Worldline

FY 2019

Operational review
Financial Review
Consolidated financial statements

Disclaimer

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Revenue organic growth and Operating Margin before Depreciation and Amortization (OMDA) improvement are presented at constant scope and exchange rate. OMDA is presented as defined in the 2018 Registration Document. 2020 objectives have been considered with exchange rates as of December 31, 2019. All figures are presented in € million with one decimal. This may in certain circumstances lead to non-material differences between the sum of the figures and the subtotals that appear in the tables.

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A Financials

A.1 Operational review

A.1.1 Significant events of the year

A.1.1.1 Deconsolidation from Atos group

A.1.1.1.1 Exceptional distribution in kind by Atos of 23.5% of the shares making up Worldline's share capital in May 2019

During its annual meeting on April 30th, 2019, Atos SE shareholders have approved the exceptional distribution in kind of circa 23.5% of the shares making up Worldline's share capital. Following this distribution, Atos SE retained around 27.3% of Worldline's share capital. The distribution of Worldline shares occurred on May 7th, 2019 and as a result Worldline is no longer fully consolidated within the Atos Group.

Worldline's Board of Directors unanimously welcomed this change, which increases the Group's strategic flexibility. This distribution allows Worldline Group to pursue its successful strategy and confirm its ability to act as a key player in the consolidation of the European payment market. This distribution also leads to a greater free float and increased visibility and liquidity of the Worldline stock, providing investors with an enhanced opportunity to invest in Worldline.

A.1.1.1.2 Further sale by Atos of c.10.4% of Worldline share capital in October 2019, collar transaction entered into by SIX Group and Atos bond exchangeable into Worldline shares

After having distributed 23.5% of Worldline's share capital to its shareholders on May 7, 2019, Atos has completed on October 30, 2019 the sale of c. 14.7 million Worldline shares, through a placement to qualified investors only by way of accelerated book-building offering.

Separately, SIX Group has entered into a collar transaction over c. €500 million. In connection therewith, as part of its initial hedge position, the collar counterparty had to sell c. €420 million as part of the above mentioned accelerated book-building.

Concurrently with this equity placement, Atos issued bonds due 2024 for an aggregate nominal amount of approximately €500 million, which will be exchangeable into Worldline shares.

Following this transaction:

- SIX Group AG has become the largest shareholder of Worldline with c.27% of the share capital (c.24% of voting rights), including c.5% of the share capital lent and pledged to the collar counterparty;
- Atos shareholding has been reduced to c.17% of the share capital (c.26% of voting rights)
- Free float has increased to c.56% of the share capital.

A.1.1.1.3 Adaptation of the governance of the Worldline

As a consequence of Atos SE exceptional distribution in kind of 23.5% of Worldline share capital, followed by the partial disposal of its remaining minority stake in Worldline and the decision of SIX Group AG to enter into an equity collar transaction related to part of its holding in Worldline, the composition of the Board of Directors has been adjusted as follows:

- The Chairman and Chief Operating Officer;
- 2 directors designated upon proposal of Atos SE, as well as a censor position;
- 2 directors designated upon proposal of SIX Group AG, as well as a censor position;
- 6 independent directors;
- 1 director representing the employees.

A.1.1.1.4 Group reorganization, set-up of the Atos-Worldline alliance and financial impact of the separation from Atos group

From an operational point of view, in light of Atos group and Worldline group's willingness to maintain a strong industrial and commercial partnership to preserve mutually beneficial cooperation, Worldline and Atos entered into an agreement covering four main domains: sales, research and development (R&D), human resources, and procurement. The set-up of this alliance aims to facilitate Worldline's transition from the status of controlled subsidiary of Atos to independent company.

Worldline intends to terminate in a short timeframe the various service agreements put in place with Atos since the IPO of the Company, covering notably areas such as:

- Internal IT management, infrastructure and solution;
- Shared services notably for human resources, finance, M&A, and communication.

After the necessary disentanglement work from the Atos IT systems and mutualized support functions expertise, these service agreements will be replaced by reinforced Worldline corporate teams and internal IT systems, as anticipated and already included in the 2019-2021 3-year trajectory.

A.1.1.2 Exercise of Worldline call option to acquire the 36.4% minority stake and take full ownership of equensWorldline

The acquisition of the 36.4% minority stake in equensWorldline has been finalized on September 30, 2019, ahead of the timing initially contemplated thanks to an efficient management of the closing process and trust established with regulators over time.

Worldline had indeed exercised on July 24, 2019 its call option on the 36.4% minority stake in equensWorldline, representing the final step of the Equens acquisition initiated in 2016 and allowing full ownership of equensWorldline, the leading European payment transaction processor.

The call exercise price was circa €1,070 million for the remaining 36.4% stake. It implied an acquisition multiple (1) significantly below Worldline's trading multiple at the time of the transaction.

The transaction has been supported by a newly issued BBB/stable investment grade rating received from Standard & Poor's and has been financed by:

- A 7-year € 600 million convertible bond issued on July 25, 2019 (60% conversion premium, zero coupon and yield to maturity of -0.96%); and
- A 5-year € 500 million bond issued on September 11, 2019 (0.25% coupon; 0.35% yield, BBB rating from Standard & Poor's).

Thanks to the very attractive terms of these two bond issuances, the overall financing of the acquisition has a negative cost (from a cash flow perspective) for Worldline, and allows to fully confirm the double digit accretion expected on the earnings per share as soon as 2020.

[1] Enterprise value / 2019 estimated OMDA

A.1.2 Subsequent events

A.1.2.1 Creation of a new world-class leader in payment services: Planned acquisition of Ingenico

Worldline and Ingenico Group SA have announced on February 3, 2020 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.

Upon closing, former Worldline shareholders would own c.65% of the combined entity and former Ingenico shareholders would own c.35%.

This transaction would combine two premier companies to create the world's number four player in payment services with circa 20,000 employees in approximately 50 countries with physical presence. Upon closing, the new combined group would offer best-in-class payment services to nearly 1 million merchants and 1,200 financial institutions.

The transaction will be subject to customary closing conditions, including regulatory, merger control clearances and information and/or consultation with employee representative bodies, as well as Worldline shareholders' approval.

It is expected that the tender offer will be filed with the AMF in June or July 2020, once regulatory and merger control clearances processes are in progress.

For more information, in particular related to the terms of the offer, please refer to the press release available at worldline.com in the Investors section.

A.1.2.2 Further sale by Atos of c. 13.1% of Worldline share capital on February 4, 2020

On February 4, 2020, Atos has completed the sale of ca. 23.9 million Worldline shares, representing ca. 13.1% of the Worldline share capital.

Following this operation Atos holds ca. 7.0 million Worldline shares, representing ca. 3.8% of the Worldline share capital, which are underlying the exchangeable bonds. In case of exchange in full of the bonds, Atos would no longer hold any Worldline shares and voting rights.

A.1.3 Executive Summary

At constant scope and exchange rates, Worldline **revenue** stood at **€ 2,381.6 million** representing an organic growth of **+6.9%** compared with 2018. Revenue growth accelerated as planned during the year, with +7.3% in H2 2019 (+7.5% in the fourth quarter of the year).

- **Merchant Services**, which represented c.47% of Worldline's revenue, grew by **+6.6%** organically or €+68.9 million and reached € 1,119.4 million, mainly led by Commercial Acquiring and Online & Omni-channel Payment Acceptance. The strong acceleration of Commercial Acquiring was nonetheless partly offset by the anticipated slowdown of Payment Terminal Services;

- Accounting for c.39% of total revenue, **Financial Services** revenue reached € 918.4 million, improving organically by €+51.0 million or **+5.9%** compared to 2018. Growth was particularly strong in Account Payments, Digital Banking and Issuing Processing, with solid transaction volumes, payment software license sales and good level of project activities;

- Representing c.14% of total revenue, **Mobility & e-Transactional Services** revenue reached € 343.8 million, increasing by **+10.8%** organically or €+33.6 million compared to last year, with all three business divisions recorded strong organic growth rates.

By geography, organic revenue was well distributed with the largest geographies contributing to revenue growth, in particular;

- France (€+52.1 million or +13%) ;
- Luxemburg and the Netherlands (€+33.9 million or +9.2%);
- Belgium (€+21.8 million or +6.3%);
- Germany and CEE (€+22.7 million or +6.6%); and
- Switzerland (€+27.8 million or +8.5%)

As a percentage of revenue, the Group's **Operating Margin before Depreciation and Amortization (OMDA)** reached **€ 602.1 million** or **25.3%** of revenue. These numbers include the positive impact of the adoption of IFRS16 of € 40.6 million on OMDA or +170 basis points. Before IFRS 16 impacts, OMDA stood at € 561.5 million or 23.6% of revenue, representing an increase of +240 basis points compared with 2018, in the upper end of the objective bracket set for the year of between 23% and 24%.

The **backlog** at the end of December 2019 remained high at **€ 3.7 billion**.

The **total headcount** was **11,877** at the end of December 2019, **compared to 11,474** at the beginning of 2019. The increase of +3.5% (or +403 staff) of the Group total workforce was due to the net increase in direct workforce of +327 staff, linked to strong business development, in particular in North & South Europe, France, Switzerland, Luxembourg & Netherlands.

A.1.4 Statutory to constant scope and foreign exchange rates reconciliation

For the analysis of the Group’s performance, revenue and OMDA for 2019 is compared with 2018 revenue and OMDA at constant scope and foreign exchange rates.

Reconciliation between the 2018 reported revenue and OMDA and the 2018 revenue and OMDA at constant scope and foreign exchange rates is presented below (per Global Business Lines and geographies):

	Revenue					
In € million	**FY 2018**	**Reallocation of shared costs between Business Lines according to new structure (**)**	**Internal Transfers**	**Scope effects**	**Exchange rates effects**	**FY 2018***
Merchant Services	624.3		-0.4	+414.5	+12.2	1,050.5
Financial Services	777.0		+0.4	+86.7	+3.3	867.4
Mobility & e-Transactional Services	319.0				-8.8	310.2
Worldline	**1,720.2**			**+501.1**	**+6.7**	**2,228.1**

	Revenue					
In € million	**FY 2018**	**Reallocation of shared costs between Business Lines according to new structure (**)**	**Internal Transfers**	**Scope effects**	**Exchange rates effects**	**FY 2018***
France	396.7		+2.6			399.3
Belgium	356.7		-2.6	-8.1		346.0
Switzerland	29.5			+284.4	+12.7	326.5
Germany & CEE	372.8		-98.3	+68.8	-0.1	343.1
North & South Europe	187.5		+98.3			285.8
Luxemburg	15.7			+156.1		171.8
Netherlands	195.1					195.1
Emerging markets	166.4				-5.9	160.5
Worldline	**1,720.2**			**+501.1**	**+6.7**	**2,228.1**

	OMDA					
In € million	**FY 2018**	**Reallocation of shared costs between Business Lines according to new structure (**)**	**Internal Transfers**	**Scope effects**	**Exchange rates effects**	**FY 2018***
Merchant Services	132.3	-4.2	-0.4	+48.9	+1.6	178.2
Financial Services	237.1	+2.1	+0.4	+30.5	+1.1	271.2
Mobility & e-Transactional Services	38.8	+2.0			-1.3	39.6
Corporate costs	-17.1					-17.1
Worldline	**391.1**	**+0.0**	**0.0**	**+79.3**	**+1.4**	**471.9**

** At constant scope and December 2019 YTD average exchange rates*
*** Due to new weight of each Business Line after the acquisition of SIX Payment Services, the shared costs have been reallocated accordingly.*

- Following the acquisition of SIX payment Services, the costs shared between the 3 Business Lines have been reallocated according to the new group profile.
- Internal transfers refer to:
  - The reclassification of the United Kingdom business from "Germany, Central & Eastern Europe and UK" to "North & South Europe"
  - The reclassification of some SPS contracts between Financial Services and Merchant Services.
- Scope effects correspond to the addition of SIX Payment Services revenue and OMDA for the first 11 months of 2018.
- Exchange rate effects correspond mainly to the appreciation of the Swiss Franc partly compensated by depreciation of the Argentinian Peso.
- The OMDA table above does not include the effect of the adoption of IFRS 16. The adoption of IFRS 16 is +170 basis points on the 2019 OMDA.

The 2018 figures presented in this operational review are based on the constant scope and foreign exchange rates data.

A.1.5 Revenue profile

Following the acquisition of SIX Payment Services end of 2018, Merchant Services is now the largest Global Business Line of the Group, representing 47% of the total revenue:

	Revenue		
In € million	**Dec YTD 2019**	**Dec YTD 2018***	**% of Total**
Merchant Services	1,119.4	1,050.5	47.0%
Financial Services	918.4	867.4	38.6%
Mobility & e-Transactional Services	343.8	310.2	14.4%
Worldline	**2,381.6**	**2,228.1**	**100.0%**

* At constant scope and Dec 2019 YTD average exchange rates

Europe remained Worldline's main operational base, generating c.93% of total revenue.

	Revenue		
In € million	**Dec YTD 2019**	**Dec YTD 2018***	**% of total revenue**
France	451.4	399.3	19.0%
Luxembourg & Netherlands	400.8	366.9	16.8%
Belgium	367.8	346.0	15.4%
Germany and CEE	365.8	343.1	15.4%
Switzerland	354.3	326.5	14.9%
North & South Europe	282.3	285.8	11.9%
Emerging markets	159.3	160.5	6.7%
Worldline	**2,381.6**	**2,228.1**	**100%**

* At constant scope and Dec 2019 YTD average exchange rates

A.1.6 Performance by Global Business Line

In € million	Revenue		
	FY 2019	FY 2018*	% Organic Growth
Merchant Services	1,119.4	1,050.5	+6.6%
Financial Services	918.4	867.4	+5.9%
Mobility & e-Transactional Services	343.8	310.2	+10.8%
Corporate costs	-	-	-
Worldline	**2,381.6**	**2,228.1**	**+6.9%**

In € million	OMDA				
	FY 2019 after IFRS 16 impact	IFRS 16 impact	FY 2019 before IFRS 16 impact	FY 2018*	Org. Var.
Merchant Services	265.3	19.2	246.1	178.2	67.9
Financial Services	307.2	15.1	292.1	271.2	20.9
Mobility & e-Transactional Services	53.4	6.4	47.0	39.6	7.4
Corporate costs	-23.7	-	-23.7	-17.1	-6.6
Worldline	**602.1**	**40.6**	**561.5**	**471.9**	**89.6**

In € million	OMDA %				
	FY 2019 after IFRS 16 impact	IFRS 16 impact	FY 2019 before IFRS 16 impact	FY 2018*	Org. Var. (pts)
Merchant Services	23.7%	+1.7 pt	22.0%	17.0%	+5.0 pt
Financial Services	33.4%	+1.6 pt	31.8%	31.3%	+0.5 pt
Mobility & e-Transactional Services	15.5%	+1.9 pt	13.7%	12.8%	+0.9 pt
Corporate costs	-1.0%	-	-1.0%	-0.8%	-0.2 pt
Worldline	**25.3%**	**+1.7 pt**	**23.6%**	**21.2%**	**+2.4 pt**

** At constant scope and December 2019 YTD average exchange rates*

A.1.6.1 Merchant Services

In € million	Merchant Services				
	2019 after IFRS 16 impact	IFRS 16 impact	2019 before IFRS 16 impact	2018*	% Organic Growth
Revenue	1,119.4		1,119.4	1,050.5	+6.6%
OMDA	265.3	19.2	246.1	178.2	
% OMDA	23.7%	+1.7 pt	22.0%	17.0%	+5.0 pt

** At constant scope and December 2019 YTD average exchange rates*

Merchant Services, which represented c.47% of Worldline's revenue, grew by **+6.6%** organically or **€+68.9 million** and reached **€ 1,119.4 million**.

- ***Commercial Acquiring*** grew double digit, benefiting particularly from:
    - The fast in-store transaction volume growth, triggered notably by the increased usage of payment card for low value purchase and the rapid adoption of contactless payments,
    - The continuous very strong increase of ecommerce payment transactions thanks particularly to the successful deployment of commercial offers specialized by market verticals;
    - Solid volume growth of value added services such as Dynamic Currency Conversion.

- Revenue in ***Online and Omni-channel Payment Acceptance*** grew high single digit, mainly driven by additional volumes and new customers in France, Switzerland, Austria and large international customers.

- Sales of ***Payment Terminals*** decreased overall in 2019. Revenue nevertheless recovered during the second semester and was nearly stable, enjoying a higher demand for newly launched products (mainly the new VALINA terminal) and from synergies with SIX Payment Services.

- ***Merchant Digital Services***, which is the smallest business unit of the Business Line, decreased slightly mainly due to lower sales of digital kiosks in the UK.

Growth in Merchant Services remained globally very strong, notably for acquisition and acceptance services, and has reached +9.4% excluding Payment Terminals.

Merchant Services' OMDA was up by **+500 basis points** at the end of December 2019 compared to the same period last year (€+67.9 million) and reached **€ 265.3 million** or 23.7% of revenue (including an impact of +170 basis points due to the adoption of IFRS 16), thanks to:
- Good business trends in Commercial Acquiring and Online and Omni-channel Payment Acceptance;
- Positive effect of the realized synergies of the combination of Six Payment Services with the former Worldline scope, in accordance with the combined business plan; and
- The impacts of transversal productivity improvement actions (TEAM² program).

A.1.6.2 Financial Services

In € million	Financial Services				
	2019 after IFRS 16 impact	IFRS 16 impact	2019 before IFRS 16 impact	2018*	% Organic Growth
Revenue	918.4		918.4	867.4	+5.9%
OMDA	307.2	15.1	292.1	271.2	
% OMDA	33.4%	+1.6 pt	31.8%	31.3%	+0.5 pt

** At constant scope and December 2019 YTD average exchange rates*

Accounting for c.39% of total revenue, **Financial Services** revenue reached **€ 918.4 million**, improving organically by **€+51.0 million** or **+5.9%** compared to 2018.

- ***Account Payments*** revenue grew double digit, benefitting from good SEPA payment transaction volumes in Germany, Italy and the Netherland but also volume growth on transactions on the Dutch iDeal scheme. In addition, the division benefited from the ramp-up of the large Commerzbank outsourcing contract signed last year.
- ***Digital Banking*** revenue grew double digit as well thanks to good business trends, in particular related to PSD2 compliance.
- ***Issuing processing*** grew high single digit thanks mainly to good growth in volumes of card payments, continuous increase of 3D-Secure and strong authentications transactions and revenue recognized on payment software licenses.
- Despite a recovery during the second semester, ***Acquiring processing*** revenue decreased slightly, mostly due to a high comparison basis last year.

Financial Services' OMDA was up by **+50 basis points** at the end of December 2019 compared to the same period last year (€+20.9 million organically) and reached **€ 307.2 million** or 33.4% of revenue (including an impact of +160 basis points due to the adoption of IFRS 16), thanks mainly to the aforementioned strong business trends in Issuing Services, Account Payments and Digital Banking and further efficiency gains from TEAM², equensWorldline and SIX Payment Services synergy programs.

A.1.6.3 Mobility & e-Transactional Services

In € million	Mobility & e-Transactional Services				
	2019 after IFRS 16 impact	**IFRS 16 impact**	**2019 before IFRS 16 impact**	**2018***	**% Organic Growth**
Revenue	343.8		343.8	310.2	+10.8%
OMDA	53.4	6.4	47.0	39.6	
% OMDA	15.5%	+1.9 pt	13.7%	12.8%	+0.9 pt

** At constant scope and December 2019 YTD average exchange rates*

Representing c.14% of total revenue, **Mobility & e-Transactional Services** revenue reached **€ 343.8 million**, increasing by **+10.8%** organically or **€+33.6 million** compared to last year.

All three business divisions recorded strong organic growth rates:

- Revenue in **e-Ticketing** expanded thanks to the development of Tap2Use contracts in various French cities as well as the ramp up of the e-Ticketing contract signed last year for the Paris region. Latin America also contributed to this growth.
- **Trusted Digitization** benefited from good transaction volume and project activity, notably on services related to Tobacco tracing for excise collection, as well as with various government agencies.
- **E-Consumer & Mobility** grew high single digit, mainly driven by the continuous increase of Contact contracts with French customers as well as the good contribution of volume growth in Connected Living and Mobility activities.

Mobility & e-Transactional Services OMDA reached **€53.4 million** or 15.5% of revenue (including an impact of +190 basis points due to the adoption of IFRS 16), increasing organically by €+7.4 million or **+90 basis points** compared to December last year. Key reasons for this increase were:

- Good business trends in all business divisions due to recently won contracts,
- The productivity improvement with the increased scalability of the platforms;
- Impacts of TEAM² actions.

A.1.7 Performance by geography

The primary operating segments of the Group are the *Global Business Lines* (“GBLs”). The secondary axis is by geography, for which revenue is presented below.

The revenue presented in one geography can refer to sales or services rendered in different countries or regions (for example, most of the sales of payment Terminals worldwide are reported under Belgium revenue).

