

# annual report 2020

econocom

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## chairman's message

2020 was marked by an unprecedented health crisis, the economic and social consequences of which were, and still are, particularly harsh for people and businesses.

In this particular context, Econocom's 2020 results highlight the resilience of its Business Model:

- revenue of €2,559 million, down 11.3% on an organic basis compared to 2019. This decrease is largely attributable to the effects of the health crisis, which has considerably slowed down economic activity and caused delays in the completion of certain customer projects and delays in contracting into new business;
- profit (loss)<sup>(1)</sup> from continuing operations was up slightly on a like-for-like basis by 2.2% to €122.5 million, reflecting the improvement in our current operating profitability that was 4.8% (vs. 4.2% in 2019).

To achieve this level of performance in 2020, we met the plan's target of reducing structural expenses by €97 million by taking advantage of the continuous profitability improvement our Services activities and a focus on projects with higher added value.

We also achieved the debt reduction target set two years ago by the Group, allowing us to regain full flexibility to tackle the next growth cycle on solid grounds.

Over the last two years, Econocom has focused on a transformation plan for its economic tool in order to gain agility and competitiveness. This consolidation phase was a necessary condition for preparing the Group's future under the best possible conditions.

Today, thanks to our values and our know-how and the commitment and involvement of all our employees, we are now ready to resume the path to sustainable growth, both organically and through targeted acquisitions, while continuing to control our costs and debt.

**Jean-Louis Bouchard**

Chairman of the Board of Directors  
and Chief Executive Officer

(1) Before amortisation of intangible assets from acquisitions.



# 01

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# the essentials

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# 1. One Digital Company

**As the leading digital general contractor in Europe**, Econocom conceives, finances and facilitates the digital transformation of large firms and public organisations.

With operations in 18 countries, we are among the rare European players to cover the entire digital business chain: from equipment to services and even financing.

## Managing complex demand

We can see on the field, that the requirements and needs of our customers are becoming increasingly complex: technological developments are permanent, projects are increasingly international, CSR issues must be taken into account. Supply is increasingly fragmented software vendors, hardware manufacturers, banks, etc. But above all, end users (employees, customers, etc.) are increasingly demanding, mobile and connected.

To guide companies in this hazy digital world, we have an easy answer: **One Digital Company**.

## What we do

The Group is one of the few to be able to coordinate and take overall responsibility for the entire business chain of a digital project: from equipment, to services, to their customised financing with a pay-as-you-go solution... In one or several countries.

## How we do it





For its customers, Econocom designs and implements digital services that are genuinely useful to them and create sustainable value. To this end, our teams design solutions based on their actual uses, always preparing the next step and placing responsible digital at the heart of our activities.

## What makes us different

We complete our digital projects successfully by managing their complexity and sustainability. For this, we rely on specific features that are unique in the market:

- the mix of our three business lines;
- our organisation, which enables us to coordinate all digital business lines, including outsourcing;
- our locations in 18 countries.

## The Econocom Galaxy

<b>CYBER SECURITY</b>		ALTER WAY • ASYSTEL ITALIA • EXAPROBE
<b>MICROSOFT</b>		ALTER WAY • ASYSTEL ITALIA • INFEENY
<b>WEB APPS, SAAS &amp; CLOUD</b>		ALTER WAY • ASP SERVEUR • BIZMATICA • ECONOCOM BRASIL • NEXICA • SYNERTRADE
<b>INFRASTRUCTURE &amp; NETWORKS</b>		ALTER WAY • ASYSTEL ITALIA • ASP SERVEUR • BIZMATICA • EXAPROBE • NEXICA
<b>MOBILITY</b>		ALTER WAY • ASYSTEL ITALIA • BDF • BIZMATICA • DMS • ECONOCOM BRASIL • ENERGY NET • GIGIGO • JTRS
<b>DIGITAL SIGNAGE &amp; MULTIMEDIA</b>		ALATABOX • ASYSTEL ITALIA • BDF
<b>CONSULTING</b>		BIZMATICA • HELIS

## 2. The Econocom Galaxy

### An agile organisation for sustainable digital transformation

Econocom has adopted a unique organisational model, enabling it to implement its development strategy: the “Galaxy”.

### The Planet: the Group’s three legacy professions

At Econocom, we do business for the benefit of our customers and completely independently from manufacturers, telecom operators, software vendors and financial companies. A digital pioneer for 45 years, the Group is the only player on the market to combine technological and financial expertise through three activities:

- **Equipment:** Econocom supports companies in the implementation of “turnkey” solutions as a service, integrated into their professional and user-oriented environments, from installation assistance, through storage, maintenance and recycling for all digital equipment;
- **Services:** personalised services to complement our customers’ digital projects and quickly meet their business needs. These fall into three major areas: the user environment, cloud services, infrastructure and hybridization, and application and data modernisation;
- **Financing:** as a pioneer and leader in digital transformation financing, Econocom offers solutions to remove financial barriers to business development, with agile and flexible lease offers while maintaining control over expenditure.

### Satellites: a network of expert companies positioned in strategic digital segments

Expert and autonomous SMEs, positioned in the most promising digital segments, the Satellites effectively complement Econocom’s historical offers and drive its growth.

The heads of these companies retain a significant share of the capital and have strong management autonomy to preserve their agility.

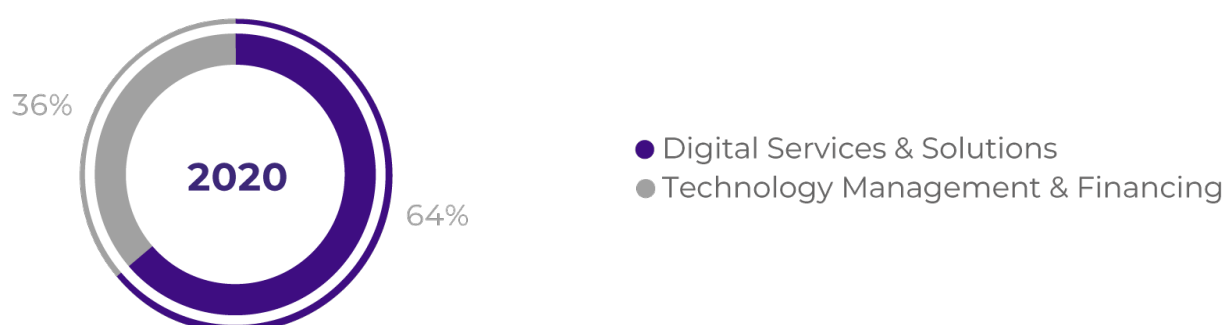
This unique model is built on entrepreneurship and trust. It combines Econocom’s industrial power with the agility of its satellites, enables us to offer our customers comprehensive, tailor-made solutions integrated throughout the digital value chain. As their digital challenges evolve, we offer them solutions that are made for them rather than solutions they will find everywhere.

## 3. 2020 key figures

### Consolidated revenue (in € millions)



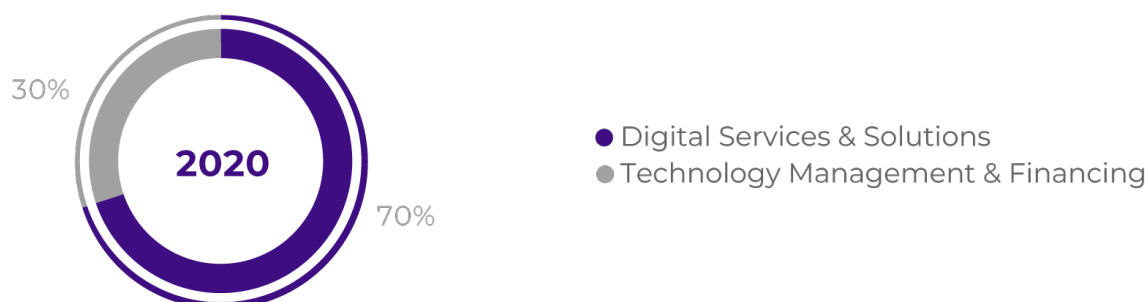
### Revenue by business



### Profit (loss) from current operating activities<sup>(2)</sup> (in € millions)



### Profit (loss) from current operating activities by business



(1) In accordance with IFRS 5, 2019 income and expenses of activities discontinued in 2020 are reclassified to the income statements of 2019 under "Profit (loss) from discontinued operations".

(2) Before amortisation of intangible assets from acquisitions.

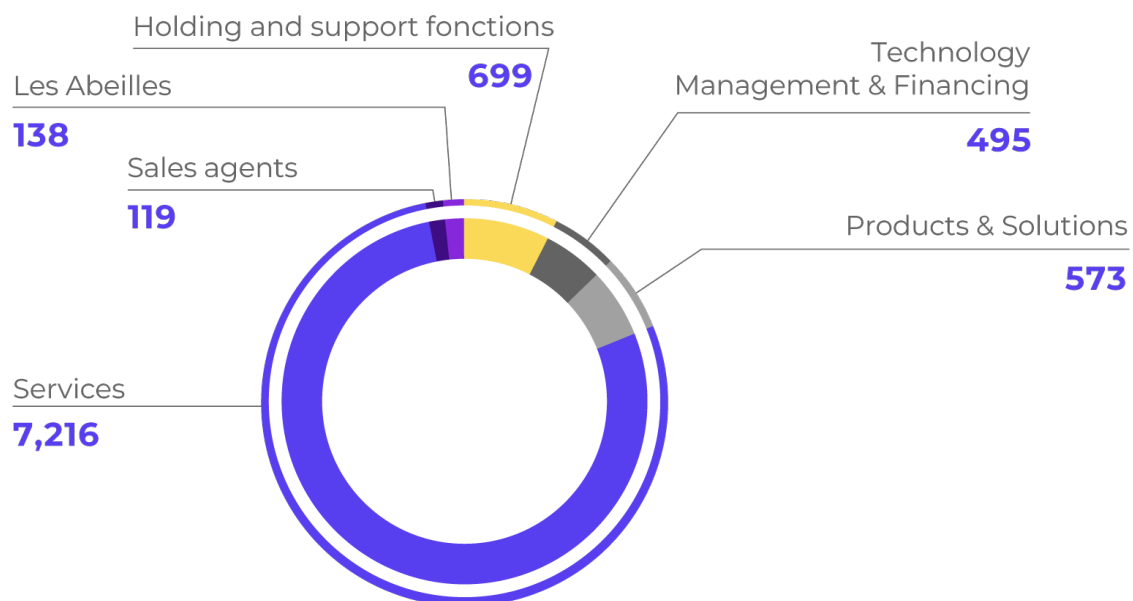
### Shareholders' equity (in € millions)



### Net debt (in € millions)



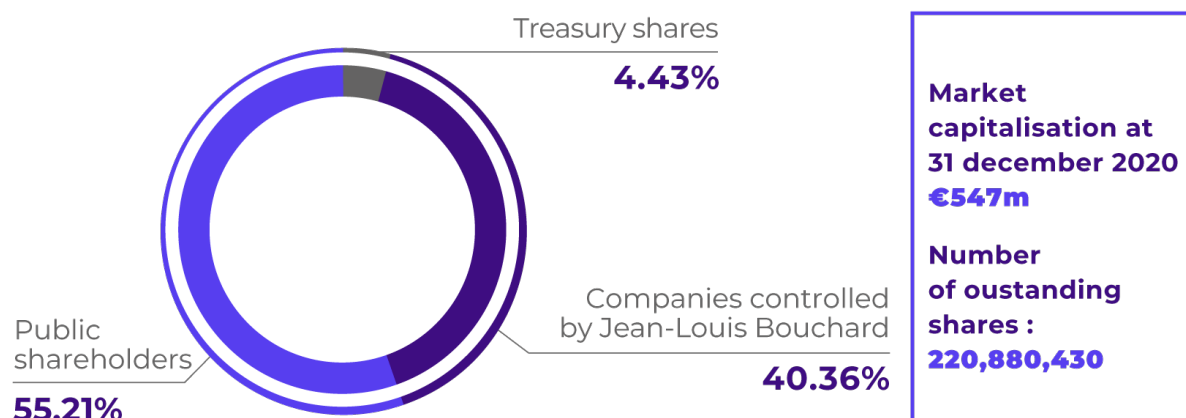
### Breakdown of staff at 31 December 2020




  
**9,240** employees
 
  
 in **18** countries

## 4. Performance and share capital

### Ownership structure at 31 December 2020



### Basic earnings per share (in €)



### Recurring earning per share (in €)



### Compensation per share (in € cents)



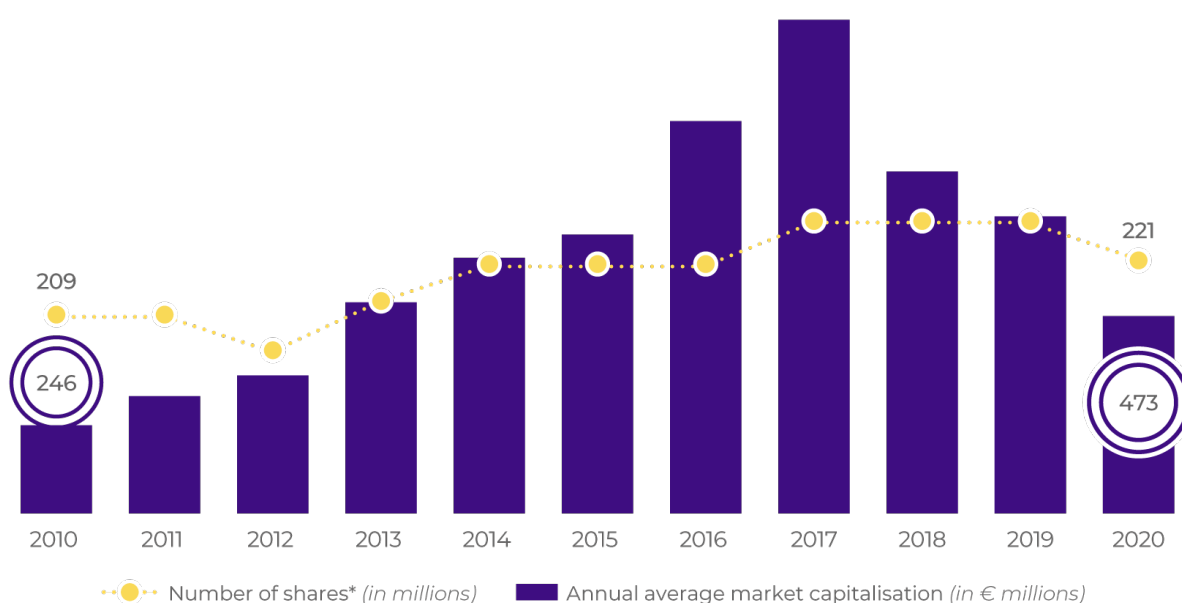
#### Refund of issue premium

The Board of Directors, at the **General Meeting on 18 May 2021**, will propose to carry out the refund of issue premiums, considered as paid-in share capital, in the amount of **€0.12 per share**.

## Change in the share price

Year	Highest (in €)	Lowest (in €)	Last (in €)	Average daily volume of shares traded
2018	7.30	2.28	2.91	833,060
2019	4.01	2.00	2.43	210,320
<b>2020</b>	<b>2.88</b>	<b>1.37</b>	<b>2.46</b>	<b>254,437</b>

## Change in market capitalisation



### Shareholders' agenda

#### 22-04-2021

Release of Q1 2021 revenue after trading

#### 18-05-2021

Annual General Meeting

#### 22-07-2021

Release of 2021 final half-year results after trading

#### 26-08-2021

Meeting to review the 2021 half-year results

#### 21-10-2021

Release of Q3 2021 revenue after trading

The Econocom group share is listed on the **Eurolist market (Compartment B)** of Euronext Brussels and is included in the **Bel Mid and Family Business indices**

**Code ISIN : BE0974313455**

**Real-time financial information:**

**[www.econocom.com](http://www.econocom.com)**

\* Adjusted after the share split in June 2017.

## 5. Governance

At 31 December 2020

### Board of Directors

#### Chairman and Chief Executive Officer

Econocom International BV  
represented by Jean-Louis Bouchard



Jean-Louis  
Bouchard



Robert  
Bouchard

#### Vice-Chairperson

Robert Bouchard



Véronique  
di Benedetto



Gaspard  
Dürtleman

#### Non-executive Directors

Robert Bouchard

Véronique di Benedetto

Gaspard Dürtleman

Bruno Grossi

Jean-Philippe Roesch



Bruno  
Grossi



Jean-Philippe  
Roesch

#### Independent Directors

Walter Butler

Adeline Challon-Kemoun

Marie-Christine Levat



Walter  
Butler



Adeline  
Challon-Kemoun



Marie-Christine  
Levat



## Executive Committee

### Econocom International BV represented by Jean-Louis Bouchard

Chairman and Chief Executive Officer



Jean-Louis  
Bouchard

### Angel Benguigui Diaz

Managing Director – in charge  
of day-to-day management



Angel  
Benguigui Diaz



Laurent  
Roudil

### Laurent Roudil

Managing Director – in charge  
of day-to-day management

### Eric Bazile

Group Chief Financial Officer



Éric  
Bazile



Laurent  
Caparros

### Laurent Caparros

Country Manager ENEA

### Chantal De Vrieze

Country Manager Benelux



Chantal  
De Vrieze



Philippe  
Goullioud

### Philippe Goullioud

General Management, Products  
& Solutions France

## Statutory Auditor

### PricewaterhouseCoopers

Company Auditors srl

represented by Alexis Van Bavel



# 02

## group overview

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# 1. Group history

## ● 1974

Jean-Louis Bouchard founds the Group under the name Europe Computer Systèmes (ECS) in France.

## ● 1985

Jean-Louis Bouchard sells his stake in ECS France to Société Générale but buys back all the foreign subsidiaries. Meanwhile, he acquires Econocom, an American SME. The subsidiaries and Group are renamed "Econocom".

## ● 1986

Econocom Belgium is listed on the Second Marché of the Brussels Stock Exchange.

## ● 1993

Acquires Asystel Belgium, making Econocom Distribution the leading IT distributor in Benelux.

## ● 1996

Econocom is listed on the *Premier Marché* of the Brussels Stock Exchange.

## ● 2000

Following the public exchange offer on Infopoint group, Econocom is listed on the *Second Marché* of the Paris Bourse. The Group diversifies by establishing Econocom Telecom, anticipating convergence between IT and telecoms.

## ● 2001

The Group employs 2,000 people.

## ● 2002

Acquires Comdisco-Promodata in France (administrative and financial management of IT assets).

## ● 2004/2007

The Group steps up the pace of its development in the telecoms market with the acquisition of Signal Service France, the corporate activity of Avenir Telecom, followed by the corporate division of The Phone House France.

In 2007, the Group doubles its capacity in Italy with the acquisition of Tecnolease, an Italian company specialising in computer hardware leasing.

## ● 2008

Acquires Databail, a French IT infrastructure financing company.

## ● 2009

Opens a nearshore remote service facility in Rabat, Morocco.

## ● 2010

Econocom acquires ECS from Société Générale and becomes the number one company in Europe in Technology Management & Financing.

## ● 2013

Econocom merges with Osiatist group, thus making decisive headway in the digital services market. As a result of this acquisition, Econocom earns almost €2.0 billion in *proforma* revenue, including €650 million in business-to-business digital services. The Group now employs a workforce of more than 8,000 people in 20 countries.

## ● 2014

Econocom group issues €175 million worth of bonds convertible into cash and/or new shares and/or exchangeable for existing shares (ORNANE), due to mature in 2019. The proceeds from this issue are used to strengthen Econocom's financial resources, particularly in the context of its Mutation strategic plan.

## 2015

Econocom is included in the Tech 40 index, selected by EnterNext from among 320 listed European high-tech equities. In May, Econocom invested in a Euro Private Placement (Euro PP) of €101 million. It was in two tranches with maturities of five and seven years, paying interest of 2.364% and 2.804% respectively. This helps strengthen, diversify and disintermediate the Group's financial resources while further optimising the financial conditions of its borrowings. Econocom group becomes a European company (*societas europeae*) on 18 December 2015 to reflect its European identity and ambitions. Lastly, Econocom implements an external growth strategy geared towards acquiring majority stakes in medium-sized companies offering substantial scope for entrepreneurship. In this context, either directly or through its subsidiary Digital Dimension, the Group carried out several acquisition and investment operations, particularly in the area of security: Altasys, Clesys, Econocom Digital Security and one of the leaders specialising in open source with Alter Way.

## 2016

Econocom now employs over 10,000 people. At end-November, Econocom group took advantage of favourable market conditions to launch a *Schuldschein* loan issue (private placement under German law) in a total amount of €150 million, thereby increasing its financial resources. During the year, Econocom group continued its original "Satellites" external growth strategy, acquiring either directly or through its subsidiary Digital Dimension.

## 2017

- Seven acquisitions are made:
  - new Satellites: Aciernet (acquired by Exaprobe), LP Digital (acquired by Alter Way), Energy Net in Germany, Jade Solutions and JTRS in the United Kingdom;
  - new Planet members: BIS in the Netherlands and Belgium, and Biboard in France.

- In April, Econocom completes the early conversion of its January 2014 ORNANE bonds due in 2019, boosting equity by €183 million. The Group meets the targets set in 2012 for the Mutation strategic plan (doubling revenue and profit from continuing operations) and presents its new five-year strategic plan "e for excellence".

## 2018

The Group employs 10,700 people. Econocom secures its financing by issuing a convertible bond debt (OCEANE) for €200 million in March and maturing in 2023. Two external growth operations are carried out in the first half of the year to supplement the existing positions in Services in Italy (BDF) and in Spain (Altabox). The new management's focus in the second half of the year on reducing working capital requirements allows for cash generation to be bettered and net debt reduced.

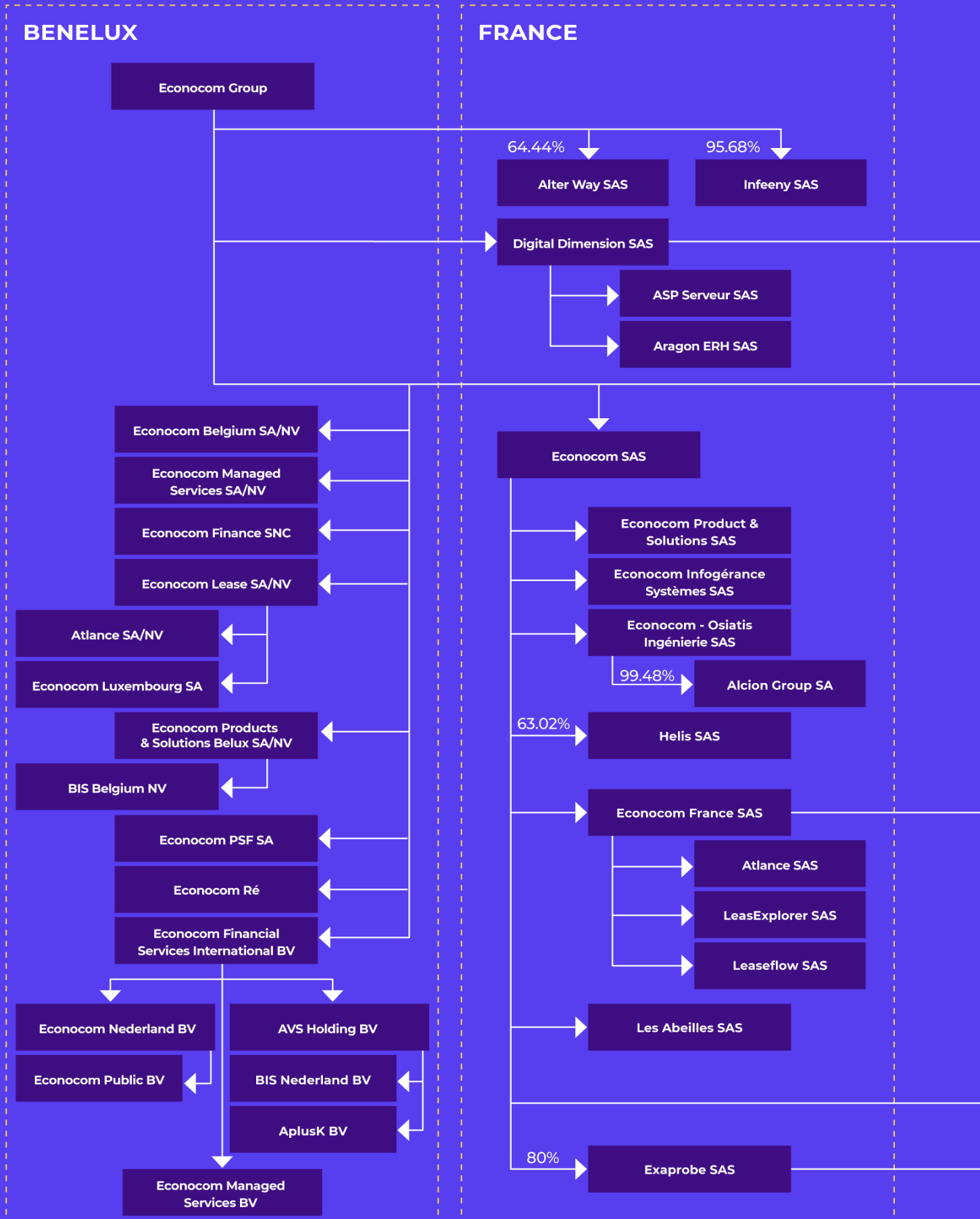
## 2019

The Group decides to shift its focus back to its historic business "TMF" and to all the synergistic activities with it within DSS. The Satellites Jade and Rayonnance are sold and 13 other non-strategic activities are identified in order to be sold or closed. At the same time, the Group launches a major cost savings plan of €96.5 million spread out over three years, with thirty million already saved in 2019.

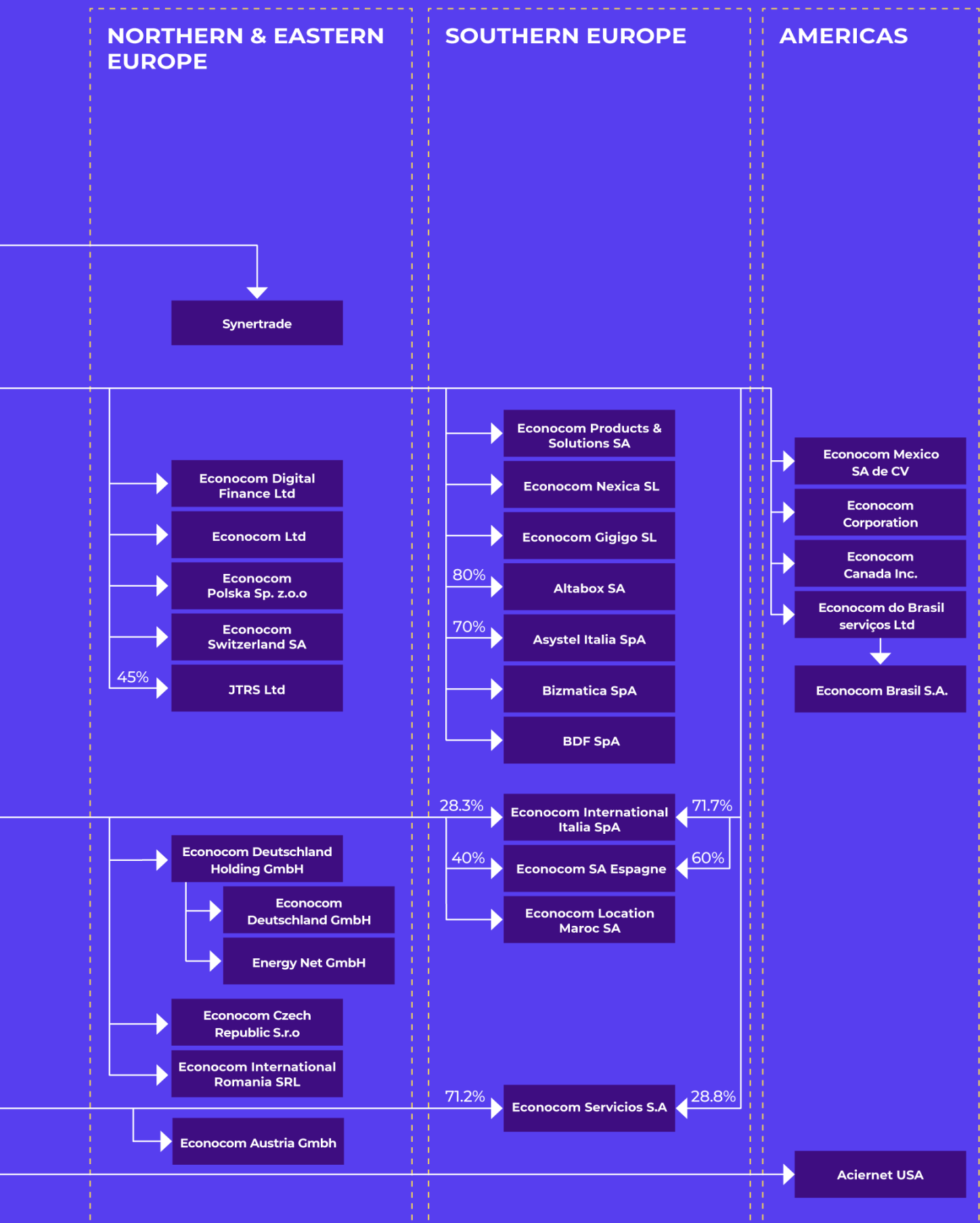
## 2020

In line with the initiatives launched in 2019, the Group continued to streamline its business portfolio. The subsidiaries EBC (Econocom Business Continuity) and digital.security were sold. The Group is also making progress in finalising the implementation of its cost savings plan begun in early 2019. At the same time, the Group continued its strong debt reduction strategy to reach a net cash position of €20 million at the end of 2020, in line with the target set two years ago.

## 2. Group structure



Percentages are not given for wholly owned subsidiaries. Subsidiaries with little or no activity are not included.



## 3. Group positioning

### Econocom is the “one digital company”

As the leading European digital general contractor, Econocom conceives, finances and facilitates the digital transformation of large firms and public organisations.

With operations in 18 countries, Econocom is the only European company to cover all of the core business lines of digital equipment, services and financing.

Whatever the scope of the project (France/international), Econocom provides its clients with end-to-end assistance and coordinates all aspects of their digital transformation.

As digital jobs are becoming increasingly complex, our goal is to help them make the right technological, financial and organisational choices. Sustainable choices that meet the needs of their end users.

### The strengths of the Group

Econocom group stands out from its competitors thanks to:

- 45 years' experience in business infrastructure management;
- a unique combination of expertise coupling financial innovation with technological expertise;
- its dual IT and telecommunications expertise;
- its independence from IT hardware manufacturers, telecom operators, software vendors and financial companies;
- its presence in 18 countries, mainly in Europe.

### A unique development model

In addition, its unique development model, the Galaxy (made up of the Econocom “Planet” with its three historic and complementary business lines and its “Satellites”, with advanced skills embodied by expert and autonomous SMEs), helps put Econocom at the forefront of key areas such as security, web and mobile applications, digital solutions, open source and cloud, etc. This relational and organisational system addresses the challenges of the digital revolution. This revolution forces organisations to operate in a different way, with collaborative and transversal organisations that take priority over hierarchical and vertical structures.

The five pillars of the Econocom offer derived from this unique model are:

- Technology Management & Financing activity (see Chapter 3.1);
- Products & Solutions (see Chapter 3.2);
- the Services activity (see Chapter 3.3);
- the digital solutions of the Satellites (Cybersecurity, Microsoft, web apps, SaaS & Cloud, Infrastructure & Networks, Mobility, Digital Signage & Multimedia, Consulting) (see Chapter 3.4);
- the combination of Planet and Satellites expertise: “horizontal” transversal offers (see Chapter 3.5).



## 3.1. The Technology Management & Financing activity

### 3.1.1. A MARKET IMPACTED BY THE HEALTH CRISIS

The global Covid-19 pandemic has disrupted all activities, particularly the rental market. In France in 2020, we saw a decline in the rental activity for business equipment. This general decrease was mainly due to a decrease in technology spending of around 6.6%<sup>(1)</sup>.

Nevertheless, 2020 ended on a positive note thanks to operating leases (excluding purchase options) which returned to positive territory in the last quarter.

### 3.1.2. A DEMAND FOR INCREASED FLEXIBILITY

#### More agile financing solutions

The current fragile and uncertain economic and financial context reinforces the tendency of companies to opt for solutions that offer flexible payment and flexible durations of use and that enable to maintain liquidities.

As such, leasing is an obvious alternative for companies seeking to stagger their payments when needed, to have variable installments for their rents, or even to pay for their equipment only when used, or to benefit from a cash contribution through the sales/leaseback transactions of their technological assets.

#### Digital transformation: a strong trend

Boosted by a fast-growing digital transformation market, the trend of consumption based on use rather than ownership is gathering strength. While

traditional consumption patterns are still present, especially for strategic hardware, which large companies continue to want to keep control of, a mixed model is emerging in the IT and digital segments. Increasingly accustomed to the new standards of digital leaders, companies are now seeking solutions to improve the customer and employee experience, while favouring an approach based on return on investment, while making their costs more flexible at the same time.

#### Leasing boosted by the circular economy

The circular economy is another notable market trend. It has led to the development of the leasing model, which relies on an organised and structured reuse and recycling channel. This model allows companies to rely on specialists for the responsible and sustainable management of their equipment.

### 3.1.3. ECONOCOM: À LA CARTE FINANCIAL SOLUTIONS

A pioneer in leasing, the Econocom group generated 36% of its 2020 revenue through Technology Management & Financing. Today, the offer responds, more than ever before, to companies' expectations regarding financing. While 30% of them believe that the lack of financial resources is the greatest obstacle to their digital transformation, Econocom offers a wide range of adapted financial solutions. These solutions enable them to fast-track the completion of projects (connected devices, mobility, business hardware, IT & multimedia, industry hardware, energy, etc.), while meeting the financial and operational constraints of the players (CFOs, CIOs) and business lines involved.

(1) Forrester Study.

Econocom brings down **financial barriers** for the development of companies with **an offer of agile and flexible financial leases** that enables them **to keep control over their expenditure**.

### Staggered payments

Ever attentive to its customers' needs, Econocom offers all-inclusive or *à la carte* financial solutions, combining several of its areas of expertise with a staggered payment method, resulting in a comprehensive range of leasing solutions and usage- or unit-based invoicing for services, ranging from general scalable lease contracts to subscription service agreements. This contractual flexibility enables the Group to refresh assets on a regular basis and guarantee budget stability.

### Asset management service

In addition, Econocom delivers effective asset management services, offering operational solutions to meet customers' needs and help them manage, monitor and control resources. Customers benefit from the Group's expertise throughout the product lifecycle, including the handling of claims and management of the end of the product use cycle, in compliance with the General Data Protection Regulation (GDPR).

### Financing of green projects

Econocom also offers financing solutions for energy efficiency projects (see part 3 CSR report, Chapter 2.1.2 Development of the Green & Energy BU).

### EDFL: the solution for financing the most complex transformation projects

In order to fast-track the roll-out of its most advanced digital solutions, Econocom set up a specialised unit in 2014 that gives it the capacity for financial innovation. Econocom Digital Finance Limited (EDFL) is a dedicated, centralised unit specialising in risk management and financing solutions. It offers specific expertise in transaction

security and non-standard contract financing. Through EDFL, Econocom has been able to boost its independence and refinancing capacity.

### Competition

Econocom has a unique position in its market, with no directly comparable competitors. Its competitors are, for the most part, either general or independent leasing companies, or specialist subsidiaries of hardware manufacturers or bank subsidiary leasing companies. These companies do not share Econocom group's same characteristics of independence or technological specialisation, while independent competitors do not have distribution and service activities. Finally, Econocom is large enough to guarantee sustainability and a balanced force to its customers, compared with major hardware manufacturers and players in the digital sector.

## 3.2. Products & Solutions

### 3.2.1. 2020: AN ACCELERATOR FOR THE TRANSFORMATION WORKING ENVIRONMENTS

#### An IT market buoyed by the crisis

The IT market was buoyant in 2020. More than ever, this particular context showcased the critical need for IT investment to equip remote users.

#### The reorganisation of working environments is a game changer

In 2020, companies dramatically changed their working methods as a result of the crisis. With the revolution in remote work, they are rethinking the working environment as a whole through the wide-spread roll out of collaborative solutions.

- 47% of companies now have more than 50% of their employees working from home (compared to 21% before the first lockdown);

- 30% of companies have implemented a real work environment transformation strategy;
- 43% of companies believe that the transformation of working environments is as a top priority for 2020/2021.

While remote working is not a new feature, the wide-spreading and suddenness caused by the Coronavirus epidemic have called into question its effectiveness on a large scale and over a long period.

How can we adjust work and collaboration methods while optimising access to resources and the use of collaborative tools? How can we improve the user experience, by providing user-friendly tools in an environment that allows them to be as productive at work as at home; but also to strengthen the security of user workstations by controlling their IT environment and assets? These are all challenging issues for companies during this unprecedented crisis.

Behind the boom in laptops or collaborative solutions (e.g. Microsoft Teams), it is necessary to deploy and maintain a whole suite of know-how across the digital ecosystem, to create a new working environment.

