Consolidated financial statements

December 31, 2019

Free translation into English of the consolidated financial statements as of December 31, 2019 issued in French, provided solely for the convenience of the English speaking users.

I. CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	2019	2018
Revenue	4, 5.a.	**3,370.1**	**2,643.4**
Cost of sales	5.b.	(2,208.4)	(1,648.6)
Gross profit		**1,161.7**	**994.8**
Distribution and marketing costs		(301.9)	(249.7)
Research and development expenses		(189.9)	(171.2)
Administrative expenses		(306.4)	(247.5)
Profit from ordinary operating activities		**363.5**	**326.4**
Other operating income	5.c.	5.2	0.3
Other operating expenses	5.c.	(57.5)	(48.3)
Profit from operating activities		**311.2**	**278.4**
Finance income	9.a.	50.8	74.1
Finance costs	9.a.	(90.8)	(112.0)
Net finance costs		**(40.0)**	**(37.9)**
Share of profits in equity-accounted investees	11.a.	-	0.1
Profit before income tax		**271.2**	**240.6**
Income tax expense	10	(54.7)	(51.8)
Net Profit		**216.5**	**188.8**
Attributable to:			
- Ingenico Group SA shareholders		208.0	188.2
- non-controlling interests	11.b.	8.5	0.6
Earnings per share (in euros)	12.b.		
Net earnings:			
- basic earnings per share		**3.35**	**3.05**
- diluted earnings per share		**3.29**	**2.99**

II. STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	Notes	2019	2018
Profit for the period attributable to Ingenico Group SA shareholders		**208.0**	**188.2**
Translation differences[1]		(6.3)	(56.2)
Gains or losses of derivative hedging instruments[2]	9.c.	(0.5)	(0.9)
Change in fair value of Equity instruments[3]		1.9	1.3
Actuarial gains/(losses) on defined benefit plans[4]	6.c.	(6.2)	3.4
Income tax on gains/(losses) accounted in other comprehensive income		2.9	(0.3)
TOTAL GAINS/LOSSES ACCOUNTED IN OTHER COMPREHENSIVE INCOME AND ATTRIBUTABLE TO INGENICO GROUP SA SHAREHOLDERS[2]		**(8.2)**	**(52.7)**
Profit for the period and other comprehensive income attributable to Ingenico Group SA shareholders		199.8	135.5
Profit for the period and other comprehensive income attributable to non-controlling interests		6.0	0.6
Translation differences attributable to non-controlling interests		0.0	0.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**205.8**	**136.2**

(in millions of euros)	Notes	2019	2018
Income tax on translation adjustments		1.1	0.6
Income tax on gains or losses on hedging instruments		-	0.2
Income tax on change in fair value of equity instruments		0.2	(0.2)
Income tax on actuarial gains and losses on defined benefit plans		2.9	(0.8)
TAXES ON GAINS/LOSSES ACCOUNTED IN OTHER COMPREHENSIVE INCOME		**4.2**	**(0.3)**

[1] In 2018, translation differences mainly arose from subsidiaries reported in Swedish krona (SEK).
[2] The effective portion of changes in the fair value of interest rate swaps on bank loans and cash flow currency hedges is recognized in “Other comprehensive income”.
[3] In compliance with IFRS 9, the change in fair value of equity instruments recognized in other comprehensive income will not give rise to future recycling in the consolidated income statement.
[4] This amount includes losses on defined benefits plans attributable to Ingenico Group SA shareholders and the impact of the asset ceiling in the UK

III. STATEMENT OF FINANCIAL POSITION

ASSETS *(in millions of euros)*	Notes	2019	2018
Goodwill	7.a.	2,800.2	2,490.5
Other intangible assets	7.b.	1,105.0	964.6
Property, plant and equipment	7.c.	186.9	90.3
Investments in equity-accounted investees	11.a.	1.3	7.8
Financial assets		32.1	22.7
Deferred tax assets	10.c.	56.1	53.3
Other non-current assets	5.g.	58.9	36.6
TOTAL NON-CURRENT ASSETS		**4,240.5**	**3,665.9**
Inventories	5.e.	188.1	188.2
Trade and related receivables	5.f.	713.4	651.4
Receivables related to intermediation activities	5.l.	336.4	243.3
Other current assets	5.g.	42.8	38.3
Current tax assets		20.7	35.9
Derivative financial instruments	9.c.	5.7	15.6
Funds related to intermediation activities	5.l.	1,205.5	461.7
Cash and cash equivalents	9.b.	813.8	774.8
TOTAL CURRENT ASSETS		**3,326.4**	**2,409.1**
TOTAL ASSETS		**7,566.9**	**6,075.0**

EQUITY AND LIABILITIES

(in millions of euros)	**Notes**	**2019**	**2018**
Share capital		63.7	63.1
Share premium account		902.3	866.6
Other reserves		1,354.1	990.3
Translation differences		(81.8)	(75.5)
Equity for the period attributable to Ingenico Group SA shareholders	12.a.	**2,238.3**	**1,844.6**
Non-controlling interests		**274.6**	**5.6**
TOTAL EQUITY		**2,512.9**	**1,850.2**
Non-current borrowings and long-term debt	9.b.	1,652.7	1,864.4
Provisions for retirement and benefit obligations	6.c.	63.0	21.2
Other long-term provisions	8	21.1	23.2
Deferred tax liabilities	10.c.	222.1	203.6
Other non-current liabilities	5.i.	59.1	58.8
TOTAL NON-CURRENT LIABILITIES		**2,018.0**	**2,171.1**
Short-term loans and borrowings	9.b.	642.6	465.9
Other short-term provisions	8	20.8	15.7
Trade and related payables	5.h.	670.4	626.2
Payables related to intermediation activities	5.l.	1,469.9	665.3
Other current liabilities	5.j.	182.6	252.1
Current tax liabilities	10.d.	44.8	26.5
Derivative financial instruments	9.c.	4.9	2.0
TOTAL CURRENT LIABILITIES		**3,036.0**	**2,053.6**
TOTAL LIABILITIES		**5,054.0**	**4,224.8**
TOTAL EQUITY AND LIABILITIES		**7,566.9**	**6,075.0**

IV. CONSOLIDATED CASH FLOW STATEMENT

(in millions of euros)	Notes	2019	2018
Profit for the period		**216.5**	**188.8**
Adjustments for:			
- Share of profits of equity-accounted investees		-	(0.1)
- Income tax expense/(income)		54.7	51.8
- Depreciation, amortization and provisions		230.5	162.0
- Change in fair value		6.7	(1.0)
- (Gains)/losses on disposal of assets		4.6	0.3
- Net interest costs/(income)		40.2	35.5
- Share-based payment expense(1)		12.3	0.2
Interest paid		(31.8)	(23.9)
Income tax paid		(65.0)	(90.2)
Cash flows from operating activities before change in net working capital		**468.7**	**323.4**
Inventories		2.5	(21.7)
Trade and other receivables		(2.2)	(93.9)
Trade payables and other payables		(2.1)	137.5
Change in net working capital	5.k.	**(1.8)**	**21.9**
Working capital of merchants prefinancing(2)		(32.9)	(6.0)
CASH FLOWS FROM OPERATING ACTIVITIES		**434.0**	**339.3**
Acquisition of fixed assets		(136.4)	(117.3)
Proceeds from sale of tangible, intangible and financial assets		1.4	0.7
Proceeds from divestment of investments in equity-accounted investees	3	4.9	-
Acquisition of subsidiaries, net of cash acquired	3	(72.8)	(35.7)
Proceeds from divestment of subsidiaries, net of cash divested		14.7	-
Loans and advances granted and other financial assets		(5.0)	(3.3)
Loan repayments received		1.5	5.8
Dividend income		0.4	0.1
Interest received		8.5	6.7
CASH FLOWS FROM INVESTING ACTIVITIES		**(182.8)**	**(143.0)**
Proceeds from share capital issues(3)		1.7	-
(Purchase) sale of treasury shares(3)		0.1	(86.8)
Proceeds from loans and borrowings	9.b.	35.0	304.2
Repayment of loans and borrowings	9.b.	(250.1)	(95.5)
Change in the Group's ownership interests in controlled entities(4)		-	(93.1)
Financing of merchant prefinancing(2)		32.4	4.1
Changes in other financial liabilities	9.b.	(30.1)	(0.5)
Effect of financial derivative instruments(3)		0.1	(0.9)
Dividends paid to shareholders(3)		(34.2)	(55.0)
Taxes on financing activities(5)		-	4.4
CASH FLOWS FROM FINANCING ACTIVITIES		**(245.1)**	**(19.1)**
Currency translation effect on cash and bank overdrafts		1.8	(3.1)
CHANGE IN CASH AND CASH EQUIVALENTS		**7.9**	**174.1**

(in millions of euros)	**2019**	**2018**
Net cash and cash equivalents at beginning of the year	762.7	588.6
Net cash and cash equivalents at year end	770.6	762.7
Short-term investments and short-term deposits (only for the portion considered as cash equivalents)	189.6	103.0
Cash	624.2	671.8
Bank overdrafts	(43.2)	(12.1)
TOTAL NET CASH AND CASH EQUIVALENTS	**770.6**	**762.7**

(1) In 2019, the share-based payment expense of €12.3 million included €9.3 million paid in equity instruments and €3.1 million paid in cash.

(2) In the scope of its transactional services activity, the Group provides intermediation between merchants, credit card issuers, and end consumers. The expected funds corresponding to the end consumer's payment are recorded as receivables related to intermediation activities whilst funds received and not yet remitted to merchants are recorded as funds related to intermediation activities, i.e. excluded from cash and cash equivalents. The counterparty is a payable due to merchants. The receipt and remittance of these funds are neutral transactions on the Group's Cash Flow Statement and are recorded on the balance sheet as assets and liabilities and presented in the Group's Consolidated Statement of Financial Position.

In the scope of Bambora's activities, some funds happen to be remitted to merchants even before they have been received by the Group, from credit card issuers. The duration of this merchant prefinancing is generally one or two days. To avoid drawing on its cash to provide this upfront remittance to merchants, the Group uses specific and dedicated bank financing with a possible marginal difference. The cash requirement impact and its immediate financing are included in operational activities and in financing transactions on the cash flow statement.

(3) Cash flows from financing activities without effect on gross financial debt (equity items).

(4) Once the interests of non-controlling shareholders in Ingenico Japan Co. Ltd. and Ingenico Holdings Asia Ltd. were repurchased, the liabilities for both put options were extinguished.

(5) Following the invalidation by the French Constitutional Council of the 3% tax surcharge levied on dividends, the tax administration reimbursed a total of €4 million, not including interest, in 2018.

V. CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

(in millions of euros)	Share capital	Share premium account	Translation reserve	Effective portion of hedging instruments	Treasury shares	Retained earnings and other reserves	Total equity attributable to Ingenico SA Group shareholders	Non-controlling interests	Total equity
Balance at December 31, 2017, restated	**62.4**	**818.0**	**(21.9)**	**0.1**	**(2.7)**	**975.7**	**1,831.6**	**11.0**	**1,842.5**
Adjustments made upon first application of IFRS 9 (net of tax)						(0.6)	(0.6)		(0.6)
Adjusted balance at January 1, 2018	**62.4**	**818.0**	**(21.9)**	**0.1**	**(2.7)**	**975.1**	**1,831.0**	**11.0**	**1,841.9**
Profit for the year 2018						188.2	188.2	0.6	188.8
Other comprehensive income			(56.2)	(0.7)		4.2	(52.7)	0.1	(52.6)
Total comprehensive income			**(56.2)**	**(0.7)**		**192.5**	**135.5**	**0.7**	**136.2**
Dividends paid to shareholders[(1)]						(48.1)	(48.1)	(6.9)	(55.0)
Stock dividends paid to shareholders: payment of dividend in shares[(2)]	0.8	48.6				(49.4)			
Treasury shares[(3)]					(86.1)	(0.5)	(86.6)		(86.6)
Share-based payments and exercise of stock options[(4)]						5.6	5.6		5.6
Remeasurement of put options						5.9	5.9	0.7	6.6
Accretions[(5)]			2.6			0.0	2.7	0.1	2.7
Others						(1.4)	(1.4)		(1.4)
Balance at December 31, 2018	**63.1**	**866.6**	**(75.5)**	**(0.6)**	**(88.8)**	**1,079.7**	**1,844.6**	**5.6**	**1,850.2**
Adjustments made upon the first-time application of IFRS 16 (net of tax)						(2.1)	(2.1)	(0.1)	(2.3)
Adjusted balance at January 1, 2019	**63.1**	**866.6**	**(75.5)**	**(0.6)**	**(88.8)**	**1,077.6**	**1,842.5**	**5.5**	**1,847.9**
Profit for the year 2019						208.0	208.0	8.5	216.5
Other comprehensive income			(6.3)	(0.3)		(1.6)	(8.2)	(2.5)	(10.7)
Total comprehensive income			**(6.3)**	**(0.3)**		**206.4**	**199.8**	**6.0**	**205.8**
Dividends paid to shareholders[(1)]						(33.4)	(33.4)	(0.8)	(34.2)
Stock dividends paid to shareholders[(2)]	0.6	34.0				(34.6)			
Treasury shares[(3)]					2.0	(1.2)	0.8		0.8
Share-based payments and exercise of stock options[(4)]		1.7				9.3	11.0		11.0
Relutions			(0.1)				(0.1)		(0.1)
Change in holdings without loss of control over the assets contributed[(5)]						218.4	218.4	264.0	482.4
Others						(0.7)	(0.7)		(0.7)
Balance at December 31, 2019	**63.7**	**902.3**	**(81.8)**	**(0.9)**	**(86.8)**	**1,441.8**	**2,238.3**	**274.6**	**2,512.9**

2019:

[(1)] Cash dividend of €1.10 per share distributed on the 7th of July 2019.

[(2)] Stock dividend financed through incorporation of retained earnings into share capital, scheduled for distribution in July 2019 and corresponding to the issuance of 534,871 new shares.

[(3)] Movements in the treasury share portfolio are disclosed in Note 12, "Equity of the Parent Company".

[(4)] Share-based payments:

- The increase in retained earnings and other reserves reflects fair value adjustments to free share awards and other instruments recognized each year in Profit from Operating Activities.
- The increase in share capital in the share premium account reflect the issuance of new shares to meet obligations to beneficiaries of free share award plans that vested during the year.

[(5)] Net impact of the business combination of BS Payone with Ingenico Retail assets in Germany, Austria and Switzerland; see Note 7.a. Goodwill.

2018:

[(1)] Cash dividend of €1.60 per share paid out on June 21, 2018.
[(2)] Stock dividend financed through incorporation of retained earnings and issuance of 781,413 new shares.
[(3)] The treasury share portfolio is described in Note 12, "Equity of the Parent Company".
[(4)] Share-based payments:

- The increase in consolidated reserves reflects fair value adjustments to free share awards and other instruments recognized each year in "Profit from operating activities".
- The increase in share capital in the share premium account reflects the issuance of new shares to meet obligations to beneficiaries of free share award plans that vested during the financial year.

[(5)] Acquisition of minority interests in Ingenico Holding Asia Ltd.

2017:

In the consolidated financial statements for the year ended December 31, 2018, the comparative information has been restated for the retrospective impact of the application of IFRS 15.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GROUP

These consolidated financial statements present the operations of Ingenico Group SA (hereinafter referred to as “the Company”) and its subsidiaries, as well as the Group’s share of the profit or loss of jointly controlled entities and entities over which the Group has significant influence (together referred to as “the Group”).

Ingenico Group is a global leader in seamless payment services and offers payment solutions across all channels (in-store, mobile, online and cross-channel). Its offering is built around three brands: Ingenico Smart Terminals, Ingenico Payment Services, and Ingenico ePayments.

Ingenico Group SA is a company incorporated under French law and its shares are admitted for trading on the Premier Marché of the Paris Stock Exchange. Its head office is located in Paris.

The consolidated financial statements were approved by the Board of Directors on February 25, 2020. They will be submitted for approval to the shareholders at their Annual General Shareholders’ Meeting of May 26, 2020.

2. ACCOUNTING PRINCIPLES AND METHODS

The consolidated financial statements for the 2019 financial year were prepared in accordance with international accounting standards in use by the European Union on December 31, 2019.

These international standards include the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Standard Interpretations Committee (IFRIC).

Apart from IFRS 16, Leases, the new standards in effect as of January 1, 2019 and applicable to the Group had no material impact on the consolidated financial statements. They are as follows:

- IFRIC 23, Uncertainty over Income Tax Treatments (Note 2b);
- the Amendment to IFRS 9, Financial Instruments, titled Prepayment Features with Negative Compensation;
- the Amendment to IAS 28, Investments in Associates and Joint Ventures, titled Long-term Interests in Associates and Joint Ventures;
- the Amendment to IAS 19, Employee Benefits, titled Remeasurement on a Plan Amendment, Curtailment or Settlement/Availability of a Refund from a Defined Benefit Plan;
- annual Improvements to IFRS Standards 2015–2017 Cycle.

The Group has not applied in advance the following standards, amendments and interpretations which, as of December 31, 2019, had been issued by the IASB or the IFRS IC (IFRS Interpretations Committee) and adopted by the European Union but whose application was not mandatory as of December 31, 2019. These concern:

- the Amendment to IAS 1 and IAS8 in regards of “Materiality Practice Statements”;
- changes in the Conceptual Framework for financing reporting;
- amendments to IFRS 3 in regards of the “Definition of a business”.

The Amendment to IFRS9, IAS 39 and IFRS 7 “Financial Instruments” published by the IASB on September, 2019, as part of the benchmark interest rate reform has been applied in advance.

Basis of preparation

The consolidated financial statements are presented in euros, the Group’s functional currency. Unless otherwise indicated, all amounts are rounded to the nearest hundred thousand euros.

The financial statements were prepared on a historical cost basis, except for the following assets and liabilities, stated at fair value: derivative financial instruments, available for sale financial assets, cash and cash equivalents, and bank overdrafts. Assets and liabilities related to a business combination are measured at fair value at the acquisition date, with the fair value constituting the historical cost in the Group financial statements.

The preparation of these financial statements requires Group management to make assumptions and estimates that may affect the application of the accounting methods, and the reported amounts of assets and liabilities, as well as certain income and expenses for the period. These estimates involve, mainly:

- in respect of revenue recognition, the allocation of revenue in proportion to the value of each specific performance obligation in a multiple-element agreement (Note 5);
- asset impairment tests (Note 7);
- valuation assumptions used to identify intangible assets acquired as part of business combinations;
- expenses related to share-based payments (Note 6);
- determination of the useful lives of intangible assets (Note 7);
- put option debt (Note 5);
- fair value of equity instruments (Note 5);
- assets and liabilities arising from finance lease contracts;
- estimation of provisions, especially for litigation and uncertainties to tax treatments (Note 8);
- the right-of-use assets and lease liabilities (Notes 2a and 7c);
- the assumptions for deferred taxes assets recognitions (Note 10);

Actual results may differ from these estimates under different assumptions or conditions.

The accounting methods set forth below were consistently applied to all the reporting periods presented in the consolidated financial statements.

These accounting methods were uniformly applied by all Group entities.