	Revenue			
In € million	**Dec YTD 2019**	**Dec YTD 2018***	**Var**	**% Var.**
France	451.4	399.3	52.1	13.0%
Luxemburg & Netherlands	400.8	366.9	33.9	9.2%
Belgium	367.8	346.0	21.8	6.3%
Germany and CEE	365.8	343.1	22.7	6.6%
Switzerland	354.3	326.5	27.8	8.5%
North & South Europe	282.3	285.8	-3.5	-1.2%
Emerging markets	159.3	160.5	-1.2	-0.8%
Worldline	**2,381.6**	**2,228.1**	**153.6**	**6.9%**

France posted revenue of € 451.4 million, increasing organically by **+13.0%** in 2019, primarily thanks to a double digit growth recorded in Mobility & e-Transactional Services mainly driven by Trusted Digitization and e-Ticketing. Financial Services grew double digit as well and revenue in Merchant Services grew high single digit.

Revenue in **Luxemburg & the Netherlands** was € 400.8 million and grew **+9.2%** organically thanks to a strong double digit growth in Merchant Services.

Belgium had revenue of € 367.8 million in 2019, up **+6.3%** organically. That growth was primarily fueled by Merchant Services and notably by Commercial Acquiring. Financial Services, in particular Issuing Processing, and Mobility & e-Transactional Services also contributed to growth.

Germany, Central & Eastern Europe revenue reached €365.8 million (**+6.6%** organic growth), out of which € 81.3 million in Austria (+8.7%), supported by the strong growth of Account Payments, which benefitted in particular from the ramp-up of the Commerzbank Contract

Revenue in **Switzerland** was € 354.3 million (+**8.5%** organically), led by Commercial Acquiring in Merchant Services and by Acquiring Processing in Financial Processing.

Sales in **North & South Europe** slightly decreased by **-1.2%** organically, reaching € 282.3 million, mainly due to a high comparison basis in 2018 in Acquiring Processing.

Revenue in **Emerging Markets (€159.3 million, -0.8% organically)** was overall nearly stable, with a double-digit growth in Latin America offset by a decrease in Asia-Pacific due to a high comparison basis in 2018.

A.1.8 Commercial activity

A.1.8.1 Main achievements and contract signings

Merchant Services

Commercial Acquiring was very dynamic in 2019, with number of transactions acquired growing double digit globally in Continental Europe (+16% for in-store transactions and +32% for on-line transactions).

Numerous new or extended contracts with prominent brands were signed in 2019 for **strong online and omni channel solutions**, and among other:

- Leveraging Worldline Online Payment Acceptance solution, a new e-commerce Pan-European commercial acquiring contract was signed with **American Express Global Business Travel**, one of the largest global B2B travel agents. Worldline was awarded that service in 16 European countries as well as in Hong Kong, for a 3-year period;
- A significant contract was signed with **Paypal** facilitating mobile and online payment processing in Brazil;
- A full e-commerce acquiring and acceptance contract was signed with **Samsonite,** for their repair business as well as their e-stores in 15 European countries;
- The contract with **Multipharma,** a large pharmacy chain store, was renewed and extended with additional eCommerce services added to the existing in store acquiring contract, illustrating Worldline efficient cross-selling and the successful development of omni-channel systems for our customers.
- Worldline has been selected to provide state-of-the art payment solutions to **Subway restaurants** across several European countries. Worldline's solution includes POS and E-Commerce acceptance. Subway and its franchise owners will also benefit from Worldline's commitment to omni-channel solutions and in particular from a consolidated reporting of all payment flows, regardless of their origin. Additional features include the optional DCC (Dynamic Currency Conversion) in tourist or multi-currency locations as well as POS-advertising capabilities.

The **specialization of payment services by global verticals** and the **Pan-European reach** of commercial acquiring post the SIX Payment Services acquisition continue to support the growth of the company. In particular, a large acquiring contract was renewed and significantly extended with a major retailer operating more than 3,000 stores in rails stations and airports, consisting in acquiring, DCC services and payment terminal provisioning in 4 large European countries.

In addition, after the successful deployment Worldline's **unattended payment terminal VALINA** for bike sharing infrastructures, new large orders were received from vending machine operators such as and operators of shared mobility solutions and smart city related activities. With the doubling of the number of units in operation only twelve months after the start of the commercial campaign, Worldline confirms the quality of the VALINA value proposition for the unattended commerce market.

In terms of product innovation:

- Worldline successfully made its acquiring and e-commerce platforms **compliant with the new 3D Secure 2.0 standard**, with live transactions already performed for European retailers allowing them to prepare their readiness well ahead of the regulatory deadline ;
- **WeChat Pay** was launched in Switzerland during the third quarter; and
- With the introduction of **UnionPay and Alipay acceptance in the duty free stores** at Budapest Airport, Worldline enhances its positioning in the European travel retail market by catering for the needs of the growing number of Chinese travelers across Europe.

Lastly, revenue synergies with SIX Payment services materialize fast, with in particular a **payment collecting** solution developed with Citibank for **Shell** in Germany and the deployment of SPS's online gateway **Saferpay** to the broader Worldline client base.

Financial Services

Further to the contract won last year with Commerzbank, significant progress were made on large commercial engagements in continental Europe reinforcing confidence to sign these new contracts in the coming months, in particular for account-based payment back-office.

In addition, main contract signings in Financial Services also include:

- **Contract extension for Commerzbank** for PSD2 compliance;
- New **ATM transaction processing** management contracts in France and in the Baltics;
- A 3-year **extension** of a processing **contract** with one of **equensWorldline's key clients**; and
- Various **contract~~s~~ renewals** across Europe.

Sales synergies with SIX Payment Services enabled the signature of a large contract for on-line payment dual factor authentication with a **large organization in the DACH region** (Austria, Germany and Switzerland).

During the year, Worldline helped numerous European banks to be compliant with the upcoming **PSD2** and to take benefit from this new regulation. Key achievements in this respect included the following:

- As many as **25 banks in seven European countries have reached the first milestone for PSD2 compliance on time**, via the PSD2 compliance solution and services from equensWorldline.
- equensWorldline has expanded its **Trusted Authentication** solution by **adding fingerprint and faceID** security options. The addition of biometric features further enhances the security of strong customer authentication and is PSD2 and FIDO (Fast Identity Online) compliant.
- Five German banks have already subscribed to **Worldline's Authentication-Process-Management** (APM) service, managing exemptions of strong customer authentication on specific payment types while reducing friction as much as possible during the payment checkout.
- Numerous European banks, including new banks in Luxembourg, Finland and Germany, have now signed for Worldline's **PSD2 fraud reporting solution**.

Following the increased penetration of mobile payments in Central Europe, mobile payment services (card enrolments, transaction processing) have gone live with several banking groups in Germany, Austria and Luxemburg.

In Account based payments, due to the large-scale launch of real-time payments in the Netherlands, equensWorldline has become the **biggest processor of instant payments in the Eurozone**, handling already close to one million instant payment transactions per day.

Lastly, Worldline won from the PayTech Awards 2019 the **"Best Open Banking Solution Provider"** for the Worldline Digital Banking Platform.

Mobility & e-Transactional Services

Commercial activity was strong during the year in Mobility & e-Transactional Services, in all 3 divisions:

In ***e-Ticketing***, following an exceptional year in 2018, with the launch of Open Payment in Dijon and the signature of Ile-de-France Smart Navigo project, Worldline has confirmed its successes by winning, among other, the following contracts:

- A ticketless smartphone solution for the Navigo transportation pass;
- The contract extension with Thalys International for on board ticketing devices;
- A contract related to the build of a mobility pass for a city in France, combining public transport, car sharing and biking;
- An Open Payment service for shuttle buses connecting airports with the city center;
- A new city in France for a Tap2Use ticketing solution to provide open payment services allowing travelers to use their contactless payment cards as tickets.

Worldline confirmed the success of its Mobile point-of-sale system, @Station, by signing new contracts with 3 UK rail franchises. @Station will be used by station staff on and around the concourse to sell tickets and to resolve faster customer queries, improving customer satisfaction.

In terms of innovation, Worldline and Trapeze, a leader in intelligent transport systems, have developed a truly hands-free payment solution that allows passengers using public transport to pay for their ticket by automatically detecting their entire journey using Bluetooth.

In Trusted Digitization:

- Worldline has renewed its contract with Bourgogne-Franche-Comté region in France to provide its highly secured public services digitization services platform.
- Also, Worldline has renewed its contracts for the issuing processing of 2 of the main German health insurances cards and has signed several new contracts in Latin America to digitize and validate medical prescriptions for a health insurance payment organization.
- Last, the French Agence de Services et de Paiements contracted with Worldline to assist low-income households to pay their energy bills through the "chèque energie".

In e-Consumer & Mobility:

- Worldline customer engagement platform "Contact" continues to attract interest from major financial institutions. Worldline has been selected by a major Belgium bank, for a multi-channel solution including artificial intelligence, semantic analysis and biometry and another one was extended with a French mutual insurance company. Also, the contract with a large French telecommunication operator has been extended.
- In Connected Living, contracts related to security for smart meters, which allow more efficient energy bill payments were signed in Austria and the Netherlands, while the industrial IoT offer from Worldline did renew an important contract with a significant German customer. Also, in the United Kingdom, Worldline signed a contract with Siemens to supply its new Digital Doorman solution, a unique cyber-security platform that ensures fully secured and transparent machine access management for vendors and service staff.

A.1.8.2 Backlog

The **backlog** at the end of December 2019 remained high at **€ 3.7 billion**.

A.1.9 SIX Payment Services integration and synergy plans

The integration of SIX Payment Services is progressing very well and slightly ahead of plan. Quality and cultural fit of teams enable very fast and good progresses and all integration tracks were above target for 2019 in terms of synergies, while former SPS customer satisfaction is fully matching Worldline benchmark.

The Group therefore fully confirms the total of circa €110 million run rate OMDA synergies expected with SIX Payment Services in 2022, of which circa 25% in 2019 and circa 50% in 2020.

A.1.10 Human resources [GRI 102-4] [GRI 102-7] [GRI 102-8]

Headcount evolution

The **total headcount** was **11,877** at the end of December 2019, **compared to 11,474 at the beginning of 2019**. The increase of +3.5% (or +403 staff) of the Group total workforce was due to the net increase in direct workforce of +327 staff, linked to strong business development, in particular in North & South Europe, France, Switzerland, Luxembourg & Netherlands.

The number of direct employees at the end of December 2019 was 10,779, representing 90.8% of the total Group headcount. That proportion remained stable. Indirect staff was 1098, a small increase since the beginning of the year (+76 employees).

Headcount movements at the end of December are detailed by nature and country here below:

Headcount	Opening Jan-19	Hiring	Leavers	Dismiss / Restruc	Other	Closing Dec-19	Changes	%
France	3 083	+369	-132	-17	-69	3 234	+151	+4,9%
Luxembourg & Netherlands	1 146	+145	-83	-6	-27	1 175	+29	+2,5%
Belgium	1 115	+97	-58		-32	1 122	+7	+0,6%
Germany and CEE	1 423	+154	-125		-7	1 445	+22	+1,5%
Switzerland	524	+101	-39	-23	-16	547	+23	+4,4%
Emerging markets	1 597	+364	-349	-1	-17	1 594	-3	-0,2%
North & South Europe	1 564	+191	-126	-52	+85	1 662	+98	+6,3%
Direct	10 452	+1421	-912	-99	-83	10 779	+327	+3,1%
Indirect	1 022	+149	-86	-6	+19	1 098	+76	+7,4%
Total (D+I)	11 474	+1570	-998	-105	-64	11 877	+403	+3,5%

A.2 2020 Objectives

Fully in line with 2021 ambition, the 2020 objectives are as follows:

Revenue
The Group expects to achieve an organic growth of its revenue **above +7%**, at constant scope and exchange rates.

OMDA
The Group targets an OMDA margin **between 26% and 27%.**

Free cash flow
The Group has the ambition to generate a free cash flow of between **€ 325 million and € 350 million**.

A.3 Financial review [GRI 102-7]

A.3.1 Income statement

The Group reported a net income (attributable to owners of the parent Worldline SA) of € 311.2 million for the full year 2019 (€ 100.5 million for the full year 2018), which represented 13.1% of Group revenue for the period. The normalized net income before unusual and infrequent items (net of tax) for the period was € 300.5 million, representing 12.6% of revenues compared to € 154.2 million in 2018.

A.3.1.1 Reconciliation from operating margin to net income

(In € million)	12 months ended December 31, 2019	% Margin	12 months ended December 31, 2018	% Margin
Operating margin	**442.6**	**18.6%**	**292.9**	**17.0%**
Other operating income/(expenses)	-148.3		-87.0	
Operating income	**294.3**	**12.4%**	**205.9**	**12.0%**
Net financial income/(expenses)	121.7		-20.4	
Tax charge	-75.0		-45.3	
Share of net profit/(loss) of associates	-2.9		-0.8	
Non-controlling interests and associates	-26.8		-38.9	
Net income – Attributable to owners of the parent	**311.2**	**13.1%**	**100.5**	**5.8%**
Normalized net income – Attributable to owners of the parent *	**300.5**	**12.6%**	**154.2**	**9.0%**

** Defined hereafter.*

Net financial income includes the cancelation of contingent liability linked to the acquisition of SIX Payment Services representing an income of € 117.6 million (cf. Note 1 Main changes in the scope of consolidation).

A.3.1.2 Operating Margin before Depreciation and Amortization

Operating margin before depreciation and amortization (OMDA) represents the underlying operational performance of the current business and is analyzed in the operational review.

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018	Variation
Operating margin	**442.6**	**292.9**	**149.7**
+ Depreciation of fixed assets	142.9	94.9	48.0
+ Net book value of assets sold/written off	7.3	4.2	3.2
+/- Net charge/(release) of pension provisions	9.1	4.8	4.3
+/- Net charge/(release) of provisions	0.2	-5.6	5.8
OMDA	**602.1**	**391.1**	**211.0**

The 2019 depreciation of fixed assets includes 39.1 M€ of Right-of-use amortization (Refer to note 9 Right-of-use assets & lease liabilities).

A.3.1.3 Other operating income and expenses

Other operating income and expenses relate to income and expenses that are unusual and infrequent. They represent a net cost € 148.3 million in 2019 with more than half corresponding to customer relationship amortization. The following table presents this amount by nature:

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018
Staff reorganization	-3.8	-3.6
Rationalization and associated costs	-3.3	-3.9
Integration and acquisition costs	-39.6	-39.8
Equity based compensation & associated costs	-19.9	-16.2
Customer relationships and patents amortization	-75.9	-20.9
Other items	-5.7	-2.5
Total	**-148.3**	**-86.9**

Staff reorganization expenses of € 3.8 million increased by € 0.2 million compared to last year and correspond mainly to the restructuring costs induced by the recent acquisitions.
The € 3.3 million of **rationalization and associated costs** resulted mainly from costs linked to the TEAM² program, including administrative back office transformation. Those costs have decreased by € 0.6 million compared to 2018.

Integration and acquisition costs reached € 39.6 million which represents a decrease of € 0.2 million compared to the prior period. SIX Payment Services integration costs represent a large part of this amount.

The 2019 **customer relationships amortization** of € 75.9 million corresponds mainly to:
- € 59.0 million of SIX Payment Services customer relationships, technologies and patents
- € 10.0 million of Equens and Paysquare customer relationships;
- € 2.3 million of MRL Posnet customer relationships and technologies;
- € 2.2 million of Cataps (KB Smartpay) customer relationships.

A.3.1.4 Net financial expenses

Net financial income amounted to € 121.7 million for the period (compared to an expense of € 20.4 million in 2018) and was made up of:
- A net cost of financial debt of € 5.5 million (€ 0.8 million in 2018); and
- A non-operational financial income of € 127.2 million (€-19.6 million in 2018)

Net cost of financial debt of € 5.5 million is made up of:
- € 6.3 million of cost of gross debt of the Group's subsidiaries representing an average interest rate of 0.6%. Those costs include interest linked to convertible bonds for € 2.6 million and bond for € 0.6 million;
- € 0.8 million of remuneration of gross cash of the Group's subsidiaries representing an average interest rate of 0.1%.

The non-operational financial income was mainly composed of:
- The cancelation of contingent liability linked to the acquisition of SIX Payment Services representing an income of € 117.6 million (cf. Note 1 Main changes in the scope of consolidation);
- The recognition in the consolidated income statement of the variation of the fair value of the Visa preferred shares for a profit of € 24.2 million;
- Foreign exchange losses for € 9.7 million;
- IFRS 16 impacts for an expense of € 3.6 million; and
- Pension financial costs for € 2.3 million. The pension financial costs represent the difference between interest costs on defined benefit obligations and the interest income on plan assets for plans which are funded (cf. Note 10 "Pensions and similar benefits").

A.3.1.5 Corporate tax

The tax charge at the end of December 2019 was € 75.0 million with a profit before tax of € 416.0 million. The annualized Effective Tax Rate (ETR) was 18.0% (24.4% in 2018).
Excluding cancelation of contingent liability linked to the acquisition of SIX Payment Services representing an income of € 117.6 million, the ETR would have been 25.1%.

A.3.1.6 Non-controlling interests and associates

The non-controlling interests and associates at the end of December 2019 was € 26.8 million compared to € 38.9 million in 2018 and represented 36.4% of the net result of equensWorldline for the 9 first months of the year 2019, before exercise of Worldline call option to acquire the 36.4% minority stake and take full ownership of equensWorldline.

A.3.1.7 Normalized net income

The normalized net income is defined as net income excluding unusual and infrequent items (Group share), net of tax. For 2019, the amount was € 300.5 million.

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018
Net income - Attributable to owners of the parent	**311.2**	**100.5**
Cancellation of the contingent liability linked to the acquisition of SIX Payment Services	-117.6	
Other operating income and expenses (Group share)	142.5	75.9
Tax impact on unusual items	-35.5	-22.2
Normalized net income - Attributable to owners of the parent	**300.5**	**154.2**

A.3.1.8 Earnings per share

The number of shares as at January 1, 2019 was 182,554,917 shares. The weighted average number of shares amounts to 182,025,225 shares for the period. As at the end of December 2019, potential dilutive instruments comprised stock subscription (equivalent to 909,289 options) and convertible bonds effect (equivalent to 2,453,010 options).

(In € million)	12 months ended December 31, 2019	% Margin	12 months ended December 31, 2018	% Margin
Net income [a]	**311.2**	**13.1%**	**100.5**	**5.8%**
Diluted net income [b]	**312.9**		**100.5**	**5.8%**
Normalized net income [c]	**300.5**	**12.6%**	**154.2**	**9.0%**
Normalized dilluted net income [d]	**302.3**	**12.7%**	**154.2**	**9.0%**
Average number of shares [e]	182,025,225		137,263,059	
Impact of dilutive instruments	3,362,300		1,016,824	
Diluted average number of shares [f]	185,387,525		138,279,882	
(In EUR)				
Basic EPS [a] / [e]	**1.71**		**0.73**	
Diluted EPS [b] / [f]	**1.69**		**0.73**	
Normalized basic EPS [c] / [e]	**1.65**		**1.12**	
Normalized diluted EPS [d] / [f]	**1.63**		**1.12**	

A.3.2 Cash flow

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018
Operating Margin before Depreciation and Amortization (OMDA)	**602.1**	**391.1**
Capital expenditures	-113.9	-105.5
Lease expenditures (Lease under IFRS16)	-41.6	
Change in working capital requirement	-46.3	21.1
Cash from operation	**400.3**	**306.7**
Taxes paid	-57.4	-49.9
Net cost of financial debt paid	-2.8	-0.8
Reorganization in other operating income	-5.4	-3.5
Rationalization & associated costs in other operating income	-3.3	-3.9
Integration and acquisition costs	-39.6	-36.1
Net Long term financial investments	14.9	-1.9
Other changes (*)	-19.2	-3.1
Free Cash Flow	**287.6**	**207.5**
Net material acquisitions	-1 094.8	-387.8
Contingent liability at fair value	117.6	-117.6
Capital increase	10.9	8.3
Portion of convertible bonds in equity / debt	79.4	
Share buy-back	0.0	-45.1
Dividends paid	-11.8	-6.8
Change in net cash/(debt)	**-611.2**	**-341.5**
Opening net cash/(debt)	**-35.0**	**309.1**
Change in net cash/(debt)	-611.1	-341.5
Foreign exchange rate fluctuation on net cash/(debt)	2.1	-2.7
Excl. Of former Finance lease (Post IFRS 16 effect)	2.8	
Closing net cash/(debt)	**-641.3**	**-35.0**

(*) "Other changes" include other operating income and expense with cash impact (excluding reorganization, rationalization and associated costs, integration costs and acquisition costs), and other financial items with cash impact, net long term financial investments excluding acquisitions and disposals

The Group elected to exclude the lease liabilities from the Group net debt definition. Therefore, Free Cash Flow as per Group definition will remain comparable with prior years.

Free cash flow represented by the change in net cash or net debt, excluding equity changes (notably cash received from the exercise of stock options), dividends paid, impact of foreign exchange rate fluctuation on opening net cash balance, and net acquisitions and disposals, reached € 287.6 million compared to € 207.5 million in 2018 corresponding to an increase of + 38.6%.

Cash From Operations amounted to € 400.3 million and increased by € 95.5 million compared to last year, including the following items:

- OMDA (€+211.1 million),
- Higher capital expenditures (€ 8.4 million),
- Lease expenditure (first application of IFRS 16) (€-41.6 million)
- Lower improvement in change in working capital requirement (€-67.4 million).

OMDA of € 602.1 million, representing an increase of €+211.1 million compared to 2018, reached 25.3% of revenue (restated from IFRS 16 it would have been 23.6%) versus 22.7% of revenue in 2018 (excluding IFRS 16 impact).