### **Slowed uptrends due to product shortages**

The impacts on product availability were tangible in January 2020 due to production stoppages in Asia as a result of the virus. We faced twelve months of shortages in order to serve customers in this context. The Econocom teams were extremely active, particularly in the health and education sector.

### **First trends for 2021**

This revolution will continue in 2021 in a context where product availability is expected to be challenging in the first half. Remote work is morphing into hybrid work. It is likely that remote work will become a standard for tasks requiring concentration and production of expertise, while on-site working will become more collective and friendly with a view to developing collaboration and creativity. The equipment will then have to be adapted again, with office equipment that is fully duplicated and immediately operational, and solutions for dynamic interactive displays and standardised communication.

However, for the purposes of accessibility and calculation solutions, we believe that we are looking for on-site solutions, with good prospects for development with the Workstations market.

### **3.2.2. ECONOCOM, A PRODUCT SERVICE COMPANY**

The quality of the equipment made available to each user does not determine its overall efficiency. However, from the comfort of a workstation, the performance of the tools and the quality of the connections critical to maintain the link, it does make a significant contribution. The keys to success with our customers

#### **The quality of the equipment, relies on both:**

- **a dual requirement in terms of quality:** for Econocom, innovation and adaptation of products to needs as well as know-how for their deployment, commissioning and maintenance at full capacity. **This dual requirement gives full meaning to Econocom Products & Solutions and its commitment:** providing operational excellence in the supply of Products & Solutions, while meeting user requirements (comfortable workstations, highperformance tools, quality connections, operational maintenance, etc.);

- **end-to-end coordination:** Econocom Products & Solutions coordinates and takes an end-to-end responsibility for a project, from the supply of IT & telecoms equipment of course, to installation and maintenance. Econocom can also leverage synergies with the Group's other activities, in particular to offer tailor-made financing for projects or solutions for the recovery and processing of old equipment;
- **the ecosystem of manufacturing partners:** with a catalogue of over 150,000 products, Econocom relies on its ecosystem of manufacturing partners (including Lenovo, Dell Technologies, HPinc, Apple, Samsung, Microsoft, for the major players among more than 2,000 in operation) for the supply and brings a suite of additional services, based on product life cycle;
- **co-development with customers:** the Products & Solutions activity has co-built a number of services to increase the efficiency of remote working:
  - ▶ **the one-stop shop**, where the Company benefits from a single point of contact and invoicing for the provision of a laptop, possibly additional accessories, a printer, office software and consumables,
  - ▶ **the online catalog**, to enable companies to create their own customised configuration by getting access to major brands,
  - ▶ **delivery and commissioning**, including at home of the end user,

- ▶ **the immediate and controlled availability of professional software**, which is automatically installed once the person has been authenticated *via* the zero touch deployment,
- ▶ **the after-sales service**, based on online support and large inventories,
- ▶ **collection**, recovery and recycling of old equipment in an environmentally-friendly approach which promotes the circular economy,
- ▶ **financing plans**, with a wide range of solutions, including the collection of the IT asset base or utilisation-based invoicing for example.

### 3.2.3. FRANCE'S SECOND LARGEST PLAYER IN DISTRIBUTION

In a dynamic, highly competitive market with more than 14,000 computer resellers in France, Econocom remains second (behind SCC) in this distribution market with 6% growth in France in 2020.

In the European market, it competes with Computacenter, SCC, Bechtle, Axians, Insight, Softwareone or Realdolmen.

In this complex context, Econocom Products & Solutions acts as a "one stop shop", assisting its customers from end-to-end and working to develop digital uses to emphasise the importance of them and make them more attractive while keeping up with increasing needs and with the increasingly complete life cycle of computer and telecom equipment.

## 3.3. Services

### 3.3.1. A GLOBAL MARKET DECLINE OF 4.6% DUE TO COVID

Gartner, the research and consulting firm, forecasts a decline in the global IT services market of around 4.6%, thereby reflecting the resilience of this industry. However, these decreases vary depending on the types of services: consulting, integration, managed services and business process outsourcing. For example, consulting and integration services are significantly more impacted than continuity or “run” services.

For France, Syntec Numérique – a professional organisation for digital players – and IDC – premier global provider of market intelligence, advisory services and events – confirmed this decline in revenue of 4.6% in 2020. Similarly, the situation is different from one business line to another: -12.3% for technology consulting, -4.2% for consulting and services (DSN) and +0.3% for software publishing.

According to Syntec Numérique/IDC, transformation projects continued to drive the market, around SMACS (Social-Mobility-Analytics-Cloud-Security) with estimated net growth of €900 million in 2020, *i.e.* +6.4% compared to 2019.

With no surprise, the cloud accounts for the largest share of the IT services market with €6.7 billion, up 12.2% compared to 2019.

For the job market, the situation is mixed: two out of three companies say they have stabilised or increased their workforce in 2020. Currently, the digital sector as a whole represents more than 530,000 jobs, of which 80% are managers and 93% permanent contracts.

### 3.3.2. THE THREE PILLARS OF THE GROUP SERVICE OFFERING

The Services activity of the Econocom group is developing personalised services to complement its customers’ digital projects and quickly meet their business needs.

Our 7,200 employees in Services, present in ten countries, operate in **three main areas**: the user environment, cloud services, infrastructure and hybridisation, and the modernization of applications and data.

#### User environment

2020 was marked by a deep transformation in the way we work, collaborate, manage, sell and buy. This is the first time that companies have been forced to make such a dramatic change in such a short time frame.

At the same time, services to users are being transformed with the hyper-automation of the work environment (PCs are now behaving like smartphones) and the emergence of user support boosted by artificial intelligence.

Econocom worked actively to ensure companies an efficient level of services to users and support their adaptation to demanding work environments, such as wide-spread remote work.

To do this, Econocom designs, integrates and manages digital work environments, typically known as Digital Workplace and covering the following areas:

- IT cloudified infrastructure;
- cloud-based collaboration and productivity solutions;
- managed user devices;
- digitalised service desk;
- reinvented convenience services.

Moreover, Econocom is **ranked by the firm Teknowlogy/PAC as the leading player in the users' outsourcing market in France** for the fourth straight year.

In addition – with its **Infeeny** brand, a Microsoft pure player (see Chapter 3.4.2.2) – Econocom provides end-to-end services, consulting, integration and managed services, to provide a high level of expertise based on the software vendor's innovative solutions; Work environment move to cloud, application modernisation.

### Cloud, infrastructure and hybridisation

Work environments associated with new uses are increasingly in line with the IT infrastructure components, whether in the Company or in the Cloud.

In addition, the needs of organisations are constantly evolving due to their business or organisational environment as well as technological opportunities. This requires a high degree of responsiveness in the analysis and the governance of these projects and the ability to effectively manage them.

In addition, there is a paradigm shift in these service models. For example, modernisation of an application does not only involve its development but also the simultaneous consideration of data processing, security, network and dependency on other information systems.

The key drivers of success for the transformation therefore lie in the ability of the IT Department to implement global and effective governance for the project, and also support change and adoption.

Econocom transforms, implements and optimises the IT services of its customers by complying with the new market trends, particularly hyper-automation and the hybrid cloud:

- the Move to Cloud;
- Cloud Managed Services;
- governance.

Thanks to strong partnerships with Microsoft and AWS and also with Google, our cloud architects assist our clients in the definition and implementation of cloud, hybrid or multi-cloud environments that are secure, reliable and efficient.

The proximity of Econocom experts with software vendors allows us to access new or innovative functionalities from beta versions, test them and acquire all the skills necessary to offer them to our customers at the right time and with confidence.

### Applications and Data

At the heart of the information system, the application represents much more than a lever for development, it is a driver for innovation, differentiation and even disruption for the Company in its market.

Today when we talk about applications, the issue is no longer availability but the performance and quality of the user experience.

In fact, it is no longer sufficient to approach these projects from the sole perspective of development. It is also necessary consider the choice of the underlying platform, the valuation of the data, security and integrity. Not to mention that the applications are interdependent with the IS, whether that of the Company or third parties.

To support CIOs in their application portfolio development projects, Econocom has designed an offer based on three complementary pillars:

- modern applications;
- modern platforms;
- data valuation.

To guarantee the efficiency of this model, Econocom adopts a structuring methodological approach, called DevOps (Development/Operation). It consists in designing and managing the development of the application, its integration, deployment, operation and maintenance of the infrastructures as an overall project. The principles of DevOps advocate shorter development cycles and an increase in the frequency of deployments and continuous automated deliveries.

In addition, Econocom assists its customers in the valuation of data, enabling them to generate economic and competitive advantages. This involves collecting, storing, transforming and then reproducing in the form of *ad hoc* representations that provide recipients an optimal understanding of the information required for decision-making in their respective businesses.

Through its Services business, Econocom provides its customers with solutions tailored to their transformation projects, covering infrastructure, data and applications, across the entire value chain (consulting, implementation and management, and continuing improvement).

### **3.3.3. ECONOCOM: FRANCE'S 7<sup>TH</sup> LARGEST DIGITAL SERVICES COMPANY**

Ranked as France's 7<sup>th</sup> largest digital services<sup>(1)</sup> company in 2020, Econocom competes with companies like Capgemini, Orange, IBM, Atos and Accenture on the services market. But unlike these competitors it is the only one to combine distribution, management and associated financing services as well as the digital solutions of Econocom's other brands.

### **3.3.4. ECONOCOM: ISO 27001 CERTIFIED**

IT security is a major challenge for Econocom and the Group continues to make progress in this area. The Group has been ISO 27001<sup>(2)</sup> certified since 2016. This certification is the world's most widely recognised information systems security standard. This certification mainly covers service centres services provided at our premises and telecoms, transport, banking and insurance services also provided at our premises. The actions and measures taken to combat cybercrime in 2017 were extended across all the Group's business lines, with the blanket rollout of a series of security measures to protect workstations, the strengthening of Information Systems Department security expertise within the IT Department, and the creation of mandatory awareness training for Services employees via MOOCs (Massive Open Online Courses).

## **3.4. Digital solutions offered by Econocom Satellites**

Launched in 2014, the Satellite model enables Econocom to rapidly take up a position on buoyant markets, (cybersecurity, cloud, mobility, etc.). Econocom Satellites are innovative SMEs, whose areas of expertise correspond to the strategic challenges of digital transformation today. In 2020, they accounted for 24% of the Group's revenue.

(1) 2019 revenue - KPMG Syntec Numérique study  
<https://assets.kpmg/content/dam/kpmg/fr/pdf/2020/12/fr-Classement-des-ESN-et-ICT.pdf>

(2) SO standard 27001 concerns security and information management systems and helps organisations.  
"More information here: <https://www.iso.org/fr/isoiec-27001-information-security.html>".

### 3.4.1. CYBERSECURITY

#### 3.4.1.1. A critical issue, a dynamic market

Cybersecurity is a critical component of digital transformation and is one of the fastest growing segments of the IT market. With the digital revolution gaining traction, the uses made possible by new technologies are placing greater emphasis on the security of IT systems.

Driven by the evolution of the threat (with the surge in ransomware) and by the desire to protect employees, which are now primarily at home, investments in security remained very dynamic (growth of 4.3% in 2020).

#### The amount of digital data is multiplied by eight

According to the IDC study (Data Age 2025), the total global datasphere is expected to increase eightfold over the coming years to reach 163 trillion gigabytes. All business sectors and models will be affected, from B2B to B2C. Though this exponential growth in the volume of digital data may offer new value-creating analyses, it also poses problems in terms of their protection and ownership.

#### Mobile internet ahead of the desktop

Today, there are more mobile Internet users than desktop Internet users. In 2021, mobile phones should reach 61% of global Internet traffic.

By 2023, a person in France will have an average of 3.6 connected devices and will spend more than 18 hours a week on the Internet.

This increase extends the risk areas and attack areas.

#### 80% of European companies have already had their computers hacked<sup>(1)</sup>

The proliferation of computer attacks and the existence of an active, more or less professionalised external threat, boost the market.

Beyond the exponential growth in the number of devices and data, there are other factors that explain the strong market dynamics. The introduction of new and increasingly restrictive regulations such as the General Data Protection Regulation (GDPR) and the E-PRIVACY project<sup>(2)</sup>, or the eIDAS European regulation<sup>(3)</sup>, has of course also proven to be a driving factor. Artificial intelligence, Big Data, blockchain technology and even cloud computing are opening up massive growth prospects for security, which must and should be seen as an essential component of any digital transformation project.

#### 3.4.1.2. The Econocom offer: Alter Way, Asystel Italia and Exaprobe

**Alter Way (France):** in 2020, Alter Way obtained ISO/IEC 27001:2013 certification in order to meet the challenging high quality and safety standards of its customers. It thus joins the very exclusive club of ISO/CEI 27001:2013 certified companies, a guarantee of security for its customers' infrastructures and data.

**Asystel Italia (Italy):** supervises IT security through activities of: inventory, monitoring, vulnerability assessment and penetration test, remediation.

(1) Source: European Community.

(2) European project that aims to strengthen the rules protecting Internet users' privacy, which may come into force in 2019.

(3) Regulation on electronic identification and trust services for electronic transactions, in effect since the second quarter of 2018.



It offers a set of support services (security advisory, incident management, threat analysis, etc.) and provides an intelligent-driven monitoring service 24/7 for 365 days a year to ensure high and constant levels of security.

However, monitoring and managing systems is not enough. One of the major vulnerabilities in companies remains the human factor. This is why Asystel Italia has designed an e-learning solution to promote the creation of awareness and culture among users using customized, user-friendly and dynamic tools.

### **Exaprobe is a benchmark for securing companies' infrastructure and digital territories**

Acquired in 2013, and now housing Cap Synergy (2012), Comiris (2014) and Aciernet (2017), **Exaprobe** is a security systems integrator. It operates in the areas of IT security, network infrastructures and platforms for unified communication and the digitisation of workspaces. Its current business model is based on a mix of integration products and services in project or outsourcing mode. Today, with its 210 employees and a revenue of €350 million (€220 million in France and €130 million internationally), Exaprobe has established itself thanks to its technological expertise and innovative offers. Following the acquisition of Aciernet in 2017, it has specific expertise in designing and equipping large data centres. The Company benefits from high-level partnerships with leading manufacturers and software vendors (Cisco, Arista, Check Point, Fortinet, Poly, Microsoft, etc.).

### **Focus on Exaprobe's new Go4Secu offer**

To address the booming cybersecurity market, Exaprobe decided to market a service offer called Go4Secu.

The purpose of this offer is to offer companies that do not have sufficient human and/or financial resources to build their own security oversight centre (or SOC) to benefit from the advantages of this service offer.

While 91% of companies were the target of at least one attack in 2020, only 14% of CISOs (Chief Information Security Officers) believe that their organization allows them to be effectively protected against cybercrime.<sup>(1)</sup>

Based on the protection of mail flows, web browsing, privileged access and the client workstation, this offer is hosted entirely in the cloud and allows Exaprobe customers to rely on its expertise to secure their business as much as possible. Our philosophy: Protect, Monitor, Govern and Remedy.

Backed by the most recognised players in the market – Cisco, Retarus, Fireeye, Kaspersky and Wallix, Go4Secu offers a complete suite of managed services, and takes over from its customers to enable them to focus on their business, and ensure its continuity over the long term.

(1) Source : [https://www.lepoint.fr/high-tech-Internet/cyberattaques-les-entreprises-francaises-touchees-plus-que-jamais-09-12-2020-2404883\\_47.php](https://www.lepoint.fr/high-tech-Internet/cyberattaques-les-entreprises-francaises-touchees-plus-que-jamais-09-12-2020-2404883_47.php)  
<https://www.Exaprobe.com/cloud-services/go4secu/>

## 3.4.2. MICROSOFT TECHNOLOGIES

### 3.4.2.1. Market: new business models are changing the game

The French market for Microsoft technologies has been transformed by the arrival of new business models, notably including the subscription model, that are imposing a change of approach for partners distributing the brand.

Over the past year, the market experienced a high degree of concentration, with the acquisition of pure players by major DSCs. It should be noted for example, the acquisition of vNext by Insight in March, Azeo by Avanade in September, AI3 by Talan in September and Neos-SDI by Open group in November.

### 3.4.2.2. The Econocom offer: Alter Way, Asystel Italia and Infeeny

#### Econocom aims to become a market leader with its Infeeny offer

As a historic partner to Microsoft, Econocom wants to accelerate this strategic collaboration by becoming a market leader, thanks to its Satellite **Infeeny**, which has a high level of expertise in Microsoft 365, Azure and Power Platform environments. Associated with the various business lines of the Galaxy, particularly distribution, financing and Run services, Econocom provides end-to-end offers, a highly-demanded model by the market, such as DaaS (Desktop as a Services) or Cloud Managed Services.

The challenge is to offer all French companies a team of experts dedicated to Microsoft technologies to support them in their digital transformation. This ambition relates to the Econocom group's ability to take into account all Microsoft technologies and combine them to turn them into growth drivers for organisations.

### End-to-end solutions in line with the needs of companies

With its Infeeny Satellite, Econocom is developing a portfolio of end-to-end solutions in line with the needs in terms of innovation and agility: modernisation of applications and data, hosted in Cloud environments (Azure, M365 and Power Platform) to serve new collaborative practices and employee productivity.

This end-to-end approach involves support across the entire project value chain: consulting, to understand the needs and define the target environment, piloting to test before implementation, integration and then managed services as part of continuing improvement cycles. Accordingly, over the past three years, Econocom has been drawing on its proven cross-functional offer, "Infeeny by Econocom". Capitalising on the expertise of its Infeeny subsidiary, it also incorporates the core expertise of Econocom and other Group entities such as **Alter Way** and **Exaprobe**.

#### Infeeny by Econocom represents:

- 700 Microsoft consultants and experts;
- 13 GOLD certifications;
- a network of regional agencies and service centres;
- a unique and multidisciplinary interlocutor for integrated solutions with customised financing;
- three domains of expertise in coherence with Microsoft: Modern Workplace, App & Infra, and Data & IA;
- active partner of the "Microsoft Cloud School" programme to support training or retraining on new Microsoft Cloud technologies.

**Asystel Italia (Italy):** using a WaaS methodology to manage patch distribution, software center distribution and installation, also through a software center catalogue, Asystel Italia designs innovative solutions to address the needs of new workplace management.

Asystel Italia is also an authorized Microsoft HoloLens reseller, offering a complete and value-added proposition in the field of digital and multimedia area.

### 3.4.3. SAAS & CLOUD, WEB APPS AND OPEN SOURCE

#### 3.4.3.1. The cloud will drive the market upwards

According to Syntec's<sup>(1)</sup> report on the second half of 2020, in 2020, SMACS<sup>(2)</sup> grew by 6.4%, representing a market of €14.9 billion. While the growth of this very dynamic segment of software and services has slowed down compared to 2019, it is still very significant in a market that is overall in recession.

Compared to the first half, IDC has significantly improved its forecasts for the evolution of SMACS in 2020, with growth doubling between the forecasts of the first half and those of the second. This leap is due to the higher-than-expected level of investments that CIOs allocated projects due to circumstances (lockdown, remote work, new sales methods, etc.).

**The growth of SMACS is primarily driven by the Cloud**, which is both the largest segment (€6.7 billion alone) and the fastest growing segment (+12.2% in 2020).

#### SaaS & Cloud: services and the cloud hybrid are on the rise

According to Gartner, the adoption of enterprise SaaS is still relatively new and many SaaS application providers have focused more on the functionality of their applications and less on the needs of IT operations.

Most companies already have some cloud infrastructures and SaaS solutions in place and are planning to move in that direction. 16% of budgets for cloud are allocated to what Gartner calls "Services related to cloud". These are essentially services that organisations need to move toward a cloud solution in order to transform their operations by adopting cloud services.

#### New growth drivers in the cloud in 2021

2021 will see the strong development of new uses, mainly integrating the cloud.

According to Forrester<sup>(3)</sup>, the main orientations we can highlight are as follows:

- **the rise of DaaS:** Gartner anticipates that 48% of employees will continue to work from home once the pandemic is over. To secure this remote work and allow everyone to work from anywhere, it is likely that "VDI in the Cloud", in other words virtualized desktops in the cloud, or DaaS (Desktop as a Service) will be broadly used. The arrival of a "Cloud PC" offer at Microsoft, strategic for the success of its future Windows 10, should accelerate the movement by democratizing it. Competitors will have to sharpen their value proposition;

(1) <https://syntec-numerique.fr/smacs-chiffres-cles/conjoncture/note-conjoncture-2e-semestre-2020>

(2) SMACS : acronyme pour définir les marchés suivants : Social, Mobile, Analytique, Cloud, Sécurité

(3) <https://www.itforbusiness.fr/les-10-tendances-cloud-en-2021-41991>

- **Edge reaches an inflection point** In any case, this is the Forrester's<sup>(1)</sup> conviction. Edge redefines where data is processed and how the cloud is used. The practical applications of this concept will finally emerge in 2021 where this architecture is a real asset. The possibility of implementing private 5G networks will also offer new use cases for Edge Computing;
- **strong growth in hybrid cloud** The giants of the public cloud are also keen on penetrating "on-prem" infrastructures with their own solutions to better merge the internal infrastructure with their cloud services. At Google, the strategy is based entirely on Kubernetes and the Mesh Istio service with its 100% software solution "Google Anthos" which now operates in bare-metal and is also deployed in other public clouds. At AWS, the strategy relies in part on its AWS Outposts appliances as well as the recent announcements of ECS Anywhere and EKS Anywhere to deploy Amazon's Elastic Container Services on its internal infrastructure. Lastly, in December, Microsoft launched the "General Availability" version of Azure Stack HCI, its hyperconverged solution that is direct competition with VMware and Nutanix, which is highly integrated with Azure and embeds AKS (Azure Kubernetes Services). The software vendor also offers Azure Arc to deploy Azure data services in the form of containers in any cloud or on its internal infrastructure;
- **emergence of a sovereign cloud GAIA-X:** on the one hand, companies are working to prevent suppliers from locking them into their cloud technologies. On the other hand, European legislation has been strengthened to ensure the sovereignty of European data, forcing companies to think about "European storage". These two trends are the main drivers of the European metacloud initiative GAIA-X. A metacloud designed with interoperability and

reversibility as core values. Enough to make the cloud more agnostic. 2021 will be extremely challenging for this initiative. To ensure its success, it must materialise quickly, probably in mid-2021. Otherwise, it is likely that the European metacloud will be a dramatic flop;

- **lastly, the steady growth of open source** will inevitably continue due to its cross-functional nature and the regular adoption by major IT players. According to PAC-CXP, the open source market will see annual growth of 8.1% by 2021 for the industry as a whole (+12.6% for publishing and +7.8% for services), representing about twice the growth forecast for the entire digital sector (+4.2%). The United Kingdom and Germany are in second and third place behind France, European leader in open source and open digital. France should maintain this position until 2021. The free software and open source sector continues to grow, building on its traditional implementations in infrastructure, middleware and the web, and is finding new growth vectors through its strong implication in the new technology market segments: Big Data and AI, new generations of DevOps-oriented development tools, and cloud technologies.

### 3.4.3.2. The Econocom offer: Alter Way, ASP Serveur, Bizmatica, Econocom Brazil, Nexica, Synertrade

#### Applications

At the heart of the user experience, applications are the most visible part of the daily lives of the Company's customers and employees. Today, every company must have powerful business-oriented applications, developed within shorter and shorter deadlines and adapted to rapid changes in the market, uses and technologies.

(1) <https://go.forrester.com/blogs/predictions-2021-edge-computing-hits-an-inflection-point/>

To meet the needs of companies regardless of the sector of activity or business line,

**Econocom proposes a dual approach:**

- **one stop shop** around open source technologies thanks to the expertise of the Satellite Alter Way;
- **off-the-shelf software platforms**, in SaaS or on-premise mode, to rapidly deploy new digital processes (dedicated purchasing solutions with **Synertrade**).

**In total, three Satellites operate in this application market:**

- **Alter Way (France):** this innovative and recognised SME, a key player specialising in web platforms and DevOps based on open source solutions, Alter Way has a service offer ranging from user experience to managed services in the cloud including consulting, design, development and third party applications maintenance;
- **Bizmatica (Italy):** supports companies in the complex shift-2-cloud journey. It supports the customer engagement process, starting from omnichannel to data-as-a-service solutions, leveraging both an agile BizOps and DevOps approach and on an extensive use of AI technology. Bizmatica leverages on its onStage API Management to federate both cloud technologies and on-premise technologies. onStage provides the possibility to address a variety of use cases: integration of cloud services, integration of mobile apps, B2B integration, Big Data integration, IoT integration and implementation of APIs;
- **Synertrade (France)** offers a dedicated SaaS purchasing solution covering the entire expenditure chain: Source-to-Contract,

Procure-to-Pay and Supplier Relationship Management (SRM).

The Accelerate platform covers the needs of direct or indirect Purchasing Departments. Synertrade has more than 700 clients worldwide, from all business sectors (Industry, Health & Pharma, Energy, Retail, Agri-food, Insurance, Media, etc.). This SaaS solution meets the strategic challenges of large Fortune 500 groups as well as large international SMEs/SMIs.

**Hosting and cloud offers**

For Econocom, infrastructure performance is a key success factor to ensure a successful user experience. The Group supports CIOs in maintaining very high levels of performance, integrating more efficient and flexible cloud offers and enhancing security. As the **11<sup>th</sup> largest player<sup>(1)</sup> in the cloud and datacentre outsourcing market in France**, Econocom is positioned, with its “Satellites” as a genuine partner of businesses and governments.

**Four Satellites operate in the cloud market:**

- **Alter Way (France):** is a technological and innovative company that develops and manages cloud-based digital infrastructure and application services and DevOps methods. Committed since 2006 to responsible digital technology through open source, accessible and eco-responsible solutions, the Company genuinely projects itself within the framework of its Chrysalis 2020-2023 strategic plan, with economic, societal and ecological challenges related to the accelerated digitization of companies and large organisations;

(1) PAC/Teknowlogy study 2020.

- **ASP Serveur (France):** is a production infrastructure host and operator of public, private and hybrid cloud solutions. As a specialist in mission-critical hosting and public and private cloud solutions, ASP Serveur owns its infrastructure and has a cutting edge, very high security datacentre;
- **Econocom Brazil:** operates strategic consulting, managed services and outsourcing projects;
- **Nexica (Spain):** is an expert in the hosting and management of critical applications for 15 years. It is a key player in the Spanish market in the cloud computing. Nexica has datacentres in Barcelona, Madrid and Marseille.

### 3.4.4. INFRASTRUCTURE & NETWORKS

#### 3.4.4.1. A market undergoing major structural changes

##### **Businesses need more and better IT infrastructure**

Digitisation, new uses, development of cloud models: to meet these challenges, the network must play an increasingly important role. In addition to the commonly accepted intrinsic qualities (performance, availability, durability), it is becoming increasingly common for networks to be required to integrate advanced functions such as: filtering, optimisation and management of flows (voice, video), virtualisation and quality of service measurements. The development of forms of collaborative work (for example, videoconferencing) partly explains this trend.

##### **A strong tendency towards migration to public cloud systems**

Over the last several years companies have been shifting their IT workload to the public cloud.

##### **Cybersecurity, a top priority for executives and Boards of Directors**

In all business sectors, attacks are becoming more numerous and more complex: with 80% of technology managers say that their organisation is struggling to put in place a strong defence.

##### **New mutations for tomorrow**

These include the growth of Asia for hardware solutions, the use of DevOps for software and hardware, container-first architectures and the increasing use of artificial intelligence and technology stacks optimised for machine learning.

#### 3.4.4.2. The Econocom offer: Alter Way, Asystel Italia, ASP Serveur, Bizmatica, Exaprobe and Nexica

To help its customers transform their infrastructures, Econocom offers consulting, transformation engineering, optimisation and technological innovation services. In addition to its transformation and integration services, Econocom also offers maintenance services in operational conditions throughout the life cycle of these infrastructures, thereby guaranteeing its customers end-to-end support.

##### **Designing scalable infrastructures capable of integrating the innovations of tomorrow**

Developing flexibly to improve support: Econocom's approach. The Group advocates traditional IT solutions together with the most innovative digital solutions (hybrid cloud solutions, etc.). This "mix" facilitates the digital transition and its adoption by users. This flexibility also makes possible the design of scalable infrastructures capable of integrating technological innovations as they occur over time.

### Six Satellites operate in this market:

- **Alter Way (France):** see Chapter 3.4.3.2;
- **Asystel Italia (Italy)** Asystel Italia designs, builds, integrates and maintains network infrastructures and digital innovation solutions for medium and large companies. The Data Center offering is focused on the On Demand approach, which allows the Client to entrust us with the design, activation, management and provision of IT services with a scalable model (both for resources and services) that grows over the time, according to its real needs. The Asystel Italia proprietary architecture is built on Tier Level 3+ classified standards and has first-level certifications on data security and quality and energy efficiency (ISO27001: 2013, ISO 9001: 2015);
- **Bizmatica (Italy)** is able to support companies in an end to end approach in the digital transformation process. It provides from the initial consultancy (scope, assessment, change management, business cases, scenarios), to the development and management of complex IoT & Service Assurance platforms leveraging on AI and Machine Learning solutions. In terms of infrastructure's governance and data access, Bizmatica solutions are focused on Cloud Management, Back Up e Recovery, Data Virtualization and Consolidation;
- **ASP Server (France) and Nexica (Spain):** see Chapter 3.4.3.2.;
- **Exaprobe (France):** see Chapter 3.4.1.2.

## 3.4.5. MOBILITY

### 3.4.5.1. A dynamic market driven by the growth of software solutions and service

The enterprise mobility market is divided into four main segments:

- **Connectivity:** 3/4/5G mobile networks and WiFi;

- **Hardware:** consumer and professional devices and accessories;
- **Software:** off-the-shelf mobile applications, development platforms, mobility management solutions such as EMM/UEM (Enterprise Mobility Management/Unified End-Point Management, etc.) and mobile security (Mobile Threat Defence);
- **Services:** deployment and management of a mobile business fleet, user services, mobile application development, EMM services, etc.

The mobility market is a dynamic market driven particularly by the adoption by users in the private sphere.

Thus, according to Gartner<sup>(1)</sup>, today the overall market share of mobile platforms is nearly three times larger than the share of the historic platform Windows (almost 5 billion mobile devices – Google Android and Apple iOS – compared with 7 billion for Windows).

On a business scope, growth is largely driven by mobile phones with more than 200 million mobile handsets purchased by businesses in 2024, compared to 160 million in 2020, while traditional telephones are stagnant with around 144 million units sold per year (between 2020 and 2024). As a result, public and private organisations are arranging to take change of these new uses in their business line and support structures.

Gartner<sup>(2)</sup> predicts annual growth of 7.5% in managed services related to mobility to \$8.9 billion in 2024.

(1) Gartner, Forecast : PCs, Ultramobiles and Mobile Phones, Worldwide, 2018-2024, 3Q20 Update.

(2) Gartner, Forecast : IT Services, Worldwide, 2018-2024, 3Q20 Update

### 3.4.5.2 The Econocom offer: Alter Way, Asystel Italia, BDF, Bizmatica, DMS, Econocom Brazil, Energy Net, Gigigo, JTRS

Econocom has several brands that enable it to extend its expertise in corporate mobility on a European scale, but also in Brazil:

- **Alter Way (France)** responds to mobility issues on Android technologies: Kotlin, Java et iOS: Swift 4/5 -Objective-C;
- **Asystel Italia (Italy)** has a specialized Business Unit focused on mobility projects and competences. It provides its clients with all the necessary services for a complete devices management, guaranteeing quality of service, security and freeing the IT of clients from the costs of managing the devices themselves. Asystel Italia has in-depth knowledge of Microsoft Windows and Apple MacOS environments on the one hand, and Android and iOS operating systems and related device management platforms, on the other;
- **BDF (Italy):** BDF's mission is to maximize technological use by assuming the complete management of logistic aspect, assistance, maintenance and disposal of digital products for medium and large companies with a special focus for financial market. From staging to roll out and help desk, BDF's services are highly customizable and modular. They are focused on management and security of about 180.000 workplaces and 20.000 printing solutions based on a pay per use business model. In the field, BDF has a warehouse for products and spare parts of over 6,000 sqm. BDF is becoming the reference point of Econocom Italia Group for the management of end of life of the digital product according to modern principles of sustainability;
- **Bizmatica (Italy)** provides solutions and guidance that enable organisations to adopt smart (or agile) ways of working with a focus on maximizing employee productivity while meeting the growing need for corporate mobility management and business continuity of their activities;

- **DMS (France)** is a mobile technology expert specialising in the deployment and management of very large terminal fleets;
- **Econocom Brazil** accelerates the digital transformation processes of companies through strategic consulting, managed services and mobile outsourcing;
- **Energy Net (Germany):** Econocom strengthened its presence in Germany with the acquisition of Energy Net in 2017. This Satellite, specialised in the B2B distribution and integration of Apple products, allows Econocom to strengthen its historic partnership with Apple<sup>(3)</sup>. Energy Net enables Econocom to develop innovative solutions combining hardware, applications and services, charged as a fee;
- **in Spain, Mexico and Brazil, Gigigo** supports companies in their mobile marketing strategy by offering customised mobile application development for consumers and a platform for generating and managing promotional marketing campaigns;
- **JTRS (United Kingdom)** specialises in technology solutions for education and B2B (Apple Authorised Enterprise Reseller, Apple Authorised Education Specialists, Partenaire LEGO®, Google & Microsoft).

### 3.4.6. DIGITAL SIGNAGE & MULTIMEDIA

#### 3.4.6.1. A growing market driven by the expansion of retail

According to Technavio's global digital signage market research report, the market will record a CAGR (compound annual growth rate) of nearly 7% by 2022. This dynamism is largely due to the strong growth in the retail segment, itself boosted by the increase in the demand for consumer goods and the rise in household income. Other factors such as urban growth and the increase in the demand for quality products also help explain the excellent performance of the market.



### 3.4.6.2. The Econocom offer: Altabox, Asystel Italia, BDF, BIS|Econocom

Digital signage solutions can be an excellent lever for new business, for example to enrich omnichannel retail experiences, or to better capture user attention and generate additional advertising revenue.

In order to help its customers put in place the business models of tomorrow, the Econocom group works in collaboration with them to create the right digital solutions, whatever their business universe. End-to-end support, from the consulting phase up to the creation of an industrial model for their innovative projects. The Group aims to offer its customers integrated digital solutions, together with financing offers.

#### The following are positioned in this market:

- Altabox (Spain):** leader in Spain in the development of omnichannel marketing strategies for retail outlets, Altabox joined the Econocom Galaxy in 2018. The Company is specialised in the design and deployment of dynamic digital signage, sensory and auditory marketing, and traffic and data analytics solutions. With this acquisition, the Group has obtained a complete range of state-of-the-art digital point-of-sale solutions, combined with its innovative financing and distribution model (subscriptions, payment for use, etc.);
- Asystel Italia (Italy):** is a leading player in the new multimedia communication solutions: smart working platforms, smart collaboration solutions, implementation of environments for new-generation multimedia communication. Asystel Italia designs complete solutions that integrate monitors, projectors, touch frames, IWBs, video walls, NUCs, digital signage platforms, microphones, amplifiers, interactive furnishing elements, booking systems and biometric recognition systems, interfaces and home automation connectors in order to create functional environments, extremely innovative and able to ensure a simple use with added value;
- BDF (Italy):** BDF' approach (see 3.4.5.2) to a complete management of hardware and relative services is also valid for multimedia device and digital signage solutions such as integration and set up of meeting room systems, video walls and Digital Signage;
- BIS|Econocom (Netherlands):** specialist in audiovisual & IT solutions, video collaboration and unified communications. BIS|Econocom speeds up digital transformations, brings people together and makes organisations more decisive and agile. Digital technologies are adopted at lightning speed and Audiovisual & IT technology plays a crucial role in this process. BIS|Econocom is a market leader and initiates user friendly innovations to enhance collaboration, unified communications and other Audiovisual & IT solutions, inside and outside the office environment.

### 3.4.7. CONSULTING

#### 3.4.7.1. The Econocom offer: Bizmatica and Helis

**Two Satellites are specifically positioned in the consulting market:**

- **Bizmatica (Italy)** proposes to collaborate with customers, defining the best strategy in the digital transformation following specific innovation needs related to Cloud Transition, Business IT alignment, BizOps approach, Change Management, Process Optimization and DevOps;
- **Helis (France)** is a specialised consulting firm specialising in mission critical infrastructure consulting and engineering. With a team of over 60 consultants on assignment, Helis experts assist companies in their respective fields, in areas as specialised as IP and network infrastructure, GDPR compliance and Big Data and CSR, providing a bespoke solution to their transformation projects.

## 3.5. Combination of Planet and Satellite know-how

The combination of the know-how of the entities of the Planet (the Group's three historical activities) and the Satellites makes it possible to create these "end-to-end" transversal offers (consulting, design, sourcing, construction, financial approach, security, operation).

These "one stop shop" offers have no equivalent on the market. They allow companies to simplify and manage the entire life cycle of their resources. All of this through the placing of the user at the heart of the digital transformation.