Translation of financial statements denominated in foreign currencies

The consolidated financial statements are presented in euros.

Assets and liabilities of foreign subsidiaries whose functional currency differs from the Group's functional currency are translated into euros at the exchange rate in effect on the reporting date, except for shareholders' equity, which is stated at historical value. Income and expenses of foreign operations are translated into euros at the average rates for the period, except in cases of major fluctuations. Exchange differences resulting from conversions are recognized in other comprehensive income and accumulated in the reserves.

a. *Initial application of IFRS 16, Leases.*

IFRS 16, Leases, replaces IAS 17, and specifies how a reporting entity will recognize, measure, present and disclose leases.

- *Description of the Group's leasing activities*

The Group is solely a lessee, renting buildings for its offices and warehouses in most of the countries in which it operates. The lease conditions are negotiated on an ad hoc basis and thus contain a wide variety of provisions. The Group is also a lessee of data centers, motor vehicles and equipment required to pursue its business operations. The Group's building leases generally have terms of between 1 year and 12 years. For vehicle leases, terms are generally 3 years. The Group did not take into account the useful life of the leasehold improvements in determining the enforceable duration of the contracts, given the low value of the assets considered.

- *Application of the modified retrospective transition approach*

The primary impact of IFRS 16 on the Group's financial statements is that it requires the lessee to use a single model to account for right-of-use assets and lease liabilities under lease contracts. The Group has elected to use the modified retrospective approach. This consists of recognizing the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings for 2019, while measuring any right-of-use asset under a lease at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. Payments on leases where the underlying asset has a value when new of below US$ 5,000 are recognized, as previously, as an expense, in keeping with the standard's pursuit of simplicity. Payments on leases with a term of 12 months or less have not been restated. In transitioning to IFRS 16, for leases previously classified as operating leases under IAS 17, the Group measures the lease liability as the present value of the remaining lease payments, discounted at the interest rate implicit in the lease or at the incremental borrowing rate in the relevant country as of January 1, 2019. To determine whether the Group is reasonably certain to exercise its lease extension options, the Group has assessed its actual lease payments against market rates for comparable leases, and the lease payments that would apply in the event of a lease termination penalties.

As of January 1, 2019, the whole Group had an incremental borrowing rate of 3.2%, determined on the basis of the remaining lease term and the weighted-average rate for its lease liabilities.

Under the modified retrospective approach, the Group has not presented comparative financial information for 2018, considering the impacts of IFRS 16 restatement and all the practical expedients mentioned above have been applied. The accounting standards applied to fiscal year 2018 are thus still in accordance with the principles of IAS 17.

- *Impact as of January 1, 2019*

The Group's application of IFRS 16 entails recognition as of January 1, 2019 of a right-of-use equal to €84.8 million, lease liabilities of €91.8 million, and various other effects (deferred taxes, lease franchise, and incentives) of €4.8 million. Consequently, the initial application of the standard has decreased equity by €2.3 million.

The assets underlying that right-of-use are recognized in property, plant and equipment, with details presented in Note 7, while the lease obligations are recognized in current and non-current borrowings and other financial liabilities, as summarized in Note 9. In the consolidated Cash Flow Statement, cash payments for the principal portion of a lease liability are classified within cash flows from financing activities, whereas cash payments for the interest portion are classified, as previously, within cash flows from operating activities.

The new accounting principles introduced by IFRS 16 are also summarized in Note 7.

- *Reconciliation of off-balance sheet commitments as of December 31, 2018 with lease obligations as at transition date:*

(in millions of euros)

Lease obligations from lease contracts as at December 31, 2018	**146.2**
Discounting effect	(11.2)
Lease obligations after discounting effect	**135.0**
Effect related from contracts excluded from lease obligations as at January, 2019	(30.9)
- Effects related to short term contracts	(10.6)
- Effects related to contract with low value assets	(4.2)
- Effects related to services contracts	(16.1)
Effect related to renewal options not considered and other effects	(12.3)
Lease obligations as at January 1, 2019 upon initial application of IFRS 16	**91.8**

b. Initial application of IFRIC 23, Uncertainty over Income Tax Treatment:

The IFRIC Interpretation IFRIC 23, Uncertainty over Income Tax Treatments, is applicable for annual reporting periods beginning on or after January 1, 2019.

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments.

A reporting entity should recognize uncertain liabilities and assets as income tax payables/receivables according to the probability that the tax authority will not accept an uncertain tax treatment, without considering the probability of non-detection. To reflect the best estimate as to the effect of that uncertainty, measurement should be based on either the most likely outcome or the probability-weighted average of all possible outcomes.

As of January 1, 2019, the first application of IFRIC 23 has had no material impact on the Group's consolidated financial statements.

3. SIGNIFICANT EVENTS

Completion of the Paymark acquisition

In November 2018, the final condition precedent to the acquisition of Paymark was satisfied, and on January 11, 2019, Ingenico Group completed the acquisition of this New Zealand electronic payment network announced on January 17, 2018 for total consideration of 191 million New Zealand dollars. Paymark is consolidated within the Retail business.

Creation of Ingenico Payone Holding GmbH

The Group completed the closing of an agreement to merge BS Payone, a Sparkassen-Finanzgruppe subsidiary, with the assets of Ingenico Retail in Germany, Austria and Switzerland on January 8, 2019 after receiving all the regulatory approvals required.

Deutscher Sparkassenverlag has a 48% interest in the new joint venture, renamed Ingenico Payone Holding GmbH, while Ingenico Group has a 52% interest. The entity has accordingly been fully consolidated as of January 1, 2019 in the Group's financial statements within the current Retail business.

Brexit

Since June 2016 and the announcement that the United Kingdom was leaving the European Union, sharp fluctuations in some economic indicators, such as interest rates, the share prices of many British companies, and the sterling exchange rate, were observed. The decrease of the sterling exchange rate marginally impacted the revenue and profit of subsidiaries whose accounting is held in pound sterling.

At December 31, 2019, Brexit did not incur any impairment of assets or restructuring expense to the Group, which continues to follow the discussions between the European Union and the United Kingdom.

4. SEGMENT REPORTING

Segments are profit centers whose performance can be fully measured.

The information presented below is based on the management reporting used by the Executive Committee, which is the chief operating decision-maker as defined by IFRS 8.

Revenue and profit from ordinary activities by activity and segment

(in millions of euros)	2019		
	Banks & acquirers	Retail	Consolidated
External revenue	**1,451.1**	**1,919.0**	**3,370.1**
Terminals			1,777.4
Transactions			1,592.7
Profit from ordinary activities	**250.9**	**112.5**	**363.4**

(in millions of euros)	2018		
	Banks & acquirers	Retail	Consolidated
External revenue	**1,304.9**	**1,338.5**	**2,643.4**
Terminals			1,545.7
Transactions			1,097.7
Profit from ordinary activities	**246.5**	**79.9**	**326.4**

In 2019, the revenue generated by the Group's French entities amounted to €239.4 million. It amounted to €259.3 million in 2018.

In 2019, the revenue generated by entities located in the Group's significant countries (Germany, Netherlands) represented a total of €1,177.7 million.

Expenses without counterparty in cash

(in millions of euros)	2019		
	Banks & acquirers	Retail	Consolidated
Depreciation and amortization expenses	**46.8**	**182.5**	**229.3**
Additions to provisions, net of reversals and share-based payments	**(7.4)**	**(6.2)**	**(13.6)**

(in millions of euros)	2018		
	Banks & acquirers	Retail	Consolidated
Depreciation and amortization expenses	26.2	138.8	165.0
Additions to provisions, net of reversals and share-based payments	(0.4)	(2.4)	(2.8)

5. OPERATIONAL DATA

a. Revenue

Sale of payment terminals and similar products

Income from contracts concluded by the Group with customers for the sale of payment terminals and other products represent a performance obligation. Revenue is recognized when control of the asset is transferred to the customer, which is generally when the equipment is delivered.

Where other contractual undertakings constitute separate performance obligations, a portion of the transaction price is allocated to them.

Sale of extended warranty services

The Group offers legal warranties in accordance with the laws and practices applicable in the different countries in which it operates. These warranties are recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The Group also offers extended warranties of one to five years which are recorded as service warranties and recognized as specific performance obligations, to which the Group allocates part of the transaction price based on the relative individual selling price. The revenue is then recognized over time based on the time elapsed as from the end of the legal warranty.

Transaction price

To determine the transaction price of the sale of a piece of equipment or a related service, the Group takes into account the impact of variable remuneration, the existence of a financial component and, if applicable, payments made to the customer.

If the consideration in a contract includes a variable amount, the Group estimates the consideration amount it is entitled to in exchange for transferring the goods to the customer. The variable consideration is estimated at the start of the contract and is applicable until the uncertainty has been subsequently resolved. Volume discounts are variable considerations which the Group sometimes offers to its customers on products purchased under certain conditions. These discounts are offset against the amounts payable by the customer on subsequent purchases.

The Group receives advances from its customers for certain services, in particular payments for extended warranties at the start of a contract. These payments constitute an advance from customers containing a material financing component, given the time between the payment and the delivery of the "Extended warranty" performance obligation.

Sale of payment solutions services

Where a third-party is involved in the supply of goods or services, the Group determines whether it is the principal or agent by assessing the nature of the promise to the customer. The Group is the principal in the transaction and recognizes the revenue on a gross basis if it controls the goods and services promised before their transfer to the customer.

In order to provide its service with regard to the acquisition and settlement of bank card payments received by merchants, the Group enters into contracts with third-parties (financial institutions and credit card companies) which are responsible for part of the performance of the operations enabling the proper completion of transactions. This part of the performance is remunerated by way of interchange fees, among other methods. These fees are passed on across the chain of parties involved in the transactions and finally paid by the merchant.

The Group deems that it acts as the principal for the performance of these services, which form a comprehensive service including payment processing, proper completion of the transaction by guaranteeing the receipt thereof, and the payment of the amount into the merchants' bank account. The Group's position in the payment chain is such that it is the principal in the transactions leading to the payment to the merchant of the final consumer's payment. The Group integrates the different steps leading to the fulfillment of this single performance obligation and which include services rendered by third-parties involved in the payment chain, including the issuing bank. There is a transformative link between the different steps insofar as the level and nature of the tasks performed by Ingenico depend on tasks performed and information provided by other third-parties involved in the payment chain.

By fulfilling the promise made to customers to provide a guaranteed payment for the delivery of their goods or services to card bearers, the Group fulfills a performance obligation from the acceptance of the payment to the payment of the funds into the merchant's account. Thus, the Group considers that it is in a position to control the services provided by third-parties before the control of the specified service is finally delivered to the merchant.

Initial non-refundable costs and developments on behalf of customers

In Retail, before the execution of the first transactions, the customer must be included in the Group's IT systems. This activity does not constitute a service obligation distinct from the performance obligation of ensuring a guaranteed payment to merchant clients. The revenue from these non-refundable advances is recognized on a deferred basis until the first transactions are carried out, with the revenue then allocated on a straight-line basis over the duration of the contract with the customer.

Furthermore, a number of applications are sometimes developed beforehand to address the specific needs of customers. The Group considers that the developments undertaken for this purpose do not constitute a specific performance obligation. Hence, revenue from these development contracts are deferred until the conduct of the first transactions, with the revenue then recognized on a straight-line basis over the duration of the contract. The development costs incurred by the Group are capitalized as costs of carrying out the work in the contract until the start of the contract, then amortized on a straight-line basis over the duration of the contract.

The part of the Group's revenue that is recognized under contracts with customers has been broken down by performance obligation category.

(in millions of euros)	2019	2018
Sale of terminals, accessories, transport	1,506.9	1,282.4
Services associated with terminals	270.5	263.4
Payment processing and acquisitions	1,411.9	1,056.0
Processing services	180.8	41.6
Total	**3,370.1**	**2,643.4**

b. Costs by nature

Because the Group presents its income statement by function, this note shows the main operating costs and expenses by nature.

Depreciation and amortization expense and impairment are broken down as follows:

(in millions of euros)	2019	2018
Provisions/(reversals)		
Depreciation and amortization of intangible assets	154.6	129.8
Depreciation and amortization of property, plant and equipment	74.6	35.2
Provision for inventories	1.9	9.3
Impairment for trade receivables	7.7	(12.4)
Total	**238.8**	**161.9**

Provisions for inventory only relate to inventory that is actually held and recognized. The Group has commitments to its suppliers (EMS) on firm price orders of parts or terminals, which do not give rise to inventory. However, when there is a risk of unsold parts or terminals ordered from suppliers, the Group recognizes a provision for risk as described in Note 8 "Other provisions". Upon recognition of the purchase of inventory from EMS, this provision for risk (liability) becomes a provision for inventory (asset) in the balance sheet.

Cost of sales breaks down as follows:

(in millions of euros)	2019	2018
Cost of terminals	(1,322.6)	(877.0)
Cost of services and software	(885.8)	(771.6)
Total cost of sales	**(2,208.4)**	**(1,648.6)**

The capitalized portion of development costs is as follows:

(in millions of euros)	2019	2018
Amount of development capitalized	54.3	48.5
Total R&D expenditure (costs and investment)[1]	244.3	219.7
Share of capitalized R&D expenditure (in %)	**22%**	**22%**

(8) Net of a €7.1 million French research tax credit and €10.9 million in tax credits of a similar nature that were received outside France and have an equivalent impact on research and development expenses (respectively €5.6 million and €11.1 million in 2018).

The Group's R&D expenses mainly concern the following projects:

- At the head office, development projects for new terminals and operating systems, as well as projects to upgrade terminals that have already been sold;
- Service projects related to payments, such as Axis. These are mainly software development expenses.
- At terminal distributor subsidiaries, R&D projects are in place to develop applications installed on terminals, in accordance with local standards and regulations.
- At subsidiaries selling payment services (mainly in Retail), R&D projects are generally aimed at improving the computer systems that run the transaction services. This explains the increase in development activities in 2019, which primarily relate to acquisition services technology.

In accordance with IAS 38, terminal-related R&D expenses may only be capitalized if they apply to the development of new terminals. This is considered new product development, and not for upgrades, maintenance or adjustments of existing products or software.

The following expenses relating to lease contract out of IFRS16 scope are booked in operating results:

(in millions of euros)	2019
Rent expense relating to short-term leases	(6.4)
Rent expense relating to low-value assets	(2.5)
Rent expense relating to service contracts	(9.7)
Total	**(18.6)**

c. Other operating income and expenses

Other operating income and expenses are one-off by nature, i.e. income or expenses that are of an unusual nature and of a significant amount. As such, other operating income and expenses include: gains or losses on the disposal of consolidated subsidiaries or businesses; gains or losses on the disposal of property, plant and equipment and intangible assets; restructuring costs approved by management and publicly announced; litigation expenses; costs associated with business combinations; asset and goodwill impairment; the cost of integrating newly acquired subsidiaries; adjustments to earn-out liabilities related to those acquisitions; and the revaluation to fair value of equity interests held by the Group in an entity acquired as part of a business combination implemented through a step acquisition and considered non-recurring.

Other operating income and expenses are as follows:

(in millions of euros)	2019	2018
Restructuring and business combination costs	(43.9)	(40.3)
Effects from disposed assets and liabilities	(8.7)	-
Others	0.3	(7.7)
Total	**(52.3)**	**(48.0)**

In 2019, other operating income and expenses mainly comprised the costs of €43.9 million incurred in connection with the restructuring of the Group, of which:

- Costs of €31.6 million incurred in connection with the internal restructuring of the Group,
- Costs of €12.3 million incurred in connection with acquisitions and divestitures.

In 2018, other operating income and expenses mainly comprised the costs of €40.3 million incurred in connection with the restructuring of the Group, of which:

- Costs of €34.5 million incurred in connection with the internal restructuring of the Group,
- Costs of €5.8 million incurred in connection with acquisitions and divestitures.

d. Reconciliation of financial performance indicators with the consolidated financial statements

The aim of this note is to make the link between the performance indicators used in financial communication and the Group's consolidated financial statements.

Net revenue is equal to Revenue less interchange fees.

EBITDA is not an accounting term; it is a financial metric defined here as profit from ordinary activities before depreciation, amortization and provisions, and before expenses for share-based payments.

EBIT is the equivalent of profit from ordinary activities, adjusted for amortization of the purchase prices allocated to assets acquired in business combinations.

Free cash flow is equal to EBITDA less: cash and other operating income and expenses, changes in working capital requirements, investing activities net of disposals, financial expenses net of financial income, and tax paid.

(in millions of euros)	2019	2018
Revenue	3,370.1	2,643.4
Interchange fees	(474.7)	(323.1)
Net revenue	**2,895.4**	**2,320.3**

(in millions of euros)	2019					
	Income statement	Amortization of Purchase Price Allocation	**Reconciliation to EBIT**	Cost of share-based payment	Other amortization and provision expenses	**Reconciliation to EBITDA**
REVENUE	**3,370.1**	-	**3,370.1**	-	-	**3,370.1**
Cost of sales	(2,208.4)	33.7	(2,174.7)	1.1	43.7	(2,129.9)
GROSS PROFIT	**1,161.7**					
Distribution and marketing costs	(301.9)	66.8	(235.1)	2.1	4.9	(228.1)
Research and development expenses	(189.9)	-	(189.9)	1.3	46.3	(142.3)
Administrative expenses	(306.4)	-	(306.4)	7.9	35.0	(263.5)
PROFIT FROM ORDINARY ACTIVITIES	**363.5**					
EBIT			**464.0**			
EBITDA						**606.3**

(in millions of euros)	2019 Cash-flow statement	Free cash-flow	Items from CF statement not in FCF
Profit for the period	**216.5**	**216.5**	**-**
Adjustments for:			
- Share of profits of equity-accounted investees	-	-	-
- Income tax expense	54.7	54.7	-
- Depreciation, amortization and provisions	230.5	230.5	-
- Change in fair value	6.7	5.3	1.4
- (Gains)/losses on disposal of assets	4.6	4.6	-
- Net interest costs/(income)	40.2	40.2	-
- Share-based payment expense	12.3	12.3	-
Interest paid	(31.8)	(31.8)	-
Income tax paid	(65.0)	(65.0)	-
Cash flows from operating activities before change in net working capital	**468.7**		
Inventories	2.5	2.5	-
Trade and other receivables	(2.2)	(2.2)	-
Trade payables and other payables	(2.1)	(2.1)	-
Change in net working capital	**(1.8)**	**-**	**-**
Working capital of merchants prefinancing	(32.9)	-	(32.9)
CASH FLOWS FROM OPERATING ACTIVITIES	**434.0**		
Acquisition of fixed assets	(136.4)	(136.4)	-
Proceeds from sale of tangible, intangible and financial assets	1.4	1.4	-
Proceeds from divestment of investments in equity-accounted activities	4.9	-	4.9
Acquisition of subsidiaries, net of cash acquired	(72.8)	-	(72.8)
Disposal of subsidiaries, net of cash disposed of	14.7	-	14.7
Loans and advances granted and other financial assets	(5.0)	-	(5.0)
Loan repayments received	1.5	-	1.5
Dividend income	0.4	-	0.4
Interest received	8.5	8.5	-
CASH FLOWS FROM INVESTING ACTIVITIES	**(182.8)**		
Proceeds from share capital issues	1.7	-	1.7
(Purchase) sale of treasury shares	0.1	-	0.1
Proceeds from loans and borrowings	35.0	-	35.0
Repayment of loans and borrowings	(250.1)	-	(250.1)
Financing of merchant prefinancing	32.4	-	32.4
Changes in other financial liabilities	(30.1)	(29.3)	(0.8)
Effect of financial derivative instruments	0.1	-	0.1
Dividends paid to shareholders	(34.2)	-	(34.2)
CASH FLOWS FROM FINANCING ACTIVITIES	**(245.1)**		
Currency translation effect on cash and bank overdrafts	1.8	-	1.8
CHANGE IN CASH AND CASH EQUIVALENTS	**7.9**		
Free cash-flow		**309.7**	

e. Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is determined using the weighted average cost method and includes the costs incurred to acquire the inventories and bring them to their existing location and condition. A provision is recorded if the carrying amount exceeds the net realizable value.