Capital expenditures amounted to € 113.9 million or 4.8% of revenue below the level of 2018 at 6.1%. The part related to investments in software platforms through capitalized cost, in connection with the modernization of proprietary technological platforms amounted to € 42.1 million.

The negative **change in working capital requirement** was € 46.3 million. The DSO ratio reached 31 days at the end of December 2019 (33 days in December 2018), while the DPO was 73 days (87 days in December 2018). The Group may factor part of its account receivables in the normal course of its day to day treasury management. Amount of receivables factored as at December 30, 2019 is non-significant and below the level of December 30, 2018.

Cash out related to **taxes paid** reached € 57.4 million increasing by € 7.5 million compared to 2018.

Net outflow related to **cost of net debt** of € 2.8 million included the costs linked to the financing of the acquisition of Equens Worldline minority interests.

Cash outflow linked to **reorganization costs** and **rationalization costs** represented respectively € 5.4 million and € 3.3 million.

Integration costs of € 39.6 million included a large part of costs linked to the integration of SIX Payment Services and cost related to post acquisition integrations.

Net financial investments amounted to € 14.9 million. It includes in particular collection related to Visa receivable for € 14.3 million.

Other changes of €-19.2 million corresponded mainly to €-11.3 million of other items of Other operating income and expenses and €-7.9 million of other financial costs.

As a result, the **Free Cash Flow (FCF**) generated in 2019 was € 287.6 million.

The **net material acquisitions** of € 1,094.8 million represented mainly the acquisition of the 36.4% minority interests of Equens Worldline (€ 1,070.9 million) and the net cash effects linked to the acquisitions of SIX Payment Services.

The impact of **fair value of the contingent liability** linked to the acquisition of SIX Payment Services was € 117.6 million (cf. Note 1 Main changes in the scope of consolidation);

In 2019, the € 10.9 million **Capital increase** corresponded to the issuance of common stock following employee's exercise of stock options and the employee share purchased plan BOOST;

Net cash effect of **convertible bond** implemented in July 2019 reached € 79.4 million;

Dividends paid to minority shareholders of equensWorldline amounted to € 11.8 million;

Foreign exchange rate fluctuation which is determined on debt or cash exposure by country had a positive impact of € 2.1 million.

A.3.3 Financing policy

Financing structure

Worldline's expected liquidity requirements are currently fully covered by the gross cash and long-term committed credit facility.

In this respect, on December 20, 2018, Worldline SA (as Borrower) signed a five-year Revolving Credit Facility (the "Facility") for an amount of € 600 million, maturing in December 2023 with an option for Worldline to request the extension of the Facility maturity date until December 2025. In October 2019, first extension has been requested and approved by the banks. The revolving credit facility maturity date is now December 2024.

Under the terms of the initial agreement, the Facility included one financial covenant, which was the consolidated leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) that should not be greater than 2.5 times. In December 2019, the cancellation of the financial covenant was obtained and the Facility does not include any more this financial covenant.

The Facility has been arranged by a syndicate of 13 international banks. The Facility will be available for general corporate purpose. At the end of December 2019, the Facility is not used.

Furthermore, Worldline has emitted a "Negotiable European Commercial Papers" program (NEU CP) on April 12th, 2019 to optimize its financial charges and improve Group's cash for a maximum initial amount of € 600 million. At the end of December 2019, the outstanding amount of the program was € 63 million.

In addition Worldline has issued on July 30, 2019 interest-free bonds convertible into new shares and/or exchangeable for existing shares of Worldline for an amount of € 600 million maturing on July 30, 2026, unless the bonds have been subject to early redemption, conversion or purchase and cancellation . Worldline has issued subsequently, on September 18, 2019, bonds for an amount of €500 million. Such bonds are to mature on September 18, 2024 and produce interest of 0.25% per year on the outstanding principal amount. These two bonds have financed the acquisition of the 36.4% minority stake of EquensWorldline, which has been paid entirely in cash during September 2019.

Investment policy

Worldline has a policy to lease its office space and other real estate assets either administrative or technical. Some other fixed assets such as IT equipment and company cars may be financed through leases depending on the cost of funding and on the most appropriate type of financing for each new investment.

A.4 Consolidated financial statements

A.4.1 Statutory Auditors’ report on the consolidated financial statements for the year ended December 31, 2019

This is a translation into English of the Statutory Auditors’ report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This Statutory Auditors’ report includes information required by European Regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To Annual General Meeting of Worldline,

Opinion

In compliance with the engagement entrusted to us by your General Meetings, we have audited the accompanying consolidated financial statements of Worldline for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory auditors' responsibilities for the audit of the consolidated financial statements” section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5 (1) of Regulation (EU) No. 537/2014 or in the French Code of ethics (*Code de déontologie*) for statutory auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the note A.1.6.2 « Basis of preparation and accounting principles » of the notes to the consolidated financial statements, which reflects a change in the accounting policy regarding the first application of IFRS 16 « Leases » from January 1, 2019.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the year, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

<table>
<tr><th colspan="2">Revenue recognition related to development projects and/or migration of platform with customers
« Note 3 - Revenue, segment information and trade accounts » of consolidated financial statements</th></tr>
<tr><th>Key Audit Matter</th><th>Our audit approach</th></tr>
<tr><td>Regarding fixed-price contracts performed over the course of several years, particularly related to development projects and/or migration of platform with customers, revenues are recognized in accordance with IFRS 15 'Revenue from contracts with customers', when the control of the goods or services is transferred to the customer.

For multi-element service contracts, which may be a combination of different services, revenue is accounted for distinctly for each identified performance obligation when the control of the solutions or services is transferred to the customer. The revenue accounted for depends on the total estimated transaction price and its allocation between the different performance obligations.

Total costs of a contract (mainly made up of men/hours spent per project) and expected remaining costs are subject to regular monitoring and estimates to determine the contract's stage of completion. If these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately through a provision for onerous contract.

We have considered revenue recognition on these contracts and the associated costs as a key audit matter considering that the identification of the performance obligations and the allocation of transaction prices to each of them require management's estimate and judgement. Furthermore, when revenue is recognized based on costs incurred, the assessment of the stage of completion is based on operational assumptions and estimates that have a direct impact on revenue recognized in the consolidated financial statements.</td><td>We have assessed the internal control environment relating to fixed-price services, and the estimation of costs and margin over the duration of the contract.

Furthermore, for a number of contracts that were selected based upon quantitative and qualitative criteria (including contracts that are experiencing technical difficulties or low profitability), we performed the following procedures:

- For new contracts:
▪ when they include multiple elements, we corroborated the company's analysis and accounting treatment regarding identification, allocation of the transaction price to the different performance obligation and the definition of the methods of accounting for the revenues regarding each of these performance obligations with the contractual terms and our understanding of the services provided;
▪ we also corroborated the initially expected margin to the financial data included within the signed contract and the associated estimated costs.

- For contracts in progress, we have implemented the following procedures aimed at assessing the margin at completion when revenue is recognized on the basis of costs incurred:
▪ we reconciled the financial data (revenue, billing and costs incurred to date) included in the project's spreadsheet that is updated monthly by the financial controllers to the accounting records;
▪ we corroborated the amount of costs incurred, including projects timesheets, with the underlying data included within the application system;
▪ we analyzed standard hourly rates' calculation methodology;
▪ we performed interviews with financial controllers and / or operational managers to assess the percentage of completion of the contract, which is the basis on which revenue and margin are accounted for ; we have furthermore analyzed the appropriateness of these estimates by comparing the forecast data with the actual performance of</td></tr>
</table>

	the contract and by reconciling, if necessary, with the information obtained since the contract had been signed.

Revenue arising from transactional activities *« Note 3 - Revenue, segment information and trade accounts » of consolidated financial statements*	
Key Audit Matter	**Our audit approach**
Regarding the revenue arising from transactional activities, in particular those in relation to payments, the transactions are recognized over the period during which the transactions were processed. Those activities are relying upon numerous and complex IT applications which are collecting and evaluating all transactions through the Group's various payment processing platforms. We have considered the revenue arising from transactional activities as a key audit matter due to the reliance upon a highly complex IT environment, the high number of transactions, and the necessary manual inputs to issue the invoices.	We have assessed and tested the internal controls in relation to securing the transactions flows recorded in the Group's revenues ; our IT specialists have assisted us in performing the following procedures: - We have tested the general IT controls of the main IT applications supporting revenue streams arising from transactional activities; - We have also tested the operating effectiveness of the manual or automated controls securing the completeness and the validity of the accounting records. Moreover, we have performed substantive testing on manual journal entries in order to ensure the validity of the accounting entries booked in the financial statements. Finally, we have reviewed the accounting treatment of each revenue streams in order to ensure the consistency of the accounting treatment with the contractual arrangements signed with the clients.

Final allocation of the purchase price of Six Payment Services ("SPS") *« Note 1 Main changes in the scope of consolidation of consolidated financial statements »*	
Key Audit Matter	**Our audit approach**
The Group has completed the acquisition of the payment services division of the SIX Group ("SPS") on November 30, 2018, for an initial amount of € 2,826.1 million, which was reduced by € 47 million in 2019 as a result of price adjustments.	We have examined the determination of the fair value of the consideration, including the assumptions and methods used to determine the fair value of the contingent consideration as well as the price adjustments.
As described in note 1 of the consolidated financial statements, the consideration transferred was subject to a preliminary allocation as of December 31, 2018, to the identifiable assets acquired and liabilities assumed, based on an estimate of their fair value and the information available at that date. The final allocation period of the purchase price	The consolidated opening balance sheet of SPS as of December 1st, 2018 had been subject to specific audit procedures covering the main subsidiaries, that were supplemented in 2019 with audit procedures regarding the subsequent adjustments of the opening balance sheet based on the information that became available during the allocation period, in relation to facts and circumstances existing on the date of SPS acquisition.

ended at the end of November 2019. At that date, the Group retrospectively recorded adjustments in relation to the valuation of intangible assets and current and non-current liabilities in order to take into account the information related to the facts and circumstances that had existed at the date of acquisition. These adjustments have reduced the net equity by 95 million euros net of tax. This final allocation has led to the recognition of intangible assets for an amount of €576,1m net of deferred tax and the final goodwill of €2 126,5m. We have considered the final allocation of the transaction price as a key audit matter, given the use of Management's estimates and judgment, in determination of the consideration transferred, the final allocation to the identifiable assets and liabilities, to the goodwill acquired and the disclosures provided in the notes to the consolidated financial statements.	Worldline appointed an independent appraiser to assist in the identification and valuation of intangible assets acquired and their allocation to the entities of the acquired group. Our approach consisted in reviewing the final expert's report and assessing the consistency of the assumptions and estimates used with the business plans obtained: - we have interviewed the independent expert on the scope of his work, the valuation methodologies used and the main assumptions made; - we have assessed the relevance of the valuation methods used, with the support of our own valuation specialists; - we have interviewed the Management to corroborate the assumptions used in the business plans supporting the valuation of the intangible assets. Finally, based on these elements, we have reviewed the calculation of the final goodwill and its allocation to SPS group entities and assessed the appropriateness of the disclosures related to the acquisition provided in the notes to the consolidated financial statements.

Specific verifications

As required by law, we have also verified in accordance with the professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to the fair presentation and the consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (code de commerce) is in the information pertaining to the Group presented in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on other legal and regulatory requirements.

Appointment of the statutory auditors

We were appointed as statutory auditors of Worldline by the Annual General Meeting held on June 30, 1997 for Deloitte & Associés and April 30, 2014 for Grant Thornton.

As at December 31, 2019, Deloitte & Associés and Grant Thornton were respectively in their 23rd year and 6th year of total uninterrupted engagement, which represent the 6th year of engagement for both statutory auditors since the Company securities were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code du commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control ;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control ;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements ;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation ;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the implemented audit program, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the year and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

A Paris-La Défense and Neuilly-sur-Seine, February 28, 2020
The statutory auditors
French original signed by

Deloitte & Associés

Grant Thornton
French member of Grant Thornton International

Véronique Laurent

Virginie Palethorpe

A.4.2 Consolidated Income Statement [GRI 201-1]

(In € million)		12 months ended December 31, 2019	12 months ended 31 December 2018
Revenue	**Note 3**	**2,381.6**	**1,720.2**
Personnel expenses	Note 4	-870.3	-692.6
Operating expenses	Note 4	-1,068.8	-734.8
Operating margin		**442.6**	**292.9**
% of revenue		**18.6%**	**17.0%**
Other operating income and expenses	Note 5	-148.3	-87.0
Operating income		**294.3**	**205.9**
% of revenue		**12.4%**	**12.0%**
Financial expenses		-29.3	-26.8
Financial income		150.9	6.4
Net financial expenses	**Note 6**	**121.7**	**-20.4**
Net income before tax		**416.0**	**185.5**
Tax charge	Note 7	-75.0	-45.3
Share of net profit/(loss) of associates		-2.9	-0.8
Net income		**338.0**	**139.4**
Of which:			
- attributable to owners of the parent		**311.2**	**100.5**
- non-controlling interests	Note 12	26.8	38.9
Weighted average number of shares		182,025,225	137,263,058.6
Basic earnings per share	**Note 12**	**1.71**	**0.73**
Diluted weighted average number of shares		185,387,525	138,279,882.3
Diluted earnings per share	**Note 12**	**1.69**	**0.73**

A.4.3 Consolidated statement of comprehensive income

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018
Net income	**338.0**	**139.4**
Other comprehensive income		
- to be reclassified subsequently to profit / (loss) recyclable:	**67.2**	**-19.5**
Cash flow hedging	-0.1	0.3
Exchange differences on translation of foreign operations	66.8	-21.3
Deferred tax on items recyclable recognized directly on equity	0.5	1.5
- not reclassified to profit / (loss) non-recyclable:	**-11.0**	**-11.7**
Actuarial gains and (losses) generated in the period on defined benefit plan	-16.5	-14.0
Deferred tax on items non-recyclable recognized directly on equity	5.4	2.3
Total other comprehensive income	**56.1**	**-31.2**
Total comprehensive income for the period	**394.1**	**108.2**
Of which:		
- attributable to owners of the parent	**367.3**	**68.7**
- non-controlling interests	26.8	39.4

A.4.4 Consolidated statement of financial position

Assets

(In € million) ASSETS		As at December 31, 2019	As at December 31, 2018
Goodwill	Note 8	3,114.5	3,013.0
Intangible assets	Note 8	1,047.1	1,094.6
Tangible assets	Note 8	143.9	146.0
Right-of-use	Note 9	202.1	-
Non-current financial assets	Note 6	102.1	112.0
Deferred tax assets	Note 7	26.5	51.5
Total non-current assets		**4,636.2**	**4,417.2**
Trade accounts and notes receivables	Note 3	413.5	361.1
Current taxes		29.5	31.0
Other current assets	Note 4	242.3	184.2
Assets linked to intermediation activities	Note 4	1,053.4	1,151.4
Current financial instruments		0.4	0.4
Cash and cash equivalents	Note 6	500.5	212.8
Total current assets		**2,239.7**	**1,940.9**
Total assets		**6,875.9**	**6,358.1**

Liabilities and shareholders' equity

(In € million) LIABILITIES AND SHAREHOLDERS' EQUITY		As at December 31, 2019	As at December 31, 2018
Common stock		124.3	124.1
Additional paid-in capital		2,542.8	2,538.4
Consolidated retained earnings		244.0	904.1
Translation adjustments		-1.1	-67.9
Net income attributable to the owners of the parent		311.2	100.5
Equity attributable to the owners of the parent		3,221.1	3,599.3
Non-controlling interests	Note 12	0.0	208.9
Total shareholders' equity		**3,221.1**	**3,808.2**
Provisions for pensions and similar benefits	Note 10	159.9	125.5
Non-current provisions	Note 11	37.8	17.4
Borrowings	Note 6	1,054.2	120.3
Deferred tax liabilities	Note 7	206.5	191.7
Non-current lease liabilities	Note 9	169.4	-
Total non-current liabilities		**1,627.7**	**455.0**
Trade accounts and notes payables	Note 3	318.4	363.8
Current taxes		73.9	43.7
Current provisions	Note 11	21.9	20.7
Current portion of borrowings	Note 6	87.7	127.5
Liabilities linked to intermediation activities	Note 4	1,053.4	1,151.4
Current lease liabilities	Note 9	32.3	-
Other current liabilities	Note 4	439.4	387.9
Total current liabilities		**2,027.1**	**2,094.9**
Total liabilities and shareholders' equity		**6,875.9**	**6,358.1**

A.4.5 Consolidated cash flow statement

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018
Profit before tax	**416.0**	**185.5**
Depreciation of assets	103.7	94.9
Depreciation of right-of-use	39.1	
Net charge / (release) to operating provisions	9.4	-0.8
Net charge / (release) to financial provisions	2.8	1.9
Net charge / (release) to other operating provisions	-1.5	7.4
Customer relationships & Patent amortization	75.9	20.9
Losses / (gains) on disposals of fixed assets	3.8	4.0
Net charge for equity-based compensation	14.0	16.2
Losses / (gains) on financial instruments	-138.3	16.9
Net cost of financial debt	5.5	0.8
Cash from operating activities before change in working capital requirement, financial interest and taxes	**530.5**	**347.6**
Taxes paid	-57.4	-49.9
Change in working capital requirement	-46.3	15.7
Net cash from / (used in) operating activities	**426.8**	**313.5**
Payment for tangible and intangible assets	-113.9	-105.5
Proceeds from disposals of tangible and intangible assets	3.6	0.2
Net operating investments	**-110.3**	**-105.4**
Amounts paid for acquisitions and long-term investments	-9.5	-421.4
Cash and cash equivalents of companies purchased /sold during the period	-14.4	36.4
Proceeds from disposals of financial investments	14.9	0.0
Net long-term investments	**-9.0**	**-385.0**
Net cash from / (used in) investing activities	**-119.3**	**-490.4**
Common stock issues on the exercise of equity-based compensation	10.9	8.3
Portion of convertible bonds :		
in equity	82.0	
in financial liability	554.8	
Purchase and sale of treasury stock	0.0	-45.1
Dividends paid to minority shareholders of subsidiaries	-11.8	-6.8
Payment for acquisition of non controlling interests	-1 070.9	
New borrowings	559.2	0.6
New finance lease		2.4
Lease Payments & Interests	-41.6	
Repayment of long and medium-term borrowings	-9.2	-15.8
Net cost of financial debt paid	-5.5	-0.8
Other flows related to financing activities	3.3	-2.7
Net cash from / (used in) financing activities	**71.3**	**-59.8**
Increase / (decrease) in net cash and cash equivalents	**378.8**	**-236.7**
Opening net cash and cash equivalents	**95.1**	**334.2**
Increase / (decrease) in net cash and cash equivalents	378.8	-236.7
Impact of exchange rate fluctuations on cash and cash equivalents	2.1	-2.4
Closing net cash and cash equivalents	**476.0**	**95.1**

A.4.6 Consolidated statement of changes in shareholder's equity

(In € million)	Number of shares at period-end (in thousands)	Common Stock	Additional paid-in capital	Retained earnings	Translation adjustments	Net income	Equity attributable to the owners of the parent	Non controlling interests	Total shareholders' equity
At January 1st, 2018	**132,899**	**90.4**	**259.2**	**843.6**	**-47.3**	**105.5**	**1,251.4**	**175.0**	**1,426.4**
* Common stock issued	589	0.4	7.8				8.2		8.2
* Capital increase for the Six PS transaction	49,067	33.4	2,271.3				2,304.7		2,304.7
* Appropriation of prior period net income				105.5		-105.5			
* Dividends paid to the shareholders								-6.7	-6.7
* Equity-based compensation				10.9			10.9	1.1	12.0
* Changes in Treasury stock				-44.6			-44.6		-44.6
* Increase of capital									
* Tax impact									
* Other									
Transactions with owners	49,656	33.8	2,279.1	71.7		-105.5	2,279.1	-5.6	2,273.6
* Net income						100.5	100.5	38.9	139.4
* Other comprehensive income				-11.3	-20.6		-31.8	0.5	-31.3
Total comprehensive income for the period	-	-	-	-11.3	-20.6	100.5	68.7	39.4	108.2
At December 31st, 2018	**182,555**	**124.1**	**2,538.4**	**904.1**	**-67.9**	**100.5**	**3,599.2**	**208.9**	**3,808.2**
* Change in Share nominal value									
* Common stock issued	210	0.1	4.4				4.6		4.6
* Appropriation of prior period net income				100.5		-100.5			
* Dividends paid to the shareholders								-9.9	-9.9
* Equity-based compensation				14.0			14.0		14.0
* Convertible bonds equity split accounting				59.4			59.4		59.4
* Equens Worldline non-controlling interests purchase				-846.8			-846.8	-225.9	-1,072.7
* Changes in Treasury stock and others				23.4			23.4		23.4
Transactions with owners	210	0.1	4.4	-649.5		-100.5	-745.4	-235.8	-981.2
* Net income						311.2	311.2	26.8	338.0
* Other comprehensive income				-10.6	66.8		56.1		56.1
Total comprehensive income for the period				-10.6	66.8	311.2	367.3	26.8	394.1
At December 31th, 2019	**182,764**	**124.3**	**2,542.8**	**244.0**	**-1.1**	**311.2**	**3,221.2**		**3,221.1**

A.4.7 Appendices to the consolidated financial statements

A.4.7.1 General information

Worldline SA, the Worldline Group's parent company, is a public limited company under French law whose registered office is located at 80, Quai Voltaire, 95870 Bezons, France. The Company is registered with the Registry of Commerce and Companies of Pontoise under the reference 378,901,946 RCS Pontoise. Worldline SA shares are traded on the Euronext Paris market under ISIN code FR0011981968. The shares are not listed on any other stock exchange and Worldline SA is the only listed company in the Group. The Company is administrated by a Board of Directors.