### 3.5.1. HORIZONTAL TRANSVERSAL OFFERS

#### 3.5.1.1. Econocom Mobility Offer

Corporate mobility is an essential part of the digital transformation of companies. Large

or small, regardless of their sector of activity, all companies must invest in mobility, but not all have reached the same level of maturity.

Having all the expertise needed to respond to this market, Econocom has chosen to structure them within a transversal offer in France.

The offer covers the needs of companies in the field of digital mobility, and meets the expectations of CIOs as well as Business Departments and employees. Through the Group's Technology Management & Financing activities, Econocom Mobility adapts to consumer uses with its "Mobility as a service" offer.

To simplify and optimise the management of the mobility program, Econocom has developed a platform bringing together, users and data (interconnection with the customer ecosystem) and optimising processes through automation (Robotic Process Automation).

#### • Terminals & Connectivity:

- ▶ the distribution of consumer-grade or rugged terminals, market or tailor-made accessories;
- ▶ services to ensure complete lifecycle management (fleet deployment, maintenance and recycling, fleet and subscription management, optimization of telecommunications expenditures);
- a data connectivity offer to guarantee the best market all over Europe.

#### • Security:

- strategy consulting to be adopted;
- partnerships with market leaders (Microsoft, VMware, MobileIron acquired by Ivanti);
- an innovative solution to simplify the life of users during an EMM migration (Wave).

• **Employee experience:**

- ▶ services associating human assistance (specialised helpdesks, local support, on-site training) and selfcare (mobile support application, connected drop-off points) to ensure autonomy and satisfaction.

**3.5.1.2. One of the most comprehensive cloud solutions offering on the market**

Econocom supports its customers through a smooth and controlled move to cloud, drawing on all its assets to serve both their strategies and their businesses.

**Our belief:** all companies can benefit from the cloud, but they each do it their own way.

To maximise benefits, the infrastructure model, operating model, security model and user practices must be specific to each organisation, and take into account its objectives, its current situation, its specifics and its constraints, its maturity and skills.

In order to enable companies to build and implement the cloud environment that best suits them and meets their needs, the Group is an expert of and partners with the main cloud providers, while our services and solutions cover the entire transformation chain:

- strategy, architecture, governance, operating model;
- modernisation and “move to cloud” migration of infrastructures and applications;
- definition and implementation of security policies;
- secure sovereign cloud service hosting;

- operating hybrid and multi-cloud environments;
- adaptation of the application life cycle and dissemination of best practices.

**3.5.2. VERTICAL TRANSVERSAL OFFER**

With the proliferation of technological innovations, “smart phygital” is becoming the new norm. While many believed that e-commerce would wipe out physical stores, it is a 360° business that is emerging between on and off-line and has been further strengthened by the health crisis.

**Econocom Retail’s ambition?** To help retailers meet new challenges in their industry by offering their customers an experiential, connected and omnichannel retail solution to improve the customer experience. With solutions supporting the entire customer journey, from digital solutions for attracting customers to the store, and then ensuring their loyalty after they leave, including innovative solutions within the store itself, Econocom Retail aims to bring the future of customer experience to end-customers today.

**Econocom Retail is:**

- **end-to-end connected solutions** to provide customers with a unique, innovative and consistent customer experience;
- custom-designed software and solutions;
- **360 degree collaboration:** conception, support and financing;
- **a showroom and a labcentre:** an invitation to live the new retail experience with Econocom Retail.

## 4. Financial position and results

### 4.1. Highlights of the past three years

#### 2020 was notable for:

- revenue from continuing activities of €2,559 million at constant standards, down 11.3% compared to 2019;
- profit (loss) from current operating activities<sup>(1)</sup> slightly up, totalling €122.5 million for continuing activities;
- EBC (Econocom Business Continuity) and digital.security were sold;
- the implementation of the plan to reduce direct and indirect expenses by €96.5 million (gross) initiated in 2019 is being finalised;
- 2020 posted a significant decline in net financial debt, with a net cash position of €20 million at the end of the year. This achievement was made possible through a significant improvement in operating cash flow, proceeds from the divestiture of non-strategic assets for around €125 million, while maintaining an interim dividend payment and treasury share buybacks;
- as at 31 December 2020, treasury shares totalled 4.43% of the share capital.

#### 2019 was notable for:

- revenue of €2,927 million stable over its continued activities at constant standards, identical to 2018. On an organic basis, it was down slightly by 0.8%. Restated for the drop in revenue of TMF in Italy, growth amounted to 4.5% (of which 3.7% organic growth);
- in the process of refocusing its activities, the Group placed 13 companies/activities in the IFRS 5 scope of application (discontinued activities);
- profit (loss) from current operating activities which stands at €126 million for continuing activities;
- the companies Jade and Rayonnance were sold (however, the Group has retained 10% of Rayonnance);
- the Group launched a plan to reduce direct and indirect expenses by €96.5 million gross spread out over three years. saving totalled €30 million in 2019;
- net accounting debt remained stable compared with 2018. On the one hand, this reflects sound operating cash flow generation, the cash inflows received from the partial sale of Rayonnance in December, as well as the decline working capital requirements for EDFL and, on the other hand, the cash outflows in the year related to the acquisition of non-controlling interests in Satellites, to the redemption of the issue premium and to treasury share buybacks;
- as at 31 December 2019, treasury shares totalled 9.56% of the share capital.

(1) Before amortisation of intangible assets from acquisitions.

## 2018 was notable for:

- revenue of €2,999 million, reflecting organic growth of 2.7%. This revenue figure reflects the first application of IFRS 15;
- profit (loss) from current operating activities<sup>(1)</sup> stands at €110.9 million;
- in March 2018, the issue of an OCEANE bond maturing in 2023 for a nominal amount of €200 million. This convertible bond aims to support the Group's investments in its new strategic plan;
- the continuation of Econocom's investment strategy, initiated in 2014, through the acquisition of majority shareholdings in new subsidiaries (see below) while multiplying innovative initiatives on the Planet. These transactions were intended to strengthen the Group's know-how in the most buoyant market segments and to roll out its original model in the leading European countries;
- the return in October of Jean-Louis Bouchard, founder of the Group and Chairman of the Board of Directors, to the position of CEO;
- the continuation of the Group's cash management efforts, which significantly reduced the Group's working capital requirements and lowered net accounting debt.

## 4.2. Consolidated data for the year: comparison between 2020, 2019 and 2018

### 4.2.1. KEY FIGURES

<i>in € millions</i>	<b>2020</b>	<b>2019 restated*</b>	<b>2018 restated**</b>
Revenue from continuing operations	2,559	2,914	2,999
Profit (loss) from current operating activities before amortisation of intangible assets from acquisitions <sup>(1)</sup>	122.5	127.6	110.9
Profit (loss) from current operating activities	120.4	125.6	106.7
Profit (loss) from operating activities	84.1	101.2	86.8
Shareholders' equity (including non-controlling interests)	472.9	483.9	491.3
<b>Net financial debt</b>	<b>+20.2</b>	<b>(252.2)</b>	<b>(251.7)</b>

\* In accordance with IFRS 5, 2019 income and expenses of activities discontinued in 2020 are reclassified to the income statements of 2019 under "Profit (loss) from discontinued operations".

\*\* In accordance with IFRS 5, 2018 income and expenses of activities discontinued in 2019 are reclassified to the income statements of 2018 under "Profit (loss) from discontinued operations". However, in accordance with the provisions of IFRS 16, which came into force on 1 January 2019, the 2018 data is not restated for the impact of this regulation on leases.

(1) Before amortisation of intangible assets from acquisitions.

## 4.2.2. REVENUE

<i>in € millions</i>	<b>2020</b>	<b>2019 restated*</b>	<b>2018 restated**</b>
Technology Management & Financing Services	913	1,135	1,321
Digital Services & Solutions	1,646	1,779	1,678
<b>Total revenue</b>	<b>2,559</b>	<b>2,914</b>	<b>2,999</b>

\* In accordance with IFRS 5, 2019 income and expenses of activities discontinued in 2020 are reclassified to the income statements of 2019 under "Profit (loss) from discontinued operations".

\*\* In accordance with IFRS 5, 2018 income and expenses of activities discontinued in 2019 are reclassified to the income statements of 2018 under "Profit (loss) from discontinued operations". However, in accordance with the provisions of IFRS 16, which came into force on 1 January 2019, the 2018 data is not restated for the impact of this regulation on leases.

For continuing operations, Econocom reported for financial year 2020 annual consolidated revenue of €2,559 million, down 12.2% (of which 11.3% on an organic basis).

This performance was mainly due to the specific context of the 2020 marked by the global Covid-19 pandemic and the lockdown measures in the spring and autumn.

### Technology Management & Financing

At 31 December 2020, Technology Management & Financing recorded revenue of €913 million compared with €1,135 million one year earlier, which is a decrease of 19.6%. This decline, linked to the uncertainties encountered by companies in the context of the global pandemic, affected all of the Group's regions with the exception of France, which achieved sales performance close to that of last year.

This activity posted a decrease of 10% in revenue in 2019 due to the difficulties encountered by the Italian subsidiary and organic growth of 1.6% in 2018.

### Digital Services & Solutions

Digital Services and Solutions posted revenue in 2020 of €1,646 million compared with €1,779 million in 2018, or a decrease of 8.0% (of which 7.5% in organic growth). Activity, which had slowed sharply in the second quarter due to the lockdown measures implemented in all European countries in which the Group operates, posted organic growth of nearly 4.7% last quarter of 2020. In 2019, the DSS business line generated revenue of €1,779 million, compared €1,678 million in 2017, up 6%.

### 4.2.3. PROFIT (LOSS) FROM CURRENT OPERATING ACTIVITIES

<i>in € millions</i>	<b>2020</b>	<b>2019 restated*</b>	<b>2018 restated**</b>
Technology Management & Financing Services	37.0	44.0	52.3
Digital Services & Solutions	85.5	83.6	58.6
<b>Total Profit (loss) from current operating activities<sup>(1)</sup></b>	<b>122.5</b>	<b>127.6</b>	<b>110.9</b>

\* In accordance with IFRS 5, 2019 income and expenses of activities discontinued in 2020 are reclassified to the income statements of 2019 under "Profit (loss) from discontinued operations".

\*\* In accordance with IFRS 5, 2018 income and expenses of activities discontinued in 2019 are reclassified to the income statements of 2018 under "Profit (loss) from discontinued operations". However, in accordance with the provisions of IFRS 16, which came into force on 1 January 2019, the 2018 data is not restated for the impact of this regulation on leases.

<sup>(1)</sup> Before amortisation of intangible assets from acquisitions.

The Group's profit from current operating activities before amortisation of intangible assets from acquisitions is €122.5 million, *i.e.* 4.8% of revenue. The Group benefited from the effects of its cost-cutting plan launched in early 2019, the continuous productivity improvement in Services and its focus on projects with higher added value.

In 2019 the Group's profit from current operating activities stood at €127.6 million, accounting for 4.4% of revenue, makes by an improvement in profit (loss) from operating activities from Digital Services & Solutions.

In 2018 the Group's profit from current operating activities stood at €110.9 million, affected by reduced profitability in Technology Management & Financing. For the Group as a whole, profitability was 3.8%.

### 4.2.4. PROFIT (LOSS) FROM OPERATING ACTIVITIES

The Group's profit (loss) from operating activities was €84.1 million in 2019, compared with €101.2 million in the previous year. Non-recurring expenses amounted to €36.2 million, up compared with €26.8 million in 2019, driven in particular by reorganization measures in connection with the cost reduction plan.

In 2018, non-recurring expenses amounted to €19.9 million as a result of new organisation measures and costs associated with the closure of sites.

### 4.2.5. FINANCIAL POSITION

The Group boasted a sound financial position at 31 December 2020, with net cash at bank of €284 million and a positive net cash position of €20.2 million.

At 31 December 2019, as at 31 December 2018, net financial debt stood at €252 million, less than 1.5x Group EBITDA in 2019.

### 4.3. Equity restrictions

In May 2015, the Group issued a Euro Private Placement (Euro PP) bond and a *Schuldschein* loan in November 2016.

The Group is subject to one single covenant in relation to these bond issues. It is calculated as of 31 December of each year, and corresponds to the ratio of net debt to *proforma* EBITDA. And it may not exceed 3x over two consecutive years. A breach would not result in early redemption, but it would force the Group to pay a higher interest rate until the ratio is brought back within the relevant bounds.

Other lines of credit do not contain covenants in respect of maximum debt, financial ratios or credit ratings that, if breached, would trigger immediate repayment.

Econocom is not subject to any legal or economic restrictions liable to limit or significantly restrict cash flows within the Group in the foreseeable future.



## 5. Corporate Governance

### 5.1. Board of Directors and Advisory Committees

The composition and functioning of the Board of Directors and the Board's Committees are governed by:

- articles 7:85 *et seq.* of the Belgian Companies Code;
- articles 14 *et seq.* of the Bylaws;
- the internal rules of the respective Committees, available on the Econocom website ([www.econocom.com](http://www.econocom.com)), *i.e.*:
  - (i) the internal rule of the Board of Directors' meeting of 19 May 2016 (the "Board of Directors' internal rule"),
  - (ii) the internal rule of the Executive Committee (formally Executive Committee) of 7 September 2016 (the "Executive Committee's internal rule"),
  - (iii) the internal rule of the Audit Committee of 27 January 2020 (the "Audit Committee's internal rule"), and
  - (iv) the internal rule of the Compensation and Appointments Committee of 27 January 2020 (the "Compensation and Appointments Committee's internal rule").

For more details on corporate governance, please refer to section 5, chapter 5 of this report, which contains the Management Report of the Board of Directors on the financial statements for the year ended 31 December 2020.

#### 5.1.1. BOARD OF DIRECTORS

##### 5.1.1.1. Composition of the Board of Directors

###### 5.1.1.1.1. Appointment (article 14 of the Bylaws and article 4 of the Board of Directors' internal rules)

The Company is governed by a Board comprising at least three members, whether or not shareholders or legal persons. Members are appointed to the Board for a maximum

term of four years by the General Meeting, which may remove them at any time. They may be re-elected. The term of office of outgoing Directors ends immediately after the General Meeting that decides on re-election.

The composition of the Board includes mostly non-executive Directors and an appropriate number of independent non-executive Directors. If the number of Directors so permits, at least three Directors shall be independent within the meaning of Principle 3.5 of the 2020 Belgian Corporate Governance Code. The aim is that at least half of Board members should be non-executive Directors, and that at least one-third of Board members should be of a different gender than the other members.

Directors are appointed by the General Meeting from the candidates put forward by the Board.

Directors undertake to act in Econocom's interest and to maintain independence of judgement, decision-making and action in all circumstances. They participate in the work of the Board in a wholly impartial manner. Even if Directors know Econocom group's business sector well, they should continue to build on their knowledge and expand their expertise.

The Board regularly reviews its composition, functioning and interaction with the Chief Executive Officer(s), managing Director(s), who are in charge of day-to-day management, and with the Executive Committee.

###### 5.1.1.1.2. Vacancy (article 15 of the Bylaws)

If a seat on the Board becomes vacant, the remaining Directors are entitled to fill it temporarily. In this case, the first General Meeting after the seat becomes vacant appoints a Director to fill the vacancy on a long-term basis. The Director nominated in the conditions described above is appointed for the remaining term of office of the Director he/she is replacing.

*5.1.1.1.3. Chair, Vice-Chair and Secretariat (article 16 of the Bylaws and articles 4.6, 5 and 6 of the Board of Directors' internal rules)*

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The Board of Directors elects a Chairman and Vice-Chairman from among its members.

The Chairman of the Board is responsible for:

**1. Ensuring the management by the Board, and in particular see to it that the Board is well organised, operates efficiently and performs its obligations and responsibilities, namely:**

- ▶ preparing, convene, presiding and managing the sessions of the Board and making certain that in the meetings, sufficient time is reserved for a serious in-depth discussion of the relevant issues,
- ▶ drawing up the agenda for the meetings of the Board, in liaison with the managing Director(s), Chief Executive Officer(s) and, where appropriate, the Executive Committee,
- ▶ ensuring that the Board receives the appropriate information and that the documents supporting proposals for decisions are relevant and readily available within a reasonable time prior to Board meetings;

**2. Ensuring the quality and continuity of the Board's work by initiating and managing procedures concerning:**

- ▶ the assessment of the size, composition and performance of the Board of Directors or the managing Director(s), its Committees, Chief Executive Officers and the Executive Committee to ensure the efficiency of the decision-making process,

- ▶ appointing or re-electing members of the Board, the Chief Executive Officers, members of the Board's Committees and the Executive Committee;

**3. "Liaising" between the Board, Chief Executive Officers and the Executive Committee. This involves:**

- ▶ meeting regularly with the managing Director(s), Chief Executive Officer(s) and other members of the Executive Committee,
- ▶ seeing to it that relations between the Board and the managing Directors and Executive Committee are of a professional and constructive nature and that the Executive Committee provides the Board with the information necessary to play its role in terms of evaluation, decision-making, supervision and control,
- ▶ if it deems it in the interest of the Company, the Board may turn over the position of Chairman to any Director who performs executive duties within Econocom,
- ▶ in the absence of the Chairman of the Board, the Vice-Chairman replaces him. Should both the Chairman and the Vice-Chairman be prevented from attending a Board meeting, the Directors present elect a Chairman for the meeting in question.

The Board of Directors may appoint a Company Secretary who reports on how the procedures, rules and regulations applicable to the Board are implemented and respected. Directors may consult the Company Secretary at their own initiative.

#### 5.1.1.4. Compensation (article 14 of the Bylaws and article 10 of the Board of Directors' internal rules)

Directors may or may not collect compensation for the performance of their duties. Any fixed or variable compensation may be set by the General Meeting acting on a recommendation from the Board of Directors assisted by the Compensation and Appointments Committee.

Compensation is set for each Director or on an aggregate basis for the Board as a whole, in which case the Board shall decide how to allocate the compensation according to criteria it defines.

Compensation due to non-executive Directors is determined based on a realistic assessment of their responsibilities, the associated risks and market practices.

#### **5.1.1.2. Powers of the Board of Directors (article 20 of the Bylaws and article 2 of the Board of Directors' internal rules)**

The Board of Directors is vested with the power to undertake all actions necessary or useful for the Company to fulfil its corporate purpose, except for those actions set aside by law for the General Meeting, and without prejudice to the powers it may delegate.

The Board represents the Company in its dealings with third parties and in legal proceedings, either as plaintiff or defendant.

It has the following duties and responsibilities, which it performs with the support of the managing Directors, Executive Committee and the Committees it has established:

- appoint, monitor and evaluate the Chief Executive Officer(s) and managing Directors, members of the Committees established in accordance with the provisions of the Belgian Companies

Code, as well as members of the Executive Committee and, more broadly, ensure the establishment of a clear and effective management structure;

- approve the strategic plans on the suggestion by the Chairman of the Board after study with the Executive Committee;
- assess Econocom's functioning in relation to its strategic and budgetary targets, based notably on a quarterly review of financial results and any other reports made to the Board;
- approve any acquisitions, investments or internal reorganisation considered strategic by the Chairman of the Board or the Executive Committee;
- take all steps necessary to ensure the integrity of the financial statements and other important information that must be disclosed to investors, and their publication within the prescribed timeframe;
- approve an internal control and risk management framework and oversee the work of the Statutory Auditor and Internal Audit;
- approve any other matters that the Chairman, Chief Executive Officer or Executive Committee member believes should be submitted for approval by the Board due to its strategic significance (even in relation to matters delegated by the Board to the Executive Committee, the Chief Executive Officers, the managing Directors or any third party);
- take all decisions on matters set aside for it by law and the Bylaws, including any decision to be submitted to the General Meeting;
- assess its own functioning and interaction with the Chief Executive Officer(s), the managing Directors and the Executive Committee.

### 5.1.1.3. Functioning of the Board of Directors

#### 5.1.1.3.1. Meetings (article 17 of the Bylaws and article 7.1 of the Board of Directors' internal rules)

The Board of Directors meets at least four times a year. Board meetings are convened and chaired by the Chairman, or, if the Chairman is prevented from attending a particular meeting, by the Vice-Chairman, whenever it is deemed to be in the Company's interest or each time a minimum of two Directors so request.

The Chairman prepares the agenda for each Board meeting together with the Chief Executive Officer(s) or the Executive Committee.

Board meetings are held at the location indicated in the convening notice.

Members of the Board are convened at least five working days before the date of the meeting, unless a shorter timeframe is in the Company's interests or the Directors decide upon one.

Important information needed to allow the Directors to understand the matters to be discussed at the meeting are sent to each Director as soon as possible before the date of the Board meeting.

A Director unable to attend a Board meeting may be represented by another Director provided a proxy request is submitted in writing.

The Board may invite any persons whose presence it deems useful to attend its meetings.

#### 5.1.1.3.2. Quorum and deliberations (article 18 of the Bylaws and article 7.3 of the Board of Directors' internal rules)

The Board of Directors may only validly debate and take decisions if at least half of its members are present or represented.

Decisions of the Board are adopted on the basis of a majority of votes cast; abstentions are not counted. When there is no majority, the person chairing the meeting holds the casting vote.

In exceptional circumstances, when urgency and the best interests of the Company so dictate, decisions may be adopted pursuant to the unanimous consent of the Directors, expressed in writing. However, this procedure cannot be used for the approval of the annual financial statements or the utilisation of the authorised capital.

#### 5.1.1.3.3. Proxies (article 18 of the Bylaws and article 7.1 of the Board of Directors' internal rules)

All Directors may ask one of their colleagues to represent them at a given meeting of the Board of Directors and vote on their behalf. This request may be made in writing, by email, by fax, or by any other means used to grant unequivocal special representative powers. In this case, the Director (proxy giver) represented is deemed to be present.

A Director may represent one or more other members of the Board.

Directors may also express opinions and vote in writing, by email or by fax, but only if half of the Board members attend the meeting in person.

#### 5.1.1.3.4. Minutes (article 19 of the Bylaws and article 7.5 of the Board of Directors' internal rules)

Deliberations of the Board of Directors are recorded in the minutes of the meeting. In accordance with the Bylaws, these minutes must be signed by at least the majority of the members in attendance. However, the Board of Directors, at its meeting of 4 September 2019, unanimously decided that the minutes would be signed at the next Board meeting and would from now on be signed by the Chairman, the Board Secretary and if applicable by Directors that so request.

These minutes are recorded in a special register together with any delegations of authority granted.

Copies or extracts required for legal or other purposes are signed by the Chairman, by a Chief Executive Officer, by two Directors or by a managing Director.

#### 5.1.1.3.5. Information provided to the Board (article 9 of the Board of Directors' internal rules)

The Directors have access to all of the information needed to exercise their duties in a due and proper manner. Non-executive Directors may raise issues with members of the Executive Committee, after having consulted the Chairman of the Board or a Chief Executive Officer and made sure that this will not jeopardise the proper conduct of business.

Directors may not use the information received in their capacity as Director for purposes other than the exercise of their office. They are required to keep any information they receive in their capacity as Director confidential.

#### **5.1.1.4. Day-to-day management – delegation (article 21 of the Bylaws and article 3 of the Board of Directors' internal rules)**

The Board of Directors may delegate the power to manage the Company's day-to-day affairs or to represent the Company with regard to its day-to-day management to one or more Directors who are also Chief Executive Officers and/or to one or more executives who are also managing Directors.

Their roles and responsibilities are set out in the agreement governing their appointment. Nevertheless, the limits placed on their representative powers for the purposes of day-to-day management shall not be binding on third parties, even if they are published.

The Board of Directors and those responsible for day-to-day management, within the limits of the powers of day-to-day management, may grant special and precise powers to one or more persons of their choice, who need not be shareholders or Directors. Holders of these special powers may substitute one or more persons in the

exercise of their powers, subject to the consent of the Board of Directors or the person responsible for day-to-day management (as appropriate).

In the event of a special delegation of powers, the deed of appointment defines the relevant powers and the related compensation.

#### **5.1.1.5. Liability of the Board of Directors (article 25 of the Bylaws)**

The Directors and the Statutory Auditor(s) are not personally liable for undertakings made by the Company.

Pursuant to common law and the provisions of the Belgian Companies Code, they may be held liable for the performance of their duties and any faults committed in their management.

#### **5.1.1.6. Representation (article 22 of the Bylaws)**

The Board of Directors represents the Company as a collegial body in its dealings with third parties and in legal proceedings.

Notwithstanding the Board's general powers of representation as a collegial body, the Company is legitimately represented in any legal proceedings and in its dealings with third parties, including with public officers (and mortgage registrars):

- either by the Chairman of the Board of Directors, acting alone; or
- by two Directors, acting in concert; or
- by a Chief Executive Officer, acting alone; or
- by a managing Director, acting alone.

The aforementioned persons are not required to provide any justification of a prior decision of the Board of Directors.

The Company is also legitimately represented by special proxies acting within the scope of their mandate.

## 5.1.2. COMMITTEES OF THE BOARD OF DIRECTORS (ARTICLE 21 OF THE BYLAWS)

The Board of Directors may set up any Committee it deems useful, permanent or temporary, in an advisory or technical capacity. The internal rules of these Committees are set by the Board of Directors.

Each Committee is governed by its own internal rules, which define its composition, role, function and responsibilities as well as its functioning. These internal rules are adopted by the Board of Directors.

The Board of Directors shall establish an Audit Committee within the meaning of article 7:99 of the Belgian Companies Code, as well as a Compensation Committee within the meaning of article 7:100 of the Belgian Companies Code. The composition of these Committees, their tasks and internal rules are established by the Board of Directors, pursuant to the provisions of the Belgian Companies Code.

The Board of Directors may establish specialised Committees tasked with examining and advising on specific issues. The composition and role of these Committees are governed by the Board of Directors in accordance with applicable law.

### 5.1.2.1. Executive Committee (article 21 of the Bylaws, article 3 of the Board of Directors' internal rules and the Executive Committee's internal rules)

#### 5.1.2.1.1. General information

Pursuant to articles 15:18 and 7:121 of the Belgian Companies Code and article 21 of the Company's Bylaws, the Board may establish an Executive Committee, consisting of several persons, Directors or not, and delegate to it the operational management of the Company, as well as special powers other than those relating to operational management, without prejudice to the day-to-day management powers conferred to the managing Directors and Chief Executive Officers.

However, the Board of Directors retains exclusive powers for overall policy and for acts reserved for the Board pursuant to the law, the Bylaws or the Board's internal rules. The Board may also address any question relating to operational management, if it considers it appropriate. In accordance with the decisions of the Board, the Committee may, in turn, delegate any of its responsibilities to an Executive Committee (ExCom).

#### 5.1.2.1.2. Composition of the Executive Committee

The members of the Executive Committee are appointed by the Board of Directors. The Executive Committee has at least three members, who may or may not be Directors or Econocom group employees. The Board of Directors shall in principle ensure that each Chief Executive Officer and each managing Director in charge of Econocom's day-to-day management is a member of the Executive Committee.

The members of the Executive Committee may, in their capacity as Council members, be removed by the Board of Directors at any time (without prejudice to employment or management contracts binding them to Econocom group).

The members of the Executive Committee are appointed for a maximum term of six years. They may be re-elected.

The Executive Committee is chaired by a Chief Executive Officer appointed by the Board.

#### 5.1.2.1.3. Role of the Executive Committee

The Executive Committee's responsibilities include, but are not limited to:

- taking all steps necessary to implement the decisions or recommendations of the Board;
- proposing strategic guidelines to be set by the Board, and framing budgets within the strategic guidelines laid down by the Board;

- managing the Group's operating entities (in accordance with the powers of the bodies of these entities), and supervising their financial and operating performance;
  - entering into all agreements, making and approving all pricing proposals, placing and accepting all orders to buy, sell or lease any equipment and other capital goods and services;
  - leasing and renting out, even for long periods, any properties, equipment or intangible assets, and entering into any lease and rental agreements concerning such assets;
  - concluding financing, with or without the provision of collateral, except for the following transactions, which fall within the scope of the powers of the Board: any capital market transaction (other than commercial paper), any financing that has the effect of causing consolidated net debt to exceed consolidated equity or to represent more than 2x consolidated EBITDA;
  - performing any external growth transaction, investment or disinvestment, with the exception of strategic transactions (including any transaction whose value or consideration exceeds €4 million), which fall within the scope of the powers of the Board of Directors;
  - acting in dealings with the national government or EU, regional, state and municipal authorities, the Crossroads Bank for Enterprises (*Banque-Carrefour des Entreprises*), the tax authorities, the postal service, customs authorities, telecommunications companies and any other public departments or authorities;
  - managing all legal or arbitration proceedings, as plaintiff or defendant, negotiating all settlements, taking all steps necessary in this respect, and obtaining and enforcing all rulings;
  - representing Econocom in its dealings with trade union and employer representative bodies;
  - drafting and signing all documents necessary for implementing the powers delegated to it.
- Without prejudice to the powers set aside for the Board or the Board's Committees, such as the Audit Committee, the Executive Committee is also responsible for:
- implementing internal controls;
  - preparing full, timely, reliable and accurate financial statements in accordance with accounting standards and with Econocom's overall policies as defined by the Board;
  - presenting the Board with an impartial and comprehensible assessment of the Company's financial position and, more generally, promptly providing the Board with all of the information it needs to perform its duties.
- The Committee may in turn delegate all powers assigned by the Board of Directors, both to Econocom employees and third parties.
- The powers conferred on the Executive Committee shall in no event include the powers reserved by law, the Bylaws or internal rules for the Board of Directors. It is also the responsibility of the Executive Committee to:
- submit to the Board any question relating to a strategic transaction bearing on Econocom or the Group, without prejudice to the Board's powers to examine any issues relating to operational management;
  - respect the day-to-day management powers delegated by the Board of Directors to one or more Chief Executive Officers and/or managing Directors.

#### 5.1.2.1.4. Functioning of the Executive Committee

With the exception of the matters described below, the rules set out in the Bylaws applicable to Board meetings, deliberations and minutes also apply to the Executive Committee.

The Executive Committee meets at the initiative of its Chairman, or when requested by two Executive Committee members. The Executive Committee meets at least ten times a year. Meetings are held at the location indicated in the convening notice.

The agenda for the meetings is set by the Chairman. However, members are entitled to propose the addition to the agenda of any item they deem necessary. The Executive Committee's discussions are based on files containing all information needed for decisions to be made, distributed to each member. The Executive Committee may invite any persons whose presence it deems useful to attend its meetings.

The Executive Committee acts as a collegial body; its decision-making is based on a consensus-building process. Where appropriate, the Chairman of the Executive Committee may put matters discussed to the vote, at his own initiative or further to the request of two other members. Matters are then decided by a majority vote of all members present. When there is no majority, the Chairman holds the casting vote.

The Executive Committee reports to the Board of Directors on its management and on any significant issues falling within the scope of its responsibility. The Chairman of the Committee or any other Committee member appointed for the purpose issues a quarterly report in this regard for the Chairman of the Board of Directors; this report includes internal reporting of financial results for the quarter.

The Executive Committee takes all steps it deems necessary to allow the Board to fulfil

its duty of oversight as required by law, the Bylaws and its internal rules.

At 31 December 2020, the Executive Committee consisted of Jean-Louis Bouchard, representing Econocom International BV, Éric Bazile, Angel Benguigui Diaz, Laurent Caparros, Philippe Goullioud, Laurent Roudil and Chantal De Vrieze.

#### **5.1.2.2. Audit Committee (article 21 of the Bylaws and the Audit Committee's internal rules)**

##### 5.1.2.2.1. General information

The Board of Directors has set up an Audit Committee in accordance with article 21 of Econocom's Bylaws and with article 7:99 of the Belgian Companies Code.

The role of the Audit Committee is to assist the Board of Directors in performing its duties of oversight of Econocom's business in the broadest sense of the term. More specifically, the Audit Committee assesses financial information and monitors internal control, risk management and internal and external audit processes. It issues opinions.

##### 5.1.2.2.2. Composition of the Audit Committee

The Audit Committee comprises at least three Directors, exclusively non-executive, one of which must be an independent Director. If additional Directors are appointed to the Audit Committee, the Committee must always include at least one independent Director with accounting and audit expertise.

The members of the Audit Committee are appointed by the Board of Directors. The three-year term of office is renewable.

The Chairman of the Audit Committee is appointed by the Board of Directors. The Chairman of the Board of Directors cannot chair the Audit Committee.

The term of office of a member of the Audit Committee ends at the same time as his term of office as Director.



At 31 December 2020, the Audit Committee consisted of Gaspard Dürrleman, Walter Butler, Jean-Philippe Roesch and Marie-Christine Levet. The Committee is chaired by Jean-Philippe Roesch.

#### 5.1.2.2.3. Role of the Audit Committee

The Audit Committee is responsible for the tasks described below:

### 1. Production of financial information

- ▶ monitoring the process of preparing financial information and ensuring its reliability, *i.e.*, the accuracy, completeness and consistency of the financial statements,
- ▶ discussing any material financial reporting issues with the members of the Executive Committee and with the Statutory Auditor. The Executive Management, and in particular the managing Director(s) and Chief Executive Officer(s) informs the Audit Committee of the methods used to account for material and unusual transactions when several possible approaches exist, and of the existence and justification of activities carried out through special purpose vehicles,
- ▶ communicating the results of the statutory audit of the annual and consolidated financial statements to the Board of Directors, explaining how the statutory audit contributed to the integrity of the financial information and the Audit Committee's role in this audit process.

### 2. Internal control – risk management

- ▶ ensuring that the risk management and control system is effective, assessing whether the systems are appropriate and, where applicable, making recommendations to mitigate any material risks,

- ▶ reviewing the results of any investigations undertaken within the Company in response to fraud or errors, or for any other reason, as well as decisions made by executive management on these occasions and, where necessary, formulating its own recommendations,

- ▶ ensuring that the systems in place within the Company and its subsidiaries to guarantee compliance with the main legal and regulatory requirements applicable to them,
- ▶ ensuring the implementation of a specific system for employees to confidentially raise concerns about any irregularities in the preparation of financial information or other matters;

### 3. Internal Audit

- ▶ reviewing and making recommendations on executive management proposals relating to:
  - ▶ the appointment and replacement of the Internal Audit manager for whom the Audit Committee has a right of veto,
  - ▶ the annual budget allocated to its operations;
- ▶ defining, together with the Internal Audit manager, the control plan to be conducted during the financial year,
- ▶ ensuring the systematic implementation of the Internal Audit control plan and updating it at least every six months,
- ▶ reviewing the effectiveness of the Internal Audit function, chiefly by analysing to what extent management provides full support and applies the findings and recommendations;

#### 4. External Audit

- ▶ formulating recommendations to the Board of Directors as to the appointment of the Company's Statutory Auditor of the renewal of his term of office, the amount of his compensation and any mention of his mission,
- ▶ ensuring Statutory Auditor independence, chiefly in light of the provisions set forth in the Belgian Companies Code and the Royal Decree of 4 April 2003,
- ▶ identifying the Statutory Auditor's work programme and reports,
- ▶ periodically reviewing the effectiveness of the external audit process and analysing how the Executive Management follows up on any recommendations made by the Statutory Auditor,
- ▶ defining, together with the Company's Statutory Auditor, the nature, scope and cost of the Statutory Auditor's involvement in any work performed that is unrelated to the statutory audit engagement;

#### 5. Other

- ▶ formulating recommendations to the Board of Directors concerning matters falling within the scope of responsibility of the Audit Committee,
- ▶ fulfilling any other roles assigned by the Board of Directors.

##### 5.1.2.2.4. Functioning of the Audit Committee

The Audit Committee meets as often as necessary and at least four times a year. At least two meetings a year deal chiefly with the financial statements.

The Chairman of the Audit Committee determines the agenda for each meeting. An Executive Management or Audit Committee member may ask the Chairman

of the Audit Committee to place any item he or she considers appropriate on the agenda.

The Audit Committee takes care to preserve free and open communication with the Executive Management.

The Audit Committee may invite the Statutory Auditor, Internal Audit manager and any other member of the Executive Management or Econocom employees to attend all or part of its meetings. The Internal Audit manager and the Statutory Auditor must each attend at least two Audit Committee meetings per year.

Before meetings of the Audit Committee, its Chairman is responsible for ensuring that members receive accurate, complete and clear information in connection with the items on the agenda. The Executive Committee is required to provide all necessary information, and the Audit Committee may request any clarification it deems necessary.

Except in emergencies identified by the Chairman of the Audit Committee, Audit Committee meetings are convened at least five working days before they are due to take place. A shorter timeframe may apply provided that all members agree.

The Audit Committee can deliberate if at least two of its members are in attendance or legitimately represented. Decisions are made by a majority of votes cast. If the majority requirement is not met, the Chairman of the Committee makes the final decision.

The Chairman of the Audit Committee is in charge of preparing the minutes of the meetings.

The minutes signed by the Chairman of the Audit Committee are sent to the Chairman of the Board of Directors and made available to all members of the Audit Committee, the Board of Directors and the Statutory Auditor.

The Audit Committee informs the Board of all significant issues to for which it believes that measures must be implemented or for which an improvement is recommended.

The Audit Committee annually assesses its functioning and effectiveness. It meets for this purpose with the Internal Audit manager and the Statutory Auditor for an exchange of views on the audit process and the Audit Committee's internal rules. It reports this assessment to the Board of Directors and makes, if necessary, proposals for modifications.