(in millions of euros)	2019	2018
Raw materials and consumables	37.3	41.9
Finished products	177.1	170.6
Write-downs on raw materials and consumables	(9.3)	(6.8)
Impairments on finished products	(17.0)	(17.5)
Carrying amount	**188.1**	**188.2**

f. Trade and related receivables

Trade and related receivables are recognized initially at fair value and subsequently measured at amortized cost less any impairment losses. In general, the fair value corresponds to the face value, given the quick payment terms, except in the case of finance leases. In compliance with IFRS 9, the Group follows the simplified prospective method and recognizes a provision for credit losses determined on the basis of expected credit losses over the life of the receivables. The Group has thus established impairment methods based on internal and external ratings or on the history of losses, adjusted for prospective factors specific to the debtors and to the economic environment.

DSO (Days Sales Outstanding) is the amount of trade receivables expressed in days' revenue (on a last-in, first-out basis). The number of days is calculated in accordance with the Gregorian calendar.

Trade and related receivables break down as follows:

(in millions of euros)	2019	2018
Trade receivables on the sales of goods and services	628.5	591.5
Finance lease receivables	33.3	24.3
Tax receivables other than current income tax	67.4	54.3
Other receivables	26.9	16.1
Impairment for trade receivables	(41.5)	(33.6)
Impairment for finance lease receivables	(0.9)	(0.8)
Impairment for other receivables	(0.3)	(0.4)
Total	**713.4**	**651.4**
DSO	**56**	**65**

The DSO ratio reached 56 days at the end of December 2019 compared to 65 days as of December 2018.

The aging schedule of trade receivables is as follows:

(in millions of euros)	Closing value	Not due	2019		
			Overdue		
			<120 days	120-180 days	>180 days
Trade receivables	628.5	521.3	80.4	11.8	15.0
Depreciations of trade receivables and related accounts	(41.5)	(4.8)	(22.3)	(4.2)	(10.2)
Net	**587.0**	**516.5**	**58.1**	**7.6**	**4.8**

Receivables more than 180 days overdue (amounting to €4.8 million) are primarily attributable to customers of Fujian Landi (€1.4 million). None of these receivables are contentious, and the Group does not expect any difficulty in recovering the amounts due.

(in millions of euros)	Closing value	Not due	2018		
			Overdue		
			<120 days	120-180 days	>180 days
Trade receivables	591.5	488.7	65.9	16.1	20.7
Depreciations of trade receivables and related accounts	(33.6)	(20.0)	(2.2)	(0.4)	(11.0)
Net	**557.9**	**468.7**	**63.7**	**15.7**	**9.7**

g. Other current and non-current assets

As of December 31, 2019, and 2018, other current assets were as follows:

(in millions of euros)	2019	2018
Prepaid expense	23.9	20.0
Contract assets	8.7	7.7
Loans, guarantee instruments and other financial assets	10.2	10.6
Total	**42.8**	**38.3**

Contract assets are capitalized costs on completion of contracts.

As of December 31, 2019, and 2018, other non-current assets were as follows:

(in millions of euros)	2019	2018
Other receivables	1.0	1.6
Finance lease receivables	39.9	23.8
Tax receivables other than current income tax	8.3	8.5
Income tax receivables	7.1	0.6
Prepaid expenses	2.6	2.1
Total	**58.9**	**36.6**

h. Trade and related payables

Trade and related payables are recognized initially at fair value and subsequently measured at amortized cost.

DPO (Days Payables Outstanding) is the amount of trade expressed in days' expenses (on a last-in, first-out basis). The number of days is calculated in accordance with the Gregorian calendar.

(in millions of euros)	2019	2018
Trade payables	449.2	455.3
Other operating liabilities	221.2	170.9
- of which customer advances	21.0	6.0
- of which other tax liabilities	48.2	43.4
- of which employee-related liabilities	152.0	121.5
Total	**670.4**	**626.2**
DPO	**72**	**90**

The DPO ratio reached 72 days at the end of December 2019 compared to 90 days as of December 2018.

i. Other non current-liabilities

(in millions of euros)	2019	2018
Tax, personnel and social security liabilities	17.9	15.5
Contract liabilities	37.9	33.8
Other liabilities	3.3	9.5
Total	**59.1**	**58.8**

The reduction in non-current liabilities is linked primarily to the cancellation of the commitment to purchase non-controlling interests in Ingenico Japan Co.Ltd and the reversal of earn-out debts in relation of past acquisitions made by Bambora.

The contract liabilities come from the subsidiaries distributing terminals for deferred revenues over 1 year on extended warranty.

j. Other current-liabilities

Other current liabilities are broken down as follows:

(in millions of euros)	2019	2018
Contract liabilities	157.2	154.6
Other liabilities	25.5	97.5
Total	**182.6**	**252.1**

This deferred income primarily originates from terminal distribution subsidiaries, for deferred income on sales of warranties, and for goods invoiced but not yet delivered.

At December 31, 2019, other current liabilities encompassed a 4.3 million euros post-closing compensation to be paid to DSV.

At December 31, 2018, other current liabilities mainly consisted of €89.5 million liability to Paymark vendors.

k. Reconciliation between the balance sheet and changes in working capital requirement

Balance sheet (in millions of euros)		January 1	Net Change in working capital	Change in cash flows of non-working capital items	Changes in consolidation scope	Translation differences and other movements	December 31
		2019					
Inventories	**(1)**	**188.2**	**(2.5)**	**-**	**2.1**	**0.4**	**188.1**
Trade and related receivables		651.4	4.9	-	53.7	3.4	713.4
Other non-current assets		36.6	(3.7)	0.6	25.6	(0.2)	58.9
Other current assets		38.3	1.1	(2.9)	3.7	2.6	42.8
Trade and other receivables	**(2)**	**726.3**	**2.3**	**(2.3)**	**83.0**	**5.8**	**815.2**
Trade and related payables		626.2	(14.8)	2.7	54.3	2.0	670.4
Other non-current liabilities		58.8	(1.1)	1.8	-	(0.4)	59.1
Other current liabilities		252.1	13.9	(91.1)	0.5	7.2	182.6
Trade and other creditors	**(3)**	**937.1**	**(2.0)**	**(86.6)**	**54.9**	**8.8**	**912.1**
Change in working capital	**-(1)-(2)+(3)**		**(1.8)**				

Balance sheet (in millions of euros)		January 1	Net Change in working capital	Change in cash flows of non-working capital items	Changes in consolidation scope	Translation differences and other movements	December 31
		2018					
Inventories	**(1)**	**170.6**	**21.8**	**-**	**0.4**	**(4.6)**	**188.2**
Trade and related receivables		556.5	95.2	-	2.4	(2.7)	651.4
Other non-current assets		39.4	0.5	(2.0)	-	(1.3)	36.6
Other current assets		45.9	(1.9)	(4.5)	0.4	(1.6)	38.3
Trade and other receivables	**(2)**	**641.8**	**93.8**	**(6.5)**	**2.8**	**(5.6)**	**726.3**
Trade and related payables		510.7	117.9	(2.3)	3.0	(3.1)	626.2
Other non-current liabilities		66.5	8.5	(13.0)	-	(3.2)	58.8
Other current liabilities		243.5	11.1	(7.0)	0.1	4.4	252.1
Trade and other creditors	**(3)**	**820.7**	**137.5**	**(22.3)**	**3.1**	**(1.9)**	**937.1**
Change in working capital	**-(1)-(2)+(3)**		**21.9**				

I. Funds, receivables and payables related to intermediation activities

In the scope of its transactional services activity, the Group provides intermediation between merchants, credit card issuers, and end consumers. The expected funds corresponding to the end consumer's payment as well as funds received and not yet remitted to merchants are recorded as balance sheet assets in the specific accounts, i.e. excluded from cash and cash equivalents. The counterparty is a payable due to merchants.

The balance sheet distinguishes two types of asset:

- Receivables against credit card issuers, in connection with transactions conducted on behalf of merchants but not yet settled by the companies that issued the cards,
- Funds received for transactions not yet settled for merchants and transactions reimbursable to consumers.

Liabilities on the balance sheet related to intermediation activities comprise mainly:

- Liabilities in connection with funds from consumers that have not yet been transferred to merchants;
- Liabilities in connection with merchant warranty deposits.

The funds cannot be used by the Group to finance its own cash requirements.

In the scope of Bambora's activities, some funds may be remitted to merchants even before they have been received by the Group from the credit card issuers. The duration of this merchant prefinancing is generally one or two days. To avoid drawing on its cash to provide this upfront remittance to merchants, the Group uses a specific and dedicated bank financing with a possible marginal difference. This bank financing is included in the short-term financial loans and borrowings in the balance sheet.

(in millions of euros)	2019	2018
Receivables related to intermediation activities	336.4	243.3
Funds related to intermediation activities	1,205.5	461.7
Total assets related to intermediation activities	**1,541.9**	**705.0**
Payables related to intermediation activities	1,469.9	665.3
Financing of merchant prefinancing	69.8	37.7
Total liabilities related to intermediation activities	**1,539.7**	**703.0**

The increase in the assets and liabilities related to intermediation activities is mainly related to the PayOne combination in 2019.

6. EMPLOYEE BENEFITS AND EXECUTIVE COMPENSATION (RELATED PARTIES)

a. Payroll costs

Payroll costs are broken down as follows:

(in millions of euros)	2019	2018
Wages and salaries	512.6	436.4
Social security contributions	123.5	108.2
Service cost (operating component of retirement expenses)	3.3	2.6
Cost of share-based payments	12.3	0.2
Total	**651.7**	**547.4**

b. Share-based payment expense

Fair value of free shares awarded

The Group has measured the fair value of the goods or services received during the year based on the fair value of the equity instruments granted (share price on the date of award).

Impact on financial statements

The fair value of free share awards is recognized in payroll costs, with a corresponding increase in equity. Fair value is measured at the grant date and is expensed over the vesting period in which the employees acquire the rights definitively. The fair value of the free share award plans granted is measured using standard measurement techniques, which are adapted to the specific characteristics of each plan, with reference to the terms and conditions defined at the grant date (using the Black-Scholes and/or the Monte-Carlo models). The amount recognized as an expense is adjusted to reflect the actual number of shares vested for the portion corresponding to internal performance conditions.

Other share-based payments

The Group may award some of its employees compensation that is indexed to the share price of Ingenico Group SA or to the shares of other Group entities and settled in cash.

These share appreciation rights are measured at fair value. The fair value of the sums payable is recognized as an operating expense over the course of the vesting period and offset by other liabilities. This liability is remeasured at fair value through profit or loss until it is settled.

		2019				
(in number of shares)	Date of board	Options/Free shares outstanding at January 1	Options/shares granted during the year	Options exercised/ shares vested during the year	Other movements	Options/ free shares outstanding at Dec 31.
Free share awards	July 29, 2015	46,600		(42,200)	(4,400)	
Free share awards	October 22, 2015	800		(800)		
Free share awards	July 29, 2016	14,516			(14,516)	
Free share awards	May 10, 2017	9,305				9,305
Joint investment	June 20, 2017	72,690			(21,490)	51,200
Free share awards	June 20, 2017	19,200			(6,400)	12,800
Free share awards	August 28, 2017	16,600				16,600
Joint investment	August 28, 2017	18,140				18,140
Free share awards	May 16, 2018	165,364			(36,000)	129,364
Joint investment	May 16, 2018	226,264			(87,962)	138,302
Free share awards	June 11, 2019		471,361		(23,240)	448,121
Total		**589,479**	**471,361**	**(43,000)**	**(194,008)**	**823,832**

		2018				
(in number of shares)	Date of board	Options/Free shares outstanding at January 1	Options/shares granted during the year	Options exercised/ shares vested during the year	Other movements	Options/ free shares outstanding at Dec 31.
Free share awards	October 29, 2014	10,300		(9,550)	(750)	
Joint investment	October 29, 2014	24,160		(21,830)	(2,330)	
Free share awards	July 29, 2015	53,800			(7,200)	46,600
Free share awards	October 22, 2015	800				800
Free share awards	July 26,2016	18,610			(4,094)	14,516
Free share awards	May 10, 2017	23,639			(14,334)	9,305
Joint investment	June 20, 2017	89,710			(17,020)	72,690
Free share awards	June 20, 2017	22,400			(3,200)	19,200
Free share awards	August 28, 2017	18,200			(1,600)	16,600
Joint investment	August 28, 2017	19,950			(1,810)	18,140
Free share awards	May 16, 2018		192,910		(27,546)	165,364
Joint investment	May 16, 2018		226,264			226,264
Total		**281,569**	**419,174**	**(31,380)**	**(79,884)**	**589,479**

In 2019, the Group put in place a free share award plan. Share awards are dependent on continuous service and internal and external performance criteria. The maximum number of free shares to be awarded under this plan is 471,361.

The main features of the compensation plans are described in Section 3 of the Universal Registration Document.

On the basis of the parameters used to calculate the fair value of free shares awarded under free share and joint investment plans and after assessing the internal and external valuation criteria (fulfillment of service conditions and, where applicable, performance conditions), the Group recognized a €9.3 million expense under profit from operating activities in 2019 for equity-settled payments (against €5.6 million in 2018).

A €3.1 million expense was also booked in 2019 for other cash-settled share-based, against €(5.4) million in 2018.

c. Provisions for retirement and benefit obligations

The Group's net obligation in respect of defined-benefit pension plans and other long-term benefits is measured separately for each plan; it is determined by the difference between the discounted present value of the obligation and the fair value of any plan assets.

The discount rate applied is the yield at the reporting date on high-quality corporate bonds with terms consistent with those of the Group's obligations. Calculations are performed by independent actuaries using the projected unit credit method. The amount of the Group's obligation is determined by calculating the amount of future benefits due to employees at retirement and performing an actuarial valuation of the projected future salary levels and the number of years of service of beneficiaries estimated to be part of the plan at the time of retirement.

The Group's entire obligation in respect of defined benefit plans is recognized immediately. Any actuarial gains and losses arising during the period are recognized in other comprehensive income. To determine the return on plan assets, the Group uses the rate applied to determine the discounted present value of the obligation.

There are two categories of retirement benefit plans described as follows:

Defined contribution plans

These plans exist in most European countries in which the Group operates (France, Benelux, Germany, Italy, and Spain) and in the United States and Asia-Pacific countries. Under these plans, Group entities make payments, expensed as incurred, on a regular basis to organizations authorized to manage the retirement plans.

Defined benefit plans

There are two types of defined benefit plans recognized in provisions for retirement benefit obligations:

- unfunded defined benefit plans: under these plans, provisions for retirement benefits are recognized as a liability in the balance sheet under "Provisions for retirement and benefit obligations";
- funded defined benefit plans. Provisions for retirement benefits are also recognized as a liability in the balance sheet, minus the value of the assets.

The Group recognized the following provisions:

- Supplementary pension services (United Kingdom, Germany, Belgium);
- Retirement or severance benefits (France, Italy, Turkey, the Netherlands);
- Length-of-service bonuses (the Netherlands).

The obligations under these defined benefit plans have been determined by qualified actuaries.

The Group is not under any long-term obligation to provide medical benefits.

Changes in the provisions for retirement benefits and similar commitments break down as follows:

(in millions of euros)	2019 Unfunded plans France Liability	Germany Liability	Italy Liability	Turkey Liability	Netherlands Liability	Other Liability	Total
At January 1	**9.5**	**5.2**	**3.6**	**0.2**	**0.1**	**2.0**	**20.6**
Change in consolidation scope	-	32.5	-	-	-	-	32.5
Translation differences and other movements	-	-	-	(0.0)	-	(0.2)	(0.2)
Current service cost	0.4	0.9	0.4	0.1	-	1.0	2.8
Interest on obligation	0.2	0.6	0.1	-	-	-	0.9
Benefits paid	(0.2)	(0.5)	(0.8)	(0.1)	-	-	(1.6)
Revaluation of the net defined benefit liability	0.5	7.4	0.2	0.2	-	(0.3)	8.0
At December 31	**10.5**	**46.1**	**3.4**	**0.4**	**0.1**	**2.5**	**63.0**

(in millions of euros)	2019 Funded plans United Kingdom Liability	United Kingdom Assets	Belgium Liability	Belgium Assets	Total	2019 Total Balance sheet provision
At January 1	**30.2**	**(29.7)**	**3.0**	**(2.9)**	**0.6**	**21.2**
Change in consolidation scope	-	-	-	-	-	32.5
Translation differences and other movements	1.7	(1.7)	0.0	-	(0.0)	(0.3)
Return on plan assets	-	-	-	(0.1)	(0.1)	(0.1)
Current service cost	-	-	0.5	-	0.5	3.3
Interest on obligation	0.9	(0.9)	0.1	-	0.1	1.0
Benefits paid	(0.6)	0.6	(0.1)	0.1	(0.0)	(1.7)
Contributions to pension funds	-	(2.1)	-	(0.5)	(2.6)	(2.6)
Revaluation of the net defined benefit liability	3.9	(4.1)	0.2	0.0	0.0	8.0
Financial coverage	**36.1**	**(37.9)**	**3.7**	**(3.4)**	**(1.5)**	**61.5**
Effect of assets ceiling	-	1.5	-	-	1.5	1.5
At December 31	**36.1**	**(36.4)**	**3.7**	**(3.4)**	**(0.0)**	**63.0**

(in millions of euros)	2018 Unfunded plans France Liability	Germany Liability	Italy Liability	Turkey Liability	Netherlands Liability	Other Liability	Total
At January 1	**10.2**	**5.2**	**3.4**	**0.3**	**0.1**	**1.5**	**20.7**
Change in consolidation scope	-	-	-	-	-	-	-
Translation differences and other movements	-	-	-	0.0	-	(0.1)	(0.1)
Current service cost	1.2	0.0	0.4	0.0	-	0.3	1.9
Interest on obligation	-	0.1	0.1	0.0	-	0.2	0.3
Benefits paid	(0.4)	(0.0)	(0.2)	(0.1)	-	(0.0)	(0.8)
Revaluation of the net defined benefit liability	(1.5)	(0.0)	(0.0)	0.0	-	0.1	(1.4)
At December 31	**9.5**	**5.2**	**3.6**	**0.2**	**0.1**	**2.0**	**20.6**

(in millions of euros)	2018 Funded plans United Kingdom Liability	Assets	Belgium Liability	Assets	Total	2018 Total Balance sheet provision
At January 1	**33.7**	**(29.4)**	**2.5**	**(2.4)**	**4.4**	**25.1**
Change in consolidation scope	-	-	-	-	-	-
Translation differences and other movements	(0.2)	0.2	0.0	-	0.0	(0.1)
Return on plan assets	-	(0.7)	-	(0.1)	(0.8)	(0.8)
Current service cost	0.1	-	0.6	-	0.7	2.6
Interest on obligation	0.8	-	0.1	-	0.9	1.2
Benefits paid	(0.4)	0.4	(0.1)	0.1	(0.0)	(0.9)
Contributions to pension funds	-	(2.0)	-	(0.6)	(2.6)	(2.6)
Revaluation of the net defined benefit liability	(3.8)	1.8	(0.1)	0.1	(2.0)	(3.4)
At December 31	**30.2**	**(29.7)**	**3.0**	**(2.9)**	**0.6**	**21.2**

Breakdown of fair value of plan assets

Plan assets do not include any land or buildings occupied by Group entities or any other assets used by the Group. There are no separately identifiable assets.