Worldline is a European leader and a global market player in the electronic payment and transactional services sector. Worldline activities are organized around three business lines: Merchant Services, Financial Services and Mobility & e-Transactional Services.

These consolidated financial statements were approved by the Board of Directors on February 18, 2020. The consolidated financial statements will then be submitted to the approval of the General Meeting of Shareholders scheduled to take place on May 14, 2020.

A.4.7.2 Accounting rules and policies

Basis of preparation of consolidated financial statements

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the consolidated financial statements for the twelve months ended December 31, 2019 have been prepared in accordance with the applicable international accounting standards, as endorsed by the European Union as at December 31, 2019. The international standards comprise the International Financial Reporting Standards (IFRS) as issued 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 Interpretations Committee (IFRIC). Accounting policies applied by the Group comply with those standards and interpretations.

As of December 31, 2019, the accounting standards and interpretations endorsed by the European Union are similar to the compulsory standards and interpretations published by the International Accounting Standards Board (IASB). Consequently, the Group's consolidated financial statements are prepared in accordance with the IFRS standards and interpretations, as published by the IASB. Except the impacts of IFRS 16 whose implementation is separately disclosed, the other new standards, interpretations or amendments whose application was mandatory for the Group effective for the fiscal year beginning January 1, 2019 had no material impact on the consolidated financial statements:

- IFRIC 23 – Uncertainty over income tax treatment;
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation;
- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures;
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement;
- Annual Improvements to IFRS Standards 2015–2017;

This is the first set of Group's consolidated financial statements where IFRS 16 has been applied.

Changes in accounting policies

Except for new standards and amendments effective for the periods beginning as of January 1, 2019, the accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2018.
The Company has implemented the new standard IFRS 16 "Leases" and the new interpretation IFRIC 23 "Uncertainty over Income tax treatment" on 1 January 2019. As a result, the Company has changed its accounting policy for leases accounting and for the classification of certain liabilities linked to uncertainties over income tax.

IFRS 16

IFRS 16, Leases, introduces a single on-balance sheet lease accounting model for lessees requiring them to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make future lease payments.

IFRS 16, *Leases*, replaces existing IAS 17, Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group applied IFRS 16 as of January 1, 2019 using the modified retrospective approach under which the comparative period is not restated. Instead, the cumulative impact of the application of the new standard is recognized in retained earnings at the transition date. Impact on equity is nil as of January 1, 2019.

The Group also used the below simplification & exemptions for the application of IFRS 16:

- The Group applied the practical expedient to grandfather the definition of a lease on transition. This means that as of January 1, 2019, the Group applied IFRS 16 to all existing contracts entered before this date and identified as leases in accordance with IAS 17 and IFRIC 4. For contracts entered into after January 1, 2019, the Group assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.
- The Group also applied exemptions allowed by IFRS 16.5 to not recognize short term leases (less than 12 months) and leases for which the underlying asset is of a low value. Payments under such contracts are registered in the profit and loss statement, on a straight-line basis, over the duration of the contract.

For the Group, the new standard does not trigger any adjustments on transition. For leases in which it acts as a lessor, IFRS 16 does not trigger any change on the existing accounting treatment under IAS 17.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Those rates have been determined for all the currencies and geographies of the Group and by maturity. The incremental borrowing rates were calculated by taking for each currency a reference in debt quotation by maturity (bullet rate) and adding up a spread corresponding to the entity's cost of financing.

The lease liability is re-measured when there is a change in the future lease payments arising from a change in an index or rate, a change in estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised.

The Group has applied its judgment to determine the lease term for some real estate lease contracts in which it is a lessee and that include renewal or early termination options analyzing whether those sites, mainly offices, were strategic or not. In most cases, the Group retained the contractual end date.

On November 26, 2019 the IFRS Interpretations Committee (IFRS IC) has issued an opinion related to lease term and useful life of leasehold improvements. The analysis performed by the Group doesn't any major deviation between the lease term and the residual useful life of the underlying leasehold.

The Group elected to account the net deferred taxes resulting from IFRS 16 standard. At transition date assets and liabilities resulting from IFRS 16 have the same value, therefore no temporary differences is recognized.

The weighted-average incremental borrowing rate applied as of January 1, 2019 amounted to 1.8%.

Impacts on financial statements

The Group elected to present the lease liability and the right of use the assets on dedicated lines in the Balance Sheet. Amortization of the right of is part of the operating margin, interest costs is part of the financial result of the Group. The impact of IFRS 16 implementation on Operating Margin and Group net result is not material as of December 31, 2019. The Group elected to exclude the lease liabilities from the Group net debt definition. Therefore, Free Cash Flow as per Group definition will remain comparable with prior years.

IFRS 16 led to the recognition of an opening lease liability for € 215.7 million. This liability relates mainly to Real Estate, IT equipment's and cars used by employees. Reconciliation of operating leases commitments as of December 31, 2018 and opening lease liability is as follows:

(In € million)	**As at January 1, 2019**
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	210.5
Service contracts (out of IFRS 16 scope)	-27.3
Short-term and low value leases recognised on a straight-line basis as expenses & others	26.4
Discounted effect using the incremental borrowing rate at January 1, 2019	-20.9
Bezons Headquarters premises *	24.0
Finance lease liabilities recognised as at December 31, 2018	3.0
Lease liabilities recognised at January 1, 2019	**215.7**

** Contract with effect starting at January 2019*

2019 impacts are included in note 9 Right-of-use assets & leases liabilities.

IFRIC 23

The Group applied IFRIC 23 on the accounting for income tax when there is uncertainty over tax treatments by using the retrospective approach. The Group reviewed its income tax treatment and concluded that no material impact was to be considered, so no adjustment on retained earnings were made. A liability is recognized in the consolidated statement of financial position when a tax risk arising from positions taken by the Group, or one of its subsidiary, is considered as probable, assuming that the tax authorities have full knowledge of all relevant information when making their examination. The Group determines the level, which is the more relevant, to assess a tax risk considering the specific facts and circumstances and the nature of the risk considered.

Other standards

The Group does not apply IFRS standards and interpretations that have not been yet approved by the European Union at the closing date. A number of new standards are effective for annual periods beginning after January 1, 2020 and an earlier application is permitted. The Worldline Group has not early applied those amended standards in preparing these consolidated statements. Worldline Group does not anticipate any significant impact from the implementation of those new standards:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3 – Definition of a business
- IFRS 17 – Insurance Contracts.

Transaction of entities under common control

In order to better reflect the economics of those transactions between entities under common control the Group has elected to account for the assets and liabilities, of acquired companies under common control, at their historical value in the IFRS consolidated account of Worldline. Difference between the purchase price and the net assets is recognized directly in retained earnings.

Accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expense in the financial statements and disclosures of contingent assets and liabilities at the closing date. The estimates, assumptions and judgments that may result in significant adjustments to the carrying amounts of assets and liabilities are essentially related to:

- Goodwill impairment tests (see Note 8);
- Revenue recognition and associated costs on long-term contracts (see Note 3);
- Capitalization of development costs (see Note 8);
- Valuation of asset acquired and liability assumed in a business combination (see Note 1);
- Convertible bond's valuation (see Note 6).

Consolidation methods

Subsidiaries
Subsidiaries are entities controlled directly or indirectly by the Group. Control is defined by the ability to govern the financial and operating policies generally, but not systematically, consolidated with a shareholding of more than 50 percent of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, the power to appoint the majority of the members of the governing bodies and the existence of veto rights are considered when assessing whether the Group controls another entity. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidation from the date on which control ceases.

Associates
Associates are entities over which the Group has significant influence but not control or joint control, generally, but not systematically, accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for by the equity method.

Translation of financial statements denominated in foreign currencies

The balance sheets of companies based outside the euro zone are translated at closing exchange rates. Income statement items are translated based on average exchange rate for the period. Balance sheet and income statement translation adjustments arising from a change in exchange rates are recognized as a separate component of equity under "Translation adjustments".

Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of that foreign entity and translated into euro at the closing date.

The Group does not consolidate any entity operating in a hyperinflationary economy except in Argentina. Argentina is a hyperinflationary Economy since July 1, 2018. As such, Profit & Loss items from Argentinian entity have been restated from inflation in accordance with IAS 29. Correction has been calculated month by month applying inflation since January 1 to end of each month until the end of year. This led to a gross up of Profit and Loss items in pesos. Those flows have been converted at the € vs. pesos rate as end of December 2019. Impact of this restatement on the Group net result is not material.

Translation of transactions denominated in foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement under the heading "Other financial income and expenses", except where hedging accounting is applied.

Operating margin and Operating Margin before Depreciation and Amortization (OMDA)

The underlying operating performance on the Group ongoing business is presented within operating margin, while unusual operating income/expenses are separately itemized and presented below the operating margin, in line with the ANC (Autorité des Normes Comptables) recommendation No. 2013-03 (issued on November 7, 2013) regarding the financial statements presentation.
The Operating Margin before Depreciation and Amortization is based on Operating margin minus items without impact on the cash flows from operations and excluding amortization and depreciation.

Rounding

These consolidated financial statements are presented in euro, which is the Group's functional currency. All figures are presented in € million with one decimal. This may in certain circumstances lead to non-material differences between the sum of the figures and the subtotals that appear in the tables.

The policies set out below have been applied in consistency with all years presented.

A.4.7.3 Notes to the consolidated financial statements

Note 1 Main changes in the scope of consolidation

Accounting policies/principles

Business combination and goodwill

A business combination may involve the purchase of another entity, the purchase of all the net assets of another entity or the purchase of some of the net assets of another entity that together form one or more businesses.

Major services contracts involving staff and asset transfers that enable the Group to develop or significantly improve its competitive position within a business or a geographical sector are accounted for as business combinations when fulfilling the definition of a business under IFRS 3.

Valuation of assets acquired and liabilities assumed of newly acquired subsidiaries

Business combinations are accounted for according to the acquisition method. The consideration transferred in exchange for control of the acquired entity is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

Direct transaction costs related to a business combination are charged to the income statement when incurred and presented as part of the Other Operating Income.

During the first consolidation, all the assets, liabilities and contingent liabilities of the subsidiary acquired are measured at their fair value.

Purchase of non-controlling interests and sale of interests in a controlled subsidiary

Purchase of non-controlling interests and sale transactions of interests in a controlled subsidiary that do not change the status of control are recorded through shareholders' equity (including direct acquisition costs).

If control in a subsidiary is lost, any gain or loss is recognized in net income. Furthermore, if an investment in the entity is retained by the Group, it is re-measured to its fair value and any gain or loss is also recognized in net income.

Exercise of Worldline call option to acquire the 36.4% minority stake and take full ownership of equensWorldline

The exercise, by Worldline, of the call option to acquire the 36.4% remaining minority stakes in equensWorldline constitutes the final step of the equens acquisition initiated in 2016. The call exercise price was c. €1,070 million for the remaining 36.4% stake.

Worldline now owns 100% of EquensWorldline. (Please refer to the consolidated statement of changes in shareholder's equity).

The transaction has been supported by a newly issued BBB/stable investment grade rating received from Standard & Poor's and has been financed by:

- A 7-year € 600 million convertible bond issued on July 25, 2019 (60% conversion premium, zero coupon and yield to maturity of -0.96%); and
- A 5-year € 500 million bond issued on September 11, 2019 (0.25% coupon; 0.35% yield, BBB rating from Standard & Poor's).

Cf note 6.4 Borrowings.

The impacts of the acquisition is presented in the table below:

(In € million)	12 months ended December 31, 2019
Purchase price	**1,070.8**
Acquisition costs net of tax	1.8
Total consideration paid	**1,072.6**
Non controlling interest acquired	**225.9**
Net impact on equity group share	**-846.7**

SIX Payment Services

After Worldline Extraordinary General Meeting that had approved the issuance of new Worldline shares in exchange for the contribution of SIX Payment Services to Worldline and the completion of the regulatory process, the transaction with SIX was finalized on November 30, 2018.
Worldline acquired 100% of SIX Payment Services which is fully consolidated since December 1st, 2018.

Consideration transferred

(in € million)	
Equity instruments (49,066,878 ordinary shares of Worldline SA)	2,308.1
Cash	418.5
Contingent consideration arrangement	99.5
Total Consideration transferred	**2,826.1**

As part of the transaction, Worldline issued 49.1 million new ordinary shares representing 26.9% of the share capital of Worldline, fully paid up. The fair value of the shares issued was measured using the opening market price of Worldline SA's ordinary shares on the acquisition date.

The cash transferred was denominated in Swiss francs (CHF). To hedge potential currency fluctuations, Worldline has set up a foreign currency hedge to partly freeze the exchange rate for the completion of the Contribution.

The contingent consideration arrangement required Worldline to pay the former owner of SIX Payment Services if the conditions based on the Worldline stock price at end of March 2020 are completed. Fair value was estimated using the usual valuation method based on Worldline share price at the acquisition date. The fair value was € 99.5 million at the acquisition date, was reassessed at end of December 2018 to € 117.6 million. Further to the announcement by SIX Group AG of the entry into a collar transaction on Worldline shares, the agreement regarding the Contingent Consideration of CHF 166 million is terminated with no payment to be made by Worldline to SIX Group AG in that respect, in accordance with the agreements between SIX Group AG and Worldline.

Preliminary Goodwill & reconciliation with final Goodwill

(in € million)	Goodwill	
Total consideration transferred 31.12.2018	2,826.1	
Total Consideration	**2,826.1**	*a*
Equity acquired	158.7	
Fair value adjustments net of deferred tax	589.0	
Fair Value of net assets	**747.7**	*b*
Total 31.12.2018 - Preliminary Goodwill	**2,078.5**	*c = a - b*
Price adjustment	**-47.0**	*d*
Opening Balance sheet adjustments	**95.0**	*e*
Final Goodwill	**2,126.5**	*f= c + d + e*

facts and circumstances that existed at the acquisition date and led to adjustments to opening balance sheet.

The final amount has been allocated between Merchant Services and Financial Services Global business Lines (GBL) and also to the Countries (Switzerland, Luxembourg, Germany and Austria), the two indicators chosen for the allocation are the operating margin before depreciation and amortization of 2019 for each organization and the amount of run rate synergies contained in the business plan for each GBL as measuring the value created by the deal.

Note 2 Other significant events of the year

Exceptional distribution in kind by Atos of 23.5% of the shares making up Worldline's share capital in May 2019

During its annual meeting on April 30th, 2019, Atos SE shareholders have approved the exceptional distribution in kind of circa 23.5% of the shares making up Worldline's share capital. Following this distribution, Atos SE retained around 27.3% of Worldline's share capital. The distribution of Worldline shares occurred on May 7th, 2019 and as a result Worldline is no longer fully consolidated within the Atos Group as of that date.

Note 3 Revenue, segment information and trade accounts

Accounting policies/principles

Revenue is recognized if a contract exists between Worldline and its customer. A contract exists if collection of consideration is probable, rights to goods or services and payment terms can be identified, and parties are committed to their obligations. Revenue from contracts with customers is recognized either against a contract asset or receivable, before effective payment occurs.

Multiple arrangements services contracts

The Group may enter into multiple-element arrangements, which may include combinations of different goods or services. Revenue is recognized for each distinct performance obligation which is separately identifiable from other items in the arrangement and if the customer can benefit from it.

When a single contract contains multiple distinct performance obligations, the total transaction price is allocated between the different performance obligations based on their stand-alone selling prices. The stand-alone selling prices including usual discounts granted are determined based on the list prices at which the Group sells the goods or services separately. Otherwise, the Group estimates stand-alone selling prices using a cost-plus margin approach and/or the residual approach.

Principal versus agent

When the Group resells telecommunication embedded and IT services purchased from third-party suppliers, it performs an analysis of the nature of its relationship with its customers to determine if it is acting as principal or as agent in the delivery of the good or service. The Group is a principal if it controls the specified good or service before it is transferred to the customer. In such case, revenue is recognized on a gross basis. If the Group is an agent, revenue is recognized on a net basis (net of suppliers costs), corresponding to any fee or commission to which the Group is entitled. When the Group is providing a significant service of integrating the specified good or service, it is acting as a principal in the process of resale. If the specified good or service is distinct from the other services promised to its customer, the Group is acting as a principal notably if it is primarily responsible for the good or service meeting the customer specifications or assumes inventory or delivery risks.

Revenue generated by acquiring activities is recognized net of interchange fees charged by issuing banks. The Group does not provide a service of integrating the service performed by the issuing bank and is not responsible for the execution of this service. These fees are transferred to the merchant in a pass-through arrangement and are not part of the consideration to which the Group is entitled in exchange for the service it provides to the merchant. In contrast, scheme fees paid to the payment schemes (Visa, MasterCard, Bancontact…) are accounted for in expenses as fulfillment costs and recognized as revenue when invoiced to merchants. The Group provides commercial acquiring services by integrating the services purchased from the payment schemes.

Segmenting versus combining obligations of contracts including build phases

Worldline applies the practical expedient of IFRS 15 and recognize revenue when invoiced as invoicing is phased with delivery to the customer. In some specific contracts, invoicing of the run embeds performance obligation which are not fully phased with the invoicing flow. In that case, revenue allocated to this dedicated performance obligation is recognized as soon as the performance obligation is achieved.

As Worldline is providing stand-alone value to its customers as part of the build phases, build phases will be considered as a separate obligation under IFRS 15 and revenue will be recognized with respect to contract costs.

At a point of time versus over time recognition

Revenue is recognized when the Group transfers the control of a good or service to the customer, either at a point in time or over time.

Revenue from contracts concluded by the Group with customers for the sale of payment terminals is recognized when control of the asset is transferred to the customer, which is generally when the equipment is delivered.

For recurring services, the revenue is recognized over time as the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs. If the Group has a right to invoice a customer at an amount that corresponds directly with its performance to date, the revenue is recognized at that amount. Otherwise, revenue is recognized on a straight-line basis or based on the costs incurred if the entity's efforts are not expensed evenly throughout the period covered by the service.

Revenue from contracts concluded by the Group with customers for the lease of payment terminals is recognized over time.

When the Group builds an asset or provides specific developments, revenue is recognized over time, generally based on costs incurred, when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or when the performance does not create an asset with an alternative use and the Group has an enforceable right to payment for the performance completed to date by the contract and local regulations. Otherwise, revenue is recognized at a point in time.

Contract costs – Costs to obtain and fulfill a contract

Incremental costs to acquire a multi-year service contracts are capitalized and amortized over the life of the contract.

Transition & Transformation costs that do not represent a separate performance obligation of a contract are capitalized as contract costs if they create a resource that will be used to perform other performance obligations embedded in the contract. Other costs incurred to obtain or fulfill a contract are expensed when incurred.

Balance sheet presentation

Contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. When the rights to consideration are unconditional, they are classified as trade receivables.

Contract liabilities relate to upfront payments received from customers in advance of the performance obligation. Capitalized contract costs are presented separately from contract assets.

Certain service arrangements might qualify for treatment as lease contracts under IFRIC 4 if they convey a right to use an asset in return for payments included in the overall contract remuneration. If service arrangements contain a lease, the Group is considered to be the lessor regarding its customers.

Revenue recognition and associated costs on long-term contracts

Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs that have a direct influence on the level of revenue and possible forecast losses on completion that are recognized. A provision for onerous contract is booked if the future costs to fulfill a contract are higher than its related benefits.

Financing component

When Worldline expects the period between customer payment and the transfer of goods and services to be greater than 12 months, it assesses whether the contract is embedding a financing component granted or received. When significant, interests generated by this financing component are booked separately from Revenue.

3.1. Segment information

Accounting policies/principles

According to IFRS 8, reported operating segments profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Group profit or loss. The chief operating decision maker assesses segments profit or loss using a measure of operating profit. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company Chariman & CEO who makes strategic decisions.

The internal management reporting is designed based on Global Business Lines (Merchant Services, Financial Services and Mobility & e-Transactional Services). Global Business Lines have been determined by the Group as key indicators by the Chief operating decision maker. As a result, and for IFRS 8 requirements, the Group discloses Global Business Lines (GBL) as operating segments. Each GBL is managed by a dedicated member of the Executive Committee.

The P&L indicators as well as the assets have been allocated according to these GBL segments. On OMDA, a part of the cost related to Global Structures has not been allocated by GBL. Regarding Group Assets, the shared assets not allocated by GBL primarily relate to shared infrastructure delivering mutualized services to those three GBL.