### **5.1.2.3. Compensation and Appointments Committee (article 21 of the Bylaws and the Compensation and Appointments Committee's internal rules)**

#### 5.1.2.3.1. General information

The Board of Directors has established a Compensation Committee in accordance with article 7:100 of the Belgian Companies Code and article 21 of the Company's Bylaws. On 23 January 2020, the Board of Directors decided to extend the Compensation Committee's responsibilities to Appointments, and to limit its scope of action to corporate officers (Directors and managing Directors in charge of day-to-day management) and executives involved in the Group's Senior Management. One of the most comprehensive cloud solutions offering on the market

The Compensation and Appointments Committee mainly advises and assists the Board of Directors. The Committee also performs the duties that may be assigned to it by the Board of Directors in regarding compensation and appointments. It carries out its duties under the supervision of the Board. In this context, it ensures free and open communication with the Chairman of the Board and executive management.

#### 5.1.2.3.2. Composition of the Compensation and Appointments Committee

The Compensation and Appointments Committee consists of three non-executive Directors. The majority of members are independent as defined by article 7:87, section 1 of the Belgian Companies Code. The Compensation and Appointments Committee has the necessary expertise in matters of compensation.

The term of office of Compensation and Appointments Committee members is four years, and does not exceed their term of office as Directors. The term of office as Compensation and Appointments Committee members may be renewed at the same time as their term of office as Directors.

The Compensation and Appointments Committee is chaired by a non-executive Director.

The Chairman of the Compensation and Appointments Committee oversees its work and takes all necessary steps to create a climate of trust within the Committee by contributing to open discussions and encouraging constructive debate.

Members of the Compensation and Appointments Committee choose a Secretary from among themselves.

At 31 December 2020, the Compensation and Appointments Committee consisted of Adeline Challon Kemoun, Marie-Christine Levet and Robert Bouchard. The Committee is chaired by Marie-Christine Levet.

### 5.1.2.3.3 Role of the Compensation and Appointments Committee

#### **Compensation aspect**

At the request of the Chairman of the Board and with respect to persons within the scope defined above, the Committee is responsible for formulating recommendations and giving its opinion to the Board on:

- a) the compensation policy;
- b) individual compensation (in particular Directors' fees, fixed and variable compensation, long-term incentives, including shares and stock options, termination benefits);
- c) the contractual terms and conditions that support this compensation;
- d) the determination and assessment of performance targets linked to individual compensation;
- e) stock option or share plans (budget, beneficiaries, characteristics and conditions).

Based on the data provided by the Company's Senior Management, the Committee prepares the compensation report which is subsequently added to the corporate governance statement. In particular, it reviews the change in the total amount paid to the ten highest paid employees. It prepares and comments on the compensation report during the Ordinary General Meeting.

#### **Appointments aspect**

At the request of the Chairman of the Board, the Committee is responsible for formulating recommendations and giving its opinion to the Board on the appointment and reappointment of corporate officers and the appointment of executives with the authorisation in fact or in law to use the Group's signature.

Working closely with the Chairman of the Board, the Committee draws up and submits to the Board a succession plan for executive corporate officers.

The Committee ensures the existence of succession plans for the Company's key positions.

The Committee also ensures that appropriate talent development programmes and diversity promotion programmes are in place.

The Board of Directors has granted the Compensation and Appointments Committee, in accordance with article 21 of the Bylaws, decision-making powers on behalf of the Board of Directors with respect to stock option plans or any other plans for granting financial instruments, such as warrants, existing or future plans. In this case, the Committee's conducts its work under the responsibility and supervision of the Board to which it reports. Within the limits of the powers entrusted to the Board and in accordance with its rules, the Committee is subsequently responsible for implementing the Plans and in particular for allocating and distributing, following the recommendation of the Chairman of the Board of Directors, the amount previously set by the Board of Directors.

### 5.1.2.3.4. Functioning of the Compensation and Appointments Committee

The Compensation and Appointments Committee meets as often as necessary and at least twice a year.

Compensation and Appointments Committee meetings are convened by the Chairman, who also determines the agenda. A Director or Executive Committee member may ask the Chairman of the Compensation and Appointments Committee to place any item he or she considers appropriate on the agenda.

Except in the event of emergencies identified by the Chairman of the Compensation and Appointments Committee, notice of Compensation and Appointments Committee meetings (and the agenda for said meeting) are sent by any means ordinarily used by the Company within a reasonable period before the meeting is due to take place.

Before meetings of the Compensation and Appointments Committee, its Chairman is responsible for ensuring that members receive accurate, complete and clear information and all relevant documents related to the items on the agenda.

The Senior Management provides all necessary information, and the Compensation and Appointments Committee may request any clarification it deems necessary.

The Compensation and Appointments Committee may invite any persons whose presence it deems useful to attend its meetings. The Committee may ask for an independent professional opinion on issues it considers necessary to perform its duties, at the Company's expense, within the limit of an annual budget approved by the Board of Directors.

Directors may not attend Compensation and Appointments Committee meetings that deliberate on their own compensation, and therefore may not take part in any decisions in this respect.

The Chairman of the Board of Directors may participate in meetings of the Compensation and Appointments Committee in an advisory capacity when said meetings discuss compensation for other Directors and Executives.

The Compensation and Appointments Committee can deliberate if at least two of its members are in attendance or legitimately represented. Decisions of the Compensation and Appointments Committee are made by a majority of votes cast by Compensation and Appointments Committee members that are in attendance or legitimately represented. In the event of a tie, the Chairman of the Committee makes the final decision.

## 5.2. Conflicts of interest

The Company's corporate officers must comply with the recommendations of article 7:96 (conflicts of interest between the Company and a Director) and 7:97 (intragroup conflicts of interest) of the Belgian Companies Code.

To comply with the Corporate Governance Code, the Company has issued a number of recommendations for its Directors and the members of its Executive Management concerning transactions and other contractual relationships between the Company (and any companies related to it), its Directors and the members of its Executive Management when such transactions and other contractual relationships are not covered by legal provisions on conflicts of interest.

These recommendations are outlined in the conflicts of interest procedure adopted on 22 November 2012 by the Board, and in the stipulations outlined in the Board of Directors' internal rules (the "Internal rules" on Conflicts of Interest) and in the Executive Committee's internal rules relating, respectively, to conflicts of interests of Directors and of members of the Executive Committee, described in the Board of Directors' Internal Rules and the Executive Committees' Internal Rules respectively.

In short, Directors and Executive Committee members must at all times act in the interests of the Company and its subsidiaries. They apply rigorous discipline to exclude potential conflicts of interest in respect of personal assets, professional or other aspects as much as possible, and to comply strictly with rules on conflicts of interest adopted by the Company.

When a Director or an Executive Committee member, directly or indirectly, has an interest that is contrary to a decision or transaction made by Econocom, bearing on personal assets or not, he or she shall immediately inform the Chairman of the Board, and, if he or she is a Director, the other Directors, and if he or she is a member of the Executive Committee, the other members of said Committee, no later than the beginning of the meeting at which the matter giving rise to the conflict is discussed. He or she shall then not take part in the discussion or vote on the matter. The Chairman shall then decide whether it is appropriate to make a report to the Board.

The transactions covered by this section are submitted to the Audit Committee, whose task is to ensure that said transactions comply with the procedures outlined above or, where applicable, that they are normal transactions conducted under normal market conditions and guarantees generally applied to transactions of a similar nature. The Audit Committee found that almost all of agreements reached during the 2020 financial year were normal transactions conducted under normal market conditions.

All material agreements between Econocom group and its related parties are disclosed in note 22, "Related party information", to the consolidated financial statements in the 2020 annual report.

### 5.3. Biographies of Directors

Econocom International BV is controlled and represented by **Jean-Louis Bouchard**. He began his career in 1966 as an Account Manager at IBM, spending two years at IBM World Trade in New York. Between 1971 and 1981, he created and served as Chairman and Chief Executive Officer of Informatiques Inter Écoles. In 1973, he founded Europe Computer Systèmes (ECS), where he served

as Chairman until he sold his non-controlling interest to Société Générale in 1984. In 1982, he founded Econocom in Brussels, and in 1985 became Chairman of the Management Board of Econocom International NV. In 1987, he was named "Entrepreneur of the year" by Challenges magazine.

**Robert Bouchard** began his career with Cardif in 1995 as negotiating clerk for MATIF on the Paris stock exchange. In 1997, he became an executive shareholder of a number of restaurants in Paris (La Gare, L'Ampère, Meating and Carmine). In 2010, he took over as Chairman of APL Data Centre (specialising in the design, implementation and operation of data centres), and is currently its majority shareholder. He was Chairman of Digital Dimension from November 2016 to November 2017, Group Chief Operating Officer from June 2017 to March 2018, and Group Chief Executive Officer from March 2018 to November 2018. Robert Bouchard is Jean-Louis Bouchard's son.

**Walter Butler**, who has French and Brazilian citizenship, is a graduate of the École Nationale d'Administration (ENA). He began his career with the Inspectorate General of the French Ministry of Finance before going on to become Executive VP of Goldman Sachs in New York. He founded Butler Capital Partners (BCP) in 1991. His group currently specialises in private equity and credit in Europe (Butler Investment Managers in London), as well as investing in companies, including Osiatix. Walter Butler was formerly Chairman of the French private equity and venture capital association (*Association Française des Investisseurs en Capital – AFIC*), a member of the French Strategic Investment Fund Committee (*Comité du Fonds Stratégique d'Investissement – FSI*) and France's National Economic Analysis Council (*Conseil d'Analyse Économique de la République Française*).

**Adeline Challon-Kemoun** began her career as a communications consultant with Image 7. She subsequently held executive management positions (Euris and Rallye) and served as Communications Director for major groups (Casino, France Télévisions and Air France-KLM). She was notably Executive Vice President of Marketing, Digital & Communications for Air France-KLM and a member of the Group Executive Committee until 2017. In 2018, she joined the Michelin Group as Executive Vice President of Engagement and Brands, and became a member of the Group Executive Committee. She has been an independent Director of Bourbon Corporation since March 2017. She has a sound understanding of the expectations of brand and image issues, as well as individual and corporate customers.

**Gaspard Dürreleman** began his career with Basaltes group in 1982. He went on to head Econocom Trading from 1985 to 1987, then Innovation et Gestion Financière from 1987 to 1992. He was subsequently head of the leather goods division at Hermès until 2000, and then of Delvaux in Belgium until 2003. He then joined Arthus-Bertrand group, which he ran for three years. In 2009, he became Chairman and CEO of Cambour, a jewellery manufacturer, a position he held until the end of 2015. Since then, in parallel with its consultancy activity with players in the luxury market sector, he has taught in a business school and in 2018 he was awarded a University Teaching Diploma in multi-disciplinary health studies in conjunction with Université Paris 7 Bichat. Lastly, he is a Director Filatures & Tissages Jules Tournier Jules Tournier & fils, a living heritage company (*Entreprise du Patrimoine Vivant*) specialising in spinning and weaving for major luxury brands.

**Véronique di Benedetto** started out as an Account Manager at IBM. In 1985, she became a sales agent before being appointed Sales Director with ECS, and then taking over the Group's international activities, and finally becoming managing Director in 2009. After the merger between Econocom and ECS, she was appointed Deputy managing Director of the new Group, running operations in France. In 2015, she was appointed Vice-Chair France, responsible primarily for CSR strategy and start-up supervision in various sectors, including education and culture. She was also appointed Vice Chairman of Syntec Numérique.

**Bruno Grossi** worked for over 20 years at Accenture, where he was partner, in charge of the telecom and media sectors in France and in Benelux. Co-Chairman of Osiatis between 2010 and 2013, before its merger with Econocom group in September 2013, he was its managing Director in charge of day-to-day management until 20 October 2020. He remains a Director of Econocom group.

**Marie-Christine Levet** is one of France's pioneering figures in the Internet world and has over 25 years' experience in the new technologies sector as both an entrepreneur and investor. She has run several French Internet and media companies (Lycos, Club-Internet, Tests group, etc.). Leveraging her entrepreneurial experience, Marie-Christine Levet switched over to the investment sector, taking part in the founding of Jaina Capital, one of France's first investment funds specialising in seed funding. Convinced of the education sector's need to undergo transformation, Marie-Christine Levet founded Educapital, the first European investment fund devoted to the innovative education sector, in October 2017. She is also a Director of Maisons du Monde, SoLocal and AFP. Her entrepreneurial experience as both an investor and Director of pioneering companies in the digital market as well as in digital transformation consulting is an asset in supporting Econocom group's development strategy.

**Jean-Philippe Roesch** began his career with six years at Arthur Andersen. He joined Econocom group at the end of 1989 as Chief Financial Officer for Econocom France. After heading various subsidiaries within the Group, Jean-Philippe Roesch held a number of roles (Company Secretary of Econocom group in 2001, Deputy managing Director in 2004), culminating in his appointment as managing Director in 2006. He ceased to perform these duties at the end of 2016. From October 2018 to July 2019, he had a support role for the Executive Committee. He is a member of the Supervisory Board of Linkfluence SAS.

The Econocom Board of Directors declares that, to its knowledge, none of the Directors have ever been convicted of fraud or subject to any official or public indictment and/or sanction preventing him/her from acting as a member of the management or supervisory body by any legal or supervisory authority, and that none of the Directors have been prevented by a court of law from serving as a member of the governing body and that, in this capacity, they have never been involved in bankruptcy proceedings.



## 6. Research & Development

The Group is applying a dynamic of digital transformation by creating differentiating solutions to support its development strategy and achieve its operational excellence objectives.

In 2020, R&D efforts were pursued in continuity with the areas developed in prior years with the aim of providing intensive support and assistance for any innovative solutions produced by our customers.

R&D efforts focused particularly on the areas of data visualisation (DATAVIZ), decision support, developing integrated solutions in the area of IoT, image recognition in real time, 5G microservice billing and machine learning, applied to process automation.

Collaboration with the academic world continued with training agreements, allowing our employees to specific training sessions at the Claude Bernard University in Lyons in the areas of Cloud Computing and the Interoperability of Information Systems.

Another research area focuses on the objectives of operational excellence, the study of complex data for forecasting purposes applied to the IT infrastructure and more particularly to our managed services offers (supervision, operation,

administration) devoted to the networks (LAN, WAN) and to telecommunications (telephony operators).

In 2020, the Group launched an initiative to strengthen the collaboration of its various entities (Planet and satellites) around innovative projects in order to federate all available expertise around promising themes for the Group's business. In this context, work was carried out on the virtualisation of workstations and end-to-end management of virtualised assets, as well as research and development on the use of artificial intelligence and chatbots to optimise user support.

Using these indicators and Econocom's expertise, we help our clients identify the levers for improving performance and create action plans to accelerate the digital transformation.

For some of its business, the Group is entitled to a research tax credit (*Crédit d'Impôt Recherche*) in France. As a result, it is able to forge ahead with bold medium- and long-term projects that will offer a significant advantage in terms of enabling the Group to differentiate its technological offering.

## 7. Principal investments

In addition to developing new products and software tools, and recruiting new sales staff and engineers, Econocom group carries out external growth transactions in order to acquire specific skills, accelerate its growth and increase its profitability.

The Group's main investments over the last three years are described below.

### 7.1. In 2018

The deals carried out in 2018 are as follows:

- **acquisitions in “Digital Services and Solutions”**

During the first quarter of 2018, the Group acquired two companies to reinforce its know-how in digital transformation and continue its strategy to develop in value added services.

The Group acquired a 60% stake in Spanish company Altabox, a specialist in digital marketing services, in order to enrich the customer experience at points of sale. The Company's innovative offering includes the design and deployment of digital signage, sensory and auditory marketing, and traffic and data analytics. This acquisition offers numerous opportunities for synergies with the Group's other skills in the Retail sector, particularly those of the Caverin, Gigigo, Rayonnance, or Jade Solutions Satellites. With a strong portfolio of Spanish customers, the Company achieved a turnover of €9 million in 2017.

Furthermore, Econocom acquired 100% of BDF, an Italian company specialising in managed services in the Banking &

Insurance sector. The Company reported revenue of €44 million in 2017.

In October 2018, the Group acquired, through Helis SAS, all of the shares of Upstream and its subsidiary Simstream, a specialist in engineering and integration services related to audio and video streaming. Upstream reported revenue of €4.5 million in 2017.

In October 2018, the Group acquired 100% of Osones through Alter Way. Osones is a specialist in private cloud solutions, infrastructure as a service, and container orchestration systems. The Company posted revenue of €1.5 million in 2017.

### OTHER INTERESTS ACQUIRED AND INVESTMENTS

Aciernet: *via* its 90%-owned subsidiary Exaprobe, the Group signed an agreement with the minority shareholders in July 2018 providing for purchase of the remaining equity interest at a fixed price. The interest rate thus went to 100% at the level of Exaprobe, *i.e.* 90% at the level of Econocom.

ASP Serveur: the Group acquired the minority interest (20%) in October 2018, thereby increasing its interest to 100%.

Econocom Brazil: in the fourth quarter of 2018, Econocom acquired the outstanding shares from the minority shareholder (*i.e.* 7.15% of the share capital) thus increasing its stake to 100%.

Caverin: Econocom group SE acquired all the non-controlling interests (33.34% of the share capital).

## 7.2. In 2019

### OTHER INTERESTS ACQUIRED AND INVESTMENTS

Synertrade: the Group acquired the minority stake (10%) in July 2019, thus raising its stake to 100%.

Gigigo: Econocom group SE acquired all the non-controlling interests (30%) in July 2019.

Infeeny: during the first half, Econocom group SE acquired 9.66% of the company's share capital.

JTRS: Econocom group increased its stake in the company through the acquisition of shares from a minority shareholder (5%).

Altabox: at end-2019 the Group exercised part of its options on 15% of the company's share capital, raising its interest to 85%.

## 7.3. In 2020

The deals carried out in 2020 are as follows:

- **acquisitions in the Technology Management and Financing activity**

In September 2020, Econocom acquired the entire share capital of the French company Les Abeilles, the French specialist in towing and rescuing in high seas.

### OTHER INTERESTS ACQUIRED AND INVESTMENTS

During the year, Econocom bought out certain non-controlling interests in its subsidiaries:

Altabox: Econocom group increased its stake in the company through the acquisition of the shares from a minority shareholder, thus increasing its stake to 80%.

Bizmatica: Econocom acquired the minority stake through the exercise of its options, raising its interest to 100%.

Asystel Italia: Econocom group acquired the shares of a minority shareholder, increasing its stake in the company to 70%.

EnergyNet: at end-2020 the Group exercised part of its options on the remainder of the company's share capital, raising its interest to 100%.

# 8. Additional information

## 8.1. Legal and arbitration proceedings

Governmental, legal or arbitration proceedings against the Group, pending or threatened, are subject to provisions established in accordance with IAS37, taking into account all available relevant information on such proceedings.

The total consolidated amount of provisions for all of the Group's disputes (see note 16 to the consolidated financial statements) includes all outflows of resources (excluding

any possible reimbursements) deemed likely for all types of claims and litigation to which the Group may be party as a result of conducting its business.

## 8.2. Major contracts

In the course of its operations, the Group signs substantial contracts with its customers, suppliers, funders and other partners, some of which are binding for several years. The importance of these parties is outlined in chapter 4, section 3, "Dependency Risks".



# 03

# corporate social responsibility

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# Our approach

## CSR stakes and mission

### Environmental and societal stakes

**Digital pollution** generated by the internet seems invisible. However, each email, each search or each video consumes energy and generates greenhouse gas emissions. Various studies quantified the impact from digital technology on a global scale, placing it between 2% and 4.3% of total CO<sub>2</sub> emissions and between 5 and 10% of total electricity consumption, depending on the sources.

As a digital player, the Econocom group must take concrete action, and quickly!

This is why **the Econocom Group makes responsible digital technology and the fight against digital waste two major focus areas of its CSR strategy**. We are also one of the very first signatories of the Planet'Care manifesto.

The Group also seeks to have a positive societal and social impact **by promoting the diversity of skills, by being more socially supportive and developing evermore people-oriented ethics**. While the Covid crisis has revealed the urgency of acting against the digital divide, this positioning is more relevant than ever.

### How do we set this in motion?

Responsibility is more than ever encapsulated in Econocom's DNA. In 2020, the Group strengthened most of its flagship initiatives and launched new ones, both in France and internationally.

### Useful digital technology at the core of the CSR mission

Econocom designs and develops **digital technology that is really useful for the end user**. We believe that useful digital technology is one of the essential keys not only to fight against digital waste, but also contribute to the performance and competitiveness of companies. Econocom's

**mission regarding social responsibility is: to provide our customers and their users with effective and responsible digital solutions, generating a positive impact.**

This commitment to useful digital technology is also reflected in philanthropy initiatives to fight the digital divide. The recycling or reuse of equipment, in partnership with social and solidarity-based economy structures, is also one of our priority projects. Of course, the Group also strives to optimise the energy efficiency of its own digital infrastructures.

### HR and environmental commitment

Finally, the Econocom group's social responsibility cannot be envisaged without an appropriate HR strategy and a responsible environmental policy.

## The organisation

Econocom's CSR policy involves all Group employees and is implemented by a dedicated organisational structure. The CSR Department is headed by Véronique di Benedetto, Vice Chairwoman France. This department presents the CSR policy to the Board of Directors and other management bodies.

The policy is managed by a CSR Steering Committee comprising 7 Directors representing the Group's main functions. It approves the strategic priorities and objectives of the CSR programme and ensures that objectives are met.

A panel of CSR functional and geographical correspondents has been created. These correspondents are part of the operational teams of members of the CSR Steering Committee. They are responsible for meeting objectives in their respective scopes. They are responsible for the

operational implementation of the action plans approved in Committees, and they are also the ambassador for the policy with their teams.

## Our roadmap

Econocom set up a new CSR strategy in 2018. This ambitious and demanding road map includes all of the significant issues identified in the survey of internal and external Group stakeholders. It highlights the points which Econocom would like to develop over the next few years.

### NURTURE OUR EXCELLENCE THROUGH RESPONSIBLE COMMITMENT

- position ourselves as a committed employer;
- conduct a demanding environmental policy;

- be an ethical and responsible player.

### SUPPORT THE NEW RESPONSIBLE USES OF OUR CUSTOMERS AND USERS

- promote useful and responsible digital business and the circular economy.
- boost responsible innovation in internal and external collaborations.

### FEDERATE AN ECOSYSTEM TO CREATE SHARED VALUE

- support new uses linked to useful digital business in the education sector, and Green IT;
- become the partner of choice for innovative companies and integrate them into our offers;
- develop our local roots.

# Actions and highlights

## References and standards

- Since 2012, the Econocom group has joined the United Nations Global Compact. Through this membership, Econocom is committed to respecting and promoting the ten principles of the Global Compact. These principles concern: human rights, labour law, the environment and the fight against corruption;
- Econocom was honoured with the Ecovadis Silver medal for its CSR performance with a score of 62/100 in 2020, up 4 points compared with 2019.

## Labels and certifications

- ISO 9001 and ISO/CEI 27001 certifications are managed locally in France, Morocco, Benelux, Spain and Italy;
- Econocom uses the ISO 26000 standard to ensure compliance with the guidelines in terms of social responsibility.



## Commitments to the SDG (Sustainable Development Goals)

Econocom recognises the urgency for private and public sector players to converge together towards the 17 Sustainable Development Goals identified by the United Nations. As part of its commitment, Econocom has identified goals that fall under a priority commitment, active contribution, or participation. 11 Goals have been identified and included into the CSR policy.

### PRIORITY COMMITMENTS:

- goal no. 12: responsible consumption and production;
- goal no. 9: innovation and infrastructure;
- goal no. 4: access to quality education;
- goal no. 10: reduced inequalities;
- goal no. 17: partnerships for global goals.

### ACTIVE CONTRIBUTION:

- goal no. 13: fight against climate change;
- goal no. 5: gender equality;
- goal no. 8: access to decent jobs.

### PARTICIPATION:

- goal no. 3: access to health;
- goal no. 11: sustainable cities and communities;
- goal no. 7: use of renewable energies.





## Major aims and achievements

### Gender balance

**Achievement:** creation and deployment of an internal programme within the framework of our Services business line, “Econocom Digital Women” and signature of the manifesto to provide retraining for women in the digital businesses.

**Aim:** the Econocom group aims to improve women’s access to IT jobs by 2022, to attract more female talent and to improve their integration into the Company.

### Environment

**Achievement:** as part of its commitment to reducing IT waste, Econocom has registered a 18% reduction in the consumption of IT equipment by its employees in 2020.

**Aim:** by 2022, the Econocom group aims to further reduce consumption throughout its inform

### Solidarity

**Achievement:** 88% of all our reconditioned IT equipment is processed by companies which are partners in the social and solidarity economy (which every year represents about 430,000 products).

**Aim:** the Econocom group aims to have all its IT equipment processed and reconditioned by companies in the social and solidarity economy by 2022.

### Circular economy

**Achievement:** Rental, leasing and “as a service” are key drivers of the circular economy. Econocom has key financial expertise in these areas, for example *via* financing solutions “as a service” or *via* offers which enable companies to manage their digital projects in real time and strictly adjusted to usage.

**Aim:** Econocom is aiming to accelerate, by 2022, the creation of unique financial and technological offerings which reduce the environmental IT footprint of its clients.

# 1. Nurture our excellence through responsible commitment

Econocom's CSR policy is focused on applying good practice within the Group, firstly through an HR policy focused on developing employee satisfaction, and then through its demanding environmental policy, and finally, by establishing itself as an ethical and responsible player.

## 1.1. Position ourself as a committed employer

From recruitment to professional development, the Group makes employee satisfaction a top priority. They are the Group's main ambassadors. Health and

well-being at work are included in HR priorities to protect and develop the Group's 9,240 employees as of 31 December 2020, with 78% in Services.

### Breakdown of workforce\* by business

	31 Dec. 2020	31 Dec. 2019
Technology Management & Financing	495	526
Services	7,216	8,314
Products & Solutions	573	626
Holding and support functions	699	739
Other**	138	
<b>Total employees</b>	<b>9,121</b>	<b>10,205</b>
Sales agents	119	118
<b>Total</b>	<b>9,240</b>	<b>10,323</b>

\* Only companies that are more than 50%-owned are reported.

\*\* Les Abeilles: sailors.

### Breakdown of workforce by geographical area

	31 Dec. 2020	31 Dec. 2019
France	6,035	7,173
Benelux	699	725
Southern Europe	2,042	1,932
Northern & Eastern Europe/Americas	464	493
<b>Total</b>	<b>9,240</b>	<b>10,323</b>

The strategy to refocus activities begun in 2019 led to the disposal of several companies, which resulted in a decrease of the workforce and a specialisation of key profiles.

Econocom’s Human Resources policy is designed to attract and retain talent, both essential contributors to the Group’s long-term performance.

### 1.1.1. HIRING AND ONBOARDING POLICY

#### Talent acquisition

The Group wants every employee to be able to grow in an exciting and rewarding work environment, by carrying out diversified and meaningful assignments. This begins with putting the right skills in the right places, by managing hiring and mobility. Econocom has defined three priority areas of action to meet the expectations of both current and future employees:

- increase presence on social media. These platforms give applicants and employees the opportunity to interact, and primarily target younger generations;
- make good use of Group employees’ networks to hire people with more targeted profiles who embrace Econocom’s corporate culture;
- promote internal employee mobility:

a new module was deployed in the second quarter of 2020 and enables us *via* an employee area, to:

- ▶ refer potential candidates using the Group’s website or mobile app,
- ▶ manage their career with a short procedure for applying to the Group’s job offers,
- ▶ share offers on social media.

In 2020, the Group hired 1,778 people in France.

#### Number of new hires by region in 2020

	Number of new hires in 2020
<b>Benelux</b>	<b>70</b>
<b>France</b>	
• Planet	<b>909</b>
• Exaprobe and Infeeny	<b>116</b>
• The Group’s other brands	<b>46</b>
<b>Spain</b>	<b>177</b>
<b>Italy</b>	<b>124</b>
<b>Other countries</b>	<b>336</b>
	<b>1,778</b>

#### Talent integration

New hires benefit from a personalised onboarding programme aiming to introduce fellow team members, gain a better understanding of the Company’s organisational structure and learn more about the business activity of their department.

To complete this programme, new hires take part in a national onboarding seminar called “Welcome Day”. This day allows them to learn more about Econocom’s organisation and its various business lines. These Welcome Day seminars are extremely popular, with a 100% satisfaction rate with participants.

### 03 corporate social responsibility

nurture our excellence through responsible commitment

Employees working at customer sites, on the other hand, attend Welcome Dates. Organised every quarter depending on the region, Welcome Dates allow them to discover the organisation and working of their local branch office and local stakeholders, as well as about national communication tools and the Group's career development programmes.

#### 1.1.2. PROFESSIONAL DEVELOPMENT

##### Training

Econocom group supports the career development of its employees by providing a wide range of training options.

Econocom believes that training is a key factor in both employees' professional advancement and the Group's success. In France, 27,000 hours of training were provided in 2020.

The Group's training programme offers two main types of courses:

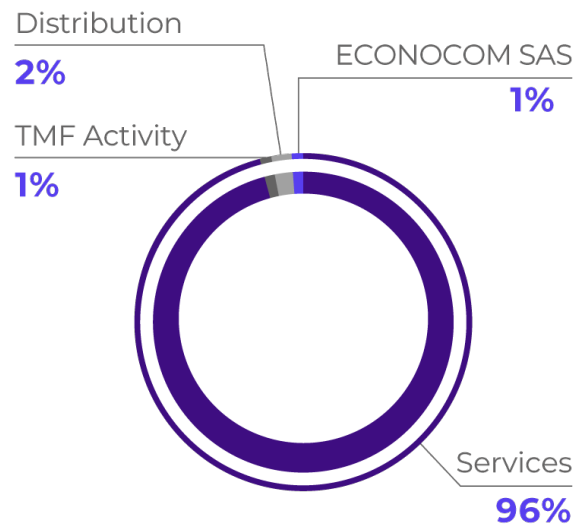
- Percipio: the digital learning platform accessible to all;
- training actions that meet the specific needs of the Group's businesses and activities.

To meet the training requests of all employees and encourage them to engage in self-training, Econocom draws on the wealth of opportunities available through digital technology, and has redesigned its distance training offer.

In 2019, Econocom deployed an innovative digital training offer using a SPOC format, which was renewed in 2020.

Nearly 115 people were signed up for training course on soft skills, project management and digital culture.

#### Distribution of employees trained by business in France in 2020



#### Career management

Career management and professional development of employees are prime concerns at Econocom and part of a structured process to target specific initiatives for different employee profiles.

Econocom's Talent Reviews feature top management from each business line, the Career & Development team and the operational HR team to discuss the business challenges which can be addressed by the human resources strategy. These reviews are conducted to prioritise individual development actions based on identity of employees and to ensure that HR programmes are in line with the requirements and expectations of each business line and with employee aspirations.

This system is fuelled by the career development and training preferences expressed by employees during the professional interview. This interview allows employees to discuss their professional career, to share their plans for career development and employment (including geographical mobility plans) and to consider the best way to achieve them.

The performance of employees, assessed as part of the annual review, is also included in this system to facilitate identification and individual actions.

## Internal digital transformation

Educating and supporting employees in digital technology and enabling them to thrive in a digital environment are the key challenges for the Econocom Group. To do this, various emblematic actions have been launched in recent years:

- **The “Digital Passport”**

Econocom has introduced a digital acculturation training programme called the “digital passport”. The goal is to improve employees’ knowledge and awareness of the impact of digital technology on their business, and help them learn to use the new tools available to them so that digital solutions can be a true source of professional development. Since 2017, almost 500 employees in France have signed up on a voluntary basis to obtain the digital passport. The last training session was set up in 2019, training almost 90 more people.

- **Workspace layout**

In 2020, digital transformation also involved adapting workspaces. To this end, Econocom has redesigned the layout of its offices to create spaces where people can come together to share ideas under the watchwords of co-creation and collaboration.

Major event of the year: the creation of the Hub, the Group’s new flagship building, in Puteaux, near Paris (see the following two boxes). Beyond this site, the Group’s other facilities are equipped with digital solutions. Screens in transit areas to book a meeting room or find their way around, web conferencing solutions, etc.: everything is

done to involve employees in digital transformation in their day-to-day work including through their work spaces. Nearly 3,000 employees benefit from working conditions adapted to changes in their business and work methods.

### The Hub, a showcase for digital transformation

The Hub is Econocom’s new flagship building in France. Entirely overhauled in 2020, it was inaugurated in early 2021 and accommodates around 500 Group employees. The spaces are designed to meet the new standards and challenges of digital transformation, at a time when digital technology is playing an increasingly central role with the development of “remote” and teleworking. Connected collaborative spaces, offices in flex mode, video meeting rooms, large auditorium, specific spaces dedicated to training, etc. The Hub is above all a place to share ideas, discuss, create, learn and work, together. This meeting ground is genuinely open to the outside world. On the ground floor, the Digital Hub is specifically dedicated to customers and partners. Made up of four different spaces (experience, lounge, ideas, trend), it has a role: provide an immersive, friendly and relaxed experience, to enhance loyalty.

- **The “Digital Bars”**

A “Digital Bar” has already been installed at the Hub, the Group’s main site. The main sites will gradually be equipped with this service. These physical spaces provide a forum for employees and users to get answers to their questions about digital tools, along with personalised guidance. Technical assistance is also available to help employees and users solve IT and digital issues.

- **A single platform for everyone: Onelink**

In early 2018, a new in-house tool called OneLink was launched to standardise the Group's digital practices and resources. OneLink combines all IT solutions and digital communication systems (intranet, Microsoft Office 365, newsletter, social media, CRM, HRIS, etc.) so that employees can access all information, documents and company news on a single platform.

- **Meal vouchers in digital format**

At the end of 2020, a new meal voucher service was introduced, replacing paper vouchers with a card developed by Swile. The digitisation of these vouchers allows to reduce the carbon footprint by eliminating paper and, makes it easier for employees to use. This digital card allows contactless payment, top-up, donations, money pools, mobile payment and tracking, geolocation and other benefits for ever greater convenience and connectivity.

#### 1.1.3. EMPLOYEE SATISFACTION

Econocom operates in a highly competitive market and is confronted with labour issues inherent to the digital sector, including high turnover and downtime between contracts. Employee satisfaction is therefore a key performance criteria.

#### Share engagement programme

Econocom is committed to improving the Quality of Life at Work through a unique programme called SHARE, launched in France in 2012. Thanks to this programme our employees can more easily reconcile their professional and private lives and find their balance.

The Share program is based on four mechanisms:

- **Easy life: services to make your daily life easier**

Concierge services, personal services, childcare, tutoring and sports coaching, etc. Econocom employees' daily lives;

- **We care we cure: measures to preserve well-being and health at work**

We care we cure offers preventive actions and health prevention campaigns (nutrition, fight against tobacco, vaccination, etc.);

- **Flexi work: solutions to better organise working time**

The Flexi'work system allows staff to work from home one or two days a week, thereby ensuring a work-life balance. In the exceptional context of 2020, Econocom was able to adapt and set up a permanent teleworking system for many of its employees;

- **Share solidarity: actions for solidarity-based initiatives**

Employees can get involved alongside Econocom with Share Solidarity and its collective and solidarity-based actions such as sports challenges, rounding-up at check-out, book and clothing collections, etc. Econocom also supports solidarity-based projects supported by our employees at their own initiative.

Quality of life at work is at the core of the Paris Hub. With a view to improving the quality of life at work, the Paris Hub, Econocom's new flagship building, provides its employees with many relaxation and outdoor areas that promote a more friendly and healthy atmosphere within our teams. A concierge service (offering multiple personal services), a connected car park, a gym and a high-quality restaurant are available to employees.

#### 1.1.4. DIVERSITY POLICY

Diversity contributes to openness and collective performance. Econocom has always based recruitment and career development on the skills of each individual, and condemns any form of discrimination.

##### Gender parity

Econocom closely monitors gender parity within its workforce and encourages women to join this highly male-dominated industry *via*, for example, recruitment or engagements in favour of gender equality, especially in the digital sector.

The Group ensures that fair treatment is applied in terms of representation and promotion to strengthen the balance

between women and men. Econocom is particularly attentive to ensuring that men and women enjoy the same career opportunities, especially in access to training, professional development and management positions.

Progress in gender parity cannot be made without raising the awareness of management and involving men in the process. The Group has increased the number of women on its Board of Directors. In 2017, three out of the four new Directors appointed were women. One third of them are now women, in line with the target set by the Group.

The Econocom **gender equality index is 78/100 for Planet companies in France. This index** is based on five indicators:

1. gender pay gap;
2. gap in rates of individual salary increases between women and men;
3. gap in promotion rates between women and men;
4. percentage of employees returning from paid maternity leave who receive a salary increase upon their return;
5. number of the least represented gender among the ten highest paid employees.

## Gender breakdown in France in 2020 (excluding Satellites)

France	Support functions	Products & Solutions	Services	Technology Management & Financing	Total
Women	39	58	367	56	520
Men	14	38	2,283	19	2,354
Non-managers	53	96	2,650	75	2,874
Women	134	51	311	64	560
Men	108	50	1,618	63	1,839
Executives	242	101	1,929	127	2,399
Total	295	197	4,579	202	5,273

### Econocom Digital Women (*Femmes du Digital Econocom*): an internal programme to encourage women in the IT sector

In June 2019, the Econocom Digital Women programme was launched under the aegis of the Services activity.