Plan investments	In millions of euros	In %	Yield
Shares	27	63%	14.70%
Bonds	11	26%	14.70%
Other	5	11%	14.70%
Total	**43**	**100%**	**14.70%**

Main actuarial assumptions

	Eurozone	Turkey	United Kingdom
Discount rate 2019	1.05%	11.25%	2.00%
Expected future salary increases 2019	2,1% - 3,25%	14.00%	N/A
Discount rate 2018	1.70%	14.50%	2.80%
Expected future salary increases 2018	2,1% - 3,25%	7.00%	N/A

Best estimate of plan contributions payable in 2020

The expected contributions for the fiscal year ending December 31, 2020, are broken down as follows:

(in millions of euros)	
Employer contributions	0.7
Plan participants' contributions	0.1

Sensitivity of assets and liabilities to the main assumptions as of December 31, 2019

A 0.25% increase or decrease in the discount rate or the inflation rate for all plans would not significantly change the value of the net liabilities.

In the United Kingdom, if a fund is liquidated, any surplus of assets over liabilities is returned to the Group.

d. Related party transactions

Total compensation and benefits paid to the Executive Committee in 2019 and 2018 are broken down as follows:

(in millions of euros)	2019	2018
Total compensation and benefits[(1)]	6.2	15.9
Free share awards[(2)]	3.1	1.9
Total	**9.2**	**17.8**

[(1)] Includes all compensation and to be paid during the period (gross salary, including fixed and variable compensation, bonuses and benefits in kind, incentive programs and profit-sharing, and severance costs).

[(2)] Expense recorded in the income statement under free share award and joint investment plans.

This Note only shows the compensation and benefits paid to members of the Executive Committee, whose role is to set Group strategy, create the conditions to implement that strategy and ensure that objectives are met. The Executive Committee is chaired by the Chief Executive Officer.

As of December 31, 2019, the Executive Committee had 9 members, versus 7 members as of December 31, 2018.

7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Goodwill impairment tests

The Group tests the net carrying amount of goodwill for impairment. This procedure, chiefly based on the discounted cash flow method, consists of measuring the recoverable amount of each Cash-generating Unit (CGU) that generates independent cash flows. Impairment tests are performed every year on November 30 and whenever there is any indication that an asset may be impaired. Therefore, any material event observed during December would prompt fresh impairment tests to be conducted.

In accordance with IAS 36, the recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Only in those rare cases in which a recent transaction involving the assets under consideration provides relevant and reliable information does the Group opt for calculating fair value less costs to sell. In most other cases, the Group calculates value in use by estimating cash flow projections based on existing business forecasts for a five-year period, including growth and profitability rates based on reasonable assumptions.

Impairment of other non-financial assets

The carrying amounts of the Group's other non-financial assets are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If such indication exists, the asset's recoverable amount is estimated.

For intangible assets that are not yet available for use, the recoverable amount is estimated annually or as soon as there is any indication of impairment.

At each reporting date, the Group assesses whether any events and circumstances indicate that an asset may be impaired. Such events and circumstances include significant changes adversely affecting the economic environment or the Group's assumptions and objectives (budget monitoring, three-year plan, cost-benefit studies, market share, order book, etc.). If such events and circumstances are identified, the asset's recoverable amount is re-estimated.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, estimated by discounting the expected future cash flows, based on a discount rate of the CGU to which the asset is assigned.

If the carrying amount exceeds its recoverable amount, an impairment is recognized in operating income.

a. Goodwill

Determination of goodwill

On the acquisition date, goodwill is measured as the difference between:

- the fair value of the consideration transferred (earn-outs included), plus the amount of any non-controlling interests in the acquiree and, in a business combination completed in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, revalued accordingly in the income statement under "Other operating income and expenses"; and
- the total net assets on the acquisition date, measured at fair value.

All other costs directly attributable to the acquisition are expensed as incurred in "Other operating income and expenses".

Adjustments to contingent considerations amounts (earn-out, deferred payment) are measured at their fair value on the date of acquisition. Subsequently, those adjustments are measured at fair value at each future reporting date. Any revaluation is recognized in profit or loss in "Other operating income and expenses".

The Group is made up of five CGUs:

- B&A – North America;
- B&A – Latin America;
- B&A – Europe and Middle East;
- B&A – Asia-Pacific region & China;
- Retail

Impairment tests are performed for each CGU or for groups of CGUs as defined above.

Breakdown of goodwill

The following tables show the breakdown of goodwill among CGUs:

(in millions of euros)	2019	2018
Net value at January 1	**2,490.5**	**2,478.5**
Investments	380.3	123.3
Translation differences	(1.4)	(39.4)
Disposal	(20.0)	-
Adjustments	(49.2)	(71.9)
Net value at December 31	**2,800.2**	**2,490.5**

	2019			2018		
Cash generating units (in millions of euros)	**Gross amount**	**Total impairment losses**	**Net carrying amount**	**Gross amount**	**Total impairment losses**	**Net carrying amount**
B&A NAR	62.7	(12.6)	50.1	62.4	(12.6)	49.8
B&A LAR	12.4	-	12.4	12.4	-	12.4
B&A EMEA	158.1	(0.9)	157.2	177.0	(1.0)	176.0
B&A APAC	209.1	0.3	209.4	207.6	-	207.6
Retail	2,380.4	(9.3)	2,371.1	2,054.0	(9.3)	2,044.7
Total	**2,822.8**	**(22.6)**	**2,800.2**	**2,513.4**	**(22.9)**	**2,490.5**

Investments and adjustments during the period

As described in Note 3, Significant Events, Paymark is a New Zealand electronic payment network. Base on acquisition of last year, the provisional goodwill of €111.4 million recognized has been adjusted with the real value introduced. The group performed the purchase price allocation of Paymark which lead to a €(52.2) million adjustment and recognized a technology asset valued at €17.9 million, reflecting the connectivity capabilities offered by Paymark to its customers and partners, and portfolios of customer relationships valued at €34.3 million. The valuation method used in this case was the relief from royalties and excess earnings method. The deferred tax liability recognized amounted to €12,2 million. Goodwill net of the purchase price allocation amounted to €62.5 million.

The creation of Payone Holding GmbH last year involved two concurrent transactions: 48% of Ingenico Retail's assets in Germany, Austria and Switzerland were divested at cost to non-controlling shareholders without loss of control; and the Group recognized at fair value the assets contributed by BS Payone, of which the Group owns 52%. BS Payone fair value as of 31, 2019, December is about €483.0 million. The Group recognized in its balance sheet a €10.4 million IT platform technologies, and €114.8 million portfolios of customer relationships. The valuation method used in this case was the relief from royalties and excess earnings method. A €40.0 million deferred tax liability has been recognized. This resulted in a €380.3 million provisional goodwill, while the net impact of the sale of the assets contributed by the Group and the fair value valuation of the assets received has been recognized in the Group's consolidated reserves as the line item "Change in holdings in subsidiaries without loss of control over the assets contributed."

This residual goodwill mainly includes:

- the workforce;
- the ability to generate new business opportunities by winning new customers and developing new offers;
- synergies expected from integration with the rest of the Group;
- the ability to safeguard the existing assets.

In October 2019, the divestment of the Healthcare France activity led to the release of a €20 million goodwill from the CGU retail.

Goodwill impairment tests

The main assumptions used to calculate the recoverable value of goodwill are as follows:

Cash-generating units	2019 B&A NAR	B&A LAR	B&A EMEA	B&A APAC	Retail	Total
Net carrying amount of goodwill (in millions of euros)	50.1	12.4	157.2	209.4	2,371.1	2,800.2
Valuation method for the cash generating unit	Value in use	Value in use	Value in use	Value in use	Value in use	
Number of years over which cash flows are estimated	5	5	5	5	5	
Long-term growth rate	1.1%	1.0%	1.0%	1.0%	2.3%	
Weighted average cost of capital used at December 31	8.4%	13.6%	8.7%	9.0%	7.3%	

Cash-generating units	2018 B&A NAR	B&A LAR	B&A EMEA	B&A APAC	Retail	Total
Net carrying amount of goodwill (in millions of euros)	49.8	12.4	176.0	207.6	2,044.7	2,490.5
Valuation method for the cash generating unit	Value in use	Value in use	Value in use	Value in use	Value in use	
Number of years over which cash flows are estimated	5	5	5	5	5	
Long-term growth rate	1.1%	1.0%	1.0%	1.1%	2.3%	
Weighted average cost of capital used at December 31	7.9%	13.3%	8.2%	8.8%	7.0%	

Goodwill impairment tests were conducted based on the carrying amounts on November 30, 2019. No material event likely to change the relevance of these tests has been observed since then.

The assumptions concerning growth rates and weighted average cost of capital (WACC) used in the determination of the recoverable amounts of all CGUs have been reassessed in the light of changes in global market information.

It should be emphasized that the long-term growth rates used by the Group do not exceed those of its business sector.

The weighted average cost of share capital is a long-term rate. The movements in the discount rates stem from changes in the three underlying components: the risk-free rate, the risk premium, and the volatility of Ingenico's share price in relation to the sectoral index (beta). Furthermore, applying a discount rate before tax to pre-tax cash flows would have led to a similar valuation of the CGUs.

Sensitivity tests show that a 50-base-point increase in the discount rate would not lead to impairment.

Finally, a sensitivity analysis that combines a number of key parameters, namely the discount rate and the long-term growth rate, has shown that, under all reasonable changes in assumptions, there is no probable scenario in which the recoverable amount of a CGU would be less than its carrying amount.

Sensitivity of recoverable amounts

At December 31, 2019, the recoverable amounts of all CGUs were significantly higher than their carrying amounts. This precluded the need to increase the discount rate, decrease the perpetuity growth rate or reduce the cash flow required to ensure that their respective recoverable amounts were equal to their respective carrying amounts.

Business forecasts are based on the business plans developed by the management of the various CGUs. Group financial management has reviewed these plans, performing stress tests on the assumptions as to long-term growth and discount rates.

b. Other intangible assets

Research and development

Research costs are expensed as incurred.

Development costs for the production of new or substantially improved products and processes are recognized as an asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset, the Group's intention to complete it, and the Group's ability to use it or sell it;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the Group's ability to reliably measure the expenditure attributable to the intangible asset during its development;
- how the intangible asset will generate probable future economic benefits (through the existence of a market for the intangible asset or the usefulness of the intangible asset for internal use).

Other development costs, net of subsidies, are expensed as incurred.

Other intangible assets

Licenses, customer portfolios, software, technological assets, trademarks, and user rights over which the Group has full ownership, as well as software developed for internal use that has a positive, lasting and measurable impact on future results are capitalized and amortized over their estimated useful lives.

Other intangible assets also include assets in progress. Those include R&D projects in progress, such as in the B&A business for the development of new products and in the Retail business for improvements to IT payment platforms.

Subsequent expenditure

Subsequent expenditure on intangible assets is only capitalized when it increases the future economic benefits of the specific asset to which it relates. Otherwise, it is expensed as incurred.

Depreciation and amortization

The straight-line method is used to amortize intangible assets over their estimated useful lives.

Intangible assets under development are not amortized but are tested annually for impairment. Other intangible assets are amortized from the date they are available for use.

The estimated useful lives are as follows:

- capitalized development costs……………………………………………………………………3 to 10 years;
- licenses……………………………………………………………………………………………………3 years*;
- customer relationships………………………………………………………………………………5 to 20 years;
- other intangible assets………………………………………………………………………………5 years*.

* or contractual term

Impairment losses

An impairment loss recognized in respect of a non-current asset can be reversed if its recoverable amount again becomes greater than its net carrying amount.

(in millions of euros)	2019				
	Licenses, trademarks, technology	Development expenses (incurred internally)	Customer relationships	Other intangible assets	Total
GROSS AMOUNT					
At January 1	**446.5**	**186.2**	**791.0**	**23.3**	**1,447.0**
Investments	20.3	58.7	-	26.9	105.9
Divestitures	(7.0)	(14.7)	-	(0.2)	(21.9)
Changes in consolidation scope	78.5	28.9	140.7	5.9	254.0
Translation differences	(3.4)	0.8	0.2	0.1	(2.3)
Reclassifications and others	10.0	10.1	-	(19.9)	0.2
At December 31	**544.9**	**270.0**	**931.9**	**36.1**	**1,782.9**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	**(169.9)**	**(89.8)**	**(217.1)**	**(5.6)**	**(482.4)**
Depreciation and amortization	(53.1)	(35.4)	(65.7)	(0.4)	(154.6)
Divestitures and impairment losses	6.2	14.5	-	0.0	20.7
Changes in consolidation scope	(41.0)	(19.9)	4.5	(0.4)	(56.8)
Translation differences	0.0	(0.5)	(0.9)	0.4	(1.4)
Reclassifications and others	7.6	(11.7)	-	0.3	(3.4)
At December 31	**(250.2)**	**(142.8)**	**(279.2)**	**(5.7)**	**(677.9)**
NET CARRYING AMOUNT					
At January 1	**276.6**	**96.4**	**573.9**	**17.7**	**964.6**
At December 31	**294.7**	**127.2**	**652.7**	**30.4**	**1,105.0**

(in millions of euros)	2018				
	Licenses, trademarks, technology	Development expenses (incurred internally)	Customer relationships	Other intangible assets	Total
GROSS AMOUNT					
At January 1	**426.5**	**132.0**	**746.8**	**18.4**	**1,323.7**
Investments	8.2	54.8	-	14.6	77.6
Divestitures	(12.6)	(1.0)	-	(0.3)	(13.9)
Changes in consolidation scope	28.0	-	58.3	(3.3)	83.0
Translation differences	(9.8)	(0.1)	(14.1)	(0.2)	(24.2)
Reclassifications and others	6.2	0.5	0.0	(5.9)	0.8
At December 31	**446.5**	**186.2**	**791.0**	**23.3**	**1,447.0**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1	**(134.5)**	**(65.0)**	**(161.3)**	**(5.4)**	**(366.2)**
Depreciation and amortization	(49.3)	(23.9)	(56.3)	(0.3)	(129.8)
Divestitures and impairment losses	12.6	0.8	-	0.1	13.5
Translation differences	0.5	0.0	0.5	0.1	1.1
Reclassifications and others	0.8	(1.7)	(0.0)	(0.1)	(1.0)
At December 31	**(169.9)**	**(89.8)**	**(217.1)**	**(5.6)**	**(482.4)**
NET CARRYING AMOUNT					
At January 1	**292.0**	**67.0**	**585.5**	**13.0**	**957.5**
At December 31	**276.6**	**96.4**	**573.9**	**17.7**	**964.6**

At December 31, 2019, as at December 31, 2018, there was no indication of impairment of intangible assets. The Group takes the following main indicators of impairment into account:

- Sales prospects for products whose development costs have been capitalized;
- Changes in customer portfolio;
- Obsolescence or abandonment of internally developed software.

Allocation of goodwill on assets of acquired companies

(in millions of euros)	Carrying amount at December 31, 2019							
	Paymark (2019)	PayOne (2019)	Bambora (2017)	GlobalCollect (2014)	Ogone (2013)	Easycash (2009)	Others	Total
Hardware and software technology	16.3	8.9	155.1	44.0	-	-	7.4	231.7
Long-term customer contracts	29.6	113.3	240.3	217.6	10.7	6.6	34.7	652.7
Brand names	-	-	8.9	-	-	-	(0.0)	8.9
Total identified and allocated assets	**45.9**	**122.2**	**404.3**	**261.6**	**10.7**	**6.6**	**42.1**	**893.3**
Amortization for the period	(6.2)	(9.6)	(46.6)	(24.0)	(4.1)	(4.1)	(6.1)	(100.7)

c. Property, plant and equipment

Assets owned by the Group

Property, plant, and equipment are stated at cost, less any accumulated depreciation and impairment losses.

When components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The replacement cost of a component is immediately capitalized under Property, plant and equipment if it is probable that the future economic benefits arising from the asset will flow to the Group and its cost can be reliably measured. All routine maintenance and repair costs are expensed as incurred.

The terminals recognized as property, plant and equipment are terminals leased to merchants under operating leases as defined in IAS 17.

Gains or losses on disposals are recognized in "Profit from operating activities − Other operating income and expenses" if they are unusual and significant.

Depreciation and amortization

Depreciation is computed using the straight-line method over the estimated useful life of each type of item. The useful lives and residual values of property, plant and equipment are reviewed and adjusted where necessary at each reporting date.

Land is not depreciated. The estimated useful lives are as follows:

- building improvements……………………………………………………………………………….5 - 10 years*;
- equipment……………………………………………………………………………………………….3 - 5 years*;
- vehicles……………………………………………………………………………………………...………4 - 5 years;
- terminals……………………………………………………………………………………………….……4 - 5 years;
- furniture, fittings, office and IT equipment…………………………………………………………..…...3 - 10 years*.