The geographical scope and the activities covered by each operating segment are as follows:

Operating segments	Business divisions	Geographical areas
Merchant Services	Commercial Acquiring, Terminal Services, Omnichannel Payment Acceptance, Private label Card & Loyalty Services, Digital Retail	Argentina, Austria, Belgium, Brazil, Czech republic, France, Germany, India, Luxembourg, Malaysia, Poland, Spain, Sweden, Switzerland, the Netherlands, the United Kingdom, USA
Financial Services	Issuing Processing, Acquiring Processing, Digital Banking, Account Payments	Austria, Belgium, China, Estonia, Finland, France, Germany, Hong Kong, Indonesia, Italy, Latvia, Lithuania, Luxembourg, Malaysia, Singapore, Spain, Switzerland, Taiwan, the Netherlands and the United Kingdom.
Mobility & e-Transactional Services	Trusted Digitization, e-Ticketing, Contact & consumer cloud, Connected Living & Mobility	Argentina, Austria, Belgium, Chile, China, France, Germany, Spain, the Netherlands and the United Kingdom,

Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

No external customer generates more than 10% of total Group sales.

The operating segment information for the period was the following:

(In € million)	Merchant Services	Financial Services	Mobility & e-transactional services	**Total Group**
12 months ended 31 December 2019				
Revenue by Global Business Lines	**1,119.4**	**918.4**	**343.8**	**2,381.6**
% of Group revenue	47.0%	38.6%	14.4%	100.0%
31 December 2018				
Revenue by Global Business Lines	**624.3**	**777.0**	**319.0**	**1,720.2**
% of Group revenue	36.3%	45.2%	18.5%	100.0%

The "Merchant Services" external revenue is presented net of interchange bank commissions received on behalf credit card companies.

(In € million)	Merchant Services	Financial Services	Mobility & e-transactional services	Global structures	**Total Group**
12 months ended 31 December 2019					
Operating Margin before Depreciation and Amortization (OMDA)*	**265.3**	**307.2**	**53.4**	**-23.7**	**602.1**
% revenue	23.7%	33.4%	15.5%	-1.0%	25.3%
31 December 2018					
Operating Margin before Depreciation and Amortization (OMDA)	**132.3**	**237.1**	**38.8**	**-17.1**	**391.1**
% revenue	21.2%	30.5%	12.2%	-1.0%	22.7%
***Of which IFRS 16 impact**	**19.2**	**15.1**	**6.4**	**0.0**	**40.6**

Operating margin before depreciation and amortization (OMDA) represents the underlying operational performance of the current business and is determined as follows:

(In € million)	**12 months ended 31 December 2019**	**12 months ended 31 December 2018**	**Variation**
Operating margin	**442.6**	**292.9**	**149.7**
+ Depreciation of fixed assets	142.9	94.9	48.0
+ Net book value of assets sold/written off	7.3	4.2	3.2
+/- Net charge/(release) of pension provisions	9.1	4.8	4.3
+/- Net charge/(release) of provisions	0.2	-5.6	5.8
OMDA	**602.1**	**391.1**	**211.0**

The assets detailed above by Global Business Lines are reconciled to total assets as follows:

(In € million)	Merchant Services	Financial Services	Mobility & e-transactional services	Shared (Not allocated) *	**Total Group**
As at December 31, 2019					
Total fixed assets by Global Business Lines	**2,690.3**	**1,646.1**	**100.7**	**70.3**	**4,507.6**
Goodwill	**1,873.0**	**1,215.4**	**26.1**	**0.0**	**3,114.5**
% of Group goodwill	60.1%	39.0%	0.8%	-	100.0%
Other intangible assets	**674.8**	**324.8**	**27.1**	**20.2**	**1,047.1**
Tangible assets	**55.2**	**36.7**	**1.9**	**50.1**	**143.9**
Right-of-Use **	**87.3**	**69.2**	**45.6**	**0.0**	**202.1**

(*) Part of intangible and tangible assets are not directly attributable to one single Global Business Line as they are mutualized assets usable and shared between the three GBL.

(**) Linked to the first application of IFRS 16

(In € million)	Merchant Services	Financial Services	Mobility & e-transactional services	Shared (Not allocated *)	**Total Group**
As at December 31, 2018					
Total fixed assets by Global Business Lines	**2,821.2**	**1,316.0**	**53.8**	**62.6**	**4,253.6**
Goodwill	**2,050.2**	**936.9**	**25.8**	**0.0**	**3,013.0**
% of Group goodwill	68.0%	31.1%	0.9%	-	100.0%
Other intangible assets	**714.7**	**342.7**	**25.8**	**11.4**	**1,094.6**
Tangible assets	**56.3**	**36.4**	**2.2**	**51.2**	**146.0**
Right-of-Use	-	-	-	-	-

(*) Part of intangible and tangible assets are not directly attributable to one single Global Business Line as they are mutualized assets usable and shared between the three GBL.

The geographical segment information for the period was the following:

(In € million)	France	Luxembourg & Netherlands	Belgium	Germany and CEE	Switzerland	North & South Europe	Emerging markets	**Total Group**
12 months ended 31 December 2019								
External revenue by geographical area	**451.4**	**400.8**	**367.8**	**365.8**	**354.3**	**282.3**	**159.3**	**2,381.6**
% of Group revenue	19.0%	16.8%	15.4%	15.4%	14.9%	11.9%	6.7%	100.0%
12 months ended 31 December 2018								
External revenue by geographical area	**396.7**	**210.8**	**356.7**	**274.4**	**29.5**	**285.8**	**166.4**	**1,720.2**
% of Group revenue	23.1%	12.3%	20.7%	16.0%	1.7%	16.6%	9.7%	100.0%

The non-current assets are mainly comprised of goodwill and capitalized development expenses which are non-attributable by geographical area because they are allocated to several areas. The rest is composed of tangible assets which are not significant.

Therefore, it is not relevant to present the non-current assets by geographical area.

3.2. Trade accounts and notes receivables

Accounting policies/principles

Trade accounts and notes receivable

Trade accounts and notes receivable are recorded initially at their fair value and subsequently at their amortized value. The nominal value represents usually the initial fair value for trade accounts and notes receivable. In case of deferred payment over one year, where the effect is significant on fair value, trade accounts and notes receivables are discounted. Where appropriate, a provision is raised on an individual basis to take likely recovery problems into account.

Certain service arrangements might qualify for treatment as lease contracts if they convey a right to use an asset in return for payments included in the overall contract remuneration. If service arrangements contain a lease, the Group is considered to be the lessor regarding its customers. Where the lease transfers the risks and rewards of ownership of the asset to its customers, the Group recognizes assets held under finance lease and presents them as "Trade accounts and notes receivable" for the amount that will be settled within 12 months, and "Non-current financial assets" for the amount to be settled beyond 12 months.

(In € million)	As at December 31, 2019	As at December 31, 2018
Contract assets	172.0	152.8
Trade receivables	252.4	216.4
Expected credit losses allowance	-10.9	-8.1
Net asset value	**413.5**	**361.1**
Contract liabilities	-148.9	-128.7
Net accounts receivable	**264.7**	**232.4**
Number of days sales outstanding (DSO)	**31**	**33**

Net accounts receivable represents 11.1% of total revenue at end of 2019 (13.5% at end of 2018), corresponding to a similar evolution of contract assets and contract liabilities.

For balances outstanding for more than 60 days, the Group considers the need for depreciation on a case-by-case basis through a quarterly review of its balances.

Ageing of past due net receivables

(In € million)	As at December 31, 2019	As at December 31, 2018
0-30 days overdues	21.7	16.4
30-60 days overdues	7.4	10.6
60-90 days overdues	4.3	4.0
Beyond 90 days overdues	15.7	15.0
Total	**49.1**	**46.0**

Note 4 Operating items

4.1 Personnel expenses

(In € million)	12 months ended December 31, 2019	% Revenue	12 months ended December 31, 2018	% Revenue
Wages, salaries & social security charges	-850.5	35.7%	-684.0	39.8%
Tax, training, profit-sharing	-10.7	0.4%	-4.0	0.2%
Net (charge)/release to provisions for staff expenses	0.0	0.0%	0.2	0.0%
Benefits	-9.1	0.4%	-4.8	0.3%
Total	**-870.3**	**36.5%**	**-692.6**	**40.3%**

4.2 Non-personnel operating expenses

Glossary

Subcontracting costs direct

Subcontracting costs consist of the cost for subcontracted services, roughly half of which is typically IT subcontracting, mostly on a time & materials basis. The other half comes from other outsourced services, which mainly include non-IT services such as printing, mailing and other statement preparation activity and ATM services. The level of these expenses in any given period is mainly driven by the number of projects in the project phase, some aspects of which the Group may decide to outsource rather than handle in-house, and customer volumes, which drive costs that are dependent on volume, such as printing, mailing and statement activity.

Scheme fees

Include the fees paid to Visa, MasterCard, Bancontact (Belgium debit card scheme) and other local card schemes as part of the Group's Commercial Acquiring activities.

Capitalized production costs

Operating expenses are reported net of capitalized production costs. Costs of specific application development for clients or technology solutions made available to a group of clients with a useful life of the underlying asset greater than one year are capitalized. Their aggregate amount is offset in the profit and loss statement through this line item.

(In € million)	12 months ended December 31, 2019	% Revenue	12 months ended December 31, 2018	% Revenue
Operating costs	-406.2	-17.1%	-324.2	-18.8%
Subcontracting costs direct	-371.0	-15.6%	-290.4	-16.9%
Scheme fees	-181.4	-7.6%	-65.4	-3.8%
Subtotal expenses	**-958.6**	**-40.3%**	**-680.0**	**-39.5%**
Depreciation of assets	-142.9	-6.0%	-94.9	-5.5%
Net (charge)/release to provisions	-0.2	0.0%	5.3	0.3%
Gains/(Losses) on disposal of assets	-3.8	-0.2%	-4.0	-0.2%
Trade Receivables write-off	-5.4	-0.2%	-4.4	-0.3%
Capitalized Production	42.1	1.8%	43.1	2.5%
Subtotal other expenses	**-110.2**	**-4.6%**	**-54.8**	**-3.2%**
Total	**-1,068.8**	**-44.9%**	**-734.8**	**-42.7%**

The 2019 depreciation of fixed assets includes € 39.1 million of Right-of-use amortization (Cf note 9 Right-of-use assets & lease liabilities).

4.3 Trade payables and note payables

(In € million)	As at December 31, 2019	As at December 31, 2018
Trade payables and note payables	318.4	363.8
Trade payables and note payables	**318.4**	**363.8**
Advance payments	-11.9	-1.6
Prepaid expenses	-50.6	-60.6
Net accounts payable	**255.9**	**301.6**
Number of days payable outstanding (DPO)	**73**	**87**

Trade payables and note payables are expected to be paid within one year.

4.4 Other current assets and other current liabilities

Accounting policies/principles

Currents assets and current Liabilities – presentation rules

Assets and liabilities classified as current are expected to be realized, used or settled during the normal cycle of operations, which can extend beyond 12 months following period-end. All other assets and liabilities are classified as non-current. Current assets and liabilities, excluding the current portion of borrowings, financial receivables and provisions represent the Group’s working capital requirement.

Inventory

Inventory recognized under “Other current assets”, which mainly consists in payment Terminals, are assessed at the lower cost or net realizable value. The net realizable value is the estimated selling price in the normal course of business, less estimated costs deemed necessary to sell. Inventory cost is determined according to the weighted average method and include the acquisition costs and incidental expenses.

Other current assets

(In € million)		As at December 31, 2019	As at December 31, 2018
Inventories		41.2	35.0
State - VAT receivables		22.8	43.9
Prepaid expenses	Note 4.3	50.6	60.6
Other receivables & current assets		115.8	43.2
Advance payment	Note 4.3	11.9	1.6
Total		**242.3**	**184.2**

Other receivables include € 46.3 million with SIX related to post-closing adjustments of SIX Payment Services acquisition.

Other current liabilities

(In € million)	As at December 31, 2019	As at December 31, 2018
Contract liability	148.9	128.7
Employee-related liabilities	106.6	99.2
Social security and other employee welfare liabilities	48.9	46.2
VAT payable	59.6	61.1
Other operating liabilities	75.4	52.6
Total	**439.4**	**387.8**

Other current liabilities are expected to be settled within one year, except for contract liability that is released over the particular arrangement of the corresponding contract.

4.5 Intermediation activities

Accounting policies/principles

Acquiring is part of the business of Worldline consisting in contracting with merchants for payment card acceptance. The key role of an acquirer is to transfer to the merchant's bank account the funds received in a card transaction from the cardholder's issuing bank.

Through this intermediation activity, Worldline and its affiliates are facing cash fluctuations due to the lag that may exist between the payment to the merchants and the receipt of the funds from the payment schemes (Visa, MasterCard or other schemes). Payment Schemes also define interchange fees that apply except if there is a bilateral agreement between the Acquirer and the Issuer. Worldline has no such bilateral agreement with the Issuers. Interchange fees are consequently completely driven by the rates defined by the card issuing banks.

The Group isolated in dedicated lines assets and current liabilities related to its intermediation activities (including interchange fees)

(In € million)	As at December 31, 2019	As at December 31, 2018
Receivables linked to intermediation activities	789.7	786.4
Funds related to intermediation activities	263.7	365.1
Total assets linked to intermediation activities	**1,053.4**	**1,151.4**
Payables linked to intermediation activities	1,053.4	1,151.4
Total liabilities linked to intermediation activities	**1,053.4**	**1,151.4**

Note 5 Other operating income and expenses

Accounting policies/principles

"Other operating income and expenses" covers income or expense items that are unusual and infrequent. They are presented below the operating margin.

Classification of charges to (or release from) restructuring and rationalization and associated costs provisions in the income statement depends on the nature of the plan:
- Plans directly in relation with operations are classified within the "Operating margin";
- Plans related to business combinations or qualified as unusual, abnormal and infrequent are classified in the "Other operating expenses";
- If a restructuring plan qualifies for "Other operating expenses", the related real estate rationalization & associated costs expenses regarding premises and buildings is also presented in "Other operating expenses".

"Other operating income and expenses" also include major litigations, and capital gains and losses on the disposal of tangible and intangible assets, significant impairment losses on assets other than financial assets, the amortization of the Customer Relationships, the cost of equity based compensation plans or any other item that is infrequent and unusual.

Equity-based compensation

Stocks options and performance shares are granted to management and certain employees at regular intervals. These equity-based compensations are measured at fair value at the grant date using the Black and Scholes option-pricing model. Changes in the fair value of options – taking into account assumptions such as personnel turnover and fulfillment of performance conditions – after the grant date have no impact on the initial valuation. The fair value of the instrument is recognized in "Other Operating Income", on a straight-line basis over the period during which those rights vest, using the straight-line method, with the offsetting credit recognized directly in equity.

Employee Share Purchase Plans offer employees the opportunity to invest in Group's shares at a discounted price. Shares are subject to a lock-up period restriction. Fair values of such plans are measured taking into account:
- The exercise price based on the average opening share prices quoted over the 20 trading days preceding the date of grant;
- The percent discount granted to employees;
- The number of free shares granted linked to the individual subscriptions
- The consideration of a lock-up restriction to the extent it affects the price that a knowledgeable, willing market participant would pay for that share; and
- The grant date: date on which the plan and its term and conditions, including the exercise price, is announced to employees.

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018
Staff reorganization	-3.8	-3.6
Rationalization and associated costs	-3.3	-3.9
Integration and acquisition costs	-39.6	-39.8
Equity based compensation & associated costs	-19.9	-16.2
Customer relationships and patents amortization	-75.9	-20.9
Other items	-5.7	-2.5
Total	**-148.3**	**-86.9**

Staff reorganization expenses of € 3.8 million increased by € 0.2 million compared to last year and correspond mainly to the restructuring costs induced by the recent acquisitions.

The € 3.3 million of **rationalization and associated costs** resulted mainly from costs linked to the acceleration of the TEAM² program, including administrative back office transformation. Those costs have decreased by € 0.6 million compared to 2018.

Integration and acquisition costs reached € 39.6 million which represents a decrease of € 0.2 million compared to the prior period. SIX Payment Services integration costs represent a large part of this amount.

The 2019 **customer relationships amortization** of € 75.9 million corresponds mainly to:

- € 59.0 million of SIX Payment Services customer relationships, technologies and patents
- € 10.0 million of Equens and Paysquare customer relationships;
- € 2.3 million of MRL Posnet customer relationships and technologies;
- € 2.2 million of Cataps (KB Smartpay) customer relationships.

Equity-based compensation

The € 19.9 million expenses recorded within "Others Operation Income" for equity-based compensation (€ 16.2 million in 2018) is mainly related to 2016, 2017, 2018 & 2019 free share plans, the 2018 & 2019 stock option plans, previous Atos free share plans and some social charges linked to those plans.

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018
Free share plans Worldline	12.8	14.9
Stock option plans	0.8	0.4
Employee share purchase plans	0.4	
Others	5.9	0.9
Total	**19.9**	**16.2**

Performance share plans

Rules governing the performance shares plans are as follows:

- To receive the share, the grantee must generally be an employee or a corporate officer of the Group or a company employee related to Worldline at the time of grant and vesting;
- Vesting is also conditional on both the continued employment condition and the achievement of performance criteria, financial and non-financial;
- The financial performance criteria relates to the following indicators:
  - Group Organic Revenue Growth; and,
  - Group Operating Margin before Depreciation and Amortization (OMDA), and
  - Group Free Cash Flow before acquisition/disposal and variation of equity and dividends (FCF).
- The vesting period varies according to the plans rules but never exceeds 3.5 years;
- For the 2016 and 2017 Performance Shares Plans, the number of shares to be delivered is subject to a multiplier varying from 85% to 115% according to an under/over performance;
- For the 2018 and 2019 Performance Shares Plans, the number of shares to be delivered is subject to the achievement of internal and external performance conditions. In the situation where one of the internal performance criteria would not be met during the course of the last year of the plan, the latter would be considered as achieved if it reaches at least 85% of the target; however the vesting of performance shares will be lowered to 75% of the initially granted aggregate number;
- The lock-up period is 0 to 1 year;
- Performance shares plans give the right to issue Worldline shares.

The Group has implemented two new performance shares plans in 2019, one on January 2, 2019 and one on July 24, 2019.

The plans impacting the 2019 charge for € 12.8 million are detailed as follows:

Grant Date	July 25, 2016 French plan	July 25, 2016 Foreign plan	January 2, 2017	July 24, 2017	July 21, 2018	January 2, 2019	July 24, 2019
Number of shares granted	229,250	133,000	229,500	441,000	336,685	93,700	326,965
Share price at grant date (€)	26.87	26.87	26.78	33.24	51.10	41.62	65.65
Vesting Date(s)	July 25, 2018	July 25, 2019	February 1, 2019 September 1, 2019 April 1, 2019	July 24, 2020	July 20, 2021	March 31, 2022	July 24, 2022
Expected Life	2 years	3 years	2.0 / 2.65 / 3.25 years	3 years	3 years	3 years	3 years
Lock-up period	1 year	-	-	-	-	-	-
Risk free interest rate	-0.047%	-	-	-	-	-	-
Borrowing-lending spread	4.0%	-	-	-	-	-	-
Expected dividend yield	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Fair value of shares granted (in €)	**26.28**	**25.99**	**26.17/26.00/25.84**	**32.16**	**49.44**	**40.16**	**63.52**
Expense recognized in 2019 (in € million)	**0.7**		**0.8**	**4.8**	**4.5**	**0.7**	**1.4**

Stock option plans

Rules governing the stock options plans are as follows:

- To exercise the option, the grantee must generally be an employee or corporate officer of the Group or a company employee related to Worldline at the time of grant and vesting;
- Vesting is conditional on the achievement of performance criteria, financial and non-financial;
- The financial performance criteria are the following:
- Group Organic Revenue Growth; and,
- Group Operating Margin before Depreciation and Amortization (OMDA), and
- Group Free Cash Flow before acquisition/disposal and variation of equity and dividends (FCF).
- The vesting period varies according to the plans rules but never exceeds 3.5 years;
- The option expiration date never exceeds 10 years after the grant date;
- The exercise of the option is equity-settled.

The Group recognized a total expense of € 0.8 million on stock options detailed as follows:

Grant Date	2019 Expense (in € million)	Number of options initially granted	Vesting Date	Number of options vested
May 25, 2016		196,000	May 25, 2018	179,000
August 16, 2016		45,000	May 25, 2018	45,000
July 21, 2018	0.6	262,000	July 20, 2021	-
January 2, 2019	0.2	130,550	March 31, 2022	-
July 24, 2019	0.1	98,600	July 24, 2022	-
Total	**0.8**	**732,150**		

The characteristics of each current stock option plans are detailed as follows:

Grant Date	July 21, 2018	January 2, 2019	July 24, 2019
Number of options granted	262,000	130,550	98,600
Share price at grant date (€)	51.1	41.6	65.7
Strike price (€)	52.9	46.7	66.8
Vesting date	July 20, 2021	March 31, 2022	July 24, 2022
Expected volatility	21%	25%	26%
Expected maturity of the plan	5 years	5 years	5 years
Risk free interest rate	0.019%	-0.003%	-0.158%
Expected dividend yield	1.10%	1.10%	1.10%
Fair value of options granted (€)	**7.3**	**6.2**	**12.4**
Expense recognized in 2019 (in € million)	**0.6**	**0.2**	**0.1**

The change of outstanding share options for Worldline SA during the period was as the following:

	12 months ended 31 December 2019		12 months ended 31 December 2018	
	Number of shares	**Weighted average strike price (in €)**	**Number of shares**	**Weighted average strike price (in €)**
Outstanding at the beginning of the year	**2,125,477**	**24.8**	**2,270,174**	**21.2**
Granted during the year	229,150	55.3	262,000	52.9
Forfeited during the year	0	0.0	-14,500	26.8
Exercised during the year	-408,916	21.1	-392,197	22.4
Outstanding at the end of the year	**1,945,711**	**29.4**	**2,125,477**	**24.8**
Exercisable at the end of the year, below year-end stock price (*)	**1,454,561**	**21.1**	**1,863,477**	**20.9**

** Year-End stock price: €63,45 at December 31, 2019 and €42,20 at December 2018*

Note 6 Financial items

6.1 Net Financial Result

Net financial income amounted to € 121.7 million for the period (compared to an expense of € 20.4 million in 2018) and was made up of:

- A net cost of financial debt of € 5.5 million (€ 0.8 million in 2018); and
- A non-operational financial income of € 127.2 million (€-19.6 million in 2018)

Net cost of financial debt of € 5.5 million is made up of:

- € 6.3 million of cost of gross debt of the Group's subsidiaries representing an average interest rate of 0.6%. Those costs include interest linked to convertible bonds for € 2.6 million and bond for € 0.6 million;
- € 0.8 million of remuneration of gross cash of the Group's subsidiaries representing an average interest rate of 0.1%.