Aware of the added value that gender diversity gives to an organisation, Econocom would like to encourage the presence of women in its activities and make digital sectors, where women are under-represented, more attractive. The Group would thus like to take on a major challenge: to make the IT sector more female.

This ambitious programme set three major objectives:

- to attract and recruit more women in the workforce through retraining;
- to promote and showcase the skill and expertise of employees;
- to raise awareness among young girls about digital careers.

To meet these challenges, the programme offers various actions and numerous events tailored to each theme. To offer dedicated and specific support, the programme is led by an ambassador at each Econocom site, thus responding to the specificities of each region.

#### Attract and recruit through retraining with the Manifesto:

##### #ReconversionFemmesNumérique

The recruitment teams and the entire Econocom Management are already very active in finding women in the conventional sectors. Accordingly, The Femmes du Digital programme was focused on retraining.

By signing the **Reconversion Femmes Numérique Manifesto** launched by Syntec Numérique, Econocom made the commitment to ensure access to digital jobs for women.

- We are committed to extending our recruitment criteria – particularly technical positions – to take into account potential, cross-functional skills, the situation and the training path as a whole, whether initial or continuing, because we are convinced that technical skills can be acquired throughout life.



- We are committed to promoting career paths of all types in our recruitment processes because they add value and experience to our organizations.
- We are committed to recruiting people of all ages because what really matters to us is motivation, appetite and the ability to adapt and learn.
- We are committed to implementing supporting actions and programmes to ensure the onboarding of digital retraining talents within the Company because they are assets for our success.
- We are committed to supporting internal mobility by putting in place the resources and training necessary to ensure compelling individual career paths.
- We are committed to training our employees in practices that promote inclusion and gender equality, a necessary condition to change our ways of thinking and working together.

### **Econocom, a founding member of the Femmes@Numérique foundation**

To reverse the trend and encourage parity within digital channels, Econocom is one of the founding members of the Femmes@Numérique foundation created in 2018. The purpose of this foundation is to finance the actions undertaken by the Femmes@Numérique collective body to enable them to move to the necessary scale throughout the country and to massively raise awareness among the general and private public organisations, public authorities, players in the area of training and education. Digital women also work with the foundation.

### **Econocom Italia, partner of the “Women & Technologies” association**

The aim of the association (womentech.eu) is to associate the brand with institutional initiatives, to reflect internally and externally the commitment to support diversity, inclusion and the development of women leadership as well as social innovation through research and the spread of new technologies and therefore new professions.

### **Econocom UK, member of “100 Women in Finance”**

To foster gender equality in the finance industry, Econocom partners with “100 Women in Finance”, a global network of finance professionals who work together to empower women at every stage of their careers.

### **Anti-discrimination policy**

#### **Professional integration of young people**

For its Services business in France, Econocom group clearly encourages hiring young graduates and final-year students. Econocom plays an important role in training by supporting young workers every year in internships and work-study programmes. These undergraduate and master’s-level training programmes are monitored by tutors in technical and functional jobs. As Econocom’s Services business has the highest recruitment needs, it has established special partnerships with more than 40 schools.

As part of this commitment to opening the business world to young people, several years ago Econocom formed a partnership with *Journée Nationale des Jeunes* (JNDJ). Once a year, the Group opens its doors to middle and/or secondary school students from underprivileged backgrounds so that they can learn more about the business world and the solutions the Group provides for its customers.

### 03 corporate social responsibility

nurture our excellence through responsible commitment

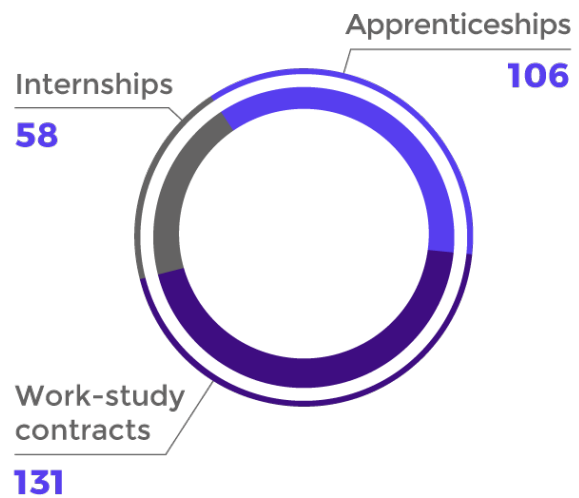
The Group works to get its employees involved in its diversity policy and strongly encourages them to participate in local awareness and integration initiatives. Through the Group's partnership with the organisation "100 000 Entrepreneurs" and its network of partner establishments, several managers speak at secondary schools all over France to give students greater insight into entrepreneurship, intrapreneurship and the business world in general. In 2020 these interventions took place in digital format, which was an innovation, and made it possible to reach classes throughout the country.

Taking its policy to support the professional integration a step further, Econocom signed a generation contract for its different subsidiaries in France. This contract has **three main goals**:

- facilitate the long-term integration of young people into the workforce by providing access to a permanent work contract;
- encourage hiring senior workers and keeping them in the workforce;
- ensure the transfer of skills and expertise.

This agreement also aims to create synergies among the different generations of employees that make up the organisation and bring their expertise, a source of strength and innovative force. For this reason, the generation contract not only supports younger and older workers but also the generations in between, by giving them a key role in working with young people, transferring skills and training.

### Breakdown of work-study students and interns in the Planet companies in 2020



### Supporting employees aged over 45

Employees in France aged 45 and over can organise a career development meeting to discuss their situation and professional development plans. They are also given the option of having a skills assessment performed by an authorised independent organisation. In addition, these employees enjoy priority access to training programmes and support from the Human Resources Department to guide them through their internal mobility project.

Employees aged over 55 also benefit from additional measures. They are granted one paid day of absence every two years to have a health check-up. They can also opt for flexible working time arrangements such as part-time work, adjusted hours and teleworking. In addition, the Group gives them the opportunity to pass on their expertise in a tutoring programme involving younger Econocom employees.

### Encourage the hiring of those who have retrained

The POEI scheme (Operational Preparation for Individual Employment) trains new employees. The POEI scheme thus closes the gap between the skills required for the job and the skills the candidate has. It finances all or part of the costs of internal or external training. It allows the unemployed to retrain in IT skills.

In 2018 only 10 people (*i.e.* slightly less than 1% of new recruits) were recruited using this method. In 2020 we significantly developed this source of recruits, recruiting 66 employees on permanent and temporary contracts and on work/study placements *via* the POEI scheme, representing 8% of the 909 new staff hired in 2020 for the Services France entity.

For these 66 recruitments:

- 15 women, *i.e.* 23%;
- five engineers, *i.e.* 7.5%;
- three disabled people, *i.e.* 4.5%;
- average age 29.5;
- 86% permanent contracts;
- the rate at the end of the trial period was lower (7.5%) to that registered for all new recruits (8.8%).

### People with disabilities

Econocom has committed to a proactive approach to supporting people with disabilities. After the partnership agreement signed in 2014 with the *Association pour la Gestion du Fonds pour l'Insertion Professionnelle des Personnes Handicapées* (AGEFIPH), Econocom has reached a new level by signing an agreement in 2018 covering all of the Group's activities in France. With this agreement, Econocom is committed to increasing its employment rate for people with disabilities, by implementing an employment policy which aims to meet **four major objectives:**

- recruit, train and integrate people with disabilities;
- keep disabled employees engaged through appropriate career management and improvement in working conditions;
- raise disability awareness among all internal players and employees of Econocom;
- develop subcontracting with institutions in the protected environment.

The Mission Handicap is very committed internally to raise awareness among all employees to disability, especially during the European Week for the Employment of Disabled People (SEEPH) and in the context of management training and recruitment teams. It is also present at recruiting fairs and school forums and participates in the *Commission Handicap du Syntec Numérique*. Additionally, Econocom has introduced several awareness initiatives aimed at all staff members, such as e-learning modules showing real-life situations of people with disabilities in the workplace, and a special intranet site.

## 1.2. Conduct a demanding environmental policy

Global warming is a major issue for humanity on which digital players have an increasingly significant impact and must play a role at their own level. Econocom chose to address this unprecedented environmental challenge by implementing a structured and ambitious policy. Indeed, aware of the challenges related to the environmental impact of digital technology, **the Econocom group was one of the first signatories of the Planet Tech'Care manifesto**. Through this manifesto, Econocom is committed to measuring and reducing its carbon footprint, extending the lifespan of its digital products and services, and disseminating and promoting these initiatives among its partners.

### 1.2.1. RETHINKING TRAVEL TO REDUCE EMISSIONS

The vehicle fleet is the Group's largest source of CO<sub>2</sub> emissions. The aim is to maintain the average level of emissions of at 110 g of CO<sub>2</sub>/km, under the NEDC standard, equivalent to 135 g of CO<sub>2</sub>/km under the latest WLTP standard in force, for all types of vehicles combined. Econocom has also incorporated electric vehicles into its fleet. Employees in the Paris region and Villeurbanne can reserve electric vehicles that they can use for short-distance business travel, especially between sites.

With all these initiatives, the Group reduced the CO<sub>2</sub> emissions produced by its vehicle fleet for an average level of 99 g CO<sub>2</sub>/km in 2019, which is equal to 3,600 tonnes of CO<sub>2</sub> emissions for the entire fleet.

The Group favours low-emission transport methods and encourages its employees to use the train when possible. For travel by plane, Econocom uses companies which look to reduce their environmental footprint.

### 1.2.2. ANALYSE AND REDUCE

In 2020, the Econocom Group confirmed its maturity on issues related to the environmental impact of its information systems. Today, the Group has a specific Green IT governance.

#### **Watt's Green, an essential tool to reduce the impact**

The share of the digital sector represents almost 60% of the electricity item of the Econocom group. To reduce this bill and improve its energy efficiency, the Group decided in 2017 to analyse the environmental impact of its information system with Watt's Green, (see box). Thanks to this system, **Econocom halved the environmental impact of its digital technology between 2017 and 2020**.

In 2020, Econocom continued its optimisation policy, thanks to the introduction of the recommendations from last year and the Green IT good practices.

In this financial year, digital energy consumption fell for the fourth consecutive year, down 18% compared to 2019. The digital environmental footprint was also reduced, **with a significant reduction in CO<sub>2</sub> emissions** (approximately 90 CO<sub>2</sub>t saved this year). These positive results are mainly due to the following actions:

- rationalisation of equipment and energy consumption in data centres;

- constant increase in the acquisition of IT equipment in the “green” energy class;
- streamlining of equipment to better reflect the number of active employees and uses;
- reuse of existing equipment rather than new purchases.

Thanks to Watt's Green, Econocom also managed to reduce all the families of equipment under review:

- employee (desktop, laptop, screen, mobile, etc.) -8%;
- collaborative (multi-function, meeting room equipment, etc.) -9%;
- infrastructure (server, network equipment, etc.) -18%.

**Watt's Green walkthrough**

Watt's Green is a tool developed by Econocom to measure the energy consumption of equipment (in KWh) and its CO<sub>2</sub> equivalence. To conduct the analyse on its information system, Econocom followed several steps:

- Step 1: inventory of information related to data centres, workstations, screens and mobile equipment, meeting rooms, printing, infrastructure (servers, network, etc.);
- Step 2: calculation of key indicators after integration of information. Four indicators are monitored: annual electricity consumption, the weight of emissions in CO<sub>2</sub> equivalent, the annual cost of electricity consumed, the WEEE (Waste Electrical and Electronic Equipment) weight of the global fleet;
- Step 3: the aim is to analyse areas for improvement and to note the effects resulting from the reduction of energy and environmental impacts.

**A Life Cycle study assessment in addition to Watt's Green**

In 2020, Econocom completed its Watt's Green analysis by applying a simplified LCA to the equipment in its digital scope. This method makes it possible to assess the environmental impacts of digital equipment during the various stages of the life cycle (manufacturing, use and end of cycle). The impact indicators under review are as follows:

- GHG emissions;
- primary energy consumption;
- depletion of natural resources;
- water consumption.

**Ambitions for the future**

For 2021, Econocom will continue its project around the following areas: continuing actions to reduce the environmental impact of its digital technology, integration of new scopes in the current study (other Group brands and international subsidiaries) and measurement of the impact of new IS environments (e.g. cloud, collaborative tool, website, etc.). The aim will be to start introducing an ecodesign approach for digital services.

**1.2.3. REUSE OF EQUIPMENT TO EXTEND THEIR USEFUL LIFE**

As part of its Technology Management & Financing business (TMF), Econocom manages the return of its Waste Electrical and Electronic Equipment (WEEE). The Group records 430,000 product returns a year, half of which are specifically in France. Econocom encourages the reuse of all its products to limit the environmental impact caused by scrapping or incinerating, as for example, some components that contain heavy metals.

Econocom supports the use of social and solidarity economy, which reconciles circular and solidarity economies for the reconditioning of its WEEE.

#### 1.2.4. WASTE PROCESSING AND RECYCLING WITH SOCIALLY SUPPORTIVE STRUCTURES

In order to process and recycle 430,000 pieces of WEEE every year (computers, screens, servers, tablets, smartphones etc.), Econocom uses *Ateliers sans Frontières* (ASF) and two specialist companies, ATF Gaia and Recyclea, which combine operations in circular and supportive economies.

##### Partnership with ATF Gaia

ATF Gaia gives businesses the means to be part of a more inclusive economy. On the one hand, by accompanying them in their compliance for the management of WEEE and on the other hand by allowing them to contribute more directly to the integration of people with disabilities through work. By sorting as closely as possible to the collection points in its approved centres, ATF considerably limits unnecessary transport, optimising the carbon footprint as soon as the equipment is taken over. After recovery, sorting and survey, the equipment items are directed to the ATF repackaging centres or to the nearest dismantling and destruction sites. The Company also deletes data and preserves the anonymity of the equipment by performing a certified deletion, thus reducing the risks related to data security and guaranteeing compliance with the GDPR. ATF also provides Econocom a complete report, from the collection to the issue of the destruction certificate in compliance with the WEEE directive.

##### Partnership with *Ateliers Sans Frontières*

Since 2012, Econocom also collaborates with *Ateliers Sans Frontières*, an entity of the Ares group specialising in the management of WEEE (Waste Electrical and Electronic Equipment) for reuse and recycling around

survey, audit, test, certified data erasure, mastering and dismantling task. Our goal is to give priority to a new usage cycle to the largest possible number of products by reconditioning them. **Today, 95% of Econocom's equipment sent to Ateliers Sans Frontières is given a second life.** *Ateliers Sans Frontières* (ASF) is an integration project, which welcomes over 110 young and vulnerable young people a year, to help them build their life project, regain their dignity and bring them to a stable personal and professional situation. ASF promotes integration through solidarity activities with a strong social or environmental impact (recycling, circular economy, donation of upgraded equipment) that give meaning to the work done by employees and help motivate them. **In 2017, ASF became one of Econocom's major partners, to whom we entrust approximately 30% of our French volumes to be processed.** The association is also recognised as an exemplary player by public authorities: in September 2019, Emmanuel Macron and Muriel Pénicaud, then Minister of Labour, chose to present the Pacte Ambition IAE (Inclusion through Economic Activity) during a visit to an ASF workshop.

Since the start of the relationship between ASF and Econocom, their activity has registered continuous growth in volume and regular improvement in expertise in a climate of benevolent cooperation and mutual personal growth. As part of its CSR policy, Econocom has also extended its collaboration with the association, entrusting it with the preparation of computer donations. Econocom and ASF currently process 60,000 devices per year with a team of 15 people. Since the operation started, about a hundred of them have found a job thanks to this activity.

## A leading role in the refurbishment market

This effective collaboration with ASF, and also with ATF Gaia and Recyclea, enables Econocom to play a leading role on the reconditioned digital equipment market. Over the last few years, this has become considerably more structured and professional, thanks to the introduction of more rigorous regulation, growth in large e-commerce platforms (FNAC, Cdiscount, Veepee etc.) and specialist players (Backmarket, Recommerce, etc.), and above all the popularity with consumers. It provides the opportunity to access technologies or brands which, new, would be too expensive, it presents new possibilities in terms of usage or equipment, and there are also environmental motivations. For all these reasons, more and more French people are attracted to the possibility of buying products from previous generations, often formerly owned by professionals and in perfect working order, for a fraction of the original price. This is why demand is extremely high. Econocom and its partners also offer this know-how to businesses, which also have to manage the end of their equipment assets' lifespan. Thanks to the processes put in place and the social commitment of its partners, Econocom contributes in this way to the CSR aims of its clients, ensuring that they respect environmental and safety regulations, as well as the complete traceability of the processing and final destination of the equipment.

## 1.3. Be an ethical and responsible player

Signatory since 2012 of the United Nations Global Compact, the Econocom group commits to respecting and promoting the 10 fundamental values linked to human rights, the fight against corruption and the

protection of the environment. The affirmation of these values, underpinned by the Corporate Social Responsibility policy, shows how the Group wants to continue to be a responsible, honest company, embodying and promoting these values within its ecosystem.

### 1.3.1. THE ETHICS COMMITTEE

In order to strengthen its ambition to operate as a responsible and ethical player in the economy, the Econocom group appointed an Ethics Committee in 2019. This Committee is made up of four internal Group stakeholders, chosen according to their experience and additional expertise in ethical issues. It meets several times a year and oversees the Group's anti-corruption compliance programme. The Ethics Committee ensures, among other things, the mapping of corruption risks, the processing and monitoring of the reports received under the whistleblowing system and the proper appropriation of the ethical principles by employees.

As part of its ethical commitment, the Econocom group is currently carrying out compliance work, in particular with the Sapin II law, and within a wider context, to increase transparency in the conduct of its business.

In 2020 the Group published its Code of Business Conduct, which addresses, among other things, the fight against corruption and influence peddling and rolled out its ethics whistleblowing system. Training in the form of e-learning courses for all employees on compliance and anti-corruption has also been rolled out. These courses will be supplemented by specific actions for the identified groups of employees. All these actions reinforce the Group's extensive set of procedures and controls, thereby ensuring transparency and ethics.

### 1.3.2. THE CODE OF BUSINESS CONDUCT

Econocom wished to federate all Group employees around a Code of Business Conduct. This Code of Conduct, produced in collaboration with unions, is based on **the corruption risk map** drawn up by Econocom according to the principles set out by the Sapin II law on transparency, the fight against corruption and the modernisation of the economy. The principles enshrined in this Code are intangible signposts set out to guide the actions of all Group employees. Employees must uphold its principles of integrity, respect, compliance, moral leadership, fairness and accountability.

### 1.3.3. WHISTLE BLOWING MECHANISM

Econocom has rolled out, across the Group, a mechanism for whistle blowing through an external provider, meeting the requirements of the Sapin II law and other European regulations. This mechanism is an external internet platform which any internal or external stakeholder has access to. It guarantees the protection of whistle blowers and monitoring of how reports are processed.

### 1.3.4. RESPECT FOR HUMAN RIGHTS

The Group operates for the most part in Western European countries, where labour laws and regulations are stricter than required by human rights standards. The Group has defined its HR standards in line with these regulations and applies them in all other countries where it is active. Econocom's staff is essentially made up of skilled personnel who expect human

resources practices to meet particularly high standards.

For these reasons, the Group's human rights risks for the most part involve its suppliers and sub-contractors. In keeping with its purchasing practices, Econocom asks its tier-1 suppliers to comply with its own ethical and labour standards. The Group also requires its suppliers to comply with international standards such as the United Nations Global Compact and International Labour Organization fundamental conventions.

### Responsible purchasing

Lasting cooperation between a company and its suppliers contributes to driving performance for all parties. In 2015, Econocom group decided to structure its responsible purchasing policy to establish trust-based relationships with its suppliers by encouraging them to implement a CSR programme. The Group has thus established a Purchasing charter between its suppliers and Econocom based on the ten principles of the United Nations Global Compact. It is sent to all suppliers, who are required to sign and return it, thus confirming that it has been taken into account and applied.

Calls for tenders or consultations with suppliers include social or environmental criteria. The relevant purchasing segments are:

- interim;
- intellectual services;
- land transport of goods;
- purchasing second-hand equipment;
- equipment recycling.

In addition, the Purchasing Department also relies on the "GESAT" network.



Tender offers for the top two categories of purchases (mainly outsourced services) now factor in supplier selection criteria (social and/or environmental). Econocom champions the idea that CSR should above all be based on dialogue with its stakeholders and on pooling strengths and resources. That is how the Group and its stakeholders can make the best contribution to sustainable development.

As such, Econocom subsequently renewed its CSR charter and strengthened this approach by sending a CSR self-assessment questionnaire to a few strategic suppliers. This form aims to quantify the results of its partners from a social, environmental, market behaviour, regional and governance perspective.

In addition, Econocom also uses work-based assistance institutions and services (ESAT) to help people with disabilities in their social and professional inclusion.

### 1.3.5. GENERAL DATA PROTECTION REGULATION (GDPR)

The Econocom group is keen to protect the private life and data of its employees, clients and partners and in this respect ensures the respect of the applicable personal data protection law, and in particular the

European law on General Data Protection Regulation no.2016/679 of 27 April 2016 (GDPR), as well as all the national laws enacted as a consequence, and which may be applicable.

In recent years, Econocom has implemented the following measures:

- appointment of a DPO (Data Protection Officer) at the Group level;
- drawing up of an internal Charter serving as a framework for the processing of data by Group entities;
- informing co-workers of how their data is used and raising their awareness about data protection regulation;
- updating the IT Charter in line with regulations;
- drawing up of a confidentiality policy for the Econocom group corporate site;
- strengthening of security measures at the Group IT level.

These measures are consistent with the steps to make Econocom group comply with applicable regulation, and they show the daily commitment both by the Group and by each Econocom group entity to a responsible use of personal data.

## 2. Support the new responsible uses of our customers and users

Aware of the challenges related to the environmental impact of digital technology, the Econocom group is innovating to strengthen the green aspect of its offerings, even creating a specific business unit dedicated to energy efficiency. As an expert

in digital transformation, the Group does not seek to promote digital technologies just for the sake of digital technologies. By proposing an approach aimed firstly at meeting the needs of users, it contributes to the fight against digital waste.

### 2.1. Develop our offer of green and responsible products and services

The Econocom Group's Green&Energy entity is divided into two complementary areas: the GreenIT offer and the Green& Energy offer. Each area has its own specificities and offers customers the opportunity to generate savings by working on their CSR.

#### 2.1.1. REINFORCE THE GREEN AND RESPONSIBLE DIMENSION IN OUR NEW AND EXISTING OFFERS

Econocom wishes to natively boost the responsible component in 100% of its new offers as well as in its existing offers. The idea is to create new generation support offers fulfilling new uses (autonomy, user experience, etc.) and the need for cost control requested by the DSI. Econocom is therefore trying to provide its clients with solutions for transforming the work environment (physical and digital) and associated infrastructure to increase user satisfaction and productivity while reconciling the responsible dimension in its portfolio of offers.

#### 2.1.2. DEVELOPMENT OF THE GREEN&ENERGY OFFER

Companies and local authorities face identical environmental challenges: limiting their carbon footprint, reducing and

sustainably controlling their energy consumption and securing their energy purchases and comply with the regulation applicable to their industry.

Through its Green&Energy Department, Econocom meets these challenges by providing a global solution ranging from seeking out sources of energy savings to the execution of projects and their funding.

The support provided by Econocom's Green&Energy entity aims to accelerate the energy transition of its customers to ensure they remain competitive and the growth of green businesses.

#### Smart Lighting, one of the areas of intervention of Econocom's Green&Energy entity

As part of its financing activity, Econocom Green&Energy offers its customers the opportunity to rethink their lighting system to move towards a more energy-efficient and environmentally friendly technology. Following an on-site energy audit, the entity offers a new fitting and carries out the work. The overall cost of the project will be included in a financing solution with an immediate return on investment and taking into account the Energy Savings Certificates.

Accordingly, customers have more environmentally friendly installation, enabling them to reduce their electricity consumption. The system also improves visual comfort and enhances the well-being of building occupants.

## 2.2. Promote responsible digital business and the circular economy

Econocom wants to offer effective and responsible solutions to generate positive impact for its customers and their users, without promoting digital for digital at any cost. As part of this approach of social responsibility, the fight against digital waste is one of the stakes that Econocom has set for itself.

### 2.2.1. A STRONG COMMITMENT TO RESPONSIBLE IT

Since November 2019, Econocom has been a member of the “Digital and Environment” working party managed by Syntec Numérique and bringing together several companies in the sector who want to develop in responsible IT issues. The aim of this working party is to share good practice in relation to responsible IT initiatives in member companies, in order to improve how the entire sector deals with these issues. This project is designed to unite digital players around three commitments:

- to recognise that climate change is a major issue for humanity, that IT companies have an impact and must take action;
- to mobilise in order to contribute, at their level, to the COP21 target of limiting global warming to 2 degrees;
- to offer training in responsible and ecologically efficient digital business.

### Watt's Green, to analyse and measure the impact of digital technology

Watt's Green, Responsible IT solutions and advice, analyses energy consumption and suggests concrete measures to optimise energy spending.

The objective of Watt's Green is:

- to estimate the energy consumption of digital equipment;
- to implement good practices plans;
- to measure the actions implemented to reduce the environmental footprint.

Econocom developed Watt's Green, a single centre of expertise and four packaged services for managing responsible IT energy projects:

- Watt's Green Flash: audit of the energy consumption of Information System equipment;
- Watt's Green Dynamic: dynamic management of users' workstations;
- Watt's Green Datacentre: audit of the energy consumption of datacenters;
- Watt's Green CSR: supporting communication and CSR strategy in Responsible IT.

### 2.2.2. ECONOCOM SIGNATORY TO THE PLANET TECH'CARE MANIFESTO

In October 2020, as part of its commitment to responsible digital technology, Econocom, the leading general digital contractor in Europe, signed the Planet Tech'Care manifesto, launched by Syntec Numérique under the leadership of Véronique Torner, co-founder of Alter Way, a subsidiary of Econocom, which is also a signatory to the manifesto.

### 03 corporate social responsibility

support the new responsible uses of our customers and users

It is estimated that digital technology emitted around 4% of global greenhouse gases in 2019. Its energy consumption is growing by 9% per year, split at 55% on digital use and 45% on equipment production. Digital sobriety must now be a priority.

Unveiled at the Digital and Environment conference, this initiative aims to support companies involved in including digital technology in their environmental strategy and support training players on digital business upskilling.

The Planet Tech'Care manifesto resonates with actions already undertaken by the Econocom group for Responsible Digital Services.

By signing the Planet Tech'Care manifesto, Econocom is committed to:

- measuring and reducing the environmental impacts of its digital products and services and extend their lifespan;
- raising awareness among its stakeholders so that all players in the digital ecosystem are able to contribute to reducing their impact on their areas of responsibility.

#### 2.2.3. ECONOCOM TOOK PART IN THE #DIGIWORLDCOMMISSIONS: DIGITAL AND ECOLOGICAL TRANSITION ORGANISED BY IDATE

As part of the commitments above, Econocom works alongside other companies and partners to assess the impact of digital technology on the environment and raise awareness among its ecosystem on the solutions to be implemented. This is how we participated in the drafting of a white paper, under the aegis of the Idate think tank. This book, "Digital and ecological transition", was published last December, on the occasion of the Digiworld Summit.

Of all the studies recently carried out on the subject, it is one of the few to address the overall issue. In other words, measuring both the carbon footprint of digital technology and its role in the ecological transition.

This study was carried out by a commission made up of experts from companies such as Econocom, BNP Paribas, Engie and Orange. Here is a summary that you can download from the Idate website.

<https://en.idate.org/product/digital-tech-and-the-green-transition/>

#### 2.2.4. MORE RESPONSIBLE DIGITAL TECHNOLOGY THANKS TO ECODESIGN AND FINOPS

Since its creation in 2006, Alter Way, a member of the Econocom Galaxy has been a committed company that combines performance and responsibility based on open source and accessible solutions.

In 2020, Alter Way launched Chrysalide, a new strategic plan, and added an environmental dimension by proposing two new offers:

- **an ecodesign offer for application services:** web ecodesign consists in building digital platforms by obtaining the best arrangement between performance and reducing the environmental impact.

At the heart of the concept of digital sobriety, ecodesign aims to reduce the environmental impact of companies by taking into account the environmental consequences of a product or service from the beginning of its development and throughout all the stages of its life cycle.

Applied to the design of a digital platform, this approach consists in defining the right need to offer just what's necessary for the visitor.

Ecodesign is aimed at efficiency with a sober approach: it banishes unnecessary frills, excessive images, resource-intensive developments and other deployment environments that do not take into account the digital footprint. With this offer, Alter Way seeks to offer an environment friendly innovative service but also raise awareness among companies about ecodesign challenges;

- **a FinOps offer for optimised infrastructure management:** the FinOps approach aims to monitor and optimise the costs of cloud computing services and the opportunity to offset their carbon footprint.

The main underlying challenge? Finding the right balance between budget and expenses allocated to cloud services on one hand and, on the other hand, the required IT performance and innovation in terms of business and environmental issues. The objective is not only to generate savings, but strive to find the right architecture.

Ultimately, implementing a FinOps approach enables to save money and manage the environmental footprint.

### 2.2.5. ECONOCOM PRODUCT CARE: ECO-RESPONSIBLE EQUIPMENT MANAGEMENT

Product Care is a maintenance service centre, located in France, specialising in the management of mobility equipment: telephones, tablets and laptops.

Product Care is also a solution that enables to manage IT equipment in an eco-responsible manner.

This offer enables to reduce the digital environmental footprint by:

- increasing the operating period of terminals: repairs, warranty extension, claims coverage;

- reducing equipment obsolescence by guaranteeing software and hardware continuity (management of updates, enrolments, image downloads);
- limiting industrial waste: technical diagnostic service for equipment, with repair and reconditioning for reuse of functional equipment or destruction of defective equipment, with organic and non-organic waste processing and recycling.

### 2.2.6. TO BECOME A LEADER IN THE FINANCING OF THE CIRCULAR ECONOMY

Econocom is convinced that digital business can no longer be an end in and of itself, but is a means towards the common good. It must be ethical by design – *i.e.*, guided by values of respect for people and their environment, to provide, from conception, solutions to the problems posed. It must be responsible and sustainable, appropriate to everyone’s uses, designed for the long term with a view to an entire value chain. That is the purpose of “tech for good”, which puts innovation behind the common good.

For Econocom, usages are the key to transformation. Usages are, specifically, how we live, consume and work. Thinking of digital transformation in terms of usage provides the client with long-term solutions which respect people, the environment and society.

For over 40 years, Econocom has been supporting companies in their industrial changes, in particular by financing digital and technological solutions and assets. Thanks to this core-business and its technological surveys, Econocom provides companies and organisations with bespoke digital solutions, with contemporary consumer finance. By virtue of its “as a service” business positioning, Econocom participates and acts specifically to meet challenges of the circular economy.

### 03 corporate social responsibility

support the new responsible uses of our customers and users

At present, 32 to 47% of companies have already adopted the circular approach to the purchase, design, production and recycling of products. However, only 12% of them adopt a business model which also offers products as a service. This low proportion of businesses that have succeeded in offering the “as a service” model is a seam of unexploited opportunities.

Specifically, Econocom has essential expertise in the financing of digital projects and technological assets *via* “as a service” financing solutions. Taking this concept further, the Group has specific technological offerings to enable companies to manage their digital projects in real time and closely adjusted to usages. The Group is committed

to actively contributing to this change of model.

- Use’n’pay is a payment by usage solution; it is modular and capable of evolving, incorporating all components of digital projects according to the requirements of the Company (payment by subscription, usage or license);
- Econocom Belux is a signatory of the “Green Deal”, a government initiative which aims to accelerate the switch to a circular economy. Alongside 229 other Belgian companies, for two years now Econocom Belux has been making its active contribution to circular solution projects in the country.

## 2.3 Monitoring our consumption

All energy consumption at our various sites is monitored. This monitoring enabled us to carry out our first greenhouse gas audit in 2012.

These calculations are based on the emission factor calculators under the Carbon Audit methodology of the ADEME (French Environment and Energy Management Agency).

GHG emissions (in tonnes)					
ECONOCOM France audit					Change
SCOPE	Category of emission	Source of emission	2018 emissions report (Tonnes)	2019 emissions report (Tonnes)	2019-2020 change
SCOPE 1 (Regulatory)	Direct fugitive emissions	Refrigerant fluids leaks from cooling and air-conditioning systems	144	163	13%
SCOPE 1 (Regulatory)	Direct emissions from stationary combustion	Natural gas	126	114	-9%
SCOPE 2 (Regulatory)	Indirect electricity consumption-related emissions	Electricity	512	350	-32%
SCOPE 3 (Non-mandatory)	Travel	Travel	(1,426)	715	-50%
SCOPE 3 (Non-mandatory)	Vehicle fleet	Vehicle fleet	5,943	5,675	-5%
SCOPE 3 (Non-mandatory)	Freight	Freight	359	416	16%
		<b>Total</b>	<b>8,510</b>	<b>7,434</b>	<b>-13%</b>
		<b>TOTA /FTE</b>	<b>1.16</b>	<b>1.05</b>	<b>-10%</b>

## GHG emissions (in tonnes)

ECONOCOM audit					Change
SCOPE	Category of emission	Source of emission	2018 CO <sub>2</sub> audit (Tonnes)	2018 CO <sub>2</sub> audit (Tonnes)	2019-2020 change
SCOPE 1 (Regulatory)	Direct fugitive emissions	Refrigerant fluids leaks from cooling and air-conditioning systems	210	238	13%
SCOPE 1 (Regulatory)	Direct emissions from stationary combustion	Natural gas	204	274	34%
SCOPE 2 (Regulatory)	Indirect electricity consumption-related emissions	Electricity	2,125	1,621	-24%
SCOPE 3 (Non-mandatory)	Travel	Travel	2,901	1,345	-54%
SCOPE 3 (Non-mandatory)	Vehicle fleet	Vehicle fleet	10,142	9,206	-9%
SCOPE 3 (Non-mandatory)	Freight	Freight	497	529	6%
SCOPE 3 (Non-mandatory)	Business travel	Hotel + Taxi	nd	nd	nd
SCOPE 3 (Non-mandatory)	Customer datacentres	Consumption of customer data centres	nd	120	nd
SCOPE 3 (Non-mandatory)	Investment	Sources related to projects or activities related to financial investments	nd	nd	nd
<b>Total</b>			<b>16,079</b>	<b>13,333</b>	<b>-17%</b>
<b>TOTA /FTE</b>			<b>1.49</b>	<b>1.29</b>	<b>-13%</b>

## 3. Federate an ecosystem to create shared value

The Econocom group believes in the positive impact of digital technology on training and education. With these convictions, the Group has made education one of the key pillars of its CSR strategy, as much through its partnerships and philanthropic actions. In 2020, while the health crisis demonstrated the urgency of combating the digital divide, the Group made a commitment to families and children, by donating equipment or by providing financial support to its partner associations.

### 3.1. Partnerships in the education and university sector

#### 3.1.1. SUPPORT NEW USES LINKED TO USEFUL DIGITAL BUSINESS IN THE EDUCATION SECTOR, AND GREEN IT

Econocom is committed to promoting digital technology in school curricula in order to fight the digital divide and improve digital accessibility.

The French government has decided to encourage the use of digital technology in schools to make up for France's lag in the area. Econocom wants to take action in this movement by providing schools with solutions adapted to the needs of students, teachers, parents and public authorities.

Econocom's goal through its commitment to education is to play a role in the transformation of learning, to ingrain a love of learning in students. The aim is also to encourage new teaching practices and to promote parental involvement in the education of children.

Two priorities have been set to encourage the integration of digital technology in education:

- **equipment:** the world is changing and giving digital technology an increasingly important role in people's professional and personal lives. Students must therefore be prepared to face the challenges of tomorrow. Digital technology must "physically" enter the classroom so that all students can develop skills in using this equipment;
- **support for teachers:** this is a key point, as it will allow teachers to develop new relationships with their students based on the digital solutions available to them. Econocom regularly organises meetings with teachers to identify their needs and expectations in order to bring the right responses.

In 2018, Econocom's investments in education were extended to higher education, through several activities:

- **the development of a "Campus" offer,** which includes, in particular, the "Green" offers of the Econocom group, well adapted especially to a number of renovation and new campus opening projects, in France and abroad;
- **Econocom established a partnership** with "Campus Managers". Campus Managers is the first French network of French universities and colleges committed to sustainable development. Econocom and Campus Managers share common objectives: facilitate the dissemination and sharing of good sustainable development practices, tools and resources for campuses;
- **Éducapital:** finally, always with the aim of supporting young innovative companies that aspire to reinvent education, Econocom was the first player to invest in Educapital, the leading European venture capital fund dedicated to education and vocational training;



- **Econocom member of Impact IA:**

Econocom is a member of Impact Artificial Intelligence. Impact IA is a collective focused on reflection and actions with players involved in the area of artificial intelligence. The members share two main objectives: addressing the ethical and societal challenges of AI and supporting innovative and positive projects for the world of tomorrow.