* or the contractual term of the lease

(in millions of euros)	2019					
	Land and buildings	Plant and equipment	Leased terminals	IT equipment	Others	Total
GROSS AMOUNT						
At January 1	**29.2**	**63.2**	**37.5**	**113.7**	**28.1**	**271.8**
Investments	2.1	4.2	9.5	9.1	4.6	29.5
Divestitures	(0.7)	(1.2)	(2.5)	(12.9)	(6.7)	(24.0)
Changes in consolidation scope	2.3	-	9.2	30.3	0.3	42.1
Translation differences	0.4	(0.1)	0.2	0.4	0.3	1.2
Other movements	(2.6)	2.2	(0.3)	(6.6)	2.6	(4.7)
At December 31	**30.7**	**68.3**	**53.6**	**134.0**	**29.2**	**315.8**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES						
At January 1	**(15.5)**	**(46.2)**	**(20.2)**	**(80.1)**	**(19.4)**	**(181.4)**
Depreciation and amortization	(3.2)	(8.8)	(14.0)	(16.3)	(2.9)	(45.2)
Divestitures and impairment losses	0.7	0.1	2.3	13.1	6.2	22.4
Changes in consolidation scope	(1.6)	-	(4.2)	(23.0)	(0.2)	(29.0)
Translation differences	(0.2)	0.1	(0.3)	(0.4)	(0.1)	(0.9)
Other movements	4.8	(1.2)	2.1	4.7	(2.2)	8.2
At December 31	**(15.0)**	**(56.0)**	**(34.2)**	**(102.0)**	**(18.6)**	**(225.9)**
NET CARRYING AMOUNT						
At January 1	**13.7**	**17.0**	**17.3**	**33.6**	**8.7**	**90.3**
At December 31	**15.7**	**12.3**	**19.3**	**32.0**	**10.6**	**89.9**

(in millions of euros)	2018					
	Land and buildings	Plant and equipment	Leased terminals	IT equipment	Others	Total
GROSS AMOUNT						
At January 1	**23.6**	**56.5**	**33.3**	**100.5**	**27.5**	**241.4**
Investments	6.6	7.9	6.3	14.3	4.0	39.0
Divestitures	(0.7)	(0.7)	(2.5)	(1.2)	(1.8)	(6.9)
Changes in consolidation scope	-	-	0.8	0.2	0.0	1.0
Translation differences	(0.2)	(0.8)	0.1	(0.8)	(0.1)	(1.8)
Other movements	(0.1)	0.3	(0.5)	0.7	(1.5)	(1.1)
At December 31	**29.2**	**63.2**	**37.5**	**113.7**	**28.1**	**271.7**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES						
At January 1	**(13.1)**	**(39.9)**	**(15.5)**	**(67.0)**	**(17.6)**	**(153.1)**
Depreciation and amortization	(3.7)	(7.2)	(6.6)	(14.5)	(3.2)	(35.2)
Divestitures and impairment losses	0.6	0.4	2.5	(1.0)	1.4	3.9
Changes in consolidation scope	-	-	(0.8)	(0.2)	(0.0)	(1.0)
Translation differences	0.1	0.5	(0.1)	0.4	0.1	1.0
Other movements	0.6	(0.0)	0.3	2.2	(0.1)	3.0
At December 31	**(15.5)**	**(46.2)**	**(20.2)**	**(80.1)**	**(19.4)**	**(181.4)**
NET CARRYING AMOUNT						
At January 1	**10.5**	**16.6**	**17.8**	**33.5**	**9.9**	**88.3**
At December 31	**13.7**	**17.0**	**17.3**	**33.7**	**8.7**	**90.3**

Right-of-use assets under IFRS 16

At inception of any contract, the Group assesses whether the contract is or contains an operating lease. This assessment requires a certain degree of judgment to determine whether a specifically identified asset is the subject of the contract, whether the contract gives the Group the right to obtain substantially all the economic benefits from use of the asset and the right to direct its use.

The Group recognizes a right-of-use and a corresponding lease liability at the lease commencement date, except in the case of short-term and low-value leases, which are recorded on a straight-line basis in profit or loss over the life of the lease.

The lease liability is initially measured at an amount equal to the present value of the lease payments that are not yet paid, using a discount rate that is the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate specific to the relevant country in accordance with the lease conditions and in the currency used in the lease. Lease payments may include both fixed payments and payments related to extension options or purchase options. The lease liability is then recognized at amortized cost using the effective interest method and remeasured (with a corresponding adjustment to the carrying amount of the right-of-use) in the event that the amount of future lease payments has changed through renegotiation.

The right-of-use initially includes the initial lease liability, plus any initial direct costs incurred by the Group and any restoration obligations it may have, minus any rent incentives granted by the lessor.

The right-of-use is depreciated over the lease term or its estimated useful life, whichever is shorter.

The enforceable duration identified for each contract is the maximum period for which the lessee can benefit from right to use the asset. It corresponds to the pending term which the contract is not terminated by the only possible renewals to the contract to the principal exclusivity of the lessee.

For each contract, within this binding period, and to determine the certain reasonable duration of the location, the lease term may be limited by taking into account early exit options based on economic criteria relating to assets leased.

The assessment criteria are based on the quality of the assets (location, the existence of significant developments, return on the underlying asset...), the specifics of the market (the existence of alternative solutions...) and contracts (costs termination of the contract, renewal and acquisition option, etc.

As required by IAS 36, the Group performs an impairment test if there is any indication that the asset may be impaired, as it would with the assets it owns outright.

(in millions of euros)	2019 Land and buildings	Plant and equipment	IT equipment	Others	Total
GROSS AMOUNT					
At January 1					
Initial application of IFRS16	**161.4**	**-**	**5.5**	**5.5**	**172.4**
Investments	15.7	0.3	0.6	9.8	26.4
Divestitures	(12.1)	(0.0)	(0.7)	(5.2)	(18.0)
Changes in consolidation scope	16.5	0.0	-	1.4	17.9
Translation differences	0.2	0.0	0.0	(0.0)	0.2
Other movements	(0.1)	-	(1.0)	(0.9)	(2.0)
At December 31	**181.6**	**0.3**	**4.4**	**10.6**	**196.9**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES					
At January 1					
Initial application of IFRS16	**(80.1)**	**-**	**(3.4)**	**(4.1)**	**(87.6)**
Depreciation and amortization	(23.5)	(0.1)	(1.3)	(4.5)	(29.4)
Divestitures and impairment losses	12.3	0.0	0.7	5.4	18.4
Changes in consolidation scope	(1.6)	(0.0)	-	(0.8)	(2.4)
Translation differences	(0.1)	-	(0.0)	0.0	(0.1)
Other movements	0.0	-	0.9	0.3	1.2
At December 31	(93.0)	(0.1)	(3.1)	(3.7)	(99.9)
NET CARRYING AMOUNT	**-**	**-**	**-**	**-**	**-**
At January 1	-	-	-	-	-
At December 31	**88.6**	**0.2**	**1.3**	**6.9**	**97.0**

8. OTHER PROVISIONS

Provisions

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Litigation and claims

Provisions for litigation and claims are recognized when the Group has a current obligation in respect of litigation in progress, administrative inquiries, disputed proceedings and other claims arising from past events not yet settled, and when it is probable that an outflow of economic benefits, which can be reliably estimated, will be required to settle the obligation. The Group obtains legal advice to assess the probability of the outcomes and to measure the provisions for litigation and claims.

Restructuring

A provision for restructuring is recognized when the Group has approved a formal and detailed restructuring plan and has:

- either commenced the restructuring;
- or has publicly announced the plan.

Provisions are not recognized for future operating costs.

Warranties

A provision for warranties is recognized when the underlying goods or services are sold.
The provision is based on historical warranty data.

Supplier inventory buyback commitments

A provision for commitments to buy back inventory from suppliers is recognized to cover the risk that components held by suppliers may become obsolete and the risk that supplies may exceed planned output.

A provision for the full value of components declared obsolete is recognized. The Group estimates excess supplies by comparing the procurement plan with the production plan.

Product quality risk

A provision for product quality risk is recognized when this risk is not covered by the provision for warranties.

Onerous contracts

A provision for onerous contracts is recognized when the expected economic benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Warranties

The sale of terminals is usually accompanied by a 12-month warranty. The liability provision for warranties on the balance sheet reflects the costs expected by the Group to meet its terminal repair obligations. This statistical calculation is based on historical data. Increases in provisions for warranties may therefore reflect one of two causes:

- Growth of sales accompanied by warranties; or
- An adjustment to the provision's calculation.

Litigation and claims

The Group is engaged in a number of claims and judicial and arbitral proceedings that have arisen in the normal course of its business. These claims and proceedings are regularly reviewed by the Legal Department and are covered by provisions if the Group considers that it is probable that an outflow of resources will be necessary to cover the risk incurred and that such an outflow can be reliably estimated, it being understood that events that occur during the proceedings may necessitate a reassessment of the risk. Reversals of unused amounts chiefly reflect the resolution of such disputes that were settled in the Group's favor, or in which the amount of the damages awarded proved to be lower than originally estimated.

- Uncertainty over income tax treatments

During fiscal year 2019 and previous years, Group companies were subject to tax audits and, on occasion, correction proposals. The financial consequences of such additional tax adjustments are recognized as liabilities for the amounts that have been identified and accepted or are considered likely to result in an outflow of resources which can be reliably estimated.

The Group periodically reviews the assessment of this risk as audits or litigations progress and is of the opinion that there are no ongoing audits that will have a material impact on its financial position or liquidity.

- Tax disputes in Brazil

The tax assessment procedures in respect of a Brazilian subsidiary are still in progress. They relate to the ICMS tax, and the sum in question amounted to approximately €65 million as of December 31, 2019 (covering principal, interest and penalties from 2004 to 2009). The “Tax War” pitting Brazilian states against one another affected Ingenico as well as a large number of foreign and domestic companies. The tax authorities of the State of Sao Paulo have contested the deduction by Ingenico do Brasil of a portion of the ICMS tax on the sales invoices of one of its suppliers on the grounds that the State of Minas Gerais, in which the supplier operates, had granted the supplier a tax concession that violates federal law. In June 2019, the taxation authority of the state of Sao Paulo issued a resolution on the measures that taxpayers must take to benefit from an amnesty. Based on an analysis of the risks involved and on the criteria set out in IAS 37, no provision has been recognized in the consolidated financial statements as at December 31, 2019.

(in millions of euros)	**Balance at January 1, 2019**	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Other movements	**Balance at December 31, 2019**
Provisions for warranties	16.5	0.2	-	10.7	(10.5)	-	0.0	16.9
Provisions for litigation and claims	8.2	(0.0)	1.1	1.5	(1.6)	(0.2)	(0.3)	8.9
Provisions for restructuring	2.3	-	-	0.6	(1.7)	-	-	1.2
Others	11.9	0.1	-	7.8	(1.9)	(3.1)	0.1	14.9
Total other provisions	**38.9**	**0.3**	**1.1**	**20.6**	**(15.7)**	**(3.3)**	**(0.2)**	**41.9**

(in millions of euros)	**Balance at January 1, 2018**	Translation differences	Changes in consolidation scope	Additions	Reversals of amounts used	Reversal of unused amounts	Other movements	**Balance at December 31, 2018**
Provisions for warranties	16.0	(0.2)	0.2	11.3	(10.8)	-	(0.1)	16.5
Provisions for litigation and claims	6.1	(0.1)	-	2.3	(0.1)	-	0.0	8.2
Provisions for restructuring	4.3	(0.1)	-	3.6	(5.5)	-	-	2.3
Others	17.0	(0.0)	-	3.8	(3.2)	(3.9)	(1.7)	11.9
Total other provisions	**43.4**	**(0.4)**	**0.2**	**21.0**	**(19.6)**	**(3.9)**	**(1.8)**	**38.9**

(in millions of euros)	**2019**	**2018**
Supplier inventory buyback commitments	6.1	4.5
Product quality risk	5.9	4.0
Customer sales indemnities	1.0	1.7
Other expenses	1.9	1.7
Total other provisions	**14.9**	**11.9**

9. FINANCING AND FINANCIAL INSTRUMENTS

a. Net finance costs

(in millions of euros)	2019	2018[1]
Interest expense on financial liabilities at amortized cost and bond loan	(39.9)	(36.7)
Interest expense on finance lease contracts	-	(0.0)
Total interest expense	**(39.9)**	(36.7)
Income from cash and cash equivalents	4.1	2.9
Interest income on finance lease contracts	4.4	4.0
Net interest expense	**(31.4)**	(29.8)
Foreign exchange gains	37.4	66.4
Foreign exchange losses	(40.9)	(69.4)
Foreign exchange gains and losses, net	**(3.5)**	(3.0)
Financial component of retirement expenses and the cost of other post-employment benefits	(1.0)	(0.4)
Gains/(losses) on equity interests	0.3	0.1
Other financial income	4.6	0.9
Other financial expenses	(9.1)	(5.5)
Other financial income and expenses, net	**(5.2)**	(4.9)
Net finance costs	**(40.0)**	(37.9)
Total financial income	**50.8**	**74.1**
Total financial expenses	**(90.8)**	**(112.0)**

[1]As allowed by IFRS, the Group has not presented comparative financial information for 2018, considering the impacts of IFRS 16 restatement and all the practical expedients mentioned above have been applied. The accounting standards applied to fiscal year 2018 are described in note 2.a.The interest expenses on lease contracts are presented as “other financial expenses”, with the interest based on rent leases.

Interest expenses on borrowings of €39.9 million are linked to loans described in note 9.b. relate to net financial debt.:

- Interest expense relating to the OCEANE convertible bond issue amounts to €11.2 million;
- Interest expense relating to the bond issued in 2014 and the embedded swap amounts to €8.9 million (including the amortization of the debt issuance costs);
- Interest expense relating to the bond issued in September 2017 amounts to €10.5 million (including the amortization of the debt issuance costs);
- Interest expense relating to bank loans amounts to €7.7 million (including the amortization of syndicated credit costs, the commitment fee) and private investments;
- Commercial paper, because of the negative rates, generates income rather than interest expense;
- Forward points for 2.0 million euros.

Income from cash and cash equivalents (€4.1 million) primarily comes from investments made in India, Brazil and China.

Interest income on finance lease contracts (where the Group is the lessor) mainly concerned Ingenico Payment Services GmbH, Ingenico France SAS, and Ingenico Italia SpA.

The foreign exchange loss of €3.5 million is the result of foreign exchange gains and losses following the revaluation of loans and borrowings as well as on revaluations of the related derivative hedging instruments and ineffective portion of hedges.

Other financial income and expenses include, in particular, the impacts related to the financing component of extended guarantees for €4.4 million, late-payment interest receivable in connection with delays relating to a tax dispute in Brazil for an income of €3.0 million, factoring expenses for €0.5 million, charges relating to retirement commitments (see Note 6.c “Employee benefits”), and interest expenses related to the lease liability for €3.6 million.

Net finance costs in 2018 are broken down as follows:

Interest expenses on borrowings of €36.7 million are related to the loans described in paragraph 9.b relating to net financial debt:

- Interest expense relating to the OCEANE convertible bond issue amounts to €10.9 million;
- Interest expense relating to the bond issued in 2014 and the embedded swap amounts to €8.8 million;
- Interest expense relating to the bond issued in September 2017 amounts to €10.5 million;
- Interest expense relating to the bank loans (of which the credit facility for merchant prefinancing), including the amortization of syndicated credit costs and the commitment fee, and contracted private investments amount to €7.0 million;
- Commercial paper, because of the negative rates, generates income rather than interest expense.

Income from cash and cash equivalents (€2.9 million) primarily comes from investments made in China, India, and Brazil.

Interest income on finance lease contracts (where the Group is the lessor) mainly concerned Payone GmbH, Ingenico France SAS, and Ingenico Italia SpA.

The foreign exchange loss of €3.0 million is the result of foreign exchange gains and losses following the revaluation of loans and borrowings as well as on revaluations of the related derivative hedging instruments.

Other financial income and expenses include, in particular, late-payment interest receivable in connection with delays relating to a tax dispute in Brazil, factoring expenses for €1.0 million and charges relating to retirement commitments (see Note 6.c “Employee benefits”).

b. Net financial debt

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, together with short-term, highly liquid investments that are easily convertible to a known amount of cash, which are subject to an insignificant risk of changes in value and that have a short maturity.

Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Financial liabilities

The Group’s financial liabilities consist primarily of current and non-current bank borrowings and a convertible bond issue. In accordance with IFRS 9, the former are recognized at amortized cost and the latter is accounted for as a compound financial instrument.

Borrowings at amortized cost

Borrowings are initially recognized at fair value less any directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method.

(in millions of euros)	2019	2018
Bond issues	1,049.0	1,051.0
"OCEANE" convertible bond issue	470.1	458.9
Other financial liabilities	55.4	106.3
Bank borrowings	0.1	248.1
Finance lease obligations	-	0.1
Long term borrowings and long-term debt	**1,574.6**	**1,864.4**
Commercial papers	440.0	405.0
Bank overdrafts	43.2	12.1
Other financial liabilities	54.5	1.3
Bank and similar borrowings	-	-
Interest accrued but not due	8.9	9.6
Finance lease obligations	-	0.1
Short-term loans and borrowings	**546.6**	**428.2**
Gross financial debt	**2,121.2**	**2,292.6**

(in millions of euros)	2019	2,018
Cash	624.2	671.8
Marketable securities and short-term deposits	189.6	103.0
Cash and cash equivalents	**813.8**	**774.8**
Net financial debt	**1,307.4**	**1,517.8**

Short-term loans and borrowings exclude the credit facility for merchant prefinancing. The amount of this facility which had been used at December 31, 2019, and December 31, 2018, totaled €69.8 million and €37.7 million, respectively. It does not include the current and non-current lease liabilities arising on the Group's adoption of IFRS 16, which as of December 31, 2019 were €26.1 million and €78.1 million respectively.

The total amount of lease recognized in the cash-flow statement amounted to €32.9 million as of December 31, 2019.

Net financial debt excludes the financing of merchant pre-financing. In fact, this credit facility does not finance general Group requirements but only relates to Bambora's intermediation activities. Some funds may be remitted to merchants even before they have been received by the Group, from credit card issuers. The duration of this merchant pre-financing is generally one or two days. To avoid drawing on its cash to provide this upfront remittance to merchants, the Group uses a specific and dedicated bank financing. The counterparties of this bank debt are the funds receivable from card issuers, for which the risk of default is extremely limited.
The lease liabilities related to IFRS 16 are also excluded from the financial debt.

As of December 31, 2019, long-term and short-term borrowings and bond debt amounted to €2 121.2 million, including:

- €596.4 million in respect of the bond issued in September 2017;
- €452.6 million in respect of a bond issued in May 2014;
- €470.1 million in respect of an OCEANE convertible bond issued on June 26, 2015;
- €105.0 million in respect of private investments contracted in December 2017 and May 2018;
- €440.0 million in respect of commercial papers. In May 2018, the Group increased the ceiling of its commercial paper program from €500 million to €750 million.

At December 31, 2018, long-term and short-term borrowings and bond debt amounted to €2,292.6 million, with €458.9 million relating to the OCEANE convertible bond, €595.6 million relating to the bond issued in 2017, €455.4 million relating to the bond issued in 2014, and €405.0 million in respect of commercial papers, €248.1 million relating to bank loan activated in March 2018.

Bond issues

On September 13, 2017, the Group issued a bond maturing on September 13, 2024. The par value of the bond was €600 million, or 6,000 bonds with a nominal value of €100,000 each. The bonds carry an annual coupon of 1.625%. The debt was recognized at amortized cost. Issuance costs are amortized in profit or loss over the life of the bond.

On May 20, 2014, the Group issued a bond maturing on May 20, 2021. The par value of the bond was €450 million, or 4,500 bonds with a nominal value of €100,000 each. The bonds carry an annual coupon of 2.5%. The debt was recognized at amortized cost. Issuance costs are amortized in profit or loss over the life of the bond.

Convertible bond issue

On June 26, 2015 the Group completed a new issue of OCEANE bonds, which are convertible into and/or exchangeable for new or existing Ingenico shares, maturing on June 26, 2022 (ISIN: FR0012817542). The par value of the bond was €500 million, or 2,904,443 bonds with a nominal value of €172.15 each.

This OCEANE bond is classified as a compound financial instrument and, as such, falls within the scope of IAS 32, which requires separate accounting in the balance sheet of the equity component (the holder's call option to convert the bonds into shares) and of the liability component (the contractual arrangement to deliver cash).