The non-operational financial income was mainly composed of:

- The cancelation of contingent liability linked to the acquisition of SIX Payment Services representing an income of € 117.6 million (cf. Note 1 Main changes in the scope of consolidation);
- The recognition in the consolidated income statement of the variation of the fair value of the Visa preferred shares for a profit of € 24.2 million;
- Foreign exchange losses for € 9.7 million;
- IFRS 16 impacts for an expense of € 3.6 million; and
- Pension financial costs for € 2.3 million. The pension financial costs represent the difference between interest costs on defined benefit obligations and the interest income on plan assets for plans which are funded (cf. Note 10 "Pensions and similar benefits").

6.2 Cash and cash equivalents

Accounting policies/principles

Cash and cash equivalents include cash at bank and financial instruments such as money market securities. Such financial instruments are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. They are held for the purpose of meeting short-term cash commitments and have a short maturity, in general three months or less from the date of acquisition. Some instruments, such as term deposits, that have at inception a longer maturity but provide for early withdrawal and a capital guarantee may also be classified as cash equivalents under certain circumstances. Money market securities are recognized at their fair value. Changes in fair value are recorded in the income statement under "Other financial income and expenses".

Cash and cash equivalents are measured at their fair value through profit and loss.

For entities having subscribed to the Group cash pooling agreement, the cash/debt balance sheet positions which are linked to this agreement are mutualized and only the net position is presented in the consolidated balance sheet, it is a notional cash pool.

The cash and cash equivalents are held with bank and financial institutions counterparties, majority of which are rated A- to AA-. Impairment on cash and cash equivalent is calculated based on S&P default probability.

(In € million)	As at December 31, 2019	As at December 31, 2018
Cash and cash equivalents	499.8	214.8
Current accounts with Atos entities - Assets	0.0	-2.6
Money market funds	0.8	0.5
Total cash and cash equivalents	**500.6**	**212.8**
Overdrafts	-24.5	-98.4
Current accounts with Atos entities - Liabilities	0.0	-19.2
Total overdrafts and equivalents	**-24.5**	**-117.6**
Total net cash and cash equivalents	**476.0**	**95.2**

6.3 Non current financial Assets

Accounting policies/principles

Investments in non-consolidated companies

The Group holds shares in companies without exercising significant influence or control. Investments in non-consolidated companies are treated as recognized at their fair value. For listed shares, fair value corresponds to the share price at the closing date.

Visa preferred shares

Under IFRS 9, the analysis applied is the approach for debt instrument. The accounting treatment of debt instruments is determined by the business model of the financial instrument and the contractual characteristics of the incoming cash flows of the financial instruments. The understanding is that Visa's Convertible preferred stock does not pass the SPPI (Solely Payment of Principal and Interests) test because the cash flows generated by those stock include an indexation to the value of the Visa shares, and such equity indexation gives rise to a variability that do not solely represent a payment of principal and interests. In this situation, the accounting treatment of the debt instruments is fair value through P&L.

(In € million)		As at December 31, 2019	As at December 31, 2018
Pension prepayments	Note 10	16.4	8.9
Fair value of non-consolidated investments		76.6	78.1
Investments in associates		4.5	2.9
Other (*)		4.6	22.1
Total		**102.1**	**112.0**

(*) "Other" include loans, deposits and guarantees.

Fair value variation of non-consolidated investments is mainly linked to:

- The Visa preferred shares for € 24.2 million;
- The Twint shares depreciation for € -26.5 million.

The decrease in other is mainly due to the deferred payment related to the disposal of Visa Europe share formerly owned by Worldline that had been paid during the 2019 first semester.

Investments in associates relates to the investment in In-touch.

6.4 Borrowings

Accounting policies/principles

Borrowings

Borrowings are recognized initially at fair value, net of directly attributable debt issuance costs. Borrowings are subsequently measured at amortized cost. The calculation of the effective interest rate takes into account interest payments and the amortization of the debt issuance costs.

Debt issuance costs are amortized in financial expenses over the life of the loan through the use of amortized method with the effective interest method. The residual value of issuance costs for loans derecognized is fully expensed as soon as it is probable that the loan maturity is reduced, with respect to the intention to exercise the anticipated refund clause.

Bank overdrafts are recorded in the current portion of borrowings.

(In € million)	As at December 31, 2019			As at December 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
Finance leases				0.6	2.7	3.3
Overdrafts	24.5		24.5	98.4	-	98.4
Current accounts with Atos entities				19.2	-	19.2
Other borrowings	63.1		63.1	9.3	117.6	126.9
Convertible bonds		557.4	557.4			
Bonds		496.7	496.7			
Total borrowings	**87.7**	**1,054.2**	**1,141.8**	**127.5**	**120.3**	**247.8**

Current accounts with a short-term maturity – less than one month – have no remuneration.

The decrease of “Other current Borrowings” is due to the cancellation of the contingent liability recognized for the SIX Payment Services transaction (*cf.* Note 1 Main changes in the scope of consolidation). Balance at the end of 2019 is linked to commercial papers.

Borrowings in currencies

(In € million)	CHF	EUR	SGD	Other currencies	Total
December 31, 2019	-	1,141.8	-	-	**1,141.8**
December 31, 2018	202.3	33.3	8.8	3.5	**247.8**

Non-current borrowings maturity

(In € million)	2021	2022	2023	2024	>2024	Total
Convertible bonds	-	-	-	-	557.4	557.4
Bonds	-	-	-	496.7	-	496.7
As at December 31st, 2019 long-term debt	**-**	**-**	**-**	**496.7**	**557.4**	**1,054.2**

(In € million)	2020	2021	2022	2023	>2023	Total
Finance leases	0.6	0.6	0.6	0.4	0.5	2.7
Other borrowings	117.6	-	-	-	-	117.6
As at December 31st, 2018 long-term debt	**118.2**	**0.6**	**0.6**	**0.4**	**0.5**	**120.3**

Convertible bonds issuance

On July 30, 2019 the Group completed a new issue of convertible bonds, which are convertible into and/or exchangeable for new or existing Worldline shares, maturing on July 30, 2026. The par value of the bond was €600 million, or 5,813,953 bonds with a nominal value of €103.20 each. This convertible 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 convertible bonds' issue date, July 30, 2019. 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 convertible bonds is a zero-coupon bond. The average market rate for a bond of equivalent maturity at issuance would have been 0.9%. The fair value of the liability component was €554.8 million upon issuance and the fair value of the equity component amounted to €82.0 million, after deduction of the issuer's call option and issuance costs (€5.2 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 1.13%. At December 31, 2019, the conversion rate was 1 bond for one share.

Convertible bonds	
Settlement date :	30.07.2019
Maturity date	30.07.2026
Issue size :	600 M€
Issue price :	107%
Redemption price	100%
Number of bonds :	5,813,953
Coupon (in %) :	0%
Nominal value per bond :	103.20 €
Issue price :	110.424 €
Initial conversion / exchange ratio :	One share per bond
Gross proceeds :	642 M€

Bond issuance

On September 18, 2019, the Group issued a bond maturing on September 18, 2024. The par value of the bond was €500 million, or 5,000 bonds with a nominal value of €100,000 each. The bonds carry an annual coupon of 0.25%. The debt was recognized at amortized cost. Issuance costs are amortized in profit or loss over the life of the bond.

Bond	
Settlement date :	18.09.2019
Maturity date	18.09.2024
Issue size :	500 M€
Issue price (in%) :	99.5%
Redemption price	100%
Number of bonds :	5,000
Coupon (in%) :	0.25%
Nominal value per bond :	100,000 €
Issue price :	99,500 €
Gross proceeds :	497.5 M€

Comparison between carrying value and fair value of borrowings are presented below:

(In € million)	Carrying value	Fair value	Effective interest rate
Convertible bonds (*)	557.4	655.6	1.13%
Straight bond	496.7	497.4	0.41%
Total borrowings	**1,054.2**	**1,153.0**	

(*) Fair value of the convertible bond includes both the liability component and the equity component.

Change in net cash/(debt) over the period

(In € million)	As at December 31, 2019	As at December 31, 2018
Opening net cash/(debt)	**-35.0**	**309.1**
New borrowings: convertibles bonds & bonds	-1,050.9	-0.6
Other borrowings	-63.0	
Contingent liability	117.6	-117.6
Repayment of long and medium-term borrowings	9.2	15.8
Variance in net cash and cash equivalents	378.8	-236.7
New finance leases		-2.4
Impact of exchange rate fluctuations on net long and medium-term debt	2.1	-2.4
Closing net cash/(debt)	**-641.3**	**-35.0**

Net Cash/(debt)

(In € million)	As at December 31, 2019	As at December 31, 2018
Cash and cash equivalents	500.6	212.8
Borrowings	-1,054.2	-120.3
Current portion of borrowings	-87.7	-127.5
Total	**-641.3**	**-35.0**

Note 7 Income tax

Accounting policies/principles

Current and deferred taxes

The income tax charge includes current and deferred tax expenses. Deferred tax is calculated wherever temporary differences occur between the tax base and the consolidated base of assets and liabilities, using the liability method. The deferred tax is valued using the enacted tax rate at the closing date that will be in force when the temporary differences reverse.

In case of change in tax rate, the deferred tax assets and liabilities are adjusted counterpart the income statement except if those change related to items recognized in other comprehensive income or in equity.

The deferred tax assets and liabilities are netted off at the taxable entity, when there is a legal right to offset. Deferred tax assets corresponding to temporary differences and tax losses carried over forward are recognized when they are considered to be recoverable during their validity period, based on historical and forecast information.

Deferred tax liabilities for taxable temporary differences relating to goodwill are recognized, to the extent they do not arise from the initial recognition of goodwill.

Deferred tax assets are tested for impairment at least annually at the closing date, based on December actuals, business plans and impairment test data.

Measurement of recognized tax loss carry-forwards

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that taxable profit will be available against which the tax loss carry-forwards can be utilized. Estimates of taxable profits and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the 3-year business plans (other durations may apply due to local specificities).

IFRIC 23

The Group applied IFRIC 23 on the accounting for income taxe when there is uncertainty over tax treatments by using the retrospective approach. The Group reviewed its income tax treatment and concluded that no material impact was to be considered, so no adjustment on retained earnings were made.   . A liability is recognized in the consolidated statement of financial position when a tax risk arising from positions taken by the Group, or one of its subsidiary, is considered as probable, assuming that the tax authorities have full knowledge of all relevant information when making their examination.

7.1 Current and deferred taxes

(In € million)	**12 months ended December 31, 2019**	**12 months ended December 31, 2018**
Current taxes	-87.4	-56.0
Deferred taxes	12.4	10.7
Total	**-75.0**	**-45.3**

7.2 Effective tax rate

The difference between the French standard tax rate and the Group Effective tax rate is explained as follows:

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018
Profit before tax	416.0	185.5
French standard tax rate	34.4%	34.4%
Theoretical tax charge at French standard rate	**-143.2**	**-63.9**
Impact of permanent differences	52.6	11.0
Differences in foreign tax rates	30.2	17.6
Movement on recognition of deferred tax assets	-2.0	-6.4
Equity-based compensation	-4.6	-3.4
Change in deferred tax rates	5.4	0.8
Withholding taxes	-1.8	-1.2
CVAE net of tax	-3.5	-3.0
French Tax credit	0.7	1.9
Other	-8.7	1.3
Group tax expense	**-75.0**	**-45.3**
Effective tax rate	**18.0%**	**24.4%**

7.3 Deferred taxes

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018
Deferred tax assets	26.5	51.5
Deferred tax liabilities	206.5	191.7
Net deferred tax	**-180.0**	**-140.2**

7.4 Breakdown of deferred tax assets and liabilities by nature

(In € million)	Tax losses carry forward	Intangible assets recognized as part of PPA	Fixed assets	Pensions	Other	Total
As at December 31, 2017	**24.8**	**-33.0**	**-54.9**	**31.7**	**26.5**	**-5.0**
Charge to profit or loss for the year	8.2	5.6	2.5	2.8	-8.5	10.6
Change of scope	0.6	-161.3	-1.7	1.0	11.3	-150.1
Charge to equity	0.0	0.0	-0.1	2.3	1.5	3.8
Reclassification	0.0	-0.2	4.3	0.0	-3.0	1.2
Exchange differences	-0.1	0.6	-0.4	0.0	-1.1	-0.8
As at December 31, 2018	**33.6**	**-188.2**	**-50.2**	**37.8**	**26.8**	**-140.2**
Charge to profit or loss for the year	-2.4	9.6	-1.1	2.0	4.3	12.4
Change of scope	0.0	-13.8	0.0	-3.6	-13.9	-31.3
Charge to equity	0.0	0.0	0.0	4.1	-19.7	-15.6
Reclassification	-6.7	-3.7	5.3	-0.2	5.3	0.0
Exchange differences	0.0	-3.8	0.0	-0.6	-0.8	-5.2
As at December 31, 2019	**24.5**	**-199.9**	**-46.0**	**39.5**	**2.0**	**-180.0**

7.5 Tax losses carry forward schedule (basis)

(In € million)	12 months ended December 31, 2019			12 months ended 31 December 2018		
	Recognized	**Unrecognized**	**Total**	**Recognized**	**Unrecognized**	**Total**
2021	0.0	8.7	8.7	0.3	8.9	9.2
2022	0.0	0.0	-	-	-	-
Tax losses available for carry forward for 5 years and more	10.3	3.3	13.6	0.0	0.9	0.9
Ordinary tax losses carry forward	**10.3**	**12.0**	**22.3**	**0.3**	**9.8**	**10.1**
Evergreen tax losses carry forward	**86.7**	**112.0**	**198.7**	**116.4**	**84.3**	**200.7**
Total tax losses carry forward	**97.0**	**124.0**	**221.0**	**116.7**	**94.1**	**210.8**

Countries with the largest tax losses available for carry forward were Luxembourg (€ 92.2 million), France (€ 82.6 million), Spain (€ 16.7 million), Germany (€ 12.2 million) and Poland (€ 12.0 million).

7.6 Deferred tax assets not recognized by the Group

(In € million)	12 months ended December 31, 2019	12 months ended December 31, 2018
Tax losses carry forward	31.8	25.3
Temporary differences	20.4	24.0
Total	**52.2**	**49.3**

Note 8 Goodwill and fixed assets

8.1 Goodwill

Accounting policies/principles

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, of the amount of any non-controlling interests in the acquiree and of the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill is allocated to Cash Generating Units (CGU) for the purpose of impairment testing. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. CGUs correspond to Global Business Lines defined by IFRS 8.

The recoverable value of a CGU is based on the higher of its fair value less costs to sell and its value in use determined using the discounted cash-flows method. When this value is less than its carrying amount, an impairment loss is recognized in the operating income.

The impairment loss is first recorded as an adjustment of the carrying amount of the goodwill allocated to the CGU and remainder of the loss, if any, is allocated pro rata to the other long-term asset of the unit.
Goodwill is not amortized and is subject to an impairment test performed at least annually by comparing its carrying amount to its recoverable amount at the closing date based on December actuals and latest 3-year plan, or more often whenever events or circumstances indicate that the carrying amount could not be recoverable.
Such events and circumstances include but are not limited to:

- Significant deviance of economic performance of the asset when compared with budget;
- Significant worsening of the asset's economic environment;
- Loss of a major client;
- Significant increase in interest rates.

Impairment tests :

The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policies. The recoverable amounts of Cash Generating Units are determined based on value-in-use calculations or on their fair value reduced by the costs of sales. These calculations require the use of estimates.

(In € million)	As at December 31, 2018	Disposals Depreciations	Impact of business combination	Exchange rate fluctuations	As at December 31, 2019
Gross value	3,013.6		47.9	53.5	**3,115.1**
Impairment loss	-0.6				**-0.6**
Carrying amount	**3,013.0**	**-**	**47.9**	**53.5**	**3,114.5**

(In € million)	As at December 31, 2017	Disposals Deprecia-tions	Impact of business combi-nation	Exchange rate fluctuations	As at December 31, 2018
Gross value	934.4		2,087.4	-8.2	**3,013.6**
Impairment loss	-0.6				**-0.6**
Carrying amount	**933.8**		**2,087.4**	**-8.2**	**3,013.0**

As of December 31, 2019, goodwill mainly corresponds to:

- € 2,178.4 million related to acquisitions of SIX Payment Services (see Note 1 for more details);
- € 437.9 million related to acquisitions of Equens/Paysquare and Cataps;
- € 243.3 million related to Banksys acquisition;
- € 50.2 million related to the acquisition of MRL Posnet;
- € 41.3 million related to the acquisition of First Data Baltics;
- € 33.2 million related to the acquisition of Digital River World Payment.

Goodwill is allocated to Cash Generating Units (CGUs) which correspond to the three operating segments disclosed in Note 3.1 "Segment information".

(In € million)	As at December 31, 2019	As at December 31, 2018
Merchant Services	1,873.0	2,050.2
Financial Services	1,215.4	936.9
Mobility & e-transactional services	26.1	25.8
Total	**3,114.5**	**3,013.0**

The recoverable amount of a CGU is based on the following assumptions:

- Terminal value is calculated after the three-year period, using an estimated perpetuity growth rate of 2.5%. This rate reflects specific perspectives of the payment sector, and;
- Discount rates are applied by CGU based on the Group's weighted average cost of capital and adjusted to take into account specific tax rates. The Group considers that the weighted average cost of capital should be determined based on a historical equity risk premium of 9.3%, in order to reflect the long-term assumptions factored in the impairment tests.

The discount rate of 7.5% is used for all the CGUs (Merchant Services, Financial Services and Mobility & e-Transactional Services).

On the basis of impairment tests carried at year end, no loss of value has been identified as at December 31, 2019.

A varying plus or minus 50 basis points of the key parameters (operating margin, discount rates and perpetual growth rate) did not reveal the existence of any risk on the Group's CGUs.

8.2 Intangible assets

Accounting policies/principles

Intangible assets other than goodwill consist primarily of software and user rights acquired directly by the Group, internally developed IT solutions as well as software and customer relationships and technologies acquired in relation with a business combination.

To assess whether an internally generated intangible asset meets the criteria for recognition, the Group classifies the generation of the asset into a research phase and a development phase. Under IAS 38, no intangible asset arising from research (or from the research phase of an internal project) shall be recognized. Such expenditure is therefore recognized as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) shall be recognized if, and only if, an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and to use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and;
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenses correspond to assets developed for the own use of the Group, to specific implementation projects for some customers or innovative technical solutions made available to a group of customers. These projects are subject to a case-by-case analysis to ensure they meet the appropriate criteria for capitalization. Are capitalized as development costs only those directly attributable to create produce and prepare the asset to be capable of operating in the manner intended by management.

Capitalized development expenditure is accounted for at cost less accumulated depreciation and any impairment losses. It is amortized on a straight-line basis over a useful life between 3 and 12 years, for which two categories can be identified:

- For internal software development with fast technology serving activities with shorter business cycle and contract duration, the period of amortization will be between 3 and 7 years ;
- For internal software development with slow technology obsolescence serving activities with long business cycle and contract duration, the period of amortization will be between 5 and 12 years with a standard scenario at 7 years. It is typically the case for large mutualized payment platforms.

An intangible asset related to the customer relationships and backlog brought during a business combination is recognized as customer relationships. The value of this asset is based on assumptions of renewal conditions of contract and on the discounted flows of these contracts. This asset is amortized on an estimation of its average life.

The value of the developed technology acquired is derived from an income approach based on the relief from royalty method. This method relies on (i) assumptions on the obsolescence curve of the technology and (ii) the theoretical royalty rate applicable to similar technologies, to determine the discounted cash flows expected to be generated by this technology over their expected remaining useful life. The developed technology is amortized on an estimation of its average life. The cost approach may also be implemented as a secondary approach to derive an indicative value for consistency purposes. This method relies on assumptions of the costs that should be engaged to reproduce a similar new item having the nearest equivalent utility as the asset being valued. On the contrary, if technology is believed to be the most important driver for the business, an Excess Earning method could also be implemented.

Intangible assets are amortized on a straight-line basis over their expected useful life, for internally developed IT solutions in operating margin. Customer relationships, patents, technologies and trademarks acquired as part of a business combination are amortized on a straight-line basis over their expected useful life, generally not exceeding 19 years; any related depreciation is recorded in other operating expenses.