### 3.1.2. INVESTMENT IN EDUCATIONAL START-UPS

#### **Magic Makers, a start-up specialising in developing and leading coding and creative programming workshops for children**

Econocom has acquired a stake in the share capital of Magic Makers to work with experts from the education and digital sectors. It offers three types of workshops: weekly workshops, holiday workshops and events workshops. Magic Makers has developed its own method, which allows children starting at age 6 to learn coding concepts with trained facilitators and innovative tools. Today, more than 1,000 eager children attend Magic Makers coding classes and/or holiday workshops. Note that Magic Makers introduced IA in its teaching in 2019 and switched to digital courses in 2020. This new model opens up new development prospects for the company.

Magic Makers is also active in middle schools with initiatives designed to help struggling students. Coding courses for educators are available, mainly through the Class'Code project supported by INRIA and a number of partners, and backed by the French Investment for the Future programme coordinated by the Caisse des Dépôts et Consignations. Children of Econocom employees are offered discounts for Magic Makers courses through the Group's Share engagement programme.

#### **Kartable, the first full, free learning and study platform**

This start-up opened a platform allowing users to consult programmes, courses and exercises spanning all years of secondary school, free of charge. Econocom employees can also benefit from preferential conditions for their children.

### 3.1.3. SPONSORSHIP PROGRAMMES IN EDUCATION

#### **A solid partnership with Passerelles Numériques**

Econocom has been a partner to *Passerelles Numériques* since 2007. This organisation helps young people from underprivileged backgrounds in Cambodia, Vietnam and the Philippines to receive training and find skilled employment in the ICT sector. Since 2007, 445 students have been supported by the Group on the basis of promotions consisting of 50 students and for a period of two years per promotion. The partnership established with *Passerelles Numériques* also works in skills sponsorship.

#### **Combating the digital divide with the "emergency connection" community**

The health crisis has been a tremendous indicator of the digital exclusion of the most vulnerable, who are virtually cut-off from the rest of the world. Thousands of disadvantaged young people have lost all contact with school due to a lack of IT equipment and the support required to continue their education remotely. Indeed, the most vulnerable families have experienced a double penalty. Faced with a loss of income, their children often face the challenge of continuing to learn, without access to a computer or the Internet, or the necessary parental support.

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To cope with this emergency, and enable these young people to continue their studies from home, the #ConnexiondUrgence community worked actively to equip and support at least 10,000 disadvantaged young people who have lost all contact with school since the beginning of the nation-wide lockdown in France, to enable them to connect to school remotely.

It is in this context that the Econocom group was able to help the #ConnexiondUrgence community, by donating 500 reconditioned laptops in perfect state, which were prepared very quickly by the *Ateliers Sans Frontières* (ASF) association, including an office software suite.

Internationally, other actions to combat the digital divide have been carried out. In conjunction with the Engie Foundation, Econocom Lease Belux donated 120 computers free of charge to the Wallonia-Brussels federation, thereby strengthening or re-establishing a school-student relationship. In England, around fifty iPads and laptops were donated to schools in partnership with TechInclusionsUK and the Tower Hamlets Education Partnership. The equipment provided by Econocom Spain was donated to the “Ningún Niño sin Merienda” association. It then provides the equipment to families or children in need.

#### **Joint action with Fondation Croissance Responsable**

Econocom works with the Fondation Croissance Responsable in support of the Prof en Entreprise programme. Offered to middle and secondary school teachers in general and technological education, as well as guidance counsellors, the Prof en Entreprise programme is coordinated by the Fondation Croissance Responsable in partnership with the French Ministry of National Education through the French Centre for Studies and Research into

Partnerships with Companies and Industries (CERPEP). This programme aims to support the professional integration of young people into the job market by improving teachers' knowledge about the reality of working at a company and what jobs entail. This workshop also serves as the starting point for partnerships between the host company, the teacher and the school (e.g. a secondary school student does an internship, the company employee speaks to the class, the students visit the Company, etc.). As part of this programme, Econocom regularly opens its doors to teachers so that they can learn more about what it is like to work at a company. Discussions are organised with the different Group functions so that they can better understand the Company and how it operates.

#### **Econocom, partner to Double Horizon**

Since 2013, Econocom has been a partner of the Double Horizon association which supports the education of under-privileged people in France and abroad. Since 1992 Double Horizon has been offering other horizons:

- to children from emerging countries who often lack everything they need to learn, starting with a proper school, or, when this exists, school supplies;
- to children from France, who, in under-privileged districts, do not always have the resources, outside school, to discover the town, culture, the world.

For over seven years now, Econocom has been supporting the French activities of the association. Double Horizon works in two schools in the 20<sup>th</sup> arrondissement (of the priority education network). A survey carried out a few years ago showed that the majority of children from these schools had never visited Paris, its sites or museums, even by the end of secondary school.

The project, which involves the cooperation of teachers in both schools, has four aims:

- access to culture, getting about twenty children to explore Paris and its heritage;
- another kind of school, allowing children to experience school and learning in general as a pleasant and enriching activity and not as an obligation or a dead end;
- access for parents, involving parents in the trips in city of Paris;
- open mindedness, starting mentoring with students which will give them a positive experience of studying through discussion.

As part of this partnership, Econocom invites primary school children to its offices to introduce them to the business world and the digital solutions it provides for its customers.

During the Covid-19 crisis, Econocom continued to support the “Double Horizon” association by providing additional equipment and financial support. This has made it possible to combat the school-family digital divide.

### **Espérances Banlieues**

In September 2019, Econocom formed a partnership with Espérances Banlieues. The Group committed itself to supporting the actions of this organisation which creates non-denominational schools in difficult districts.

Espérances Banlieues is special in that it combines, with the school syllabus, the transmission of cultural and humanistic references and the Codes of our country so that children can find their place in society, and grow with confidence and the desire to succeed. There are now 17 schools across

France, welcoming about 700 pupils. Econocom’s support essentially involves encouraging access and the training of pupils in digital technologies, notably thanks to the joint action of Magic Makers.

During the health crisis, the “Espérance Banlieue” association received a financial donation and additional equipment from Econocom.

With the ambition to strengthen its partnership with the association in 2021, Econocom employees will present Econocom’s business lines as well as those of digital technology in schools.

### **“100 000 Entrepreneurs”**

To build bridges between schools and businesses, and to pass on the entrepreneurial drive to young people, Econocom supports the action of the organisation “100 000 Entrepreneurs”.

“100 000 Entrepreneurs” is a public-interest organisation that arranges for entrepreneur volunteers to speak at establishments, from secondary schools to university-level institutions. Led in close collaboration with the French Ministry of National Education and its academic representatives, these talks aim to raise students’ awareness about entrepreneurship, provide them with concrete knowledge about the business world and show them the importance of subjects in their curriculum.

Over the past school year, more than 45,000 young people have met these women and men who do business in many ways!

During the health crisis of 2020, Econocom provided financial support to the “100 000 Entrepreneurs” association.

## 3.2. Become the partner of choice for innovative companies and integrate them into our offers

Supporting and growing start-ups is one of the major lines of the Econocom CSR policy. It is also one of the ways of embodying and expressing the three group values: audacity, responsiveness and good faith.

### The start up spirit at the heart of Econocom's organisation, with its "Satellite" SMEs

Econocom group has put in place an original integration and governance model for some of these new acquisitions (called "Satellites") so as to preserve their agility, boost their performance and competitiveness and generate synergies at Group level.

The founding shareholders of these satellites have retained a non-controlling interest in the share capital and have a very broad level of managerial autonomy.

### The Prix des Technologies Numériques

For the past four years, Econocom has partnered with *Prix des Technologies Numériques*, a digital technology organisation, driven by Télécom Paristech, made up of more than 300 leaders and decision-makers. For the 2020 awards, the panel of the *Prix des Technologies Numériques*, including Véronique di Benedetto and other recognised figures from the digital industry, focused on the energy transition, thus giving some limelight to the entrepreneurs who have used their talent and creativity to invent new impact solutions in this area.

### Tool Your Future

Tool Your Future is the Econocom Italia project born in June 2020 that takes the form of a three-day digital hackathon with the aim of opening up the Company's borders to positive external influences and designing new ideas and solutions for its customers. The Econocom Italia Group has turned to the children of its employees, aged 13 to 23, to rethink the office spaces and working methods of the future and offer these innovative ideas to its customers through special-purpose and customised offers. The winning solution, elected by a jury composed of partners and solution customers (Le Village by CA, MR Digital, Fattor Comune, Digital360, Istituti De Amicis) was SCAN-CAM, the webcam of the future capable of remotely projecting customisable holograms thanks to real-time scanning. To illustrate the potential of young people, SCAN\_CAM will be part of the value proposition provided by Econocom and will be available to all of the Group's customers.

### French entrepreneurship with Partech

Since joining the seed fund "Partech Entrepreneur" in October 2013, Econocom has furthered its collaboration with the fund to support the development of digital entrepreneurship in France. Open innovation has become a necessary component to support traditional R&D efforts of large companies, while start ups need to be in contact with large companies to accelerate their business. As a Corporate Innovation Partner for the fifth year running, among its other roles in this capacity, Econocom leads an annual calendar of business events on innovation with other organisations involved in Partech.

### Paris-Saclay Fund

Econocom has also invested in the Paris-Saclay Seed fund, which seeks to support and promote innovation and entrepreneurship within the IT, Internet, digital and life sciences, and MedTech sectors. This investment gives Econocom an innovative edge in digital technology and changes in society to continue offering its customers the best solutions. Nearly 50 young, high-potential companies will benefit from support over the next years.

### 3.3. Develop our local roots

Econocom intends to make a positive impact on all of its ecosystem. One of the priorities which the Group set itself is to build lasting relationships with the economic, social and community fabric close to the sites where the Group is active. Every site and subsidiary is therefore encouraged to get positively involved with its direct ecosystem in order to put down firm local roots.

#### Overview of initiatives with positive impact in our subsidiaries:

##### Italy:

Econocom Italy chose to invest in multiple initiatives to forge ever more links between the Company and its environment. It is in this context that Econocom Italy was able to develop concrete actions during the Covid crisis.

- Participation with one of our client in the donation to the Carlo Urbani hospital in Jesi for the purchase of intensive care equipment to support the most vulnerable.
- Digital Standing Ovation for people on the front line during the first lockdown. The “flash mob” has attracted the attention of media such as Forbes TV.

- To show children the significant work of their parents, which is now closely linked to family life, Econocom Italia has opened its offices virtually to children with the aim of showing and presenting their parents' different jobs and thus bringing them closer and closer to the digital world.
- Employees were able to support the ASST Fatebenefratelli Sacco (very active in Milan both in research and in the cure of the coronavirus) or the Arca project (helping the most vulnerable) by making a financial contribution.

For Christmas, Econocom Italia showcased two innovative projects.

- Employees were able to support the Panda association - "Medici in Famiglia et Pane Quotidiano" by making a financial contribution to provide free medical and psychological care and guarantee first necessity food.
- Econocom thought up a partnership with the “Medici in Famiglia” medical centre in Milan which offers medical visits, check-ups and specialist therapies at affordable prices.
- The Group also created a special video for its external stakeholders where employees and their children were the actors, in order to talk about digital innovation, through the eyes and voices of the Group's families. This is the way we showed the strengths of digital technology in everyday use, by bridging the social gap between technologies and their adoption.

##### Belux:

- Billy Bike, a Brussels scale-up, offers an all-in solution to meet the growing need for green mobility in our cities. It innovates by offering the first shared electric bicycles as-a-service. The acquisition of the last three hundred connected e-bikes in the fleet was the successful achievement of a jointly-created project and a well-prepared co-financing with Econocom Belux.

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- In April 2020, Econocom Belux provided technical support to Telenet, a telecoms operator, when it provided 500 smartphones with a BASE sim card free of charge as well as 500 additional BASE data sim cards to psychiatric hospitals and healthcare institutions in order to break the isolation of coronavirus patients and young people suffering from mental health disorders and elderly people staying in medical centres;
- in April 2019, as in September 2020, Econocom Belux was a logistical partner of the 31st edition of the Télévie. The Télévie is a charitable event which raises funds for F.R.S.-FNRS and which has been taking place in French-speaking Belgium and Luxembourg since 1989. It is organised by RTL-TVI. It raises funds for scientific research in the fight against cancer and leukaemia, in both children and adults. About ten employees volunteered and installed over 200 laptops, used to Code the donations;
- Econocom Belux also invested in the installation of solar panels in 2011. In 2020, the solar panels covered 28.4% of the consumption of its main building in Zaventem. Since the installation of these solar panels, Econocom Belux reduced its carbon footprint by 398.64 tonnes;
- in addition, Econocom Belux also invested in charging stations for electric cars;
- in May 2020, the ENGIE Foundation together with Econocom Belux Lease donated to Pierre-Yves Jeholet, Minister-President of the Wallonia-Brussels Federation, a hundred laptop computers. These computers were given to public

schools in disadvantaged neighbourhoods that have set up online teaching platforms. This donation, in this period of Covid-19, helps to fight against the digital divide.

#### United Kingdom:

- Econocom UK suggested to its employees to make donations to charities in the city of Birmingham. Econocom UK thus supported two of the charities of the Birmingham City Mission. One of them is a resource centre which distributes food, clothes and furniture to the needy. The charitable organisation distributes over 200 food parcels per month to people in difficulty. The charity has also given presents to about 3,000 children in the city. Econocom employees thus collected food, toys, household items and clothes from mid-November onwards in preparation for the Christmas period.
- With the appointment of Frances Weston, member of “100 Women in Finance” (a global network of finance professionals), Econocom also becomes a member of this network.
- At the end of 2020, Econocom UK partnered with TechInclusionUK, a new organisation fighting against digital exclusion. A partnership was also signed with the Tower Hamlets Education Partnership, to recondition and distribute digital equipment, provided by Econocom, to young pupils attending primary school in Tower Hamlets. In total, around fifty iPads and laptops have been donated to several schools, giving students access to the resources they need to learn despite the coronavirus health crisis.

## Spain

Econocom Spain took part in numerous races to finance various projects.

- The solidarity race to support the Dravet Foundation and the Asperger Association of Madrid, the IX edition of the Popular Hortaleza Race known as the “La Carrera de los Valientes” (Race of the braves).
- The “eco-run” solidarity race to support International Environment Day.
- The 3000-metre pair race in Valence to support victims of brain aneurysm.
- The VI Madrid Against Cancer Race organised by the Spanish Association against Cancer (AECC), to support research and the fight against cancer.
- Lastly, each year, Econocom Spain supports the "Sesé Foundation", a public non-profit organisation for equality, in its annual solidarity to support people with intellectual disabilities.

## 4. Key performance indicators

Area	INDICATORS	UNITS	ECONOCOM France		
			2018	2019	2020
Non-financial rating	Ecovadis rating	Notes	58/100	58/101	62/100
Human resources	Gender equality index	Notes	/	79/100	78/100
	Percentage of women hired	%	/	/	17.6%
	Percentage of women	%	/	/	21%
	Percentage of people with disabilities	%	2.6%	3.1%	Pending
Digital inclusion	Recycling rate achieved with companies in the social economy (ESS)	%	73.0%	85.0%	88.0%
Environment	The energy footprint of our digital technology	MWh/year	6,565	6,252	5,388
			/	-4,7%	-14%

Area	INDICATORS	UNITS	ECONOCOM	
			2018	2019
Environment	CO <sub>2</sub> emissions audit in France	t CO <sub>2</sub> /year	8,510	7,434
	FTE, tonne of CO <sub>2</sub> /employee in France	t CO <sub>2</sub> /employee/year	1.16	1.05
	Change	%		-9.60%
	CO <sub>2</sub> emissions audit, Group	t CO <sub>2</sub> /year	16,079	13,333
	FTE, tonne of CO <sub>2</sub> /Group employee	t CO <sub>2</sub> /employee/year	1.49	1.29
	Change	%		-13.10%



# 04

## risk factors

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# 1. Operational risks

## 1.1. Risks associated with Services contracts

The Group offers three types of Services contracts:

- fixed-price contracts with a guaranteed result, whereby the Group undertakes to provide certain deliverables for a fixed price, irrespective of the timeframe. This type of contract may include financial penalties in the event of below-expectation performance, calculated according to the value of the contract and usually capped at a certain percentage of the annual amount of the contract. Econocom manages this risk by carrying out technical and financial monitoring of projects (measuring the achievement of contractual objectives, tracking the number of man-days used, estimating the remaining consultant time required, and measuring service quality and lead-time indicators, etc.). This monitoring enables the Group to measure and oversee the achievement of contractual obligations and, where applicable, anticipate any provisions for losses upon contract completion to be recognised in the financial statements. Contracts with a guaranteed result account for almost one-half of the Services business in terms of value;
- fixed-price contracts with service level agreements, whereby the Group undertakes to provide a given service, within a given timeframe, for a fixed price per time unit (usually per month). Econocom manages this risk by carrying out regular technical and financial monitoring of the projects, particularly by tracking the number of man-days spent;

- time-and-materials contracts, whereby the Group undertakes to provide technical skills and charges the client for the number of labour hours spent. Econocom manages these contracts by paying particular attention to the fee schedule and its consultants' fees.

Furthermore, Services contracts carry risks associated with termination notice periods. The Group ensures that this period allows sufficient lead time to adjust the workforce, particularly on large contracts. The Group plans in advance for contract terminations so that it may redeploy its staff and uses a measured level of sub-contracting to ensure flexibility.

## 1.2. Risk of sub-contractor default

For certain contracts, Econocom has performance obligations and sometimes calls upon the services of sub-contractors. Econocom's policy is to recover any penalties charged from its sub-contractors. However, it is possible that Econocom may incur a risk related to default by one of its sub-contractors. No single sub-contractor is sufficiently important to account for a significant portion of Econocom's business.

Econocom assesses the financial and operational capacities of its sub-contractors as and when required, and in particular when it uses sub-contractors that are new market entrants.

### 1.3. Risks associated with price fluctuations and hardware obsolescence

The Group is exposed to the risk of fluctuations in the future value of leased equipment within the scope of its Technology Management & Financing business. It deals with this risk by calculating the future value of equipment using the diminishing balance method. This calculation method is described in note 4.1 on accounting principles to the consolidated financial statements. The method is regularly compared with actual transactions, and annual statistics are compiled to validate the suitable and prudent nature of the selected method.

For non-standard equipment, the Group ensures that the future value of leased equipment is estimated appropriately, namely by calling on independent experts.

For its Products & Solutions business, Econocom does not keep substantial surplus stock and as such limits its exposure to the risk of obsolescence.

For its data centre maintenance and outsourcing activity, the Group keeps dedicated stock. The components and levels of stock are constantly monitored to ensure that they are in line with the volume and type of equipment under maintenance, which addresses the risk of obsolescence.

### 1.4. Risks associated with competition

The ICT services market is competitive. In each country where it has operations and in each of its businesses, the Group faces competition from international, national or local players. However, Econocom stands out from the competition due to the diversity of its activities and, especially, its expertise in Technology Management &

Financing and the international scope of its activities.

### 1.5. Employee-related risks

As far as Econocom group Management is aware, the Group is not exposed to any employee-related risks other than those arising in the normal course of business for companies of a comparable size based in Europe. The majority of the workforce is employed in the Group's French, Belgian, Spanish, Italian, Moroccan and Brazilian subsidiaries.

### 1.6. Environmental risks

Econocom group does not destroy the machines purchased from refinancing institutions at the term of the related leases. In accordance with the WEEE (Waste Electrical and Electronic Equipment) Directive, the Group collects all the equipment it owns from clients and arranges for all electrical and electronic waste to be processed and recycled. Since 2013, Econocom has been a client of Ecologic, an environmental organisation which collects and processes WEEE from businesses all over France, in compliance with environmental legislation.

### 1.7. Insurance against risk

The Group is covered against liability claims and property damage *via* insurance policies taken out with first-rate insurers. It has elected not to take out business interruption insurance and insurance against risk of fraud.

The Group reviews and evaluates its risks on an ongoing basis in conjunction with its insurers and experts so as to ensure optimal coverage in both the insurance and reinsurance markets.

## 1.8. Pledges, guarantees, collateral provided and borrowings

Real security interests provided as collateral for borrowings or financial liabilities by the Group chiefly consist of receivables offered as collateral for its short-term funding. The amount of pledged and mortgaged assets is disclosed in note 20 to the consolidated financial statements.

## 1.9. Risks related to external growth

As part of its strategy, the Group continues to develop its business by seeking targeted acquisition opportunities.

Acquiring and integrating companies gives rise to certain risks, including higher-than-anticipated financial and operating expenses, failure of the operational integration, which can lead to loss of major clients or the departure of important members of the acquiree's staff and a decline in financial performance.

Integration of the acquired companies may also disrupt the Group's existing businesses and lead to insufficient resources, particularly in terms of management. The synergies expected from an acquisition may fall short of forecasts or take longer to achieve than initially announced, and the costs of implementing these synergies may exceed expectations. The above-mentioned factors may also have a negative impact on the goodwill recognised in the consolidated financial statements (see also note 9 "Goodwill and impairment testing" to the consolidated financial statements).

Several years ago, Econocom group put in place an original integration and governance model for some of these new acquisitions (called "satellites") so as to preserve their agility, boost their performance and competitiveness and generate synergies at Group level. The founding shareholders of these satellites have retained a non-controlling interest in the share capital and have a very broad level of managerial autonomy. The related integration risk is mitigated by the fact that taken individually, these transactions are relatively small.

# 2. Regulatory risk

## 2.1. Legal risks

The Group operates as a service provider in various Western European countries and is therefore subject to numerous different laws as well as customs, tax and labour regulations. In order to limit its exposure to legal risks, the Group has set up subsidiaries in each country run by managers who are familiar with the applicable local laws and regulations, who work alongside the Group's Legal Counsels and external consultants.

Econocom monitors on an ongoing basis any litigation and one-off situations that could result in a financial risk. Any pending litigation is covered by provisions for appropriate amounts calculated by Group Management.

Disclosures concerning litigation or arbitration likely to have a substantial impact on Econocom group's financial position, assets, business or the results of its operations at 31 December 2018, are presented in note 16 to the consolidated financial statements.

## 2.2. Risks associated with tax inspections

The Group undergoes regular tax inspections in the various countries in which it operates. Although the outcome of these inspections is uncertain, the Group has estimated as accurately as possible the associated risks and has recognised the appropriate provisions for those risks in its financial statements. The outcome of these inspections could have a negative impact on

the Group's consolidated financial statements. However, this impact is limited on account of the provisions recognised.

### 2.3. Risks associated with regulations applicable to lessors' leasing businesses

Certain countries have decided to implement stricter legislation for leasing companies by aligning it with the legislation governing financial institutions. The associated risk, which is common to all companies in the industry, concerns the increase in administrative costs.

### 2.4. Risks associated with regulations applicable to Technology Management & Financing clients

The new IFRS standard applicable to lease agreements, IFRS 16, published in January 2016, entered into force on 1 January 2019. Under this new accounting standard, "lease liabilities" are presented on the Company's statement of financial position

under liabilities, with the exception of small items with an insignificant unit value.

As anticipated, the impact of this new standard for the Technology Management & Financing business was limited due to the added value brought by the Group in its leases:

- upgrade management *via* leasing and in particular the Group's scalable offerings;
- asset management and expense management provided by Econocom's solutions (inventory tracking, telephone usage management, IT outsourcing for small and medium businesses, etc.), which give our clients optimal visibility and more effective management of their assets;
- better economic management of end-of-life assets;
- management of end-of-life assets in greater compliance with sustainable development commitments;
- smart and connected object (IoT) management capabilities.

## 3. Dependency risk

### 3.1. Dependence on refinancing institutions

In the course of its business, Econocom assigns most of its finance lease contracts to refinancing institutions.

These institutions generally focus on clearly-defined geographical areas or types of equipment. In addition, the Group strives to maintain a balanced portfolio of institutions in order to avoid being overdependent on one or more institutions.

In 2020, the proportion of the Group's five biggest funders was accounted for 69% of the total value of refinanced rents. The Group's main funder in 2020 represented 29% of the total value of refinanced rents.

### 3.2. Customer dependency risk

The Group continually strives to expand its client portfolio. This is a strategic development focus area aimed at gaining market shares. At 31 December 2020, no single client represented over 5% of the Group's consolidated revenue.

### 3.3. Supplier dependency risk

Given the broad choice of potential suppliers and the fact that they are largely interchangeable, Econocom's dependence on suppliers is very limited.

For the Technology Management & Financing, Products & Solutions and Services activities, the choice of suppliers is ultimately made by our clients. For these activities, in the event of a supplier default, an alternative supplier is chosen.

At 31 December 2020, no supplier accounted for more than 15% of the Group's total purchases.

### 3.4. Technology dependency risk

For its Technology Management & Financing, Services and Products & Solutions activities, the Group develops partnerships with hardware manufacturers, telecoms operators, software vendors and solutions providers. However, it strives to remain independent from these companies in order to offer the best possible solution in terms of architecture, hardware and software.

## 4. Financial risk

The Group's activities are subject to certain financial risks: market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Group's overall financial risk management policy focuses on reducing exposure to credit risk and interest rate risk by transferring finance lease receivables to refinancing institutions and by using factoring solutions on a non-recourse basis in the Services and Products & Solutions businesses.

### 4.1. Market risk

Financial market risks (interest rate and currency risk) and liquidity risks are handled by Group Management.

#### 4.1.1. FOREIGN EXCHANGE RISK

The Group operates chiefly in the eurozone; however, following the expansion of operations in non-eurozone countries in Europe, as well as North and South America, the Group may be exposed to currency risk

on other currencies. The currencies concerned are the pound sterling, the US and Canadian dollars, the Moroccan dirham, the Czech crown, the Swiss franc, the new Romanian leu, the Polish zloty, the Brazilian real and the Mexican peso. Since the large majority of subsidiaries' purchases and sales are denominated in the same currency, this exposure is limited. Econocom group does not deem this risk to be material, but has nevertheless signed a number of foreign exchange hedging agreements to hedge risks on internal flows.

#### 4.1.2. INTEREST RATE RISK

Econocom's operating income and cash flows are substantially independent of changes in interest rates. Sales of leases to refinancing institutions are systematically based on fixed rates. Income arising on these contracts is therefore set at the outset and only varies if the contract is amended.

The Group uses a combination of fixed rates and floating rates to hedge its interest rate exposure.

At 31 December 2020, the Group's floating-rate debt comprises short-term borrowings (credit lines, commercial paper and bridge loans), and short-term factoring agreements. Partial hedges were in place as of 31 December 2020 on these floating-rate borrowings.

The Group's long-term debt is at fixed and floating rates and comprises a euro private placement (Euro PP) for €56 million and a €150 million *Schuldschein* bond and a €182 million bond investment. Rate hedges are in place for the floating-rate portion.

### 4.1.3. LIQUIDITY RISK

The Finance Department is responsible for ensuring that the Group has a constant flow of sufficient funding:

- by analysing and updating cash flow forecasts on a monthly basis for all of the Group's companies;
- by negotiating and maintaining sufficient outstanding lines of financing;
- by optimising the Group's cash pooling system in order to offset cash surpluses and internal cash requirements.

In 2020, Econocom continued to optimise its diversified sources of financing with the aim of (i) reducing borrowing costs, (ii) extending the maturities of its borrowings and (iii) bank disintermediation.

In order to meet its short-term financing requirements, the Group now has new bank credit facilities with longer maturities. The Group mainly uses its commercial paper programme, capped at €450 million and with maturities of up to two years, of which €119 million was outstanding at 31 December 2020.

At that date, Econocom had €292 million in bilateral bank credit facilities of which €196 million committed.

Econocom also has €76 million in bilateral bank loans to finance its leases at rates that remain fixed for the duration of the loans.

To finance its development, Econocom issued:

- in May 2015, a private placement on the Alternext market for €101 million;
- broken down into two tranches: €45.5 million maturing at five years and paying interest at 2.364%, and €55.5 million maturing at seven years and paying interest of 2.804%;
- in December 2016, a *Schuldschein* bond (German private placement) for a total amount of €150 million, with tranches maturing at five and seven years and paying interest at an average rate of 1.54%;
- in March 2018, the Group issued bonds convertible into new shares and/or exchangeable for existing shares (OCEANE). The issue was for a total of €200 million, maturing in 2023.

The Group intends to continue its policy of diversifying its sources of financing in order to optimise its borrowing costs and further reinforce its financial independence.

In 2021, in addition to the repayments of commercial paper, Econocom will have to repay the first tranche of the *Schuldschein* loan, in the amount of €137 million.

## 4.2. Credit and counterparty risk

The Group has policies in place to ensure that goods and services are sold to clients whose credit standing has been analysed in depth. The Group's credit risk exposure is also limited as it does not have any concentration of credit risk and uses factoring solutions for the Products & Solutions and Services businesses, as well as non-recourse refinancing with bank subsidiaries and credit insurance in the Technology Management & Financing business.

## 04 risk factors

### financial risk

For its Technology Management & Financing business, the Group nevertheless has the option of retaining the credit risk on certain strategic transactions. These relate primarily to Econocom Digital Finance Limited (EDFL), the Group's internal refinancing unit with expertise in transaction security and non-standard contract financing.

At 31 December 2020, contracts on which Econocom bears the credit risk represented €186 million, or around 7% of total outstanding rentals for the Technology Management & Financing business (€235 million at end-2019).

The Group only invests with investment-grade counterparties, thus limiting its credit risk exposure.

### 4.3. Equity risk

The Group does not hold any unlisted or listed shares apart from treasury shares.

As the treasury shares held by Econocom group as of 31 December 2020 are deducted from shareholders' equity in the consolidated financial statements as of their acquisition, it is not necessary to compare their book value to their actual market value.



# 05

# management report

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# Management Report of the Board of Directors on the financial statements

## For the year ended 31 December 2020 presented to the General Meeting of 18 May 2021

In accordance with prevailing legislation and the Company's Bylaws, we submit to you for approval our report on the Company's operations and the financial statements for the year ended 31 December 2020, as well as the compensation report.

The definitions of the performance indicators are provided as an appendix to this report when they differ from the commonly accepted definitions.

The non-financial information required under articles 3 section 6 and 3 section 34 of the Belgian Companies and Charities Code is applicable (*Code des sociétés et des associations* - CSA) is reiterated in chapter 3, "Corporate Social Responsibility".

## 1. Group's financial position and highlights

In 2020, Econocom group posted revenue from continuing operations of €2,559 million, down yet limited compared to 2018 due to the economic situation related to the health and economic crisis. In terms of organic growth, there was a decline of 11.3% compared to the previous year. However, this downward trend slowed down at the end of the year with organic growth limited to 8.4% in the fourth quarter of 2020.

Digital Services and Solutions (DSS) stood at €1,646 million, with a more limited organic decrease of 5.9%. This decrease is due to lockdown periods in the various countries in which the Group operates and delays in the implementation of certain projects. Thanks to the uptrend in Products & Solutions (growth of 8.3%) and almost stable activity in Services, DSS recorded organic growth of 4.7% in the fourth quarter of 2020.

Revenue from the TMF business was €913 million, down 19.6%, mainly due to the health crisis and the wait-and-see state of mind that it generated in the decision-making process of companies.

In this particular context, Econocom also decided to reduce its volume of own booked operations.

In 2020, revenue from discontinued operations amounted to €97 million, a significant decrease compared with the previous year as a result of the disposals carried out during the period.

Despite the decrease in revenue, current Operating Profit<sup>(1)</sup> from continuing operations amounted to €122.5 million. On a like-for-like basis, it was slightly up. To achieve this, in 2020 the Group finalised its structural cost-cutting plan of €97 million launched in early 2019 benefited from, the continuous productivity improvement in Services and focused on projects with higher added value.

At the end of 2020; the group also achieved the debt reduction that it had set a little over two years ago. Accordingly, at 31 December 2020, the Group had a cash surplus of €20.2 million, compared to net financial debt of €252.2 million at the end of 2019. Both these figures include TMF self-supported contracts that were financed with recourse for €185.9 and €238.5 respectively.

(1) Before amortisation of intangible assets from acquisitions.

On the one hand, this debt reduction of €272.4 million reflects sound operating cash flow generation, proceeds from the divestiture of non-strategic assets for around €125 million, as well as the reduced volume of own booked transactions. This debt reduction was achieved while paying, in November 2020, a dividend of €0.12 per share, the same amount as that of the repayment of issue premiums in recent years and continuing the buyback of treasury shares.

## 1.1. Changes in the scope for the year

### 1.1.1. DISPOSALS

In connection with the implementation of its transformation and refocusing plan, Econocom carried out the following disposal transactions during the year:

- **Econocom Business Continuity:** at the end of June 2020, Econocom sold its subsidiary, which covers maintenance activities in France, to the investment company Checkers Capital;
- **Cineolia:** at the end of July, Econocom sold its entire stake in the subsidiary Cineolia;
- **Econocom Digital Security:** at the end of 2020, Econocom sold its entire stake in Econocom Digital Security to Atos.

### 1.1.2. CHANGES IN OWNERSHIP INTEREST

- **Altabox:** Econocom group increased its stake in the company through the acquisition of the shares from a non-controlling shareholder, thus increasing its stake to 80%.
- **Bizmatica:** Econocom exercised its options, raising its interest in this subsidiary to 100%.
- **Asystel Italia:** Econocom group acquired the shares of a minority shareholder, increasing its stake in the company to 70%.

- **EnergyNet:** at end-2020 the Group exercised part of its options on the remainder of the company's capital, raising its interest to 100%.

### 1.1.3. VESTING

During the year, the Group completed an acquisition transaction.

**Les Abeilles:** in September 2020, Econocom acquired the entire share capital of the French company Les Abeilles, the French specialist in towing and rescuing in high seas. This company became part of the Technology Management & Financing operations.

## 1.2. Principal investments

In addition of the equity interests acquired as described above, the main investments made by the Group in 2020 in order to consolidate and transform its operations were related to creating new offers, developing IT tools, recruiting for key positions and renewing teams.

## 1.3. Financing transaction

### Share buybacks

Econocom also continued to buy back its own shares in 2020. It acquired 10,871,023 treasury shares. After taking into account disposals and transfers of shares to managers with share-ownership plans and the cancellation of treasury shares decided by the General Meeting of 19 May 2020, as at 31 December 2020, the Group held 9,779,167 shares or 4.43% of the Company's share capital.

These transactions reflect the Group's commitment to limiting dilution for its shareholders and its confidence in its growth outlook going forward.

## 1.4. Research

In 2020, R&D efforts were continued, consistent with the areas developed in prior years with the aim of providing intensive support and assistance for any innovative solutions produced by our customers. R&D

efforts focused particularly on the areas of data visualisation (DATAVIZ), decision support, developing integrated solutions in the area of IoT, image recognition in real time, 5G microservice billing and machine learning, applied to process automation.

# 2. Profit for the year

## 2.1. Income statement

<i>in € millions</i>	<b>2020</b>	<b>2019 restated<sup>(1)</sup></b>	<b>Change</b>
Revenue	2,558.7	2,914.0	(12.2%)
<i>Technology Management &amp; Financing (TMF)</i>	912.6	1,134.7	(19.6%)
<i>Digital Services &amp; Solutions (DSS)</i>	1,646.1	1,779.3	(7.5%)
<b>Profit (loss) from continuing operations<sup>(2)</sup></b>	<b>122.5</b>	<b>127.6</b>	<b>(4.0%)</b>
Profit (loss) from continuing operations	120.4	125.6	(4.2%)
Other non-recurring operating income and expenses	(36.2)	(24.5)	48.2%
<b>Operating profit</b>	<b>84.1</b>	<b>101.2</b>	<b>(16.8%)</b>
Other financial income and expenses	(16.2)	(18.6)	(12.8%)
<b>Profit before tax</b>	<b>67.9</b>	<b>82.6</b>	<b>(17.7%)</b>
Income tax expense	(18.5)	(22.6)	(17.9%)
<b>Profit from continuing operations</b>	<b>49.4</b>	<b>60.0</b>	<b>(17.7%)</b>
Share of profit (loss) of associates and joint ventures	0.1	-	n/a
Profit (loss) from discontinued operations	0.7	(11.4)	(106.5%)
<b>Profit for the period</b>	<b>50.2</b>	<b>48.6</b>	<b>3.4%</b>
Non-controlling interests	3.4	3.9	(12.7%)
<b>Profit for the period attributable to owners of the parent</b>	<b>46.8</b>	<b>44.7</b>	<b>4.8%</b>
Recurring net profit attributable to owners of the parent <sup>(2)</sup>	68.2	73.2	(6.8%)

(1) In accordance with IFRS 5, 2019 income and expenses of activities discontinued in 2020 are reclassified to the income statements of 2019 under "Profit (loss) of discontinued operations".

(2) To facilitate the monitoring and comparability of its operating and financial performances, Econocom group presents two key indicators, "recurring operating profit before amortisation of intangible assets from acquisitions" and "recurring profit attributable to owners of the parent". Their definition is given in the notes to the financial statements.