The fair value of the debt and the portion allocated to equity is calculated as of the OCEANE's issue date, June 26, 2015.

The fair value of the recognized liability classified as long-term debt is calculated using the average market rate for a straight bond. The difference between the nominal value and the fair value of the bond was recognized in equity under "Retained earnings and other reserves", net of deferred tax.

The OCEANE is a zero-coupon bond. The average market rate for a bond of equivalent maturity at issuance would have been 2.31%. The fair value of the liability component was €422.7 million upon issuance and the fair value of the equity component amounted to €73.3 million, after deduction of the issuer's call option and issuance costs (€4.1 million prorated between the liability and equity components).

After deduction of issuance costs and reclassification of the equity component of the bonds, the effective interest rate is 2.41%.

The Group partially hedged its obligation to deliver treasury shares and, therefore, the potential dilution of the OCEANE bonds in the event of a conversion, by buying 1,500,000 call options in November 2016.

On December 31, 2019 the conversion rate was 1.009 shares for one bond.

Bank borrowings

On July 6, 2018, the Group renegotiated its syndicated credit facility of €750 million, exercising both of its one-year extension options, thus extending the maturity to July 29, 2023. This facility is not subject to any covenant. Early redemption is possible at the initiative of Ingenico, or of the lenders in certain usual circumstances. The loan has a variable interest rate based on Euribor (1-6 months) plus margin. At the end of December 2019, as at the end of December 2018, the syndicated credit facility remained unused.

The €250 million loan subscribed by the Group which was activated on March 14, 2018, for a maturity of three years has been fully reimbursed in July 2019.

Other financial liabilities

In December 2017, the Group contracted a private investment in an amount of €50 million, with a maturity of three years, at a fixed rate of 0.647%.

In May 2018, the Group subscribed to two private placements in an amount of €25 million and €30 million, with a maturity of seven years, at a fixed rate of 1.677%.

Bank overdrafts

Bank overdrafts totaled €43.2 million, of which €11.6 million were attributed to Payone GmbH and €27.0 million were attributed to Ingenico Terminals.

Maturity of financial debt

(in millions of euros)	2019			
	Carrying amount	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
"OCEANE" convertible bond issue	470.1	-	470.1	-
Bond issue	1,049.0	-	1,049.0	-
Bank borrowings	0.1	-	-	0.1
Bank overdrafts	43.2	43.2	-	-
Commercial papers and other financial liabilities	549.9	494.6	0.4	55.0
Accrued interest on borrowings	8.9	8.9	-	-
Gross financial debt	**2,121.2**	**546.6**	**1,519.5**	**55.1**
Lease obligations (IFRS 16)	104.2	26.1	0.3	77.8

(in millions of euros)	2018			
	Carrying amount	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
"OCEANE" convertible bond issue	458.9	-	458.9	-
Bond issue	1,051.1	-	455.5	595.6
Bank borrowings	248.1	-	248.1	-
Financial Leases obligations	0.2	0.1	0.1	-
Bank overdrafts	12.1	12.1	-	-
Commercial papers and other financial liabilities	512.6	406.3	51.4	54.9
Accrued interest on borrowings	9.6	9.6	-	-
Gross financial debt	**2,292.6**	**428.1**	**1,214.0**	**650.5**

Breakdown by currency

98% of this debt, mainly raised in euros, is held by Ingenico Group SA.

(in millions of euros)	2019	2018
Euro	2,095.7	2,288.4
US Dollar	23.2	1.4
Other currencies	2.2	2.9
Gross financial debt	**2,121.2**	**2,292.6**

Changes in financial borrowings and debt

(in millions of euros)	
Balance at January 1, 2018	**2,066.8**
Net issuing of commercial papers	(95.0)
Issuing of fincancial debts	304.2
Repayments of bank loans and other financial debts	(1.4)
Changes in financial debts with an effect on the cash flow statement	207.8
Capitalized interest	12.4
Net change on bank overdrafts	4.8
Change in fair value	(1.3)
Changes in consolidation scope	-
Translation differences and other variations	2.2
Balance at December 31, 2018	**2,292.6**
Net issuing of commercial papers	35.0
Issuing of bond loan	-
Issuing of other financial debts	-
Repayments of bank loans and other financial debts	(250.1)
Changes in financial debts with an effect on the cash flow statement	(215.1)
Capitalized interest	13.4
Net change on bank overdrafts	31.1
Change in fair value	(2.4)
Changes in consolidation scope	-
Translation differences and other variations	1.6
Balance at December 31, 2019	**2,121.2**

In 2019, the Group issued and redeemed commercial paper for a net amount of €35 million. The Group has also reimbursed the bank loan contracted in 2018 for €250 million.

The application of IFRS 16 has an impact of €104.2 million.

Changes in fair value relate to the bond issued in 2014 and embedded swaps.

c. Derivative financial instruments

The Group uses derivative financial instruments to hedge its foreign exchange and interest rate exposure arising from its operating, financing and investing activities. Those instruments are initially measured at fair value, i.e. the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, considering current interest rates and the risk of default by the counterparties to the swap.

The fair value of forward exchange contracts is their quoted market price at the reporting date (i.e. the present value of the quoted forward price).

Initial recognition of foreign exchange and interest rate hedging instruments and subsequent accounting for changes in their value are carried out in accordance with IFRS 9.

In accordance with IFRS 13, the Group takes default risk into account when measuring its derivative hedging instruments. That involves the following:

- the risk of default by the Group on a derivative that is a liability (own credit risk);

- the risk of counterparty default on a derivative that is an asset (counterparty credit risk).

The Group's method for assessing own and counterparty credit risk is based on a calculation of the implied credit risk on senior fixed-rate bonds traded in the secondary market.

Cash flow hedges

When a derivative financial instrument is designated as a hedging instrument whose cash flows are expected to offset changes in the cash flows of a highly probable forecast transaction, the Group uses hedge accounting. The effective portion of any gain or loss on the hedging instrument is recognized directly in "Other comprehensive income" until the hedged item itself is recognized in profit or loss. The effective portion is then recognized in profit or loss. The ineffective portion of any gain or loss is recognized in other comprehensive income (OCI) for the period.

If a hedging instrument is used to hedge risk arising from the Group's operating activities, its impact on profit or loss is reported in "Profit from operating activities". If such an instrument is used to hedge risk arising from the Group's financing activities, its impact on profit or loss is reported in "Net finance costs". The premium/discount of hedging instruments are recognized in "Net finance costs". Premiums/discounts of financial instrument is accounted for in financial result.

Fair value hedges

If a derivative financial instrument is used to hedge the foreign currency risk on a recognized monetary asset or liability, hedge accounting is not applied and the gains or losses on the financial instrument are recognized in profit or loss.

If a hedging instrument is used to hedge risk arising from the Group's operating activities, its impact on profit or loss is reported in "Profit from operating activities". If such an instrument is used to hedge risk arising from the Group's financing activities, its impact on profit or loss is reported in "Net finance costs". The premium/discount of hedging instruments are recognized in "Net finance costs". Premiums/discounts of financial instrument is accounted for in financial result.

Fair value of derivative instruments at the reporting date

(in millions of euros)	2019	2018
Interest rate derivative instruments		
Current assets	4.4	6.6
Current liabilities	-	-
Foreign exchange derivative instruments		
Current assets	1.3	8.9
Current liabilities	(4.9)	(2.0)
Total	**0.8**	**13.6**

Breakdown of instruments by hedging policy

(in millions of euros)	Balance at January 1, 2019 Fair value of the derivative financial instruments	Variation through net income	Variation through equity	Balance at December 31, 2019 Fair value of the derivative financial instruments
Instruments designated as cash flow hedges				
Foreign exchange forward contracts	0.3	-	(0.8)	(0.5)
Foreign exchange options	0.1	-	(0.2)	(0.1)
Instruments not designated as cash flow hedges				
Foreign exchange forward contracts	0.6	-	(0.4)	0.2
Foreign exchange options	0.1	-	(0.1)	-
Foreign exchange swaps	5.9	(9.1)	-	(3.2)
Interest rate swaps	6.6	(2.2)	-	4.4
Total	**13.6**	**(11.3)**	**(1.5)**	**0.8**

(in millions of euros)	Balance at January 1, 2018 Fair value of the derivative financial instruments	Variation through net income	Variation through equity	Balance at December 31, 2018 Fair value of the derivative financial instruments
Instruments designated as cash flow hedges				
Foreign exchange forward contracts	0.0	-	0.3	0.3
Foreign exchange options	0.0	-	0.1	0.1
Foreign exchange swaps	(0.0)	-	0.0	-
Instruments not designated as cash flow hedges				
Foreign exchange forward contracts	-	0.8	(0.2)	0.6
Foreign exchange options	(0.0)	0.1	0.0	0.1
Foreign exchange swaps	(2.2)	8.4	(0.3)	5.9
Interest rate swaps	7.9	(1.2)	-	6.6
Total	**5.6**	**8.1**	**(0.1)**	**13.6**

Changes in the fair value of ineffective hedging instruments or the ineffective portions of effective hedging instruments are directly recognized in net financial income and expenses. For foreign exchange hedges, these changes mainly reflect the effect of interest rate differentials between the currency of the hedged items and the euro.

In 2014, the Group put in place an interest rate swap for 50% of the nominal value of the bond issued in 2014, or €225 million, with a seven-year life. This swap turns part of the Group's fixed-rate exposure into variable-rate exposure. This hedge is recognized as a fair value hedge, and changes in the fair value of the derivative are recognized in the income statement, as are changes in the fair value of its underlying asset.

None of the Group's derivatives contracts contain compensation clauses for both 2019 and 2018.

d. Financial assets and liabilities classified by accounting category

Asset and liability categories (in millions of euros)	2019					
	Assets/liabilities measured at fair value through the income statement	Assets and Liabilities at amortized cost	Assets/liabilities measured at fair value through non-recyclable OCI	Derivative financial instruments designated for future cash flow hedges	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	6.4	25.6	-	32.1	32.1
Other non-current assets	-	40.7	-	-	40.7	40.7
Trade and other current receivables	-	657.6	-	-	657.6	657.6
Cash and cash equivalents	813.8	-	-	-	813.8	813.8
Receivables related to intermediation activities	-	336.4	-	-	336.4	336.4
Funds related to intermediation activities	1,205.5	-	-	-	1,205.5	1,205.5
Derivative financial instruments	5.4	-	-	0.3	5.7	5.7
Total financial assets	**2,024.7**	**1,041.1**	**25.6**	**0.3**	**3,091.8**	**3,091.8**
"OCEANE" Convertible bond issue (1)	-	470.1	-	-	470.1	486.9
Bond issues	-	1,049.0	-	-	1,049.0	1,070.8
Long-term loans	-	55.5	-	-	55.5	55.5
Other non-current liabilities	0.6	118.7	-	-	119.3	119.3
Short-term borrowings	-	546.6	-	-	546.6	546.6
Financing of merchant prefinancing	-	69.8	-	-	69.8	69.8
Trade payables and other current liabilities	-	674.8	4.3	-	679.2	679.2
Payables related to intermediation activities	-	1,469.9	-	-	1,469.9	1,469.9
Derivative financial instruments	4.0	-	-	0.9	4.9	4.9
Total financial liabilities	**4.6**	**4,454.1**	**4.3**	**0.9**	**4,464.3**	**4,502.9**

Asset and liability categories (in millions of euros)	2018					
	Assets/liabilities measured at fair value through the income statement	Assets and Liabilities at amortized cost	Assets/liabilities measured at fair value through non-recyclable OCI	Derivative financial instruments designated for future cash flow hedges	Total net carrying amount	Fair value of the asset or liability category
Financial assets	-	4.3	18.4	-	22.7	22.7
Other non-current assets	-	25.2	-	-	25.2	25.2
Trade and other current receivables	-	613.1	-	-	613.1	613.1
Cash and cash equivalents	774.8	-	-	-	774.8	774.8
Receivables related to intermediation activities	-	243.3	-	-	243.3	243.3
Funds related to intermediation activities	461.7	-	-	-	461.7	461.7
Derivative financial instruments	14.8	-	-	0.8	15.6	15.6
Total financial assets	**1,251.2**	**885.9**	**18.4**	**0.8**	**2,156.3**	**2,156.3**
"OCEANE" Convertible bond issue[1]	-	458.9	-	-	458.9	469.6
Bond issue	-	1,051.0	-	-	1,051.0	1,009.8
Long-term loans	-	354.5	-	-	354.5	354.5
Other non-current liabilities	7.0	36.3	-	-	43.3	43.3
Short-term borrowings	-	428.2	-	-	428.2	428.2
Financing of merchant prefinancing	-	37.7	-	-	37.7	37.7
Trade payables and other current liabilities	1.3	622.1	89.1	-	712.4	712.4
Payables related to intermediation activities	-	665.3	-	-	665.3	665.3
Derivative financial instruments	1.9	-	-	0.1	2.0	2.0
Total financial liabilities	**10.1**	**3,654.0**	**89.1**	**0.1**	**3,753.3**	**3,722.8**

[1]The fair value of the OCEANE bond encompasses both its liability component and its equity component.

The fair value of bonds and convertible bonds corresponds to their market value (as quoted on December 31, 2019 and 2018).

Fair value hierarchy

The objective criteria used to analyze financial instruments by valuation method are based on the definition of fair value levels under IFRS 13.

The asset and liability categories carried at fair value subsequent to their initial recognition are:

- Assets and liabilities measured at fair value through the income statement and equity,
- Available-for-sale assets,
- Derivative financial instruments designated as cash flow hedges.

The fair value hierarchy is as follows:

- Level 1: inputs used are quoted (non-adjusted) prices in active markets for identical assets or liabilities;
- Level 2: inputs used are inputs other than quoted market prices, as in Level 1, that are observable for the asset or liability, either directly, by reference to market prices or indirectly, by reference to inputs derived from quoted market prices;

- Level 3: inputs relating to assets or liabilities that are not based on observable market inputs (unobservable inputs).

These assets and liabilities can correspond to any of the three levels of fair value set out in the tables below for 2019 and 2018. The Group did not make any transfers between levels from 2018 to 2019.

(in millions of euros)	2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets	25.6	-	-	25.6
Derivative financial instruments[1]	5.7	-	5.7	-
Funds related to intermediation activities	1,205.5	1,205.5	-	-
Cash and cash equivalents	813.8	813.8	-	-
Total financial assets	**2,050.7**	**2,019.3**	**5.8**	**25.6**
Other non-current liabilities	0.6	-	-	0.6
Other current liabilities	4.3	-	-	4.3
Derivative financial instruments[1]	4.9	-	4.9	-
Total financial liabilities	**9.8**	**-**	**4.9**	**4.9**

(in millions of euros)	2018			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets	18.4			18.4
Derivative financial instruments[1]	15.6	-	15.6	-
Funds related to intermediation activities	461.7	461.7	-	-
Cash and cash equivalents	774.8	774.8	-	-
Total financial assets	**1,270.4**	**1,236.5**	**15.6**	**18.4**
Other non-current liabilities	7.0	-	-	7.0
Other current liabilities	90.4	-	-	90.4
Derivative financial instruments[1]	2.0	-	2.0	-
Total financial liabilities	**99.3**	**-**	**2.0**	**97.4**

[1] Derivative financial instruments are assets and liabilities, measured at fair value through the income statement or derivative instruments designated as cash flow hedges.

The Level 2 financial assets and liabilities are recognized according to their category: derivative financial instruments are valued at their fair value, borrowings are recognized at amortized cost, and other assets and liabilities reflect their contractual value.

Other Level 3 current and non-current liabilities include put option liabilities relating to non-controlling shareholders. These liabilities are recognized at their fair value. They are valued primarily from the business plan provided by the subsidiaries, in conjunction with the contractual definition; each contract that binds the Group to the non-controlling shareholder is specific. Definitions of this calculation may include, for example, cash flow projections or results.

At the end of 2018, other Level 3 liabilities included a liability towards Paymark sellers. Other non-current liabilities also include earn-out debts, i.e. earn-outs to be paid in the context of past acquisitions made by Bambora.

e. Financial risk management

Liquidity and counterparty risk

Liquidity risk is managed at Group level by the Treasury Department. This centralized approach makes it possible to use cash surpluses generated in one part of the Group to cover cash needs elsewhere.

The Group's financing policy is to ensure sufficient liquidity available at any time to meet the Group's investment and operating cash requirements, while maintaining a satisfactory relationship between its assets and liabilities in terms of maturities, currencies, and interest rates.

Financial assets

Counterparty risk is the risk of financial loss for the Group arising from failure by one of its customers or counterparties to a financial instrument to meet its contractual obligations. This risk could arise principally from trade receivables, investments and bank counterparties.

The carrying amount of the Group's financial assets at the end of the period represents the Group's maximum exposure to credit risk. The Group's maximum exposure as of December 31, 2019 is as follows:

(in millions of euros)	2019	2018
Cash and cash equivalents	813.8	774.8
Funds related to intermediation activities	1,205.5	461.7
Financial assets	32.1	22.7
Trade receivables on the sales of goods and services	587.0	557.9
Finance lease receivables	72.3	47.2
Other current receivables	22.9	13.5
Receivables related to intermediation activities	336.4	243.3
Other current assets	11.8	10.6
Other non-current assets	7.9	1.4
Derivative financial instruments (assets)	5.7	15.6
Total	**3,095.5**	**2,148.7**

To manage counterparty risk with respect to trade receivables, an impairment loss may be recognized for the entire amount or for a part of the amount of said receivables, reflecting the probability of collection.

Credit risk is monitored at Group level by Group Credit Management. The Group monitors terms of payment at its subsidiaries on a monthly basis and makes a provision for any receivables that are fully or partially non-recoverable. To protect against credit risk and reduce its exposure to non-payment, the Group determines the credit risk for each customer, and fixes specific credit limits and payment terms. The Group ensures that warranties are provided in sensitive countries. Such warranties may be in the form of notified or confirmed letters of credit.

Further information on trade receivables and their impairment can be found in Note 5.e, "Trade and related receivables".

The growth of transactional services exposes the Group to a counterparty risk in the case where a merchant defaults and might not be able to honor the service sold to consumers. In this situation, the Group might have to repay certain payments made by consumers, with no certainty of being able to recover these advances from the merchant concerned. This risk is commonly called "chargeback" and arises in particular when online merchants go bankrupt.

The Group has developed a methodology for detailed analysis of the risks associated with each type of service it offers in order to improve risk monitoring and be able, if necessary, to calibrate the warranties demanded of counterparties more effectively. The primary purpose of this approach is to limit the impact of counterparty risk on the Group.

Lastly, as part of its online payment services, the Group, primarily through Global Collect Services, Bambora AB, and Payone GmbH, provides intermediation services between buyers, credit card issuers, and merchants. Funds held on behalf of merchants correspond to the cash surpluses that the Group holds when the amounts received from credit card issuers in respect of purchases made precede the obligation to pay the merchants. Deposits are also made by merchants at the start of, or during the course of, the customer relationship with the Group.