Impairment of assets other than goodwill

At the end of each reporting period of the financial information, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. This is also applied to R&D costs capitalized.

If it is not possible to assess the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If a reasonable and consistent method of allocation can be identified, corporate assets are also allocated to cash-generating units individually; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation method can be determined.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the estimated recoverable amount (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

(In € million)	Software & Licenses	Customer Relationships/Patent	Other assets	Total
Gross value				
At January 1st, 2019	**767.9**	**608.5**	**23.2**	**1,399.6**
Additions	24.6	0.5	0.0	25.2
R&D capitalized	42.1			42.1
Impact of business combination	-16.83	7.23	7.48	-2.11
Disposals	-23.19	-0.88	-0.05	-24.13
Exchange differences	3.9	11.0	9.1	24.0
At December 31th, 2019	**798.6**	**626.3**	**39.7**	**1,464.7**
Accumulated depreciation				
At January 1st, 2019	**-217.8**	**-66.7**	**-20.7**	**-305.2**
Depreciation charge for the year	-53.3	-75.9		-129.3
Impact of business combination	14.0	-6.6	-7.4	0.0
Disposals/reversals	21.3	0.9		22.2
Exchange differences	-3.4	-0.5	-1.3	-5.2
At December 31th, 2019	**-239.3**	**-148.8**	**-29.4**	**-417.5**
Net value				
At January 1st, 2019	**550.0**	**541.8**	**2.5**	**1,094.3**
At December 31th, 2019	**559.3**	**477.5**	**10.3**	**1,047.1**

(In € million)	Software & Licenses	Customer Relation-ships/ Patent	Other assets	Total
Gross value				
As at January 1st, 2018	**377.5**	**192.8**	**24.1**	**594.3**
Additions	10.9		0.8	11.7
R&D capitalized	43.1			43.1
Impact of business combination	339.8	417.9		757.7
Disposals	-5.9			-5.9
Exchange differences	-0.8	-2.2	-0.7	-3.7
Other	3.2		-0.9	2.4
As at December 31, 2018	**767.9**	**608.5**	**23.2**	**1,399.6**
Accumulated depreciation				
As at January 1st, 2018	**-175.1**	**-45.7**	**-21.0**	**-241.7**
Depreciation charge for the year	-49.1	-21.0		-70.1
Disposals/reversals	5.5			5.5
Exchange differences	0.6		0.3	0.8
Other	0.2		0.0	0.2
As at December 31, 2018	**-217.8**	**-66.7**	**-20.7**	**-305.2**
Net value				
As at January 1st, 2018	**202.4**	**147.1**	**3.1**	**352.6**
As at December 31, 2018	**550.0**	**541.8**	**2.5**	**1,094.3**

Development capitalized cost is related to the modernization of proprietary technological platforms for € 42.1 million. At December 31, 2019, the net book value of those capitalized projects amounted to € 185.3 million.

8.3 Tangible assets

Accounting policies/principles

Tangible assets are recorded at acquisition cost. They are depreciated on a straight-line basis over the following expected useful lives:

- Buildings : 20 years;
- Fixtures and fittings : 5 to 20 years;
- Computer hardware : 3 to 5 years;
- Vehicles : 4 years;
- Office furniture and equipment: 5 to 10 years.

(In € million)	Land and buildings	IT equipments	Other assets	Total
Gross value				
As at January 1st, 2019	**62.8**	**277.4**	**38.9**	**379.0**
Additions	5.7	51.6	2.4	59.7
Impact of business combination	0.0	-0.2	0.0	-0.2
Disposals	0.0	-30.5	-0.8	-31.3
Exchange differences	0.1	1.7	-0.5	1.3
IAS 17 reclass to right-of-Use *	-1.8	-5.6	0.0	-7.5
Other	0.4	9.3	-11.3	-1.7
At December 31th, 2019	**67.1**	**303.6**	**28.7**	**399.4**
Accumulated depreciation				
As at January 1st, 2019	**-44.8**	**-168.3**	**-19.9**	**-233.0**
Depreciation charge for the year	-4.5	-43.7	-2.0	-50.3
Disposals/Reversals	0.0	24.3	0.3	24.6
Exchange differences	-0.1	-1.2	0.2	-1.1
IAS 17 reclass to right-of-Use *	1.5	3.5	0.0	5.0
Other	-0.1	-1.9	1.3	-0.7
At December 31th, 2019	**-48.1**	**-187.2**	**-20.2**	**-255.5**
Net value				
As at January 1st, 2019	**18.0**	**109.1**	**19.0**	**146.0**
At December 31th, 2019	**19.0**	**116.4**	**8.5**	**143.9**

** Linked to IFRS 16 first application (cf note Accounting rules & policies)*

(In € million)	Land and buildings	IT equipments	Other assets	Total
Gross value				
As at January 1st, 2018	**60.8**	**268.5**	**31.2**	**360.5**
Additions	4.0	32.1	12.4	48.5
Impact of business combination	0.0	22.8	1.9	24.7
Disposals	-1.5	-44.4	-1.3	-47.2
Exchange differences	-0.1	-2.6	-2.2	-4.9
Other	-0.5	1.0	-3.1	-2.6
As at December 31, 2018	**62.8**	**277.4**	**38.9**	**379.0**
Accumulated depreciation				
As at January 1st, 2018	**-40.3**	**-171.6**	**-19.4**	**-231.4**
Depreciation charge for the year	-4.8	-38.2	-2.9	-45.8
Disposals/Reversals	1.4	40.5	1.3	43.1
Exchange differences	0.0	1.3	1.2	2.5
Other	-1.2	-0.2	-0.1	-1.4
As at December 31, 2018	**-44.8**	**-168.3**	**-19.9**	**-233.0**
Net value				
As at January 1st, 2018	**20.5**	**96.9**	**11.8**	**129.2**
As at December 31, 2018	**18.0**	**109.1**	**19.0**	**146.0**

Tangible capital assets of the Group mainly include computer equipment used in the production centers, particularly in the processing datacenters, and Terminals rented to merchants. Land and buildings are mostly composed of technical infrastructures of datacenters.

Note 9 Right-of-use assets & lease liabilities

9.1 Right-of-use assets

Right-of-use assets break down as follows, by type of underlying asset:

(In € million)	Land and buildings	IT equipments	Other assets	Total
Gross value				
As at January 1st, 2019	**202.0**	**4.1**	**13.1**	**219.2**
Additions	14.8	0.0	5.6	20.3
Impact of business combination	0.0	0.0	0.0	0.0
Disposals	(1.0)	(1.0)	(1.1)	(3.1)
Exchange differences	1.1	0.0	0.0	1.1
Other	0.8	5.1	0.0	6.0
As at December 31, 2019	**217.6**	**8.2**	**17.7**	**243.5**
Accumulated depreciation				
As at January 1st, 2019	**0.0**	**0.0**	**0.0**	**0.0**
Depreciation charge for the year	(30.4)	(2.2)	(6.5)	(39.1)
Disposals/Reversals	1.0	1.0	0.9	2.9
Exchange differences	(0.1)	0.0	(0.0)	(0.1)
Other	(1.5)	(3.5)	0.0	(5.0)
As at December 31, 2019	**(31.0)**	**(4.7)**	**(5.6)**	**(41.4)**
Net value				
As at January 1st, 2019	**202.0**	**4.1**	**13.1**	**219.2**
As at December 31, 2019	**186.6**	**3.5**	**12.1**	**202.1**

9.2 Lease liabilities

Lease liabilities breakdown as follows:

(In € million)	Land and buildings	IT equipments	Other assets	Total
Gross value				
As at January 1st, 2019	**198.6**	**4.2**	**12.9**	**215.7**
Additions	14.7	(0.0)	5.5	20.2
Impact of business combination	0.0	0.0	0.0	0.0
Reimbursment	(29.2)	(2.1)	(6.5)	(37.8)
Exchange differences	0.9	0.0	0.0	0.9
Other	1.2	1.5	0.0	2.7
As at December 31, 2019	**186.1**	**3.6**	**11.9**	**201.7**

Note 10 Pensions and similar benefits

Accounting policies/principles

Employee benefits are granted by the Group through defined contribution and defined benefit plans. Costs relating to defined contribution costs are recognized in the income statement based on contributions paid or due in respect of the accounting period when the related services have been accomplished by beneficiaries.
The valuation of Group defined benefit obligation is based on a single actuarial method known as the "projected unit credit method". This method includes the formulation of specific assumptions which are periodically updated, in close liaison with external actuaries of the Group.

Plan assets usually held in separate legal entities are measured at their fair value, determined at closing. The fair value of plan assets is determined based on valuations provided by the external custodians of pension funds and following complementary investigations carried-out when appropriate.

From one accounting period to the other, any difference between the projected and actual pension plan obligation and their related assets is actuarial differences. These actuarial differences may result either from changes in actuarial assumptions used, or from experience adjustments generated by actual developments differing, in the accounting period, from assumptions determined at the end of the previous accounting period. All actuarial gains and losses generated on post-employment benefit plans on the period are recognized in "other comprehensive income".

Benefit plans costs are recognized in the Group's "Operating Margin", except for interest costs on net obligations which are recognized in "other financial income and expenses".

The total amount recognized in the Worldline balance sheet in respect of pension plans and associated benefits was € 143.5 million at December 31, 2019. It was € 116.7 million at December 31, 2018.

Worldline's obligations are located predominantly in Switzerland (41% of total obligations), Belgium (19%), Germany (17%), the United Kingdom (13%), and France (8%).

Characteristics of significant plans and associated risks

In Switzerland, the obligations flow from a legacy defined benefit plans, exceeding the minimum mandatory pension benefit required by the Swiss law (BVG). Pension contributions are paid by both the employees and the employer and are calculated as a percentage of the covered salary. The rate of contribution depends on the age of the employee. At retirement, the employees' individual savings capital is multiplied by the conversion rate, as defined by the pension fund regulations, and can be paid out as either a lifetime annuity or a lump-sum payment. In the event of disability, the pension plan pays a disability pension until ordinary retirement age. In the event of death before retirement, the pension plan pays a spouse pension for life.

In Belgium, the majority of obligations flow from a defined benefit pension plan which is closed to new entrants and a Defined Contribution plan with a minimum investment return guaranteed by the Company on both employer and employee contributions which is open to new entrants.

The Defined Benefit plan is subject to the Belgian regulatory framework where funding requirements are based on a 6.0% discount rate and prescribed mortality statistics. In case of underfunding, a deficit must be supplemented immediately. The plan is insured with a professional insurance company. The investment strategy is set by the insurance company.

The Defined Contribution plan with guaranteed return is subject to the Belgian regulatory framework. In case of underfunding when the employee leaves for retirement, a deficit must be supplemented. The plan is insured with a technical return (which is now set by the insurers below the legal minimum guaranteed return) as well as a possible profit share provided by the insurance company. The investment strategy is set by the insurance company.

In Germany, the majority of obligations flow from a defined benefit pension plan which is closed to new entrants. The plan is subject to the German regulatory framework, which has no funding requirements, but does include compulsory insolvency insurance (PSV). The plan is partially funded via an insurance company. The investment strategy is set by the insurance company.

Worldline's obligations are also generated by legacy defined benefit plans in the UK and in France (closed to new entrants) and, to a lesser extent, by legal or collectively bargained end of service benefit plans and other long-term benefits such as jubilee plans.

These plans do not expose Worldline to any specific risks that are unusual for these types of benefit plans. Typical risks include, increase in inflation, longevity and a decrease in discount rates and adverse investment returns.

Worldline recognized all actuarial gains and losses and asset ceiling effects generated in the period in other comprehensive income.

Events in 2019

In the first half of 2019, Worldline SA set up a Defined Benefit pension plan, which complies with the article L. 137-11 of the Social Security Act.

As a result of the transposition into the French law of the European Directive 2014/50/EU via the Ordinance of 3rd July 2019, the plan is closed to new entrants starting on 4th July 2019 and will also no longer allow additional rights from 1st January 2020 onwards.

These combined events led to an increase in pension liabilities of about €3.5 million, recorded under the Profit and Loss account.

Worldline set up an independent collective foundation in Switzerland through Valitas for the management of the risks of old age, death and disability benefits for employees of SIX Payment Services, with full implementation in 2020.

Amounts recognized in the financial statements

The amounts recognized in the balance sheet as at December 31, 2019 rely on the following components, determined at each benefit plan's level:

(In € million)	As at December 31, 2019	As at December 31, 2018
Amounts recognized in financial statements consist of :		
Prepaid pension asset – post employment plans	16.4	8.9
Accrued liability – post employment plans	-153.0	-119.1
Accrued liability – other long term benefits	-6.9	-6.5
Net amounts recognized – Total	**-143.5**	**-116.7**
Components of net periodic cost		
Service cost (net of employees contributions)	21.7	9.5
Past service cost, Settlements	3.5	0.0
Actuarial (gain)/loss in other long term benefits	0.5	-0.1
Operating expense	**25.7**	**9.4**
Interest cost	8.3	4.7
Interest income	-6.0	-2.8
Financial expense	**2.3**	**1.9**
Net periodic pension cost – Total expense/(profit)	**28.0**	**11.3**
Of which, net periodic pension cost – post employment plans	*27.1*	*11.0*
Of which, net periodic pension cost – other long term benefits	*0.8*	*0.3*
Change in defined benefit obligation		
Defined benefit obligation –post employment plans at January 1st	536.1	251.9
Defined benefit obligation – other long term benefits at January 1st	6.5	3.5
Total Defined Benefit Obligation at January 1st	**542.6**	**255.4**
Exchange rate impact	13.4	3.7
Service cost (net of employees contributions)	21.2	9.2
Interest cost	8.3	4.7
Employees contributions	6.8	1.0
Past service cost, Settlements	3.5	0.0
Business combinations/(disposals)	-0.4	273.4
Benefits paid	-11.0	-8.7
Actuarial (gain)/loss - change in financial assumptions	53.7	-1.4
Actuarial (gain)/loss - change in demographic assumptions	-0.4	-1.8
Actuarial (gain)/loss - experience results	-2.3	7.0
Other movements	0.1	0.1
Defined benefit obligation at December 31st	**635.5**	**542.6**

The weighted average duration of the liability is 16.1 years.

(In € million)	As at December 31, 2019	As at December 31, 2018
Change in plan assets		
Fair value of plan assets at January 1st	**426.3**	**141.5**
Exchange rate impact	13.5	3.8
Actual return on plan assets	39.7	-7.6
Employer contributions	14.2	6.1
Employees contributions	6.8	1.0
Benefits paid by the fund	-8.5	-6.2
Business combinations/(disposals)	0.0	287.7
Fair value of plan assets at December 31st	**492.0**	**426.3**
Reconciliation of prepaid/(accrued) Benefit cost (all plans)		
Funded status-post employment plans	-136.6	-109.8
Funded status-other long term benefit plans	-6.9	-6.5
Asset ceiling limitation at December 31st	0.0	-0.4
Prepaid/(accrued) pension cost	**-143.5**	**-116.7**
Reconciliation of net amount recognized (all plans)		
Net amount recognized at beginning of year	**-116.7**	**-114.0**
Net periodic pension cost	-28.0	-11.3
Benefits paid by by the employer	2.5	2.5
Employer contributions	14.2	6.1
Business combinations/(disposals)	0.4	13.9
Amounts recognized in Other Comprehensive Income	-16.0	-14.0
Exchange rate	0.1	0.1
Net amount recognized at end of year	**-143.5**	**-116.7**

Actuarial assumptions

Worldline obligations are valued by independent actuaries, based on assumptions that are periodically updated. These assumptions are set out in the table below:

	United Kingdom		Eurozone		Switzerland	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Discount rate as at December 31	2.10%	2.90%	0.80% ~ 1.30%	1.60% ~ 2.05%	0.30%	0.80%
Inflation assumption as at December 31	2.95%	3.20%	1.45%	1.45%	n/a	n/a

The inflation assumption is used for estimating the impact of indexation of pensions in payment or salary inflation based on the various rules of each plan.

Sensitivity of the defined benefit obligations of the significant plans to the discount rate and inflation rate assumptions is as follows:

	Discount rate +25bp	Inflation rate +25bp
United Kingdom main pension plan	-4.9%	+3.9%
Swiss main pension plan	-4.0%	
German main pension plan	-5.3%	
Belgian main pension plan	-2.8%	

These sensitivities are based on calculations made by independent actuaries and do not include cross effects of the various assumptions, they do however include effects that the inflation assumption would have on salary increase assumptions for the United Kingdom. The defined benefit obligations of the plans in Switzerland, Belgium and Germany are not sensitive to the inflation assumption.

Plan assets

Plan assets were invested as follows:

	As at December 31, 2019	As at December 31, 2018
Equity	29%	26%
Bonds	28%	29%
Other (*)	44%	45%

(*) of which 31% of insurance contracts in 2019 et 32% in 2018

Of these assets the equity and bonds are valued at market value. Of the other assets a small proportion relates to illiquid investments where valuations are based on the information provided by the investment managers and the majority relates to insurance contracts.

Summary net impacts on profit and loss and cash

The net impact of defined benefits plans on Worldline financial statements can be summarized as follows:

Profit and loss

(In € million)	As at December 31, 2019			As at December 31, 2018		
	Post-employmen	Other LT benefit	**Total**	Post-employmen	Other LT benefit	**Total**
Operating margin	-24.9	-0.8	**-25.7**	-9.1	-0.3	**-9.4**
Financial result	-2.3	0.0	**-2.3**	-1.9	0.0	**-1.9**
Total (expense)/profit	-27.2	-0.8	**-28.0**	-11.0	-0.3	**-11.3**

Cash impacts of pensions

The cash impact of pensions in 2019 was mainly composed of cash contributions to pension or insurance funds for € 14.2 million, the remaining part of € 2.5 million being benefit payments directly made by the Group to the beneficiaries. Contributions in 2020 are expected to be of € 14.4 million.

Note 11 Provisions

Accounting policies/principles

The Group uses actuarial assumptions and methods to measure provisions. Provisions are recognized when:

- The Group has a present legal, regulatory, contractual or constructive obligation as a result of past events and;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- The amount has been reliably quantified.

Provisions are discounted when the time value effect is material. Changes in discounting effects at each accounting period are recognized in financial expenses.

(In € million)	As at December 31, 2018	Charge	Release used	Release unused	Business combina-tion	Other (*)	As at December 31, 2019	Current	Non-current
Project commitments	2.7	0.2	-0.4	-0.1	0.0	-0.2	2.1	1.3	0.8
Litigations and contingencies	30.7	2.9	-0.5	-3.9	24.5	0.7	54.5	18.2	36.3
Reorganization	4.7	1.7	-2.7	-1.7	1.3	-0.2	3.1	2.4	0.7
Others		0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Total provisions	**38.1**	**4.8**	**-3.7**	**-5.8**	**25.9**	**0.4**	**59.7**	**21.9**	**37.8**

(*) Other movements mainly consist of currency translation adjustments.

(In € million)	As at December 31, 2017	Charge	Release used	Release unused	Business combina-tion	Other (*)	As at December 31, 2018	Current	Non-current
Project commitments	3.0	0.5	-0.6	-0.1	-	-0.1	2.7	1.6	1.0
Litigations and contingencies	21.3	2.0	-1.3	-6.0	15.0	-0.3	30.7	14.8	16.0
Reorganization	1.9	1.8	-1.7	-0.3	3.0	-	4.7	4.3	0.3
Rationalization	0.0	-	-	-	-	-	0.0	-	-
Total provisions	**26.2**	**4.3**	**-3.6**	**-6.4**	**18.0**	**-0.4**	**38.1**	**20.7**	**17.4**

(*) Other movements mainly consist of currency translation adjustments.

The closing position of contingency provisions of € 54.5 million included a number of litigation issues, such as tax contingencies and social disputes, guarantees given on disposals and other disputes with clients and suppliers.
The Legal department and the lawyers of the Group closely monitor these situations with a view to minimize the ultimate liability.

Note 12 Shareholder equity

12.1 Equity attributable to the owners of the parent

Accounting policies/principles

Treasury stock

Worldline shares held by the parent company are recorded at their acquired cost as a deduction from consolidated shareholders' equity. In the event of a disposal, the gain or loss and the related tax impacts are recorded as a change in consolidated shareholders' equity.

In February, in July, in September and in December 2019, 209,540 new shares were created following the exercise of

- the stock-options plan from the September 2014, September 2015 and September 2016 plans
- the free shares plan
- the employee share purchase plan

At the end of December 2019, the total of shares reached at 182,764,457 with a nominal value of € 0.68 Common stock was increased from € 124,137,343.56 as of January 1st, 2019 to € 124,279,830.76 at the end of December 2019.

12.2 Non-controlling Interests

(In € million)	As at December 31, 2018	2019 Income	Capital Increase	Dividends	Other	As at December 31, 2019
equensWorldline	208.9	26.8	-	-	-235.8	-
Total	**208.9**	**26.8**	**-**	**-**	**-235.8**	**-**

12.3 Earnings per Share

Accounting policies/principles

Basic earnings per share are calculated by dividing the net income (attributable to owners of the parent), by the weighted average number of ordinary shares outstanding during the period. Treasury shares are not taken into account in the calculation in the basic or diluted earnings per share.

Diluted earnings per share are calculated by dividing the net income (attributable to owners of the parent), adjusted for the financial cost (net of tax) of dilutive debt instruments, by the weighted average number of ordinary shares outstanding during the period, plus the average number of shares which, according to the share buyback method, would have been outstanding had all the issued dilutive instruments been converted.