## Reconciliation of reported profit with recurring profit

<i>in € millions</i>	2020 reported	Amort. of intangible assets from acquisitions	Other non-recurring items	Profit (loss) from discontinued operations	2020 recurring	2019 recurring <sup>(1)</sup>
<b>Revenue</b>	<b>2,558.7</b>	-	-	-	<b>2,558.7</b>	<b>2,914.0</b>
<b>Profit (loss) from continuing operations</b>	<b>120.4</b>	<b>2.1</b>	-	-	<b>122.5</b>	<b>127.6</b>
Other non-recurring operating income and expenses	(36.2)	-	36.2	-	-	-
<b>Operating profit</b>	<b>84.1</b>	<b>2.1</b>	<b>36.2</b>	-	<b>122.5</b>	<b>127.6</b>
Other financial income and expenses	(16.2)	-	(0.9)	-	(17.1)	(18.6)
<b>Profit before tax</b>	<b>67.9</b>	<b>2.1</b>	<b>35.3</b>	-	<b>105.3</b>	<b>109.0</b>
Income tax expense	(18.5)	(0.7)	(14.5)	-	(33.8)	(31.4)
Share of profit (loss) of associates and joint ventures	0.1	-	-	-	0.1	-
Profit (loss) from discontinued operations	0.7	-	-	(0.7)	-	-
<b>Profit for the period</b>	<b>50.2</b>	<b>1.4</b>	<b>20.8</b>	<b>(0.7)</b>	<b>71.7</b>	<b>77.6</b>
<b>Non-controlling interests</b>	<b>3.4</b>	-	<b>0.1</b>	-	<b>3.5</b>	<b>4.4</b>
<b>Profit for the period attributable to owners of the parent</b>	<b>46.8</b>	<b>1.4</b>	<b>20.7</b>	<b>(0.7)</b>	<b>68.2</b>	<b>73.2</b>

<sup>(1)</sup> In accordance with IFRS 5, 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

## Net earnings per share attributable to owners of the parent

<i>in €</i>	2020	2019 restated <sup>(1)</sup>	Change
<b>Basic earnings per share</b>	<b>0.22</b>	<b>0.20</b>	<b>10.1%</b>
Basic earnings per share from continuing operations	0.21	0.25	(13.9%)
Basic earnings per share from discontinued operations	0.00	(0.05)	(106.8%)
<b>Diluted earnings per share</b>	<b>0.21</b>	<b>0.19</b>	<b>10.5%</b>
Diluted earnings per share from continued operations	0.21	0.23	(12.1%)
Diluted earnings per share from discontinued operations	0.00	(0.05)	(106.8%)
Recurring net earnings per share	0.31	0.32	(2.1%)

<sup>(1)</sup> In accordance with IFRS 5, 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

## Number of shares outstanding

	2020	2019
Average number of outstanding shares <sup>(1)</sup>	216,865,774	227,816,144
Total number of shares at year-end	220,880,430	245,380,430
Number of shares outstanding at year-end <sup>(1)</sup>	211,101,263	221,922,286
Econocom share price at 31 December (in €)	2.48	2.43
Market capitalisation at 31 December (in € millions)	547	597

<sup>(1)</sup> Excl. treasury shares.

## Comments on the Group's key figures

In 2020 the Econocom group posted consolidated revenue of €2,559 million compared with €2,914 million in 2019. On a like-for-like basis, organic revenue fell by -11.3%.

Profit from continuing operations before amortisation of intangible assets from acquisitions was €126.2 million, compared to €127.6 million in 2019, due in particular to disposals in 2019 and 2020 including that of Rayonnance concluded at the end of December 2019. On a like-for-like basis, profit from continuing operations before amortisation of intangible assets from acquisitions was up by around €2.5 million.

The Group's operating profit was €84.1 million, compared to €101.2 million in 2019. Non-recurring expenses amounted to €36.2 million, compared with €24.5 million in 2019. These expenses correspond to measures to adapt the organisation, the costs of unoccupied resources in the context of the Covid-19 pandemic and include in particular the capital gains from the disposal of Econocom Digital Security in October 2020.

The net financial expense stood at €16.2 million compared to €18.6 million in 2019. This sharp reduction is due in particular to the decrease in net financial debt and a lower bond expenses, as a result of the repayment of part of the Euro PP bond and the buyback transactions of convertible bonds carried out during the last quarter.

## 2.1.1. KEY FIGURES BY BUSINESS

Revenue and profit (loss) from current operating activities\* can be broken down by business as follows:

### Revenue

<i>in € millions</i>	2020	2019 restated <sup>(1)</sup>	Change based on like-for-like standards	Like-for-like change
Technology Management & Financing	913	1,135	(19.6%)	(19.6%)
Digital Services & Solutions	1,646	1,779	(7.5%)	(5.9%)
<b>Total revenue</b>	<b>2,559</b>	<b>2,914</b>	<b>(12.2%)</b>	<b>(11.3%)</b>

<sup>(1)</sup> In accordance with IFRS 5, 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

### Profit (loss) from continuing operations <sup>(2)</sup>

<i>in € millions</i>	2020	2019 restated <sup>(1)</sup>	Total change	Profit (loss) from continuing operations (as a% of 2019 revenue)	Profit (loss) from continuing operations (as a% of 2019 revenue)
Technology Management & Financing	37.0	44.0	(15.8%)	4.1%	3.9%
Digital Services & Solutions	85.5	83.6	2.1%	5.2%	4.7%
<b>Profit (loss) from current operating activities<sup>(2)</sup></b>	<b>122.5</b>	<b>127.6</b>	<b>(4.1%)</b>	<b>4.8%</b>	<b>4.4%</b>

<sup>(1)</sup> In accordance with IFRS 5, 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

<sup>(2)</sup> Before amortisation of intangible assets from acquisitions.

At 31 December 2020, Technology Management & Financing posted revenue of €913 million, a decrease of 19.6% due mainly to the effects of the health crisis. Despite this pandemic and its consequences on the business climate and economic activity in Europe and the United States, some regions proved more resilient, particularly France. Conversely, the Group's American subsidiary suffered from delays in the conclusion of certain significant contracts. Recurring operating income from this activity was €37.0 million, compared with €44.0 million in 2019. This change was due mainly to the reduced business, whereas the profitability of this activity improved slightly.

The Digital Services & Solutions business line reported revenue of €1,646 million in 2020

compared to €1,779 million in 2019. Net of changes in exchange rates and scope of consolidation, the organic decrease was -5.9% and is attributable to the health and economic crisis which has been affecting the entire European continent since the spring of 2020. However, the fourth quarter saw revenue grow by 4.7% compared to the fourth quarter of 2019. Business benefited from the need of companies and public institutions for equipment, which supported the "Products and Solutions" activity, thereby offsetting the delivery delays for certain projects. Profit (loss) from continuing\* operations was €85.5 million compared with €83.6 million the previous year, despite the disposals of Digital Security in October 2020 and Rayonnance in December 2019. This improvement is the result of cost reduction measures implemented since 2019.

\* Before amortisation of intangible assets from acquisitions.

## 2.1.2. KEY FIGURES BY GEOGRAPHICAL AREA

Revenue breaks down as follows:

<i>in € millions</i>	<b>2020</b>	<b>2019 restated<sup>(1)</sup></b>	<b>Change based on like-for-like standards</b>
France	1,446	1,544	(6.4%)
Benelux	347	393	(11.8%)
Southern Europe	445	529	(15.9%)
Northern & Eastern Europe	226	261	(13.3%)
Americas	95	187	(49.2%)
<b>Total revenue</b>	<b>2,559</b>	<b>2,914</b>	<b>(12.2%)</b>

<sup>(1)</sup> In accordance with IFRS 5, 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

In general, all of the Group's geographical areas were affected by the health crisis and its consequences on economic activity.

The France region is holding up better due to a better balance between the Group's different business lines. The TMF business also enjoyed major contracts that helped to mitigate the downward trend and includes a greater proportion of DSS activities.

Contraction in revenue of the Benelux area was driven mainly by Technology Management & Financing in the Netherlands, despite strong performance by the Digital Services & Solutions business.

The decrease in revenue in Southern Europe was due mainly to Technology Management & Financing activities, which represent a significant portion of the business in this region.

Northern and Eastern Europe posted a decline in organic growth, due mainly to the UK Technology Management & Financing business, while Digital Services & Solutions in Germany recorded revenue of growth.

The Americas region was down more sharply due to delays in the delivery of major projects in Digital Services & Solutions and delays in contract signing in the Technology Management & Financing business.



## 2.2. Statement of financial position

<i>in € millions</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Goodwill	499.5	512.9
Other long-term assets	167.9	182.7
Residual interest in leased assets	175.2	165.0
Other non-current assets	62.3	51.0
Trade and other receivables <sup>(1)</sup>	894.1	1,093.7
Other current assets	137.0	136.6
Cash and cash equivalents	649.3	593.8
Assets held for sale	74.3	201.1
<b>Total assets</b>	<b>2,659.8</b>	<b>2,936.8</b>

<sup>(1)</sup> of which self-funded outstanding rentals: €185.9 million at 31 December 2020 versus €238.5 million at 31 December 2019.

<i>in € millions</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Equity attributable to owners of the parent	406.1	410.2
Non-controlling interests	66.9	73.7
<b>Total equity</b>	<b>472.9</b>	<b>483.9</b>
Bonds <sup>(1)</sup>	388.6	441.4
Financial liabilities <sup>(1)</sup>	240.5	404.6
Provisions	91.0	73.2
Gross liability for purchases of leased assets	103.7	101.5
Trade and other payables	992.1	980.6
Other liabilities	341.4	368.3
Liabilities held for sale	29.5	83.2
<b>Total equity and liabilities</b>	<b>2,659.8</b>	<b>2,936.8</b>

<sup>(1)</sup> Taking into account the cash and cash equivalents of €649.3 million as of 31 December 2020 (and €593.8 million as of 31 December 2019) and bonds and financial debt, the balance sheet shows a cash surplus of €20.2 million at 31 December 2020 (compared to net debt of €252.2 million at 31 December 2019); these financial liabilities include in particular €185.9 million at 31 December 2020 (and €238.5 million at 31 December 2019) corresponding to own-booked TMF contracts and the expected associated lease payments.

## 05 management report

profit for the year

The statement of financial position below expresses this more concisely:

- by posting the positive cash and cash equivalents from bond debt and other financial liabilities in liabilities to show net book debt directly on this side of the balance sheet for the share of TMF self-funded contracts;
- by showing trade receivables on the asset side and net debt in liabilities for the share of TMF self-funded contract.

<i>in € millions</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>ASSETS</b>		
Goodwill	499.5	512.9
Other non-current assets	230.2	233.7
Residual interest in leased assets	175.2	165.0
Trade and other receivables	894.1	1,093.7
of which outstanding on self-funded contracts	185.9	238.5
Other current assets	137.0	136.6
Assets held for sale	74.3	201.1
<b>Total assets</b>	<b>2,010.5</b>	<b>2,343.0</b>

<i>in € millions</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
<b>LIABILITIES</b>		
Equity	472.9	483.9
Net financial debt	(20.2)	252.2
of which net debt linked to self-funded contracts	185.9	238.5
of which net debt – other	(206.1)	13.7
Gross liability for purchases of leased assets	103.7	101.5
Other non-current liabilities	155.2	131.0
Trade payables	992.1	980.6
Other current liabilities	277.3	310.5
Liabilities held for sale	29.5	83.2
<b>Total equity and liabilities</b>	<b>2,010.5</b>	<b>2,343.0</b>

## Goodwill

Goodwill amounted to €499.5 million, down €13.4 million compared with the previous year. This decrease is due mainly to the reclassification of the goodwill operations held for sale, recognition of goodwill as a result of the acquisition of *Les Abeilles* in the amount of €2 million as well as the disposals carried out during the year.

## Equity

Total equity stood at €472.9 million, down slightly by €11.0 million compared with end-2019. This decrease is mainly attributable to the change in currency translation reserves for approximately -€4.2 million and to the transactions recognized in equity in respect of transactions with non-controlling

interests for approximately -€5.5 million. Net income for the year nearly offsets the amount paid in dividends and the equity transactions carried out during the year.

At 31 December 2020, Econocom group held 9,779,167 treasury shares valued at €24.2 million not recorded in its balance sheet (at the share price on 31 December 2020, i.e. €2.475).

The breakdown of equity attributable to owners of the parent and the share attributable to non-controlling interests fluctuated due to acquisitions: accordingly the share non-controlling interests were €66.9 million *versus* €73.6 million at 31 December 2019.

## Net financial debt

At 31 December 2020, the Groups net cash surplus stood at -€20.2 million compared to net financial debt of €252.2 million at the end of 2019. This surplus broke down as follows:

<i>in € millions</i>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	649.3	593.8
Bank debt and commercial paper	(156.7)	(310.3)
<b>Net cash at bank</b>	<b>492.7</b>	<b>283.6</b>
Convertible bond debt (OCEANE)	(182.2)	(189.2)
Non-convertible bond debt (Euro PP)	(56.3)	(102.3)
Non-convertible bond debt ( <i>Schuldschein</i> )	(150.0)	(149.9)
Other	(83.8)	(94.3)
<b>Net financial debt</b>	<b>-</b>	<b>(252.2)</b>
<b>Net cash surplus</b>	<b>20.2</b>	<b>-</b>

This cash surplus corresponds to the amount after financing of TMF self-funded contracts in the amount of €185.9 (vs. €238.5 in 2019).

## Appendix – Definition of key performance indicators

Performance indicators not defined by accounting standards but used by Econocom group to assist the reader in assessing the Group's economic and financial performance are as follows:

### Profit (loss) from continuing operations

Profit (loss) from continuing operations includes all income and expenses directly related to the Group's operations, whether recurring or not. It excludes other non-current income and expenses.

### Profit (loss) from continuing operations before amortisation of intangible assets from acquisitions

Recurring operating profit before amortisation of intangible assets from acquisitions measures the level of operating performance after the amortisation of intangible assets acquired through business combinations. At 31 December 2018, the main acquisitions of intangible assets made by the Group and whose amortisation is not taken into account for the determination of this aggregate are primarily the ECS customer portfolio and the Osiatis brand.

Econocom uses recurring operating profit before amortisation of intangible assets from acquisitions as the main indicator to monitor the operational performance of its businesses.

### Other non-recurring operating income and expenses

"Other non-recurring operating income and expenses" include items that, by their frequency, amount or nature, are liable to undermine the pertinence of the Group's operating performance as a performance indicator. "Other non-recurring operating income and expenses" include impairment losses on goodwill and other intangible

assets, the results of significant disposals of fixed assets, restructuring expenses, costs relating to workforce adjustment measures, costs of relocating premises, changes in the value of acquisition-related liabilities (earn-out payments), as well as costs related to the various external growth transactions.

### EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation)

The Group also uses an intermediate management balance known as "EBITDA". This financial indicator corresponds to recurring operating profit adjusted for depreciation and amortisation, additions to and reversals of provisions for asset impairment and provisions for contingencies and losses, and net impairment losses on current and non-current assets recognised in recurring operating profit.

### Recurring profit attributable to owners of the parent

Since the first half of 2016, recurring net profit attributable to owners of the parent has been the key performance indicator used by Econocom to assess its economic and financial performance. Recurring earnings for the year attributable to owners of the parent corresponds to profit for the year attributable to owners of the parent, before the following items:

- amortisation of intangible assets from acquisitions (in the year ended 31 December 2018, mainly amortisation of the ECS customer portfolio), net of tax effects;
- other non-recurring operating income and expenses, net of tax effects;
- non-recurring financial income and expense, net of tax effects;
- profit (loss) from discontinued operations, net of tax effects.

### Net and gross debt

The definition of net debt used by the Group (see note 14.3 to the consolidated financial statements) is gross debt (presented below) less gross cash and cash equivalents. It does not include the Group's gross liability for purchases of leased assets or its residual interest in leased assets.

Gross debt includes all interest-bearing debt and debt incurred by receiving financial instruments.

## 2.3. Parent company 2020 financial statements of Econocom group SE

Econocom group SE, as the Group's holding company, manages a portfolio of securities, receives dividends from its subsidiaries and oversees the Group's development.

It also provides services to the Group's subsidiaries in the areas of management, IT, cash, guarantees, provision of staff, consulting, communication and marketing. These services are billed according to normal market terms.

The revenue stated hereafter refers to Econocom group SE's parent company financial statements, prepared in accordance with Belgian legislation.

### 2.3.1. INCOME STATEMENT OF ECONOCOM GROUP SE

The cost of services rendered to the Group's subsidiaries during the year totalled €15.9 million, compared with €23.5 million in the previous year.

Operating profit for the year amounted to -€9.6 million, compared with €2.6 million in 2019. In 2020 it included non-recurring operating expenses of €5.1 million.

Recurring financial income totalled €22.1 million, compared with €19.5 million in 2019. It consists mainly of dividends received from subsidiaries in the amount of €25.0 million (compared to €18.7 million in 2019), income net of interest and guarantee commissions invoiced to the subsidiaries in the amount of €7.5 million (compared with €12.8 million in 2019), and the cost of external debt in the amount of €10.3 million (compared with €11.7 million in 2019).

Non-recurring financial income totalled €1.2 million (compared to a net expense of €39.4 million in 2019). It mainly includes the capital gains on the disposal of companies and the gain resulting from the partial buybacks of convertible bonds during the year as well as a decrease in the value of equity investments. Conversely, 2019 financial income included capital and impairment losses on the disposal equity interests in the amount of €16.5 million and on treasury shares.

Income tax expense came to €0.3 million.

Net profit totalled €13.3 million, compared with a loss of €19.1 million in the previous year.

### 2.3.2. BALANCE SHEET OF ECONOCOM GROUP SE

Econocom group SE's equity stood at €276.9 million, compared with €349.0 million in 2019. This change is attributable to the cancellation of treasury shares decided by the General Meeting of 19 May 2020 for a net amount of €59.6 million, the dividend paid in November 2020 in the amount of 25.7 million and the profit for the year (a positive amount of €13.3 million).

Financial liabilities (non-Group) totalling a gross amount of €508.4 million correspond to the EURO PP of €56.4 million (issued in May 2015 for which there is only one more instalment due to the repayment made during the year the *Schuldschein* note of €150.2 million (issued in November 2016 with maturities of five and seven years), the OCEANEs worth €182.9 million issued in May 2018 with maturities of five years and the commercial paper programme worth €119.0 million (with short-term maturities of between one and three months).

Receivables and equity investments in related parties increased by €19.4 million to €1,036.0 million due to new equity investments for the amount of €84.9 million for repayments of receivables carried out impairments, and disposals (see below).

### **2.3.3. SHARE CAPITAL**

At 31 December 2020, Econocom group's share capital totalled €23,512,749.67, divided into 220,880,430 shares with no nominal value.

Changes in share capital since 2011 have consisted of (i) share capital increases in connection with the exercise of stock options by the Group's managers and (ii) share capital increases either as part of external growth transactions to fund a portion of the acquisition price or as a result of the conversion of bonds.

The only items that could have an influence on Econocom group's share capital corresponding to the 2014 and 2017 stock option plans and the OCEANE convertible bond issued on 1 March 2018.

In December 2014, the Board of Directors approved a stock option plan ("2014 Stock Option Plan") and decided to issue, with cancellation of shareholders' pre-emptive subscription rights, 2,500,000 stock subscription rights entitling the holders to subscribe, under certain conditions, to a new Econocom group share. The Compensation Committee had two years to determine the beneficiaries of the 2014 Stock Option Plan.

A total of 2,480,000 stock options were granted to approximately 20 of the Group's managers under the 2014 Stock Option Plan. At 31 December 2020, taking into account the options lapsed due to departures and failure to meet performance conditions, a total of 2,041,420 of the 2014 stock options were still exercisable, which correspond to the maximum issue of 4,082,840 new shares, each option entitling holders to two Econocom group shares following the two-for-one split that took place in June 2017.

In June 2017, the Board of Directors also approved a stock option plan ("2017 Stock Option Plan") and decided to issue, with cancellation of shareholders' pre-emptive subscription rights, 2,000,000 stock subscription rights entitling the holders to subscribe, under certain conditions, to a new Econocom group share. The Compensation Committee had until 31 December 2019 to determine the beneficiaries of this plan. At 31 December 2020, taking into account the options forfeited by beneficiaries, the number of 2017 stock options allocated amounted to 90,000 corresponding to a maximum issue of 90,000 new shares.

On 1 March 2018, Econocom launched the issuance of convertible bonds and/or exchangeable for new and/or existing shares (OCEANE) with a par value of €200 million, maturing in 2023. The holders of Bonds will have a right to the award of Shares that they may exercise at any time from the Issue Date (i.e. 6 March 2018) and until the 8<sup>th</sup> business day (inclusive) preceding the normal or early redemption date on the basis of a conversion or exchange ratio of one Econocom Share per Bond and subject to any subsequent adjustments. In the event of request of conversion of Bonds, the Bond holders will receive, at Econocom's discretion, new and/or existing shares of Econocom. Following the bond buybacks in 2020, there are currently 22,874,865 bonds outstanding. If all the bonds were converted (if the conversion price of €8.26 was reached) into new shares, according to the current

conversion ratio of 1 share for 1 bond, 22,874,865 new shares would be issued.

Finally, the Extraordinary General Meeting of 19 May 2020 renewed, for a five-year period, the authorisation given to the Board of Directors, in accordance with articles 7:198 and 7:199 of the CSA to carry out one or more capital increases of up to a maximum total amount of €23,512,749.67 (excluding issue premiums). At 31 December 2020, authorised unissued share capital (excluding issue premiums) stood at €23,512,749.67.

The Company's ownership structure is described in section 5, "Corporate governance statement".

### Treasury shares

Econocom group has a share buyback programme, which allows it to:

- deliver shares to avoid potential dilution of shareholders' interests due to the exercise of options;
- award to free share plan beneficiaries;
- pay for any external growth transactions;
- cancel shares acquired.

The Extraordinary and Special General Meeting of 19 May 2020 renewed for a five-year period the authorisation given to the Board of Directors to buy back treasury shares. The minimum unit purchase price was set at the equivalent of €1 and the maximum unit price at €10.

The maximum number of shares to be purchased throughout the five-year period is 44,176,086. Since the beginning of the buyback programme, 7,998,561 shares have been acquired at 31 December 2020.

In 2020, the following treasury share movements took place:

- Econocom group acquired 10,871,023 Econocom group shares, for an acquisition price of €25.6 million;
- Econocom group cancelled 24,500,000 shares, in accordance with the decision of the Extraordinary General Meeting of 19 May 2020;
- Econocom group transferred 50,000 treasury shares to a Free Share Plan beneficiary.

As at 31 December 2020, Econocom group held 9,779,167 treasury shares acquired under its share buyback program. The treasury shares represent 4.43% of the total number of shares issued.

The voting rights associated with the shares held by the Company have been suspended. The shares held by the Company do not give entitlement to dividends.

Econocom group's distributable reserves (statutory data) stood at €0.4 million, in addition to retained earnings in the amount of €30.4 million.

Econocom group's non-distributable reserves stood at €25.3 million in addition to restricted issue premiums in the amount of €194.7 million.

## 2.3.4. BUSINESS OVERVIEW

### 2.3.4.1. Acquisitions, disposals, equity investments and formations of subsidiaries

In 2020, Econocom group acquired additional equity investments in some of its satellites through buybacks of non-controlling interests and carried out disposals as part of the Group's transformation plan.

Thus, the Econocom group exercised its options in order to strengthen its stake in Altabox.

It sold its stake in Digital Security.

Moreover, as part of the management of its subsidiaries and the Group organisation chart:

- Econocom group acquired from Econocom International Italia, its equity investments in Asystel Italia and Bizmatica. In addition, Econocom group acquired from its subsidiary Digital Dimension all the stock in the Spanish company Econocom Nexica;

- Econocom also subscribed to the capital increases carried out by its subsidiaries Econocom International Italia and Econocom do Brasil.

### 2.3.4.2. Legal reorganisation

As is the case each year, Econocom group implemented measures to streamline and simplify its legal organisation.

Measures performed in 2020 were aimed at combining companies with similar activities in the same country. In France, Alter Way thus merged its two operating subsidiaries.

Moreover, in order to streamline and simplify its organisation chart, the Group closed down or liquidated certain subsidiaries in Spain, France and Belgium.

As a result of the reorganisations carried out in 2020, the number of legal entities within the Group was reduced thereby streamlining the Company organisation.



## 3. Risk factors and disputes

Risk factors did not change significantly in 2020. They are described in note 19.

## 4. Outlook for 2021 and shareholders' compensation

Over the last two years, Econocom has focused on a transformation plan for its economic tool in order to gain agility, flexibility and competitiveness. This consolidation phase was a necessary condition for preparing the Group's future under the best possible conditions. The targets set for reducing structural costs, streamlining the business portfolio and reducing the Group's substantial debt were achieved in 2020.

In 2021, the Management of the Econocom group will continue to pay particular attention to generating cash and maintaining rigorous cost management.

As a result of the Group's strong financial position, the Board of Directors will recommend to the General Meeting to proceed with a refund of the issue premium, considered as paid-in capital, in the amount of €0.12 per share.

This refund represents stability compared to recent years.

Moreover, the Group plans to continue share buybacks.

Given the persistence of a wait-and-see market and an economic environment still impacted by the health crisis, the first quarter is expected to follow the trend of the last quarter of 2020. However, the Group confirms its objective of a return to growth for 2021.

## 5. Corporate governance statement

### 5.1. Applicable Corporate Governance Code

The Econocom group confirms its adherence to the principles of the Belgian Corporate Governance Code, which entered into force on 1 January 2020 ("2020 Code"). This Code is available at:

**[www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)**

Econocom publishes the various Internal Rules (in French only) that comprise its Corporate Governance Charter on its website:

**[www.econocom.com](http://www.econocom.com)** under Investors/Governance/Board of Directors and Executive Committee.

The Board of Directors adheres to the Corporate Governance Code. The transformation of Econocom group into a European company (*societas europaea*) on 18 December 2015 prompted the Board of Directors to change the Internal Rules of the Board of Directors and the Executive Committee on 19 May 2016. The Executive Committee's Internal Rules again changed on 7 September 2016, and the Committee was renamed the Executive Committee at that time. In connection with the change in its corporate governance, the Econocom group on 23 January 2020 was required to amend the Internal Rules of its Audit Committee and its Compensation Committee. The latter was renamed "Compensation and Appointments Committee" on that occasion.

### 5.2. Exemptions from the 2020 Code

Econocom group applies the recommendations of the 2020 Code, except for those which the Board has deemed ill-suited to Econocom group's size, or that it intends to implement over the long term. The principles with which Econocom group does not comply, in whole or in part, are described below.

The Group currently only partially applies the recommendations of Principle 3 of the 2020 Code.

Econocom International BV, represented by Jean-Louis Bouchard, combines the roles of Chairman of the Board of Directors, managing Director and Chairperson of the Executive Committee. In this respect, the Group does not respect the segregation principle between the supervisory power of the Board of Directors and the executive power. On 31 December 2020, Econocom International BV directly and indirectly held 40.36% of the share capital of Econocom group. Such a system meets the characteristics of Econocom group's shareholdings and is aimed at ensuring management stability as Econocom implements its long-term strategy.

Furthermore, the Board of Directors has not yet formally appointed a Secretary in charge of advising it on governance matters. However, this role is partly performed by Antoinette Roche, Group Legal Director.

Since 23 November 2017, one-third of the members of Econocom group's Board of Directors have been women, pursuant to the conditions set out in article 7, section 86 of the CSA. At 31 December 2020, the Board was made up of three women: Véronique di Benedetto, whose term was renewed at the Ordinary General Meeting of 16 May 2017, Adeline Challon-Kemoun, and Marie-Christine Levet, whose terms were renewed at the Ordinary General Meeting of 19 May 2020.

Econocom Group only applies part of the recommendations in Principle 5 of the 2020 Code, which state that "the Company must use a transparent procedure for appointing Board members", because it deems that the recommendation of the 2020 code is ill-suited to Econocom group's size. However, on 23 January 2020, the Board of Directors changed the Compensation Committee into a Compensation and Appointments Committee, in charge of suggesting appointments and formulate recommendations to the Board of Directors on appointments and reappointments of corporate officers and certain executive managers.

Econocom Group only partially complies with the new recommendations of Principle 7 on the compensation of Board members and executive managers. The Group's compensation policy is set out in the compensation report.

The Chairman of the Board of Directors does not systematically attend General Meetings, contrary to the recommendations of Principle 8 of the 2020 Code, but he ensures that the Board of Directors is always represented by one Director.

Information about the main shareholders of Econocom group and their relationship with each other and the Company, are not published in the Corporate Governance

Charter, but in the Management Report and updated each year.

Econocom Group has not formalised the procedures for assessing the performance of its governance, thereby departing from Principle 9 of the 2020 Code, insofar as the assessment of the performance of its executive management and Board of Directors is part of an ongoing process that does not require any specific formalities.

### 5.3. Description of internal control and risk management procedures in the context of the preparation of the financial information

The financial information communicated by the Group refers to its consolidated financial statements and to the management accounting aspects of the financial statements published in compliance with IFRS as adopted by the European Union and approved by the Board of Directors.

This financial information is, at every reporting date, presented to the Group's Audit Committee, and explained to all the Directors.

#### 5.3.1. FINANCIAL ORGANISATION

The Group's financial organisation is both local and global. The Group is organised by business line and country. Financial processes are implemented by finance teams, Finance Directors and financial controllers, all of whom report to the Group Chief Financial Officer. Business and country Financial Controllers ensure that the reporting rules and practices are applied consistently across the business lines, irrespective of the country.

### 5.3.2. COORDINATION OF REPORTING AND CONSOLIDATION

The accounts are consolidated by a dedicated team on a quarterly basis. The consolidated companies send their detailed financial statements *via* the consolidation tool for inclusion in the consolidated financial statements.

Each entity (*i.e.*, company or business unit) draws up a budget. Profit forecasts are adjusted several times during the year and are monitored on a monthly basis based on the activity reports provided to Group Management. These reports are drawn up jointly by the Head of Operations and the Financial Controller of the entity.

The Group's Financial Controlling draws up schedules and specific instructions for the various budgets, reports and the items needed for the purpose of consolidation.

### 5.3.3. ACCOUNTING STANDARDS AND MONITORING

The Group's accounting principles are set out in an accounting principles manual which is used as the basis for preparing financial information. This manual describes the method for recording transactions and presenting financial information.

The team in charge of consolidation is also responsible for keeping abreast of changes to IFRSs.

### 5.3.4. IT SYSTEMS

The Information Systems Department oversees the various information systems used by the Group. It ensures the gradual harmonisation of the solutions implemented and the continuity of operations. In the preparation of financial information, information flows from IT tools specific to the various businesses are centralised in a single accounting management and reporting solution.

Following the security attack suffered by Econocom in the autumn of 2020 on part of its own infrastructures and despite the low impact of this attack on the Group's business (see latest information note published on 7 January 2021 on the Group's website, News/Publications section), the Information Systems Department took the necessary technical and legal measures to remedy the incident, mitigate the risks and protect the interests of stakeholders by alerting the competent authorities. In addition, the Information Systems Department constantly endeavours to increase the security of the Group's IT infrastructures.

### 5.3.5. RISK FACTORS, SURVEILLANCE AND MONITORING

The monthly reports enable the various operational and financial managers and the Group's Management to verify that the Group's results are accurate and consistent with the targets set. At the end of each month, they contain a comparison between the management data and the Group's consolidated financial statements in order to ensure that the financial information is reliable.

The Group's Internal Audit Department (outsourced) completes the risk organisation, and is in charge *inter alia* of drawing up a risk map. It also reviews the subsidiaries' financial statements in order to ensure that they comply with Group rules, and verifies that the reports are accurate and that risks are adequately covered. The Group's Internal Audit Department reports directly to the Chairman and the Audit Committee.

When identifying risks that may impact the achievement of financial reporting objectives, Group Management takes into account the possibility of misrepresentations and fraud, and undertakes the required actions to strengthen internal control, if necessary. The Internal Audit conducts specific audits, on the basis of the assessment of potential fraud risks, in order to avoid and prevent fraud. Any findings are systematically reported to the Audit Committee.

### 5.3.5.1. Risks associated with accounting systems

Risks associated with accounting systems are assessed on a regular basis with a view to implementing improvement plans.

The accounting systems used within the Group have now been harmonised, and are shared by all business lines and subsidiaries except the Satellite companies in which the Group has acquired stakes, some of which still use software other than that used elsewhere in the Group, more adapted to their size.

The various business line IT systems are interfaced with the accounting system in order to ensure that information on transactions is traceable, comprehensive and reliable.

The consolidation system is a standard tool.

### 5.3.5.2. Risks associated with accounting standards

The Consolidation Department, in conjunction with the Group Financial Controlling Department and the Business and Country Financial Controllers, monitors changes in IFRSs and adapts the Group's accounting principles accordingly. It also

organises training for finance staff whenever necessary.

### 5.3.5.3. Main transaction control procedures

In order to ensure the reliability of the financial information on transactions, the Group's Finance Department team verifies each month that the revenue and costs reported are in line with the flows expected at the time the transactions were approved.

The Group Financial Controlling draws up regular statistical analyses to ensure that the assumptions made when the lease contracts were recorded are prudent and appropriate.

The subsidiaries' Financial Controlling teams also carry out monthly verifications for each business line.

### 5.3.6. PERSONS RESPONSIBLE FOR THE PREPARATION OF FINANCIAL INFORMATION

The financial information is prepared under the supervision and responsibility of the Board of Directors, which, since 2004, has had an Audit Committee, the role of which is set out in section 5.5.3 below.

## 5.4. Ownership structure and limits on shareholder rights

At 31 December 2020, Econocom group's share capital consisted of 220,880,430 shares, held as indicated below:

	2020	2019
Companies controlled by Jean-Louis Bouchard	40.36%	36.44%
Public shareholders	55.21%	54.00%
Treasury shares	4.43%	9.56%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Econocom group is informed that two shareholders outside the companies controlled by Jean-Louis Bouchard, crossed the 5% share-ownership threshold as at 31 December 2020. They are Butler Industries Benelux (and indirectly WB Finance and Walter Butler) and the US company FMR LLC (FIAM LLC, FMR Co., Inc. and Fidelity Institutional Asset Management Trust Company).

There are no shareholders with special controlling rights.

The Extraordinary General Meeting of 19 May 2020 decided to implement a double voting right for registered shares held for more than two years. Accordingly, each Econocom group share gives its holder the right to cast a vote or, where applicable two votes at General Meetings.

Article 10 of the Company's Bylaws provides that the exercise of the voting rights and other rights attached to shares held in co-ownership or in which the usufruct and the bare ownership have been separated, or which are pledged, shall be suspended until such time as a sole representative has been appointed to exercise the rights attached to the shares in question. Treasury shares (4.43%) and shares held by the Belgian Caisse des Dépôts et Consignations (0.49% belonging to bearer shareholders who did not come forward when the Belgian Stock Market converted to electronic shares) also have no voting rights. There are no other particular legal or statutory restrictions with respect to voting rights.

Similarly, with the exception of the provisions limiting purchases and sales by Econocom group of its treasury shares, the Company's Bylaws do not impose any restrictions on the transfer of its shares.

## 5.5. The composition and functioning of the administrative bodies and Committees

### 5.5.1. COMPOSITION OF THE BOARD OF DIRECTORS

At 31 December 2020, the Board of Directors had nine members:

#### **Econocom International BV represented by Jean-Louis Bouchard**

*(term of office expires at the May 2024 General Meeting)*

Rond Point het Fort 36-40,  
2429 MK Nieuwegein (Netherlands)

Chairman of the Board of Directors and Chief Executive Officer of Econocom group

#### **Robert Bouchard**

*(term of office expires at the May 2021 General Meeting)*

11 Boulevard Flandrin, 75116 Paris (France)

Vice-Chairman of the Board of Directors of Econocom group and non-executive Director of Econocom group

#### **Bruno Grossi**

*(term of office expires at the May 2023 General Meeting)*

13 Rue Molitor, 75016 Paris (France)

Non-executive Director of Econocom Group

## Véronique di Benedetto

*(term of office expires at the May 2021 General Meeting)*

86 Rue Miromesnil, 75008 Paris (France)

Non-executive Director of Econocom group

## Gaspard Dürrleman

*(term of office expires at the May 2021 General Meeting)*

32 Avenue Rapp, 75007 Paris (France)

Non-executive Director of Econocom group

## Jean-Philippe Roesch

*(term of office expires at the May 2024 General Meeting)*

21 Avenue de la Criolla, 92150 Suresnes (France)

Non-executive Director of Econocom group

## Walter Butler

*(term of office expires at the May 2023 General Meeting)*

30 Cours Albert 1<sup>er</sup>, 75008 Paris (France)

Independent Director of Econocom group

## Adeline Challon-Kemoun

*(term of office expires at the May 2024 General Meeting)*

32 Avenue Duquesne, 75007 Paris (France)

Independent Director of Econocom group

## Marie-Christine Levat

*(term of office expires at the May 2024 General Meeting)*

91 Rue du Cherche-Midi, 75006 Paris (France)

Independent Director of Econocom group

At 31 December 2020, the Board of Directors accordingly comprised:

- an Executive Chairman, Econocom International BV (represented by Jean-Louis Bouchard) appointed on 19 May 2020 to replace Jean-Louis Bouchard. He is tasked with managing the Board of Directors and ensuring its efficient running, by monitoring its size and members and those of its Committees, and ensuring good communication with the Executive Committee to guarantee effective decision-making. The Committee appoints the Chairman from among the Vice-Chairs;
- a Vice-Chairman, Robert Bouchard. The General Meeting of 19 May 2015 voted to establish a mandate for the Vice-Chairman of the Board, and on 21 May 2015 the Board of Directors appointed Robert Bouchard Vice-Chairman of the Board until the end of his term of office. The Board appoints one or more Vice-Chairs from its members. In the event that the Chairman is unable to attend, the Vice-Chair chairs the Board meetings;
- a managing Director in charge of day-to-day management of Econocom group, Econocom International BV (appointed on 19 May 2020);
- five non-executive Directors, Véronique di Benedetto, Robert Bouchard, Jean-Philippe Roesch, Bruno Grossi and Gaspard Dürrleman. Véronique di Benedetto exercised operational functions within Econocom group companies at 31 December 2020. However, she is not considered to be an executive Director, as this status is reserved for Directors holding executive positions at Econocom group itself, in accordance with a decision of the Board of Directors dated 24 November 2016;
- three independent Directors within the meaning of article 7:87 §1 and §2 of the CSA, Adeline Challon-Kemoun, Marie-Christine Levat and Walter Butler.