At Global Collect Services, all funds received on behalf of merchants or entrusted to the Group are isolated in a Dutch foundation that ring-fences them and protects buyers from any insolvency of Global Collect Services. Through this mechanism, registered and supervised by the Dutch central bank, the funds may not, under any circumstances, be distributed to founders and are only available for payment to merchants.

It should also be noted that, on the one hand, the payment cycle for these activities is short, as credit card issuers or consumers remit funds to the Group and the Group pays merchants within a period of no more than two weeks, and, on the other hand, almost all amounts are collected from credit card issuers and consumers prior to the obligation to pay merchants, which thus entails the recognition of funds collected as assets (receivables associated with intermediation activities and funds associated with intermediation activities), offset by an equivalent debt included in liabilities (payables associated with intermediation activities) (see Note 5.l. "Funds, receivables and payables related to intermediation activities").

Financial liabilities

The Group's ability to service its debt depends on its business performance and on its capacity to generate adequate cash from operations.

If future cash flow proves to be insufficient, the Group might be obliged to:

- issue debt securities or new shares;
- restructure or refinance all or part of its debt;
- reduce or delay new investments;
- dispose of assets.

The Group has performed a specific review of its liquidity risk, and has concluded that it can repay its debt as it falls due.

It should be noted that the Group has:

- the ability to generate significant recurring cash flows for its investment requirements (cf. Consolidated cash flow statements);
- undrawn credit facilities of €750 million;
- a debt ratio (Net Financial Debt/EBITDA) of 2,2.

The maturities of the Group's financial liabilities as of December 31, 2019 were as follows:

	2019				
(in millions of euros)	Carrying amount	Contractual cash flow (1)	Less than 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
"OCEANE" Convertible bond issue	470.1	500.0	-	500.0	-
Bond issues	1,049.0	1,121.3	21.0	1,100.3	-
Bank borrowings	0.1	0.1	-	-	0.1
Lease obligations	0.2	0.2	0.1	0.1	-
Commercial papers and other financial debts	593.0	598.9	538.9	4.0	56.0
Financing of merchant prefinancing	69.8	69.8	69.8	-	-
Trade payables and other current liabilities	670.4	670.4	670.4	-	-
Payables related to intermediation activities	1,469.9	1,469.9	1,469.9	-	-
Other non-current liabilities	59.1	59.1	59.1	-	-
Total	**4,381.6**	**4,489.7**	**2,829.2**	**1,604.4**	**56.1**
Derivative financial liabilities					
Exchange rate instruments	(3.6)	(3.6)	(3.6)	-	-
Interest rate instruments	4.4	4.4	4.4	-	-
Total	**0.8**	**0.8**	**0.8**	**-**	**-**

(1) Nominal and interest

The Group believes it has only limited exposure to bank counterparty risk, because its banks are of premium standing.

The Group's financial liabilities and their maturities are described in Note 9.b, "Net financial debt".

The maturities of the Group's financial liabilities as of December 31, 2018 were as follows:

(in millions of euros)	2018				
	Carrying amount	Contractual cash flow (1)	Less than 1 year	1 to 5 years	More than 5 years
Non-derivative financial liabilities					
"OCEANE" Convertible bond issue	458.9	500.0	-	500.0	-
Bond issue	1,059.3	1,142.3	21.0	511.5	609.8
Bank borrowings	248.1	251.3	1.3	250.0	-
Commercial papers and other financial debts	525.0	532.8	419.9	56.0	56.9
Bank overdrafts	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Financing of merchant prefinancing	37.7	37.7	37.7	-	-
Trade payables and other current liabilities	626.2	626.2	626.2	-	-
Payables related to intermediation activities	665.3	665.3	665.3	-	-
Other non-current liabilities	58.8	58.8	58.8	-	-
Total	**3,679.2**	**3,814.3**	**1,830.1**	**1,317.5**	**666.6**
Derivative financial liabilities					-
Exchange rate instruments	7.0	7.0	7.0	-	-
Total	**13.6**	**13.6**	**13.6**	**-**	**-**

Foreign exchange risk

A large share of Ingenico's revenue and expenses is denominated in foreign currencies. The Group is therefore exposed to foreign exchange risk arising from purchases from payment terminal suppliers and on transactions between subsidiaries and the parent company. The main currencies in which that exposure is significant are the US dollar (USD), the British pound (GBP), the Canadian dollar (CAD) and the Australian dollar (AUD).

Foreign-currency denominated purchases and sales for which there is no "natural" hedge may be covered by a hedge instrument. The Group's objective is to hedge future risks (purchase or sale commitments) and risks already on the balance sheet (currency payables and receivables). The hedging strategy therefore covers both forward and balance sheet exposure.

The main foreign exchange risks hedged by the Group are generated by:

- the purchase and sale in foreign currencies of goods and services associated with the Company's operations (purchases from suppliers, sales to customers);
- financial assets or liabilities in foreign currencies (in particular, in relation to the financing of subsidiaries);
- investments in foreign subsidiaries.

The Group uses financial instruments such as forward purchase and sale contracts, foreign exchange options, swaps, and foreign lending/borrowing. Monitoring foreign exchange risk is the responsibility of the Treasury Department, which reports to the Chief Financial Officer. In addition, the Group uses specialized software that allows it to track its mark-to-market positions on a daily basis.

The closing rates and average foreign exchange rates used by the Group in 2019 and 2018 are as follows:

Closing rate	2019	2018
US Dollar	1.1234	1.1450
Canadian dollar	1.4598	1.5605
Australian dollar	1.5995	1.6220
Pound sterling	0.8508	0.8945
Brazilian real	4.5281	4.4366
Swedish krona	10.4468	10.2548
Chinese yuan	7.8205	7.8751
Russian rubble	69.9563	79.7153
Turkish Lira	6.6621	6.0422

Average rate	2019	2018
US Dollar	1.1196	1.1815
Canadian dollar	1.4857	1.5302
Australian dollar	1.6106	1.5799
Pound sterling	0.8773	0.8847
Brazilian real	4.4169	4.3177
Swedish krona	10.5867	10.2567
Chinese yuan	7.7339	7.8074
Russian rubble	72.4593	74.0551
Turkish Lira	6.3496	5.6843

Sensitivity to foreign exchange risk

The following tables show sensitivity to transactional exchange risk. The first table shows balance sheet exposure as of December 31, net of existing hedges. These hedges are classed as Fair Value Hedges. The second table shows hedges on future flows or cash flow hedges as of December 31. In the tables below, negative amounts correspond to sales of currencies and positive amounts to purchases.

The currency hedges put in place relate to the commercial risk of entities whose transaction currency is different from the reporting currency.

Fair value hedge of firm commitments	**2019**			
(in millions of foreign currencies)	**US Dollar**	**Pound sterling**	**Canadian dollar**	**Australian dollar**
Trade receivables	198.3	25.4	31.8	61.5
Trade payables	(112.1)	(21.5)	(12.4)	(19.3)
Gross balance sheet exposure	**86.2**	**3.9**	**19.4**	**42.2**
Foreign exchange derivative instruments				
Forward contrats	28.1	(2.7)	(5.1)	0.2
Collars	-	-	-	(3.0)
Net balance sheet exposure	**114.3**	**1.2**	**14.3**	**39.4**

Hedges of futurs cash-flows Budget 2020 (Cash flow hedge)	**2019**			
(in millions of foreign currencies)	**US Dollar**	**Pound sterling**	**Canadian dollar**	**Australian dollar**
Forward contracts	(4.8)	(19.8)	(14.2)	(15.0)
Collars	-	(3.0)	(3.5)	-
Hedging of future transactions	**(4.8)**	**(22.8)**	**(17.7)**	**(15.0)**

Fair value hedge of firm commitments	**2018**			
(in millions of foreign currencies)	**US Dollar**	**Pound sterling**	**Canadian dollar**	**Australian dollar**
Trade receivables	196.3	39.9	17.2	43.1
Trade payables	(160.1)	(20.2)	(10.4)	(9.5)
Gross balance sheet exposure	**36.2**	**19.7**	**6.8**	**33.6**
Foreign exchange derivative instruments	-	-	-	-
Forward contracts	44.2	(4.0)	(5.7)	(6.6)
Collars	-	-	(2.2)	(1.8)
Net balance sheet exposure	**80.5**	**15.7**	**(1.2)**	**25.3**

Hedges of future cash-flows Budget 2019 (Cash flow hedge)	**2018**			
(in millions of foreign currencies)	**US Dollar**	**Pound sterling**	**Canadian dollar**	**Australian dollar**
Forward contracts	-	(4.0)	(5.0)	(3.0)
Collars	-	(3.2)	(3.5)	(3.0)
Hedging of future transactions	**-**	**(7.2)**	**(8.5)**	**(6.0)**

The transactional exchange risk sensitivity table below shows the impact of a 10% appreciation or depreciation of the euro against the other currencies on the Group's trade receivables, trade payables and derivative financial hedging instruments. It also shows how those changes would impact the income statement.

(in millions of euros)	2019 Impact on profit or loss	
	10% appreciation of the euro in relation to foreign currencies	10% appreciation of foreign currency in relation to the euro
USD	(16.0)	22.9
GBP	(2.7)	4.8
CAD	(2.0)	3.8
AUD	(3.5)	4.8
Trade receivables	**(24.2)**	**36.3**
USD	9.1	(13.0)
GBP	2.3	(4.0)
CAD	0.8	(1.5)
AUD	1.1	(1.5)
Trade payables	**13.3**	**(20.0)**
USD	(1.9)	2.7
GBP	2.7	(4.2)
CAD	1.4	(2.3)
AUD	1.0	(1.2)
Derivative financial instruments	**3.2**	**(5.0)**
Total	**(7.7)**	**11.3**

(in millions of euros)	2018 Impact on profit or loss	
	10% appreciation of the euro in relation to foreign currencies	10% appreciation of foreign currency in relation to the euro
USD	(15.6)	19.1
GBP	(4.1)	5.0
CAD	(1.0)	1.2
AUD	(2.4)	3.0
Trade receivables	**(23.1)**	**28.2**
USD	12.7	(15.5)
GBP	2.1	(2.5)
CAD	0.6	(0.7)
AUD	0.5	(0.7)
Trade payables	**15.9**	**(19.4)**
USD	(0.6)	0.3
GBP	(1.3)	0.7
CAD	(0.4)	0.3
AUD	(0.2)	0.2
Derivative financial instruments	(2.5)	1.5
Total	**(9.7)**	**10.3**

The exchange rate risk on intra-Group financing is always hedged.

The Group may also find it appropriate to hedge certain investment operations abroad.

Interest rate risk

Interest rate risk is managed at Group level by the Treasury Department. The Group's hedging policy reflects a concern for both security and optimal financing cost management. Based on the trends expected in consolidated debt and in interest rates, the Group sets targets for the mix between fixed-rate and variable-rate debt.

Senior management regularly reviews these targets and resets them for upcoming periods after conferring with the Audit and Finance Committee. The targets are subsequently implemented by the Treasury Department. Interest rate swaps are the main instruments used.

In 2014, the Group put in place an interest rate swap for 50% of the nominal value of the bond issued in 2014, or €225 million, with a 7-year life. This swap turns the Group's fixed-rate exposure into variable-rate exposure.

The Group has applied in advance the IFRS 9 amendment, IAS 39 and IFRS 7 as adopted by the IASB in September 2019 as part of the change of standard interest rates.
This application allows the Group to exclude uncertainties related to standard interest rates from the effectiveness test of hedging instruments and/or the highly probable characteristic of hedged risks.
This gives the ability to secure existing hedging instruments until the release of risks.

The interest rate swap put in place by the Group in 2014 is detailed in Note 9.c. The Group concluded that there is no impact related to the future changes of standard interest rates.

The table below presents the exposure to interest rate risk of the gross debt (defined as the sum of non-current financial debts, current financial debts and short-term bank borrowings or bank overdrafts) before and after economic hedging:

	2019		2018	
(in millions of euros)	Outstanding	%Total Debt	Outstanding	%Total Debt
Fixed rate	1,638.0	77.2%	1,625.9	70.9%
Variable rate	483.2	22.8%	666.7	29.1%
Gross debt before hedging	**2,121.2**	**100.0%**	**2,292.6**	**100.0%**
Fixed rate	1,413.0	66.6%	1,400.9	61.1%
Variable rate	708.2	33.4%	891.7	38.9%
Gross debt after hedging	**2,121.2**	**100.0%**	**2,292.6**	**100.0%**

The gross debt exposed to interest rate fluctuations amounted to approximately €708 million at December 31, 2019, compared with €892 million at December 31, 2018.

The decline in the share of the gross debt exposed to interest rate fluctuations is mainly due to the reimbursement of the €250 million loan in July 2019.

Sensitivity to interest rate risk

The Group is subject to fluctuations in interest rates on commercial paper and on the portion of the bond issue hedged by a swap.

A 100 bp (+/-1%) rise or fall in all the yield curves would lead to an increase or decrease of approximately €7 million in gross financial expenditure.

10. INCOME TAX

Income tax

Income tax is recognized in the income statement except to the extent that it relates to a business combination or to items recognized directly in equity or in other comprehensive income, in which case it is also recognized respectively in equity or other comprehensive income.

Current tax is (i) the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date; (ii) any adjustment to the amount of current tax payable in respect of previous periods and (iii) all other taxes calculated on a net amount of revenue and expenses.

Deferred tax is recognized for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. No deferred tax is recognized for the following: (i) taxable temporary differences arising on initial recognition of goodwill, (ii) temporary differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future and (iii) the initial recognition of an asset or liability in a transaction which is not a business combination, which affects neither the accounting nor the taxable result. The measurement of deferred tax assets and liabilities depends on the manner in which the Group expects to recover or settle the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available to the Group against which it can be utilized. This assessment is made principally on the basis of the following criteria:

- the realization of taxable profits before the expiry of tax losses;
- the existence of sufficient temporary taxable differences in the same tax jurisdiction and taxable entity which will result in taxable income against which the tax losses carried forward may be utilized;
- non-recurring nature of the reasons for the existence of the tax losses.

Deferred tax assets are depreciated to the extent that it is no longer probable that sufficient taxable profits will be available.

In accordance with IFRIC 23, tax uncertainties are recognized in income tax assets and liabilities according to the likelihood of realization, which does not consider the probability of non-detection by the tax authorities. The assessment is to be made based on the most probable value or a weighted average of the different scenarios to reflect the best estimate of the realizable value of the tax risk (see also note 8 "Other provisions").

Business research and development tax credits

The method used to account for research and development tax credits depends on the tax treatment that applies to them in the various countries:

- if the tax credit is calculated solely on the amount of research and development expenditure, if it does not affect the calculation of taxable income for a subsidiary, if it is not limited by that subsidiary’s tax liability and if it can be received in cash, it meets the definition of a government grant given in IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, and is recognized in “Profit from operating activities”;
- Otherwise, it is recognized under “Income tax expense”.

Recent tax regulations in France

The Group classifies the CVAE (French value added tax) as income tax.

a. Income tax expense

(in millions of euros)	2019	2018
Current income tax France	(30.3)	(31.9)
Current income tax foreign	(60.7)	(41.3)
Current income tax	**(91.0)**	**(73.2)**
Deferred income tax France	4.8	12.2
Deferred income tax foreign	31.5	9.2
Deferred income tax	**36.3**	**21.4**
Total	**(54.7)**	**(51.8)**

In 2019, income tax expense for the period consisted primarily of:

- Current tax payable in France, Germany, Italy and the United Kingdom.
- The deferred tax gain from the recognition of deferred tax assets to account for temporary differences between the carrying amounts of assets and liabilities and their tax bases, mainly in France, Sweden, the Netherlands, Brazil and Belgium.

In 2018, income tax expense for the period consisted primarily of:

- Current tax payable in France, Germany, Italy and the United Kingdom.
- The deferred tax gain from the recognition of deferred tax assets to account for temporary differences between the carrying amounts of assets and liabilities and their tax bases, mainly in France, Sweden, the Netherlands, Brazil and Belgium.

The current tax payable by the Group decreased mainly in France 2019. The tax rate benefits from the generally positive effect of local tax rates being lower than the parent company's tax rate. The decrease in non-deductible expenses such as payroll expenses relating to share-based payments and the portion of costs and charges on dividends received from foreign subsidiaries also contribute to the decrease in current tax. However, the classification of the French CVAE (company value-added contribution) as current tax and the withholding tax on dividends paid by the Group's subsidiaries contributes to downgrading the tax rate.

b. Group tax reconciliation

The current tax rate for French companies in the Group was 34.43% in fiscal year 2019.

The 2019 Finance Act applies a gradual reduction in the tax rate for French companies. This would affect the Group's French companies from 2020.

The following table shows a reconciliation of the theoretical tax expense calculated at the applicable rate and the recognized income tax expense.

(in millions of euros)	2019	2018
Profit before income tax (excl. share of profits in equity-accounted investees)	**271.2**	**240.5**
Tax rate in France	34.43%	34.43%
Theoretical tax expense	**(93.4)**	**(82.8)**
Difference between the French tax rate and that of foreign subsidiaries	46.6	29.2
Tax losses and temporary differences for the period not recognized as deferred tax assets	(0.4)	(0.1)
Prior period temporary differences and tax losses recognized as deferred tax assets in the period	5.0	(0.2)
Use of prior period tax losses not recognized as deferred tax assets	1.2	0.3
Tax credits	7.7	6.0
Effect of permanent differences and others	(21.4)	(4.1)
Total	**(54.7)**	**(51.8)**
Effective tax rate	20.2%	21.5%

The reconciling items reflect the effect of tax rate differentials and changes as well as the tax effects of non-taxable income or non-deductible expenses arising from permanent differences between local tax bases and the financial statements presented under IFRS.

In 2019 and 2018, permanent differences and other differences included:

- the impact of the share of costs and expenses and withholding taxes related to dividends received from subsidiaries by Ingenico Group SA;
- the effect of classifying the French CVAE tax as an income tax;
- the non-deductibility of the payroll expense arising from the award of stock options and free shares;
- the non-deductibility of losses related to assets and liabilities disposed of.

c. Deferred taxes

Change in deferred tax assets and liabilities

(in millions of euros)	Deferred tax assets from tax losses	Deferred tax assets from temporary differences	Total deferred tax assets	Total deferred tax liabilities	Total deferred tax, net
Balance at January 1, 2018	**24.2**	**38.6**	**62.7**	**(226.5)**	**(163.8)**
Deferred tax recognized in profit or loss	(8.9)	(2.9)	(11.8)	33.8	22.0
Deferred tax recognized in equity and business combinations	9.6	(6.8)	2.9	(15.9)	(13.0)
Translation differences	0.1	(0.6)	(0.5)	5.0	4.5
Other movements	0.0	(0.0)	-	-	-
Balance at December 31, 2018	**25.0**	**28.3**	**53.3**	**(203.6)**	**(150.3)**
Deferred tax recognized in profit or loss	0.6	5.4	6.1	30.3	36.3
Deferred tax recognized in equity and business combinations	3.1	(6.6)	(3.5)	(49.5)	(52.9)
Translation differences	(0.2)	0.4	0.2	0.7	0.9
Other movements	1.0	(1.0)	--	--	--
Balance at December 31, 2019	**29.6**	**26.5**	**56.1**	**(222.1)**	**(166.0)**

As of December 31, 2019, the change in deferred taxes recognized in equity primarily comprised the scope entries impact of deffered taxes and the recognition of post-employment benefits.