(In € million and shares)	12 months ended December 31, 2019	12 months ended December 31, 2018
Net income - Attributable to owners of the parent [a]	**311.2**	**100.5**
Impact of dilutive instruments	1.7	-
Net income restated of dilutive instruments - Attributable to owners of the parent [b]	**312.9**	**100.5**
Average number of shares outstanding [c]	182,025,225	137,263,059
Impact of dilutive instruments [d]	3,362,300	1,016,824
Diluted average number of shares [e]=[c]+[d]	185,387,525	138,279,882
Earnings per share in EUR [a]/[c]	**1.71**	**0.73**
Diluted earnings per share in EUR [b]/[e]	**1.69**	**0.73**

Basic and diluted earnings per share are reconciled in the table above. Potential dilutive instruments comprise stock options, which do not generate any restatement of net income used for the diluted EPS calculation and convertible bonds interest expenses net of tax for € 1.7 million. As of end of December 2019, potential dilutive instruments comprised stock options for 909,289 options and convertible bonds effect for 2,453,010 options.

Note 13 Off-balance sheet commitments

Contractual commitments

The table below illustrates the minimum future payments for firm obligations and commitments over the coming years. Amounts indicated under the finance leases caption are recorded in the Group statement of financial position.

(In € million)	As at December 31, 2019	Maturing			As at December 31, 2018
		Up to 1 year	1 to 5 years	Over 5 years	
Finance	0.0				3.3
Recorded on the balance sheet	**0.0**	**0.0**	**0.0**	**0.0**	**3.3**
Operating leases: land, buildings, fittings	0.0				171.0
Operating leases: IT equipment	26.7	9.1	17.6	0.0	27.3
Operating leases: other fixed assets	0.0				12.1
Non-cancellable purchase obligations (> 5 years)	308.3	37.0	137.0	134.2	357.3
Commitments	**334.9**	**46.1**	**154.6**	**134.2**	**567.7**
Total	**334.9**	**46.1**	**154.6**	**134.2**	**571.0**

Non-cancellable purchase obligations mainly relate to contractual engagements toward SIX Group AG (Cf note 14).

Commercial commitments

(In € million)	As at December 31, 2019	As at December 31, 2018
Bank guarantees	**39.6**	**39.1**
- Operational - Performance	5.5	8.2
- Operational - Bid	0.5	0.6
- Operational - Advance Payment	13.5	2.9
- Financial or Other	20.2	27.4
Parental guarantees	**435.6**	**439.9**
- Operational - Performance	435.6	439.9
Pledges	**0.0**	**0.1**
Total	**475.2**	**479.1**

For various large long-term contracts, the Group provides parental guarantees to its clients. These guarantees amount to € 435.6 million as of December 31, 2019, compared to € 439.9 million at the end of December 2018.

Note 14 Related parties

Accounting policies/principles

The related parties include:
- Worldline's reference shareholders (Atos SE) and its subsidiaries which are not part of the Worldline's consolidation scope;
- Worldline's reference shareholders (SIX Group AG) and its subsidiaries which are not part of the Worldline's consolidation scope;
- The entities that are controlled or jointly controlled by the Group, the entities that are a post-employment defined benefit plan for the benefit of the employees of the Group or the entities that are controlled or jointly controlled by a member of the key management personnel of the Group; and
- The key management personnel of the Group, defined as persons who have the authority and responsibility for planning, directing and controlling the activity of the Group, namely members of the Board of Directors as well as the Chairman & Chief Executive Officer and Deputy Chief Executive Officer.

Transactions between the related parties

The main transactions between the related entities are composed of:
- The reinvoicing of the premises;
- The invoicing of delivery services such as personnel costs or use of delivery infrastructure;
- The invoicing of administrative services; and
- The interest expenses related to the financial items.

These transactions are entered into at market conditions.

The related party transactions are detailed as follows:

With Atos

(In € million)	12 months ended, 2019	12 months ended, 2018
Revenue	60.3	45.9
Operating income / expenses	-109.2	-100.2
Other operating expenses	-0.7	-2.1
Net cost of financial debt	-	-0.7

The receivables and liabilities included in the statement of financial position linked to the related parties are detailed as follows:

(In € million)	As at December 31, 2019	As at December 31, 2018
Trade accounts and notes receivables	22,9	15,6
Other current assets	18,3	22,9
Current accounts & cash agreement - Assets	-	-2,8
Trade accounts and notes payables	7,4	28,0
Other current liabilities	2,3	6,2
Current accounts & cash agreement with Atos entities - Liabilities	-	19,3

In addition the Group received € 15.6 million from Atos to cover IT separation costs in the frame of the separation agreement authorized by the board of directors on April 30th,2019.

The off-balance sheet commitments regarding the related parties are detailed as follows:

(In € million)	As at December 31, 2019	Up to 1 year	Maturing 1 to 5 years	Over 5 years	As at December 31, 2018
Operating leases: land, buildings, fittings	-				45.0
Commitments	**0.0**	**0.0**	**0.0**	**0.0**	**45.0**
Total	**0.0**	**0.0**	**0.0**	**0.0**	**45.0**

With SIX

(In € million)	12 months ended, 2019	1 month ended December 31, 2018 (*)
Revenue	38.1	2.3
Operating income / expenses	-58.8	-4.0
Other operating expenses	0.0	0.0
Net cost of financial debt	0.0	0.0

(*) One month as SIX is a Wordline's shareholder since the acquisition of SIX Payment Services

The receivables and liabilities included in the statement of financial position linked to the related parties are detailed as follows:

(In € million)	As at December 31, 2019	As at December 31, 2018
Trade accounts and notes receivables	109,3	105,5
Other current assets	46,3	
Current accounts & cash agreement - Assets		
Financial liabilities		117,6
Trade accounts and notes payables	12,4	0,3
Other current liabilities	0,1	0,1

The off-balance sheet commitments regarding the related parties are detailed as follows:

(In € million)	As at December 31, 2019	Up to 1 year	Maturing 1 to 5 years	Over 5 years	As at December 31, 2018
Operating leases: land, buildings, fittings	0.0				53.2
Contractual engagements	308.3	37.0	137.0	134.2	348.4
Commitments	**308.3**	**37.0**	**137.0**	**134.2**	**401.6**
Total	**308.3**	**37.0**	**137.0**	**134.2**	**401.6**

Cost of Key management personnel of the Group

In 2019, the expenses related to key management personnel included:

- Those related to the Worldline Chief Executive Officer in accordance with the agreement entered into with Atos in relation to his dedication and remuneration until January 31, 2019 and for the entire part as from February 1st, 2019;
- The expenses related to the Deputy Chief Executive Officer;
- The cost of the members of the Board (Director's fees expensed in 2019).

No cost was recorded in relation to the Chairman of the Board of Directors.

The distribution of the expense recorded in the consolidated financial statements for key management of the Group is as follows:

(In € million)	12 months ended, 2019	12 months ended, 2018
Short-term benefits	2.4	1.6
Employer contributions (*)	0.8	1.4
Performance share plans & stock options (**)	1.6	1.5
Total	**4.8**	**4.5**

(*) Employer contributions due on fixed salary and variable of the key management personnel of Worldline as well as on the grant of the Worldline stock-options plan to key management personnel of Worldline on July 24, 2019.
(**) IFRS 2 2019 accounted for the Worldline performance share plans granted to key management personnel of Worldline on July 24, 2017, July 21, 2018 and July 24, 2019 and for the Worldline stock-options plans granted to key management personnel of Worldline on July 21, 2018 and July 24, 2019.

Short-term benefits include salaries, bonuses and fringe benefits as well as director's fees paid to Board of Director's members. On performance shares and stock options, the cost includes the IFRS 2 charge on the *prorata temporis* since the grant date.

Bonuses correspond to the total charge reflected in the income statement including the accruals related to current year. No post-employment compensation has been paid to the key management personnel during the year.

Note 15 Market risk

Foreign exchange risk

Majority of the Group's revenues, expenses and obligations are denominated in euro. In 2019, 72.1% of the Group's revenues were generated in euro-zone countries whereas 27.9% were generated in non-euro zone countries, including 14.9 % in Swiss Franc and 3.9% in pounds sterling.

Since the Group's financial statements are denominated in euros, its revenues are affected by the relative value of the euro versus the currency of the non-euro zone countries in which it generates revenues (currency translation exposure).

In terms of currency transaction exposure (i.e., a mismatch between the currencies in which revenues are generated and costs are incurred), the Group considers its exposure to be limited as its costs in the euro zone are generally incurred in euros and its revenues are generated in euros and in non-eurozone countries it generally makes its sales and incurs the majority of its operating expenses in the local currency.

The Group maintains a policy for managing its foreign exchange position if and to the extent it enters into commercial or financial transactions denominated in currencies that differ from the relevant local currencies. Pursuant to this policy, any material foreign exchange rate exposure must be hedged as soon as it occurs using various financial instruments, including, principally, spot or forward contracts and foreign currency swaps. As of December 31, 2019, the Group did not have any material foreign exchange rate exposure.

Interest rate risk

The vast majority of Group Borrowings are fixed rate Bonds. The Group considers that its exposure to interest rate fluctuations is not material. Net debt (Borrowings net of cash and cash equivalents) of the Group as of December 31, 2019 was € 641.3 million.

Liquidity risk

Liquidity risk management involves maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Worldline's policy is to cover fully its expected liquidity requirements by a long-term committed line of credit. Terms and conditions of the loans include maturity leaving sufficient flexibility for the Group to finance its operations and expected developments.

On December 20, 2018, Worldline SA (as Borrower) signed a five-year Revolving Credit Facility (the "Facility") for an amount of € 600 million, maturing in December 2023 with an option for Worldline to request the extension of the Facility maturity date until December 2025. In October 2019, first extension has been requested and approved by the banks. The revolving credit facility maturity date is now December 2024.

Under the terms of the initial agreement, the Facility included one financial covenant, which was the consolidated leverage ratio (net debt divided by Operating Margin before Depreciation and Amortization) that should not be greater than 2.5 times. In December 2019, the cancellation of the financial covenant was obtained and the Facility does not include any more this financial covenant.
This Revolving Credit Facility remained unused at the end of December 2019.

Credit and/or Counterparty Risk

Credit and/or counterparty risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group believes that it has limited exposure to concentrations of credit risk due to its large and diverse customer base. The Group's greatest credit risk position is borne with respect to its financial institution customers.

The Group manages this credit risk by consistently selecting leading financial institutions as clients and by using several banking partners.

The Group is also exposed to some credit risk in connection with its Commercial Acquiring. For each transaction, the Group provides a performance guarantee to the merchant in respect the cardholder's payment. Therefore, the Group is exposed to a credit risk in the event of non-payment by the cardholder. Additionally, the Group offers a guarantee of "service rendered" to the cardholder. Accordingly, in the event a merchant goes bankrupt (or ceases to operate) before delivering the product or rendering the service purchased by a cardholder, the cardholder can require the Group to reimburse it for the amount of the transaction. This credit risk exposure is especially significant where services are purchased through e-Commerce well in advance of the time that they are actually rendered (e.g., ticket purchases through travel agencies). The Group monitors these risks by selecting financially sound clients, requesting guarantees (collateral build up, delegation of insurance, etc.) and checking daily transaction flows to avoid excessive exposure to these risks.

Note 16 Operating entities part of scope of consolidation as of December 31, 2019

	% of Interest	Conso-lidation method	% of Control	Address
FRANCE				
Worldline SA	100	FC	100	80, quai Voltaire - 95870 Bezons
Mantis SAS	100	FC	100	55 rue de Rivoli - 75001 Paris
Worldline Participation 1	100	FC	100	80, quai Voltaire - 95870 Bezons
Santeos	100	FC	100	80, quai Voltaire - 95870 Bezons
Worldline Bourgogne	100	FC	100	80, quai Voltaire - 95870 Bezons
Similo SAS	100	FC	100	80, quai Voltaire - 95870 Bezons
Worldline Ré	100	FC	100	80, quai Voltaire - 95870 Bezons
In Touch SAS	31,6	EM	31,6	9-11 Allée de l'Arche, Tour Egée, 92671 Courbevoie
GERMANY				
Worldline Germany GmbH	100	FC	100	Hahnstraße 25 - 60528 Frankfurt - Germany
DZ Service GmbH	100	FC	100	Dieselstrasse 1 - 76227 Karlsruhe - Germany
BD-POS GmbH	100	FC	100	Hörselbergblick 1 - 99820 Hörselberg-Hainich - Germany
SIX Payment Services (Germany) GmbH	100	FC	100	Langenhorner Chaussee 92-94 - 22415 Hamburg - Germany
THE NETHERLANDS				
Worldline B.V.	100	FC	100	Wolweverstraat 18 - 2980 CD Ridderkerk - The Nederlands
equensWorldline SE	100	FC	100	Eendrachtlaan 315 - 3526 LB Utrecht - The Netherlands
InterEGI B.V.	100	FC	100	Eendrachtlaan 315 - 3526 LB Utrecht - The Netherlands
PaySquare SE	100	FC	100	Eendrachtlaan 315 - 3526 LB Utrecht - The Netherlands
BELGIUM				
Worldline NV/SA	100	FC	100	Chaussée de Haecht 1442 - 1130 Brussels - Belgium
Worldline PropCo SA	100	FC	100	Chaussée de Haecht 1442 - 1130 Brussels - Belgium
OTHER EUROPE - MIDDLE EAST - AFRICA				
Austria				
Worldline Austria GmbH	100	FC	100	Marxergasse 1B - 1030 Vienna - Austria
SIX Austria Holding GmbH	100	FC	100	Marxergasse 1B - 1030 Vienna - Austria
Czech Republic				
Worldline Czech Republic s.r.o.	100	FC	100	Rohanské nábřeží 670/17 - Karlín - 120 000 Praha 2 - Czech Republic
Luxembourg				
Worldline Luxembourg SA	100	FC	100	10 Rue Gabriel Lippmann – 5365 Munsbach - Luxembourg
Worldline Europe SA	100	FC	100	10 Rue Gabriel Lippmann – 5365 Munsbach - Luxembourg
Cetrel Securities SA	100	FC	100	10 Rue Gabriel Lippmann – 5365 Munsbach - Luxembourg
SIX Payment Services (Europe) SA	100	FC	100	10 Rue Gabriel Lippmann – 5365 Munsbach - Luxembourg
Worldline Investissement Sàrl	100	FC	100	10 Rue Gabriel Lippmann – 5365 Munsbach - Luxembourg
Estonia				
OÜ Worldline Payment Estonia	100	FC	100	Lõõtsa tn 2a - 11415 Tallinn - Estonia
Lietuva				
UAB Worldline Lietuva	100	FC	100	Ukmergės g. 220 - 07157 Vilnius - Lietuva
Latvia				
SIA Worldline Latvia	100	FC	100	Dzirnavu iela 37 - Riga - LV 1010 - Latvia
Spain				
Worldline Iberia SA	100	FC	100	Calle de Albasanz 16 – 28037 Madrid - Spain

	% of Interest	Conso-lidation method	% of Control	Address
OTHER EUROPE - MIDDLE EAST - AFRICA				
Sweden				
Worldline Sweden AB	100	FC	100,0	Textilgatan 31 - 120 30 Stockolm - Sweden
Switzerland				
SIX Payment Services AG	100	FC	100,0	Hardturmstrasse 201 - 8005 Zurich - Switzerland
The United Kingdom				
Worldline IT Services UK Limited	100	FC	100,0	Mid City Place – 71 High Holburn – London WC1V 6EA – United Kingdom
ASIA PACIFIC				
China				
Worldline (China) Co Ltd	100	FC	100,0	Room 01.111, Floor 1, Building 17, No.7 - Zhonghuan Nanlu - Wangjing - Chaoyang District - Beijing - People Republic of China
Hong Kong				
Worldline International (Hong Kong) Co Limited	100	FC	100,0	8/F Octa Tower - 8 Lam Chak Street - Kowloon Bay - Kowloon - Hong Kong
India				
Worldline India Private Ltd	100	FC	100,0	Raiaskaran Tech park, 2nd Floor of Tower I,Phase II, Sakinaka, M.V. Road, Andheri (East), Mumbai 400072 - India
MRL Posnet Limited	100	FC	100,0	Sunny Side, Central Block - 8/17 Shafee Mohammed Road – B Block - Nungambakkam - Chennai 600034 - Tamil Nadu – India
Indonesia				
PT Worldline International Indonesia	100	FC	100,0	Plaza Sentral, 19th Floor - JI. Jend. Sudirman No.47 - Jakarta 12930 - Indonesia
Malaysia				
Worldline International (Malaysia) Sdn. Bhd	100	FC	100,0	16-A (1st Floor) - Jalan Tun Sambanthan 3 - Brickfields - 50470 Kuala Lumpur - Malaysia
Singapore				
Worldline IT and Payment Services (Singapore) Pte Ltd	100	FC	100,0	Blk 988 Toa Payoh North - #07-02/03 - Singapore 319002 - Republic of Singapore
Taiwan				
Worldline (Taiwan)	100	FC	100,0	5F, No.100, Sec.3, Min Sheng E. Road - Taipei 105 -Taiwan - R.O.C.
AMERICAS				
Argentina				
Worldline Argentina SA	100	FC	100,0	25 de Mayo 168 - 6th Floor - Buenos Aires City - Argentina
Brazil				
Worldline Brazil Serviços Ltda.	100	FC	100,0	Av Das Naçoes Unidas 12551 - 17 Andar - 04578-000 City of Sao Paulo - Brasil
Chile				
Worldline Chile SA	100	FC	100,0	Av. Andres Bello 2115, piso 7 - Providencia. Santiago de Chile – 7510094 Santiago de Chile – Chile
USA				
Worldline Holdings US, LLC	100	FC	100,0	4851 Regent Boulevard - Irving - Texas 75063 - USA
Worldline US, Inc.	100	FC	100,0	1460 Mission Street - San Francisco - California 94103 - USA

FC: Full consolidation
EM: Equity method

Note 17 Auditors' Fees

(In € Thousands and %)	Deloitte				Grant Thornton			
	Deloitte & Associés		**Réseau**		***Grant Thornton***		**Réseau**	
	Fees	%	Fees	%	Fees	%	Fees	%
Audit and limited review of individual and consolidated financial statements								
Parent company	330.0	66%		-	250.0	92%		-
Subsidiaries	98.0	20%	1,062.0	65%	21.0	8%	795.0	100%
Sub-total Audit	**428.0**	**86%**	**1,062.0**	**65%**	**271.0**	**100%**	**795.0**	**100%**
Non audit services								
Parent company	72.0	14%	477.0	-				-
Subsidiaries		-	104.0	6%		-		-
Sub-total Non Audit	**72.0**	**14%**	**581.0**	**35%**		**-**	**-**	**-**
Total fees 2019	**500.0**	**100%**	**1,643.0**	**100%**	**271.0**	**100%**	**795.0**	**100%**

In 2019, non-audit services related to services provided at the Company's request and notably correspond to (i) certificates and reports issued as independent third party on the human resources, environmental and social information pursuant to article of the French Commercial Code, (ii) due diligences, and (iii) tax services, authorized by local legislation, in some foreign subsidiaries.

(In € Thousands and %)	Deloitte				Grant Thornton			
	Deloitte & Associés		**Réseau**		***Grant Thornton***		**Réseau**	
	Fees	%	Fees	%	Fees	%	Fees	%
Audit and limited review of individual and consolidated financial statements								
Parent company	206.5	28%	-	-	340.0	67%	-	-
Subsidiaries	71.0	10%	785.6	79%	21.0	4%	224.0	100%
Sub-total Audit	**277.5**	**38%**	**785.6**	**79%**	**361.0**	**71%**	**224.0**	**100%**
Non audit services								
Parent company	447.9	62%	-	-	148.0	29%	-	-
Subsidiaries	-	-	209.8	21%	-	-	-	-
Sub-total Non Audit	**447.9**	**62%**	**209.8**	**21%**	**148.0**	**-**	**-**	**-**
Total fees 2018	**725.4**	**100%**	**995.4**	**100%**	**509.0**	**100%**	**224.0**	**100%**

In 2018, non-audit services related to services provided at the Company's request and notably correspond to (i) certificates and reports issued as independent third party on the human resources, environmental and social information pursuant to article of the French Commercial Code, (ii) due diligences, and (iii) tax services, authorized by local legislation, in some foreign subsidiaries.

Note 18: Subsequent events

Creation of a new world-class leader in payment services: Worldline to acquire Ingenico

Worldline and Ingenico Group SA have announced on February 3, 2020 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.

Upon closing, former Worldline shareholders would own c.65% of the combined entity and former Ingenico shareholders would own c.35%.

This transaction would combine two premier companies to create the world's number four player in payment services with circa 20,000 employees in approximately 50 countries with physical presence. Upon closing, the new combined group would offer best-in-class payment services to nearly 1 million merchants and 1,200 financial institutions.

The transaction will be subject to customary closing conditions, including regulatory, merger control clearances and information and/or consultation with employee representative bodies, as well as Worldline shareholders' approval.

It is expected that the tender offer will be filed with the AMF in June or July 2020, once regulatory and merger control clearances processes are in progress.

For more information, in particular related to the terms of the offer, please refer to the press release available at worldline.com in the Investors section.