provide a legal basis for its award. It also filed an application for the revision of the tribunal's decision of June 5, 2018, in reference to a decision handed down by the Court of Justice of the European Union on March 6, 2018 in the Achméa case. The reconstituted tribunal dismissed the Hungarian government's claims, notably in a decision handed down on March 9, 2020. After consulting with its legal advisors, Edenred considers that the procedure is now closed and that no other legal remedies are available to the Hungarian government to challenge the ruling of the arbitral tribunal (see Note 10.2).

Edenred SA tax audit

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

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



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

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

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

Tax litigation in Italy

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

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

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

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

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

Tax allowance for goodwill amortization

In January 2012, the Brazilian federal tax authorities notified Ticket Serviços of a reassessment of corporate income tax and the additional contribution (IRPJ and CSLL) for the fiscal years spanning from 2007 to 2010. The principal amount of the reassessment was 82 million Brazilian reais (€13 million), plus 271 million Brazilian reais (€44 million) in penalties and interest at December 31, 2019.

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

- for 2011, the principal amount of the reassessment was 25 million Brazilian reais (€4 million), plus 68 million Brazilian reais (€11 million) in penalties and interest at December 31, 2019;
- for 2012, the reassessment was 16 million Brazilian reais (€3 million), plus 43 million Brazilian reais (€7 million) in penalties and interest at December 31, 2019.

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

The request was rejected by the administrative courts.

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



On June 25, 2020, the first-instance judicial courts rejected the company's application. The company intends to appeal this decision before the Federal Regional Court by the relevant deadline.

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

NOTE 11 : UPDATE ON ACCOUNTING STANDARDS

11.1 . STANDARDS, AMENDMENTS AND INTERPRETATIONS MANDATORY FROM JANUARY 1, 2020

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

- Amendments to IFRS 3 – Definition of a Business;
- Amendments to IAS 1 and IAS 8 – Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards.

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

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

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

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

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3 – Reference to the Conceptual Framework;
- Amendments to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9;
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use;
- Annual Improvements to IFRSs – 2018-2020 Cycle.