Breakdown by nature

(in millions of euros)	2019	2018
Deferred tax assets by type of temporary difference		
Property, plant and equipment and intangible assets	2.7	6.8
Employee benefits	20.4	10.1
Inventories, receivables, payables and provisions	67.7	60.2
Unutilized tax losses and credits	29.6	25.0
Others (including financial instruments)	--	0.8
DEFERRED TAX ASSETS	**120.4**	**102.8**
Netting effect	(64.3)	(49.5)
TOTAL DEFERRED TAX ASSETS	**56.1**	**53.3**
Deferred tax liabilities by nature of temporary difference		
Property, plant and equipment and intangible assets	(215.1)	(198.2)
Employee benefits	(1.8)	(0.4)
Inventories, receivables, payables and provisions	(71.1)	(47.9)
Others (including financial instruments)	1.6	(6.7)
DEFERRED TAX LIABILITIES	**(286.4)**	**(253.1)**
Netting effect	64.3	49.5
TOTAL DEFERRED TAX LIABILITIES	**(231.7)**	**(203.6)**
NET TOTAL	**(166.0)**	**(150.3)**

Breakdown of unrecognized deferred tax assets

(in millions of euros)	2019	2018
Deferred tax from tax losses and tax credits of less than 1 year	0.1	-
Deferred tax from tax losses and tax credits of between 1 and 5 years	1.1	0.8
Deferred tax from tax losses and tax credits of over 5 years	4.9	10.2
Deferred tax from temporary differences	0.5	0.5
Total	**6.6**	**11.5**

d. Current tax liabilities

(in millions of euros)	2019	2018
France	0.4	7.4
Foreign countries	44.4	19.1
Total	**44.8**	**26.5**

11. EQUITY-ACCOUNTED INVESTEES AND NON-CONTROLLING INTERESTS

a. Interests in associate companies

(in millions of euros)	JoinedApp Inc.	Fixed & Mobile Pte Ltd	Total
% interest at January 1, 2018	15.0%	27.3%	-
% interest at December 31, 2018	15.0%	26.7%	-
% interest at December 31, 2019	15.0%	0.0%	-
Balance at January 1, 2018	**1.3**	**6.3**	**7.6**
Acquisition	-	-	-
Impairment loss	-	0.1	0.1
Translation differences	-	0.3	0.3
Accretion	-	(0.1)	(0.1)
Balance at December 31, 2018	**1.3**	**6.6**	**7.9**
Acquisition	-	-	-
Impairment loss	-	-	-
Translation differences	-	0.0	0.0
Disposal	-	(6.6)	(6.6)
Balance at December 31, 2019	**1.3**	**-**	**1.3**

In 2017, the Group invested in a Californian company called JoinedApp, specializing in e-Commerce solutions integrated into email applications. Having acquired 15% of the company's capital and with a presence on the Management Committee, the Group has a significant influence on JoinedApp, without having control. The investment is therefore recognized under the equity method.

On February 25, 2019 the Group sold its participation into Fixed & Mobile Pte Ltd which lead the Group to adjust the value of associate companies by €(6,6) million.

b. Non-controlling interests

The share of profit or loss attributable to non-controlling shareholders is recognized in equity attributable to "Non-controlling interests". Similarly, the share of dividends payable is recognized in equity attributable to "Non-controlling interests".

Share purchase commitments on non-controlling interests

Put options on non-controlling interests in Group subsidiaries are initially recognized as a financial liability for the present value of the exercise price, with a corresponding entry in equity attributable to Ingenico SA shareholders. The unwinding of the discount to that liability and the effect of any changes in estimates are recognized in "Equity attributable to Ingenico SA shareholders".

In 2017, the transfer of 3% of Ingenico Holdings Asia Limited to Group managers increased the percentage of capital and voting rights held by minority shareholders in the Group's Chinese activities.

In 2019, the Group completed the closing of an agreement to merge BS Payone, a Sparkassen-Finanzgruppe subsidiary, with the assets of Ingenico Retail in Germany, Austria and Switzerland on January 8, 2019 after receiving all the regulatory approvals required. Deutscher Sparkassenverlag has a 48% interest in the new joint venture, renamed Ingenico Payone Holding GmbH, while Ingenico Group has a 52% interest. The entity has accordingly been fully consolidated as of January 1, 2019 in the Group's financial statements within the current Retail business. This operation in 2018 and 2019 led respectively the net result of NCI from €0.6 million to €8.5 million and the equity of NCI from €5.6 million to €274.6 million.

Name of subsidiary	Countries	Balance at December 31, 2019		Balance at December 31, 2018	
		Percentage of capital and voting rights held by non-controlling interests	Profit for the period - Share of non-controlling interests (in millions of euros)	Percentage of share capital and voting rights held by non-controlling interests	Profit for the period - Share of non-controlling interests (in millions of euros)
Ingenico Holding Asia Limited	Hong Kong	3%	(0.0)	3%	(0.1)
Fujian Landi Commercial Equipment Co., Ltd.	China	3%	0.4	3%	0.7
Ingenico Electronic Equipments Co., Ldt	China	3%	0.0	3%	0.0
Payone GmbH	Germany	48%	(5.0)	-	-
Ingenico e-Commerce solutions	Austria	48%	(0.0)	-	-
Payone Switzerland	Switzerland	48%	(0.3)	-	-
Ingenico e-Commerce solutions	Germany	48%	0.2	-	-
Ingenico Payone Holding GmbH	Germany	48%	9.5	-	-
Ingenico Marketing solutions GmbH	Germany	48%	0.2	-	-
Credit & Collections Service GmbH	Germany	48%	3.4	-	-
Ingenico Payment Services GmbH Belgium branch	Belgium	48%	0.7	-	-
Ingenico Payment Services GmbH Austria branch	Austria	48%	0.1	-	-
Ingenico Payment Services GmbH Netherlands branch	Netherlands	48%	(0.8)	-	-
Non-controlling interests		**-**	**8.5**	**-**	**0.6**

12. EQUITY AND EARNINGS PER SHARE

Treasury shares

Own shares acquired by Ingenico are classified as treasury shares, and their acquisition cost is deducted from equity.

a. Total equity

Number of outstanding shares

	2019	2018
Issued on January 1	**63,144,527**	**62,363,114**
Shares issued in connection with dividend distributions[1]	534,871	781,413
Shares issued in connection with options exercised and shares acquired	-	-
Shares issued in connection with a capital increase reserved for employees	33,649	-
Shares issued at the end of the period	**63,713,047**	**63,144,527**
Treasury shares at the end of the period	1,315,400	1,360,354
Shares outstanding at the end of the period	**62,397,647**	**61,784,173**

[1] See V. "Consolidated statement of change in equity"

The par value of an Ingenico Group share is €1.

Treasury shares

(in euros)	2018	Acquisitions	Divestitures and cancellations	2019
Number of securities	1,360,354	704,899	(749,853)	1,315,400
Average purchase price	65.25	79.92	77.92	65.99
Total	**88,763,099**	**56,333,060**	**58,425,133**	**86,803,548**

(in euros)	2017	Acquisitions	Divestitures and cancellations	2018
Number of securities	114,734	1,873,708	(628,088)	1,360,354
Average purchase price	23.52	69.26	69.59	65.25
Total	**2,698,027**	**129,773,016**	**43,708,644**	**88,763,099**

Shares repurchased to be awarded or retired

The portfolio of treasury shares totaled 1,360,354 shares as of December 31, 2018. As of December 31, 2019, there were 1,315,400 treasury shares at an average price of €65.99 euros.

Over the course of the year, 44,954 treasury shares were used for share-based compensation plans.

Treasury shares repurchased under the liquidity contract

In 2019, a total of 704,899 shares were purchased at an average price of €79.92 and 704,899 shares were sold at an average price of €80.10.

The Group held no treasury shares under its liquidity contract as of December 31, 2019 and 2018.

b. Earnings per share

	2019	2018
Net profit or loss attributable to Ingenico SA shareholders (in millions of euros)	208.0	188.2
Weighted average number of ordinary shares	62,113,205	61,730,967
Basic earnings per share (in euros)	**3.35**	**3.05**

Basic earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to Ingenico Group SA shareholders by the average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Group and held as treasury shares. The average number of ordinary shares is a weighted annual average calculated on the basis of the issue or redemption date of the shares outstanding for the period.

Diluted earnings per share

Diluted earnings per share are calculated using the treasury stock method, which:

- In the numerator, adjusts the net interest income on bonds convertible to or exchangeable for new or existing shares (OCEANE);
- In the denominator, adds the new shares that are potentially created by dilutive instruments (OCEANE, free shares and joint investment) to ordinary shares and subtracts the number of shares that could be repurchased on the market with the proceeds from the exercise of the relevant instruments. The market price used is the average share price of the year.

The diluted number of ordinary shares does not include the purchase of the 1,500,000 options described in Note 9.b. The acquisition of these call options will allow Ingenico Group to partially cover its obligations to deliver treasury shares, as well as the potential dilution, in the event of the conversion of its OCEANE bonds, which mature on June 26, 2022.

(in millions of euros)	2019	2018
Net profit or loss attributable to Ingenico SA shareholders	**208.0**	**188.2**
Interest expense related to OCEANE convertible bond debt (net of income tax)	7.3	6.1
Diluted net profit or loss attributable to Ingenico SA shareholders	**215.3**	**194.3**
Weighted average number of existing shares	**62,113,205**	**61,730,967**
Impact of dilutive instruments:		
- free shares granted	420,978	269,755
- conversion of convertible bonds	2,930,583	2,930,583
Diluted weighted average number of ordinary shares	**65,464,766**	**64,931,305**
Diluted earnings per share (in €)	**3.29**	**2.99**

13. OFF-BALANCE SHEET COMMITMENTS

(in millions of euros)	2019	2018
COMMITMENT RECEIVED		
Various guarantees	5.3	6.7
In the scope of the acquisition of Paymark, the Group has taken out insurance covering basic warranties (7 years) and other disputes (2 years) of up to NZ$70 million. Above this amount, basic warranties are covered by the vendors for 10 years.	42.0	41.0
Liability warranty as part of the acquisition of an 83.86% interest in Roam Data Inc.: unlimited duration (commitment: USD 700,000).	0.6	0.6
Liability warranty as part of TNET acquisition: unlimited duration and amount.	unlimited	unlimited
Liability warranty as part of Paycom acquisition up to July 1, 2021 for corporate warranties.	12.4	12.4
Liability warranty as part of PT Payment Indonesia acquisition. Total liability warranties amount to USD 4.5 million. Expiry dates are as follows: - corporate: unlimited duration	4.0	3.8
Liability warranties as part of Ogone acquisition The amount of liability warranties (excluding special warranty) was €89.3 million (for corporate warranties of an unlimited duration).	89.3	89.3
Liability warranty in connection with the acquisition of Think&Go. - The overall cap is €500,000 with a duration of 12 months, with the exception of social security and payroll expenses for which the maximum duration is set at 3 years. The tax and social security cap is €150,000. - The basic warranties are unlimited in duration and amount.	0.5	0.5
Liability warranty in connection with the acquisition of Lyudia. It covers general warranties for a duration of 24 months from April, 2016, and tax warranties for a duration of 5 years.	-	3.3
Basic warranties unlimited in duration and amount, received in connection with the buyout of Ingenico Holdings Asia shares.	unlimited	unlimited
Liability warranty in connection with the acquisition of Nera Payment Services. It covers tax warranties for a duration of 6 years, and other warranties for a duration of 1 year. The basic warranties are unlimited in duration and amount.	13.6	13.2
In connection with the TechProcess acquisition, the Group has a general warranty with no time limit, specific warranties in regards to administrative formalities and the company's capitalization, which expire on February 20, 2020.	4.1	4.2
Liability warranty in connection with the acquisition of IECISA. It covers basic warranties for 18 months from the acquisition date, and tax and social warranties for 2 years.	-	6.0
In the scope of the acquisition of Bambora, the Group has taken out insurance covering basic warranties (10 years), tax and social warranties (7 years), and other disputes (2 years) of up to €300 million. Above this amount, basic warranties are covered by the vendors for 10 years.	300.0	300.0
Liability warranty in connection with the acquisition of Airlink. It covers tax warranties for 7 years, social and legal warranties for 5 years, and other corporate warranties for 3 years up to the consideration paid.	8.6	8.2
Liability warranty as part of the combination of BS PayOne with Ingenico Retail assets in DACH, total liability warranties amount to €75 million (except for fundamental warranties: €500 million) : - Standard warranties, until January 7th 2021; - Fundamental warranties, until January 7th 2024; - Tax guarantees: 6 months after the final, non-appealable binding assessment of relevant taxes	75.0 500.0 75.0	- - -
OTHER COMMITMENTS RECEIVED	**-**	**-**

COMMITMENTS GIVEN		
Various guarantees	42.6	29.0
Liability warranty as part of disposal by Ingenico France of its “Healthcare Business” Unit. Total liability warranties amount to €3,5 million (except for fundamental warranties: €15,5 million). Expiry dates as follows: - Standard warranties: until 31 October 2021; - Fundamental warranties: until expiration of time limit; - Potential price adjustment in favor of the purchaser: up to €2,5 million.	3.5 15.5	- -
Lability warranty as part of the disposal of ZTE shares. It is unlimited in duration and amount and covers the basic warranties.	unlimited	unlimited
In the scope of the acquisition of Bambora, The Group took over responsability for a warranty to credit card issuers for €90.9 million including €69.8 million booked into financial statements.	21.1	21.8
Guarantee granted to Mastercard for credit card acquiring license	22.3	-
Guarantees granted regarding hardware and supply agreement towards clients	51.2	-
Liability warranty as part of the combination of BS PayOne with Ingenico Retail assets in DACH, total liability warranties amount to €75 million (except for fundamental warranties: €500 million) : - Standard warranties, until January 7th 2021; - Fundamental warranties, until January 7th 2024; - Tax guarantees : 6 months after the final, non-appealable binding assessment of relevant taxes	75.0 500.0 75.0	- - -
OTHER COMMITMENTS GIVEN		
The Group has committed to contributing €15 million to an investment fund. Cash calls subscribed are recorded in the balance sheet for a total of €14.1 million.	0.9	4.0
The Group has committed to contributing €1 million to an investment fund. Cash calls subscribed are recorded in the balance sheet for a total of €0.4 million.	0.6	-

In 2019, the Group had the following commitments in connection with its business activities:

- approximately €116 million in firm price orders placed by the Group with its manufacturers as of December 31, 2019;
- future payments under non-cancelable operating leases.

On the December 31, 2018 reporting date, €146.2 million in future commitments related to minimum lease payments under non-cancelable leases and to other commitments under service contracts were recorded in off-balance sheet commitments. As indicated in Note 2, the bulk of those commitments are now accounted for as lease obligations in the Group’s balance sheet, as prescribed by IFRS 16.

14. MAIN CONSOLIDATED SUBSIDIARIES OF THE GROUP

Principles of consolidation

Fully-consolidated subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls an entity when it has power over that entity, is exposed to variable benefits from that entity and, due to its power over that entity, has the ability to influence the benefits that it draws from it.

The Group takes account of substantial voting rights in assessing control, i.e., rights that are currently exercisable or may be exercisable at the time that decisions on relevant business are taken.

The financial statements of all subsidiaries are included in the consolidated financial statements from the date on which the Company gains control until the date on which this control ceases.

Associates

An associate is an entity over whose financial and operating policies the Group has significant influence, without having control or joint control over those policies. The consolidated financial statements include the Group's share of the profit or loss and of the other comprehensive income of all associates accounted for using the equity method, from the date on which the Group gains significant influence until the date on which this influence ceases.

Jointly controlled operations

A jointly controlled operation is a joint venture operated by a company and one or more other parties under the terms of a contractual agreement which grants it rights to its net assets. There are no joint ventures within the Group's consolidation scope.

Transactions eliminated in the consolidated financial statements

Intragroup balances, income and expenses arising from intragroup transactions are eliminated in full in the consolidated financial statements.

Presentation

The consolidated subsidiaries are presented below are the main contributors to Group turnover, net income of year, equity, total assets, and connected to the main events of the accounting period.

Entity	Countries	% interest	Consolidation method
INGENICO GROUP SA	**France**	**Parent Company**	
Principales sociétés consolidées			
Ingenico Payone Holding GmbH	Germany	52%	Full
Ingenico e-Commerce Solutions GmbH	Germany	100%	Full
Ingenico GmbH	Germany	100%	Full
Ingenico Healthcare GmbH	Germany	100%	Full
Ingenico Marketing Solutions GmbH	Germany	52%	Full
Ingenico Payone GmbH	Germany	52%	Full
Ingenico International (Pacific) Pty Ltd	Australia	100%	Full
Ingenico e-Commerce Solutions SPRL	Belgium	100%	Full
Ingenico Financial Solutions SA	Belgium	100%	Full
Paymark Limited	New Zealand	100%	Full
Ingenico do Brasil Ltda.	Brazil	100%	Full
Ingenico Canada Ltd.	Canada	100%	Full
Fujian Landi Commercial Equipment Co., Ltd.	China	97%	Full
Ingenico Electronic Equipments (Beijing) Co., Ltd.	China	97%	Full
Ingenico Corp.	USA	100%	Full
Ingenico Business Support SAS	France	100%	Full
Ingenico e-Commerce Solutions SAS	France	100%	Full
Ingenico France SAS	France	100%	Full
Ingenico Prepaid Services France SAS	France	100%	Full
Ingenico Terminals SAS	France	100%	Full
Ingenico (UK) Ltd.	United Kingdom	100%	Full
Ingenico e-Commerce Solutions Ltd.	United Kingdom	100%	Full
PT. Ingenico International Indonesia	Indonesia	100%	Full
Ingenico Italia SpA	Italy	100%	Full
GCS Holding BV	Netherlands	100%	Full
Global Collect BV	Netherlands	100%	Full
Ingenico e-Commerce Solutions BV	Netherlands	100%	Full
Ingenico Philippines Corp.	Philippines	100%	Full
Ingenico Polska Sp. z o.o	Poland	100%	Full

15. SUBSEQUENT EVENTS

On February 3, 2020 - Worldline SA and Ingenico Group SA announced that their respective Boards of Directors have unanimously approved a business combination agreement pursuant to which Worldline would launch a tender offer for all Ingenico shares, consisting of a 81% share and 19% cash transaction, as of last closing prices, as well as outstanding OCEANEs.

16. STATUTORY AUDITORS' FEES

The statutory auditors' fees are broken down as follows:

	2019						2018	
	KPMG			MAZARS			KPMG	MAZARS
(in millions of euros)	KPMG SA	KPMG affiliates	Total	Mazars	Mazars affiliates	Total	Total	Total
certification of accounts	0.3	0.8	1.1	0.4	1.1	1.4	1.1	1.0
Others services	0.0	0.2	0.2	-	-	-	0.1	0.0
Total	**0.3**	**1.0**	**1.3**	**0.4**	**1.1**	**1.4**	**1.2**	**1.0**

Services other than the certification of accounts include related services in relation with certification of accounts, of which law enforced services.