The Bylaws do not contain any special rules for appointing Directors or for renewing their term of office. Nor do they impose any age limit on the Board.

Pursuant to a decision of the Extraordinary and Special General Meeting on 18 December 2015, the term of office for Directors has been reduced from six to four years in order to comply with the recommendations of the Corporate Governance Code.

Other than their office on the Board of Directors of Econocom group, certain Directors have other offices, as set out below.

Econocom International BV is controlled and represented by Jean-Louis Bouchard. He also has controlling interests in a number of companies outside Econocom group and serves as Legal Manager or Chairman within them. Jean-Louis Bouchard is Chairman of Château Fontainebleau du Var, and Legal Manager of SCI Orphée, SCI de Dion Bouton, SARL Écurie Jean Louis Bouchard, SCI JMB, SCI LBB, SNC Fontainebleau International and SCI 1 Montmorency.

In addition to serving on the Board of Econocom group and its subsidiaries, Bruno Grossi is Legal Manager of Vilnaranda II and Redwood Advisors, Chairman of Vision d'Entreprise and Director of Araxxe.

Robert Bouchard is the permanent representative of GMPC, the legal entity that chairs APL France. He also serves as Chairman of Ecofinance SAS, Legal Manager of GMPC and Co-manager of SCI Maillot Pergolèse.

In addition to her corporate officer roles at Econocom group and its subsidiaries,

Véronique di Benedetto is Chairwoman of SAS Numeya. She is also an independent Director of Hexaôm, and serves on the Boards of a number of associations including "Syntec Numérique" (French professional federation of members of the digital industry) and "100,000 entrepreneurs".

Gaspard Dürrleman is a director of SA Des Filatures & Tissages Jules Tournier & Fils.

Jean-Philippe Roesch is Legal Manager of La Criolla and Chairman of Orionisa Consulting and member of the Supervisory Board of Linkfluence SAS.

Walter Butler is Chairman and Chief managing Director of Butler Industries, Butler Capital Partners and WB Debt Partners, Legal Manager of SCI 30 Albert 1<sup>er</sup>, Chairman of Amstar Entreprises and FBT Développement, Nexis Fiber Holding, Eden Innovations and Doc, Chairman of the Board of Directors of NXO Expansion, Chairman of the Supervisory Board of NXO France, member of the Supervisory Board of Groupe Partouche and Corum Asset Management, Director of Butler Industries Benelux, NXO Experts and NXO Sécurité, and Director of Butler Investment Managers Limited, Butler Management Limited, Almas Industries Ltd and Almas Industries UK. Walter Butler is also the permanent representative of Butler Capital Partners in his capacity as member of the Supervisory Boards of Access Industries and Colfilm, and as Director of Holding Sports et Évènements.

Adeline Challon-Kemoun is a Director of Bourbon Corporation.

Marie-Christine Levet is a Director of Maisons du Monde, SoLocal and AFP.



## 5.5.2. FUNCTIONING OF THE BOARD OF DIRECTORS

The Board of Directors meets as often as it deems necessary. It met nine times in 2020. It also made an unanimous written decision.

The table below sets out the attendance of each Director at meetings of the Board and the various Committees in 2020:

	Board of Directors	Audit Committee	Compensation and Appointments Committee
Econocom International BV	5	-	-
Robert Bouchard	9	-	1
Bruno Grossi	9	-	-
Véronique di Benedetto	8	-	-
Gaspard Dürrleman	9	8	-
Jean-Philippe Roesch	9	7	-
Walter Butler	6	6	-
Adeline Challon-Kemoun	7	-	1
Marie-Christine Levet	9	8	1
Rafi Kouyoumdjian	1	1	-
Jean-Louis Bouchard	4	-	-
<b>Total number of meetings</b>	<b>9</b>	<b>8</b>	<b>1</b>

The Board of Directors is responsible for approving the Company's overall strategy proposed by the Chairman, authorising significant projects and ensuring that there are adequate resources to attain its objectives. It is entrusted with decision-making outside the scope of day-to-day management.

The Board of Directors entrusts the Company's operational management to the Executive Committee, within the limits of the powers stipulated in the Internal Rules

of the Executive Committee. It also entrusts the day-to-day management to the Chief Executive Officers or, if applicable, the managing Directors.

The Board appoints the members of the Executive Committee, the Audit Committee and the Compensation and Appointments Committee as well as the Chief Executive Officer(s), and generally ensures that a clear and effective management structure is implemented.

It also oversees the quality of the management duties performed and ensures that they are consistent with the Group's strategic objectives. To that end, it receives information every quarter including the budget and revisions thereto, a consolidated summary of the quarterly report and any other information it deems useful.

The Board may only validly debate and take decisions if at least half of its members are present or represented. Decisions are adopted on the basis of a majority of votes. In the event of a split decision, the person chairing the meeting has the deciding vote. In exceptional circumstances, when urgency and the best interests of the Company so dictate, decisions may be adopted pursuant to the unanimous consent of the Directors, expressed in writing. However, this procedure may not apply in relation to the approval of separate financial statements financial statements and the issuance of authorised capital.

### **5.5.3. COMMITTEES CREATED BY THE BOARD OF DIRECTORS**

Pursuant to the Bylaws, the Board of Directors is authorised to set up specific Committees and to determine their tasks and operating rules.

#### **5.5.3.1. Executive Committee**

The Board of Directors has set up an Executive Committee, whose creation was ratified by shareholders at the Extraordinary General Meeting of 18 May 2004.

Following the transformation of Econocom group into a European company, the Board of Directors revised the Internal Rules of the Executive Committee on 19 May 2016 and 7 September 2016.

The Board entrusted the Executive Committee with Econocom's operational management, in accordance with article 15 section 18 of the CSA and article 21 of the Bylaws.

The role of the Executive Committee is to recommend strategic guidelines for the Group, implement the strategy chosen by the Chairman and approved by the Board of Directors, approve the budgets accordingly, manage the Group's operational departments (within the scope of the powers of their governing bodies) and monitor their financial and operating performance.

The composition of the new Executive Committee appointed on 28 January 2019 by the Board of Directors was modified during the year. As of 31 December 2020, was composed of the following members: Econocom International BV, represented by Jean-Louis Bouchard, Éric Bazile, Angel Benguigui, Laurent Caparros, Philippe Goullioud, Laurent Roudil and Chantal de Vrieze.

The Executive Committee meets at least ten times a year.

#### **5.5.3.2. Compensation and Appointments Committee**

On 31 August 2011, the Board of Directors set up a Compensation Committee.

On 23 January 2020, the Board of Directors extended the Compensation Committee's responsibilities to Appointments, thereby limiting its scope of action to corporate officers and executives authorised in fact or in law to use the Group's signature. Members of the Executive Committee who are not involved in the Group's Senior Management do not fall within the scope of the Committee's activities.

The main role of the Compensation and Appointments Committee is to advise and assist the Board of Directors. It is also in charge of tasks assigned to it by the Board of Directors in the area of Compensation and Appointments. The Committee fulfills its duties under the responsibility of the Board of Directors. In this context, it ensures free and open communication with the Chairman of the Board and executive management.

The Committee has three members appointed by the Board of Directors for three-year terms that cannot exceed their term as Directors. As of 31 December 2020, it was composed of the following members: Marie-Christine Levet, Adeline Challon-Kemoun and Robert Bouchard and was chaired by Marie-Christine Levet.

The Committee met once in 2020.

### 5.5.3.3. Audit Committee

The Audit Committee was created by the Board of Directors on 18 May 2004.

The term of office is three years, provided that it does not exceed the holder's term of office as Director.

The Audit Committee meets as often as required. It met eight times in 2020, with all members in attendance (as stated in section 5.5.2 above), an executive Director, the Group Chief Financial Officer, the Group Legal Director and the Head of Risk and Compliance. The members of the Audit Committee invite the Statutory Auditor and any other person deemed useful by the Committee as required by the agenda.

The Audit Committee is responsible for helping the Board of Directors perform its duty of controlling Econocom group's operations. In particular, it examines the quality and relevance of internal and external audit engagements, monitors internal control and risk management procedures, ensures that the accounting policies used are appropriate, and that the Group's financial data are complete and accurate.

Article 3:6 of the CSA stipulates that companies must be able to demonstrate the independence and audit and accounting expertise of at least one of the members of the Audit Committee. Econocom complies with this requirement.

As of 31 December 2020, it was composed of two non-executive Directors (Jean-Philippe Roesch and Gaspard Dürrleman) and two independent Directors (Marie-Christine Levet and Walter Butler). It was chaired by Jean-Philippe Roesch.

### 5.5.4. DAY-TO-DAY MANAGEMENT

The Board of Directors has entrusted the day-to-day management to a managing Director and two Chief Executive Officers in accordance with articles 15:18 and 7:121 of the CSA and article 22 of the Bylaws.

All major decisions regarding the subsidiaries are made by the relevant body, with the assent of the Chief Executive Officer and/or managing Director in charge of the issue or activity in question. The subsidiaries generally do not have any major decision-making powers other than those concerning day-to-day management. The powers of Group subsidiaries' managers and the limits to these powers are set out in an internal reference document.

The Executive Committee is in charge of operational management.

### 5.5.5. IMPLEMENTATION OF PROVISIONS GOVERNING CONFLICTS OF INTEREST

Article 7:96 of the CSA provides for a specific procedure within the Board of Directors to address conflicts of interest involving one or more Directors when it makes decisions or concludes transactions. This procedure was used once in 2020 by the Board of Directors, at its meeting of 9 March 2020, concerning the allocation of 50,000 free shares to a Director as described in paragraph 5.10 below.

At its meeting of 22 November 2012, the Board of Directors also adopted a procedure governing transactions or other contractual relationships between Econocom group and the Directors and members of the Executive Committee when such transactions or other contractual relationships are not covered by the provisions of article 7:96 of the CSA.

Article 7:97 of the CSA were not applied in 2020, nor was the Group's conflict of interest procedure.

### **5.5.6. IMPLEMENTATION OF THE DIVERSITY PROJECT**

Econocom's commitments, objectives and actions in respect of diversity, as well as the results of this policy, are described in paragraph 1.1.4 of chapter 3, "Corporate Social Responsibility". They mainly concern gender equality and support for people from disadvantaged backgrounds and people with disabilities.

Since 23 November 2017, one-third of the members of Econocom group's Board of Directors have been women, pursuant to the conditions set out in article 7, section 86 of the CSA. At 31 December 2020, the Board had three women members: Véronique di Benedetto, Adeline Challon-Kemoun, and Marie-Christine Levet. Women also sit on each of the various Committees created by the Board of Directors, namely the Executive Committee (Chantal De Vrieze), the Audit Committee (Marie-Christine Levet) and the Compensation Committee (Anne Lange and Adeline Challon Kemoun).

Econocom's policy in favour of people from disadvantaged backgrounds is deemed\* not to be designed for the Group's senior staff. Despite having made particular efforts in this regard, Econocom has not yet hired a senior manager with a disability.

### **5.6. Composition of advisory bodies**

Econocom group's Statutory Auditor is PricewaterhouseCoopers *Réviseurs d'Entreprises* SRL (Woluwe Garden, Woluwedal, 18 1932 Saint Stevens Woluwe [Belgium]). Its term was renewed at the May 2019 General Meeting and expires at the May 2021 General Meeting, earlier than expected due to the mandatory rules applicable to changes in audit firms.

Econocom group's Statutory Auditor is represented by Alexis Van Bavel, Company auditor.

### **5.7. 2020 Compensation report**

This report was drawn up in accordance with article 3:6, §3 of the CSA. Its purpose is to describe and provide a complete overview of the compensation granted to the Directors (Executive and Non-Executive) and to the members of the Executive Committee of Econocom group during the financial year covered by said report.

\* Before amortisation of intangible acquisition assets.

## 5.7.1. COMPENSATION POLICY FOR DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

### 5.7.1.1. Procedure adopted to define compensation for Directors and members of the Executive Committee and set their individual compensation

On 31 August 2011, the Board of Directors set up a Compensation Committee. The Committee is composed of three non-executive Directors, two of whom are independent as defined in article 7:87 section 1 of the CSA.

On 23 January 2020, the Board of Directors extended the Compensation Committee's responsibilities to Appointments, thereby limiting its scope of action to corporate officers and executives authorised in fact or in law to use the Group's signature. Members of the Executive Committee who are not involved in the Group's Senior Management do not fall within the scope of the Committee's activities.

The Compensation and Appointments Committee mainly advises and assists the Board of Directors. The Committee also performs the duties that may be assigned to it by the Board of Directors in regarding compensation and appointments. It carries out its duties under the supervision of the Board. In this context, it ensures free and open communication with the Chairman of the Board and executive management.

#### 1.1 Compensation component

At the request of the Chairman of the Board and with respect to persons within the scope defined above, the Committee is responsible for formulating recommendations and giving its opinion to the Board on:

- a) the compensation policy;
- b) individual compensation (in particular Directors' fees, fixed and variable compensation, long-term incentives, including shares and stock options, termination benefits);

c) the contractual terms and conditions that support this compensation;

d) the determination and assessment of performance targets linked to individual compensation;

e) stock option or share plans (budget, beneficiaries, characteristics and conditions).

Based on the data provided by the Company's Senior Management, the Committee prepares the compensation report which is subsequently added to the corporate governance statement. In particular, it reviews the change in the total amount paid to the ten highest paid employees. It prepares and comments on the compensation report during the Ordinary General Meeting.

#### 1.2 Appointments component

At the request of the Chairman of the Board, the Committee is responsible for formulating recommendations and giving its opinion to the Board on the appointment and reappointment of corporate officers and the appointment of executives with the authorised in fact or in law to use the Group's signature.

The Committee ensures the existence of succession plans for the Company's key positions.

The Committee also ensures that appropriate talent development programmes and diversity promotion programmes are in place.

#### 1.3 Implementation of plans relating to the granting of financial instruments

The Board of Directors may grant to the Committee decision-making powers on behalf of the Board of Directors with respect to stock option plans or any other plans for granting financial instruments, including warrants, either under existing or future plans ("the Plans").

In this case, the Committee's conducts its work under the responsibility and supervision of the Board to which it reports. Within the limits of the powers entrusted to the Board and in accordance with its rules,

the Committee is subsequently responsible for allocating and distributing, following the recommendation of the Chairman of the Board of Directors, the amount previously set by the Board of Directors.

The Compensation Committee met twice in 2020.

## 5.7.2. COMPENSATION PAID IN 2020

### 5.7.2.1. The Board of Directors

The Bylaws provide for Directors' fees for Directors.

The Extraordinary General Meeting of 18 December 2015 decided to increase the compensation of non-executive Directors from €3,000 to €5,000 per Board meeting from January 2016, subject to actual attendance at meetings.

Executive Directors do not receive any compensation in respect of their directorships for Econocom group. Their compensation comes from contractual relationships or their terms of office with one or more Group companies. At its meeting of 24 November 2016, the Board of Directors clarified the status of executive Director, excluding from the concept Directors having an operational function within subsidiaries but not holding executive positions at Econocom group. People in this position are considered to be non-executive Directors. However, they do not receive Directors' fees.

Directors not exercising any operational function do not receive any compensation other than the below-mentioned Directors' fees.

A summary of the nature of the compensation paid to Directors is as follows:

	Terms of office at 31 Dec. 2020	Nature of compensation
Econocom International BV (EIBV)	Chairman and Chief Executive Officer – represented by Jean-Louis Bouchard	EIBV receives compensation under a service contract
Robert Bouchard	Vice-Chairman non-executive Director	Directors' fees
Bruno Grossi	Non-executive Director	Compensation received as an employee until 11/12/2020 and subsequently Directors' fees
Jean-Philippe Roesch	Non-executive Director	Directors' fees
Véronique di Benedetto	Non-executive Director	Compensation received as an employee
Gaspard Dürrleman	Non-executive Director	Directors' fees
Walter Butler	Independent Director	Directors' fees
Adeline Challon-Kemoun	Independent Director	Directors' fees
Marie-Christine Levet	Independent Director	Directors' fees

### 5.7.2.2. The Committees

At the Extraordinary General Meeting of 18 December 2015, the compensation of Chairs and members of the Audit Committee and the Compensation and Appointments Committee was increased from €2,000 to €3,000 per meeting from January 2016, subject to actual attendance.

### 5.7.2.3. Executive Directors, non-executive Directors with operational functions and members of the Executive Committee

The compensation of executive Directors and members of the Executive Committee includes a significant variable portion, which may reach 50% of the total compensation.

The Ordinary General Meeting of 19 May 2020 authorized the Board of Directors to deviate from the rules provided for in article 7:91, paragraph 2 of the CSA in respect of the setting of variable compensation for executives and the granting of shares or stock options to current executive Directors and other current executives of the Company.

The variable portion of compensation paid to executive Directors and Executive Committee members was set in 2020 based on annual performance criteria.

2020 variable compensation paid to executive Directors and members of the Executive Committee was subject to the achievement of objectives, both qualitative and quantitative.

A significant proportion of compensation paid to members of the Executive Committee was subject to the achievement of a joint quantitative objectives relating to the Group's budget targets, and in particular recurring profit, revenue and the net debt of the Group and/or areas of responsibility specific to each manager. The other qualitative and quantitative objectives are specific to each Executive Committee member and executive Director, and depend on the scope of their duties and responsibilities.

As is the case with all Econocom group employees, the executive Directors and Executive Committee members who are employees of the Group, are assessed on a continuous basis throughout the year by their managers and at the annual appraisal, which is held in the first quarter of the following year.

The compensation of non-executive Directors with operational functions is set by the Chairman or a member of the Executive Committee.

The Board of Directors believed, given the reliability of the Group's financial information, by way of exemption from the principle laid down by the 2020 Corporate Governance Code, that it was unnecessary to implement a collection right for variable compensation awarded on the basis of incorrect financial information.

### 5.7.2.4. Non-executive Directors

This section sets out the individual compensation and benefits paid directly or indirectly to non-executive Directors by Econocom group or any of the Group's other companies in 2020.

**Compensation paid in 2020, including social costs***in €*

Walter Butler	48,000
Rafi Kouyoumdjian	8,000
Adeline Challon-Kemoun	38,000
Gaspard Dürreleman	69,000
Marie-Christine Levet	72,000
Jean-Philippe Roesch	66,000
Robert Bouchard	48,000
<b>Total</b>	<b>349,000</b>

**5.7.2.5. Compensation paid to the Chairman of the Board of Directors**

Until 19 May 2020, Jean-Louis Bouchard served as Chairman of the Board of Directors, managing Director and Chairman of the Group's Executive Committee. He received no compensation whatsoever for these duties, and did not benefit from any special pension or insurance, or any other benefits paid either directly or indirectly by either Econocom group or any companies in the scope of consolidation. As of 20 May 2020, Econocom International BV (EIBV), a company incorporated under Dutch law, represented by Jean-Louis Bouchard, will assume all these roles. EIBV billed fees of €1.8 million to Econocom group and its subsidiaries in 2020 for managing and coordinating the Group. These fees amounted to €2.3 million in 2019.

Three-quarters of this amount is composed of employee benefits expenses and the

remainder of chargebacks of costs incurred by EIBV on behalf of Econocom (management seminars, etc.).

**5.7.2.6. Compensation paid to the executive Directors, non-executive Directors with operational functions and members of the Executive Committee in 2020**

This section sets out the overall compensation and benefits paid directly or indirectly to executive Directors of the Board, non-executive Directors with operational functions and members of the Executive Committee by Econocom group or any of the Group's other companies in 2020.

**Total compensation paid in 2020, including social costs***in €*

Fixed portion	2,236,802
Variable portion <sup>(1)</sup>	2,280,857
Pensions and other compensation, including benefits in kind <sup>(2)(3)</sup>	1,513,864
Social costs <sup>(4)</sup>	1,048,209
Directors' fees	-
<b>Total</b>	<b>7,169,732</b>

<sup>(1)</sup> Of which €1,841 thousand in respect of 2019 and prior years, and paid in 2020.

<sup>(2)</sup> Of which €335 thousand in respect of 2019 and prior years, and paid in 2020.

<sup>(3)</sup> Of which €468 thousand in respect of departure transactions paid in 2020.

<sup>(4)</sup> Of which €285 thousand for 2019 and prior years, and paid in 2020.



### Total compensation for 2020, including social costs

*in €*

Fixed portion	2,236,802
Variable portion <sup>(1)</sup>	2,009,008
Pensions and other compensation, including benefits in kind <sup>(2)</sup>	1,285,660
Social costs <sup>(3)</sup>	1,146,860
Directors' fees	-
<b>Total</b>	<b>6,768,330</b>

<sup>(1)</sup> Of which €1,604 thousand yet to be paid in 2021. The non-finalised variable portions were recorded on the assumption that 100% of targets were met.

<sup>(2)</sup> Of which €129 thousand yet to be paid in 2021.

<sup>(3)</sup> Of which €87 thousand yet to be paid in 2021.

This information refers to compensation including social costs paid to executive Directors and Executive Committee members in office in 2020, as well as compensation paid to non-executive Directors with operational functions.

Five of the managers with operational functions were compensated under their employment contract as employees of Econocom group's companies. Four indirectly received compensation through a company controlled by Econocom group, as a corporate officer of an Econocom group company and/or as a service provider. This lump-sum compensation is included in the summary table above.

Three of the executive Directors, Executive Committee members and non-executive Directors with operational functions have a company car.

Lastly, the compensation of the Chairman of the Board of Directors is discussed in section 5.7.2.5.

### 5.7.3. STOCK OPTIONS AND FREE SHARES GRANTED

Some of the executive Directors, Executive Committee members and non-executive Directors with operational functions benefit from stock option and/or performance share plans.

The General Meeting of 19 May 2020 approved the terms of a free share plan including 2,200,000 shares.

On 27 July 2020, the Board of Directors granted two Group Executives performance shares entitling them to a total of 1,600,000 Econocom group shares, the vesting of which will be spread over three years.

At 31 December 2020, the executive Directors, Executive Committee members and non-executive Directors held 702,250 stock options entitling them to 1,404,500 Econocom group shares (after the share split) at a total subscription price of €5.6 million, as well as 1,750,000 Econocom group performance shares.

#### 5.7.4. TERMINATION BENEFITS AND OTHER CONTRACTUAL OBLIGATIONS

The employment contracts of the executive Directors, Executive Committee members and non-executive Directors with operational functions in office at 31 December 2020 contain standard clauses, in particular as regards notice period. They contain no specific clause with respect to pension benefits. Two members of the Executive Committee receive a specific termination benefit (under certain conditions)

#### 5.8. Appropriation of profit and dividend policy

Following the decisions made by General Meeting of Econocom group SE on 6 November 2020, a gross interim dividend of €0.12 per share was distributed to shareholders in respect of 2019.

This distribution represents stability in the gross shareholder compensation per share over the last three years.

In addition, the Group will also continue its share buyback policy.

#### 5.9. Relations with major shareholders

On 23 December 2020, Econocom group received notification of a threshold crossing from Econocom International BV and Econocom group stating that they held 56.24% of the Company's voting rights. This upward crossing of the 55% threshold is the result of the introduction of double voting rights following the General Meeting on 19 May 2020.

At 31 December 2020, the number of shares issued by Econocom group totalled 220,880,430, of which Jean-Louis Bouchard held 40.36% *via* Econocom International BV. Shares held in treasury by Econocom group

do not carry voting rights, meaning that, at 31 December 2020, Jean-Louis Bouchard held 56.24% of the Company's voting rights, directly and indirectly (excluding treasury shares held under the liquidity agreement).

Relations with the majority shareholder, Econocom International BV, correspond to the provision of standard services on arm's-length terms. In addition, the Econocom group signed lease agreements in France with companies controlled by Jean-Louis Bouchard: SCI Maillot Pergolèse, SCI of Dion Bouton and SCI JMB. These leases were signed on arm's length terms.

#### 5.10. Econocom group employee share ownership

The Group has set up several incentive plans for its personnel, employees, managers and executives. Three stock option plans set up in 2013, 2014 and 2017 are still in progress and have given rise to awards each year since 2013 and two free share allocation plans approved by the General Meeting in May 2016 has given rise to awards in 2016, 2018 and 2020.

During the year, 50,000 free shares were definitely allocated by the Board of Directors to a Director, in respect of the 2018 Free share plan, thereby resulting in the transfer of the same number of treasury shares. The Board of Directors unanimously approved this award, to the extent that the performance conditions had been met, and although this was not the case for the condition regarding the share price. During the voting process, the Director in question left the meeting after mentioning an economic conflict of interest. In addition, 250,000 stock options and 560,000 free shares were lost due to the departure of beneficiaries or the failure to meet individual or collective performance targets.

An updated summary of the Group's commitments in respect of these plans at 31 December 2020 is provided below:

Plan	Year granted	Number of options and free shares	Number of corresponding shares*	Expiry date	Exercise price (in € per option)	Exercise price (in € thousands)
2014 subscription options	2014	1,599,620	3,199,240	Dec. 2021	5.52	8,830
	2015	236,800	473,600	Dec. 2022	7.74	1,833
		120,000	240,000	Dec. 2022	7.61	913
	2016	40,000	80,000	Dec. 2023	9.57	383
		45,000	90,000	Dec. 2023	13.60	612
2017 subscription options	2017	90,000	90,000	Dec. 2023	6.04	544
Free shares	2018	60,000	60,000	March 2021	-	-
		60,000	60,000	March 2022	-	-
		60,000	60,000	March 2023	-	-
Free share	2020	300,000	600,000	July 2021	-	-
		600,000	600,000	July 2022	-	-
		300,000	400,000	Sept. 2022	-	-
		400,000	400,000	July 2023	-	-
<b>Total</b>	-	-	<b>5,952,840</b>	-	-	<b>13,114</b>

\* Each one of the options granted prior to the two-for-one share split (in June 2017) entitles the holder to two Econocom group shares.

These plans cover Econocom group shares listed on the Euronext Brussels stock exchange. They are granted with a view to involving employees, managers and executives more closely in the Group's operations and business development.

The granting of some of the stock options and free shares, comprising between 50% and 100% of the stock options and shares allocated, is contingent on their beneficiaries achieving individual, collective, internal and/or external performance goals. The exercise price is set in accordance with current legislation.

The options may not be transferred and Econocom group does not hedge its exposure to decreases in the share price.

The stock options granted in 2014, 2015 and 2016 are part of a stock option plan approved by the Board of Directors on 17 December 2014. If exercised, these options will result in the issuance of new shares.

The free share plan issued in 2016 was approved by the General Meeting of 17 May 2016. The different awards made as part of this plan were approved by the Board of Directors meetings dated 19 May 2016, 26 February 2018 and 27 December 2018.

The vesting of free shares by the beneficiary will result in delivery of existing shares.

The stock options granted in 2017 are part of a stock option plan approved by the Board of Directors on 22 June 2017. If exercised, these options will result in the issuance of new shares.

The free share plan issued in 2020 was approved by the General Meeting of 19 May 2020. The awards made under this plan were approved by the Board of Directors on 27 July 2020.

At 31 December 2020, unexercised free shares and options entitling their holders to a total of 5,952,840 Econocom group shares, including 4,172,840 shares yet to be issued and 1,780,000 existing shares. They represented 2.70% of the number of shares outstanding at the end of the year. Lastly, of the total number of shares corresponding to stock options and free shares granted and not yet exercised, 19.8% were subject to the achievement of quantitative and/or qualitative, and individual and/or collective performance conditions.

The exercise of all these options would result in an equity increase of €13.1 million.

## 5.11. Statutory Auditor's fees

<i>in €</i>	31 Dec. 2020	31 Dec. 2019
Statutory Auditor's fees for auditing the consolidated financial statements	358,718	357,648
Statutory Auditor fees or fees for similar assignments performed in the Group by individuals related to the Statutory Auditor	766,500	841,490
Fees for non audit-related engagements or specific assessments carried out by the Statutory Auditor for Econocom group	–	–
Non-audit certification engagements	11,150	21,500
Tax advisory work	–	–
Other external audit-related assignments	86,000	73,000
Fees for one-off tasks or specific assessments carried out for Econocom group by persons related to the Statutory Auditor(s)	–	–
Non-audit certification engagements	-	33,150
Tax advisory work	106,993	198,991
Other external audit-related assignments	-	356,500

## 5.12. Treasury shares

See section 2.3.3 above.

## 6. Subsequent events

### Acquisition of Econocom Group shares by BIS BV

On 4 February 2021, BIS BV, a subsidiary of Econocom Group, entered into an agreement under which it acquires the 6.01% stake (i.e. 13,278,091 shares) held by two companies controlled by Walter Butler (namely Butler Industries Benelux SA and Butler Industries) in the share capital of Econocom Group SE.

The selling price agreed was €2.825 per Econocom Group SE share.

Following this transaction, Walter Butler resigned as director of Econocom Group SE.

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# consolidated financial statements

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# 1. Consolidated income statement and earning per share

For the years ended 31 December 2020 and 31 December 2019

<i>in € millions</i>	Notes	2020	2019 restated*
<b>Revenue from continuing operations</b>	4.1	<b>2,558.7</b>	<b>2,914.0</b>
<b>Operating expenses</b>		<b>(2,438.3)</b>	<b>(2,788.3)</b>
Cost of sales		(1,807.1)	(2,057.3)
Employee benefits expense	4.2	(469.5)	(520.0)
External expenses	4.4	(127.7)	(156.7)
Depreciation, amortisation and provisions	4.5	(41.1)	(47.3)
Net impairment losses on current and non-current assets	4.6	5.4	(7.3)
Taxes (other than income taxes)		(9.8)	(9.1)
Other operating income and expenses	4.7	9.3	4.5
Financial income – operating activities	4.8	2.2	4.8
<b>Profit (loss) from current operating activities before amortisation of intangible assets from acquisitions</b>		<b>122.5</b>	<b>127.6</b>
<b>Profit (loss) from current operating activities</b>		<b>120.4</b>	<b>125.6</b>
Other non-recurring operating income and expenses	5	(36.2)	(24.5)
<b>Profit (loss) from operating activities</b>		<b>84.1</b>	<b>101.2</b>
Other financial income and expenses	6	(16.2)	(18.6)
<b>Profit (loss) before tax</b>		<b>67.9</b>	<b>82.6</b>
Income tax expense	7	(18.5)	(22.6)
<b>Profit (loss) from continuing operations</b>		<b>49.4</b>	<b>60.0</b>
Share of profit (loss) of associates and joint ventures		0.1	-
Profit (loss) from discontinued operations	2.2.5	0.7	(11.4)
<b>Profit for the period</b>		<b>50.2</b>	<b>48.6</b>
Non-controlling interests		3.4	3.9
Profit for the period attributable to owners of the parent		46.8	44.7
<b>Recurring profit attributable to owners of the parent<sup>(1)</sup></b>		<b>68.2</b>	<b>73.2</b>



<i>Earning per share attributable to owners of the parent (in €)</i>	<b>Notes</b>	<b>2020</b>	<b>2019 restated*</b>
Basic earning per share – continuing operations		0.21	0.25
Basic earning per share – discontinued operations	2.2.5	0.00	(0.05)
<b>Basic earning per share</b>	<b>8</b>	<b>0.22</b>	<b>0.20</b>
Diluted earning per share – continuing operations		0.21	0.23
Diluted earning per share – discontinued operations	2.2.5	0.00	(0.05)
<b>Diluted earning per share</b>	<b>8</b>	<b>0.21</b>	<b>0.19</b>
<b>Recurring earning per share<sup>(1)</sup></b>	<b>8</b>	<b>0.31</b>	<b>0.32</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to “Profit (loss) from discontinued operations” in the 2019 income statement.

(1) Recurring net profit attributable to owners of the parent has been the key performance indicator used by Econocom to assess its economic and financial performance. It does not include:

- amortisation of intangible assets from acquisitions, net of tax effects;
- other non-recurring operating income and expenses, net of tax effects;
- other non-recurring financial income and expense, net of tax effects;
- profit from discontinued operations.

A table showing the reconciliation of profit attributable to owners of the parent with recurring profit attributable to owners of the parent is included in section 2.1 of the Management Report.

## Consolidated statement of comprehensive income

<i>in € millions</i>	<b>2020</b>	<b>2019</b>
Profit for the period	50.2	48.6
<b>Items that will not be reclassified to profit or loss</b>	<b>(1.1)</b>	<b>0.4</b>
Remeasurements of the net liabilities (assets) under defined benefit plans	(1.4)	0.8
Deferred income tax expense on the remeasurement of the liabilities (assets) for defined benefit plans	0.3	(0.3)
<b>Items that may be reclassified to profit or loss</b>	<b>(4.6)</b>	<b>0.4</b>
Change in value of cash flow hedges	(0.2)	(0.2)
Deferred tax arising on change in value of cash flow hedges	0.1	-
Foreign currency translation adjustments	(4.4)	0.6
<b>Other comprehensive income (expense)</b>	<b>(5.7)</b>	<b>0.8</b>
<b>Total comprehensive income for the period</b>	<b>44.5</b>	<b>49.4</b>
Attributable to non-controlling interests	3.2	3.9
Attributable to owners of the parent	41.3	45.5

## 2. Consolidated statement of financial position

### Asset

<i>in € millions</i>	Notes	31 Dec. 2020	31 Dec. 2019
<b>Non-current assets</b>			
Intangible assets	10.1	47.6	57.2
Goodwill	9	499.5	512.9
Property, plant and equipment	10.2	35.2	34.6
Rights of use	10.2	54.7	57.9
Non-current financial assets	10.3	30.5	32.9
Residual interest in leased assets	11.1	134.3	131.9
Other long-term receivables	10.4	24.5	13.6
Deferred tax assets	7.2	37.8	37.4
<b>Total non-current assets</b>		<b>864.2</b>	<b>878.6</b>
<b>Current assets</b>			
Inventories	12.1	76.7	60.1
Trade and other receivables*	12.2	894.1	1,093.7
Residual interest in leased assets	11.1	40.9	33.0
Current tax assets		12.6	18.1
Contract assets	12.2	17.4	30.6
Other current assets	12.2	30.4	27.8
Cash and cash equivalents	14.1	649.3	593.8
Assets held for sale	2.2.5	74.3	201.1
<b>Total current assets</b>		<b>1,795.7</b>	<b>2,058.2</b>
<b>Total assets</b>		<b>2,659.8</b>	<b>2,936.8</b>

\* Of which self-funded outstanding rentals: €185.9 million at 31 December 2020 versus €238.5 million at 31 December 2019.

## Liabilities

<i>in € millions</i>	Notes	31 Dec. 2020	31 Dec. 2019
Share capital		23.5	23.5
Additional paid-in capital and reserves		335.8	342.0
Profit for the period attributable to owners of the parent		46.8	44.7
<b>Equity attributable to owners of the parent</b>	<b>15</b>	<b>406.1</b>	<b>410.2</b>
Non-controlling interests	15.4	66.9	73.7
<b>Total equity</b>		<b>472.9</b>	<b>483.9</b>
<b>Non-current liabilities</b>			
Bonds loans*	14.2	248.7	390.0
Financial liabilities*	14.2	75.9	61.6
Gross liability for purchases of leased assets	11.2	75.9	81.1
Long-term lease liabilities		35.0	37.7
Provisions	16	11.5	3.3
Provisions for pensions and other post-employment benefit obligations	17	41.8	37.4
Other non-current liabilities	12.5	55.1	42.4
Deferred tax liabilities	7.2	11.8	10.2
<b>Total non-current liabilities</b>		<b>555.8</b>	<b>663.6</b>
<b>Current liabilities</b>			
Bonds loans*	14.2	139.9	51.5
Financial liabilities*	14.2	164.5	343.1
Gross liability for purchases of leased assets	11.2	27.8	20.4
Short-term lease liabilities		22.5	21.5
Provisions	16	37.7	32.6
Current tax liabilities		13.2	18.0
Trade and other payables	12.3	992.1	980.6
Contract liabilities	12.4	62.9	68.7
Other current liabilities	12.4	140.9	169.7
Liabilities held for sale	2.2.5	29.5	83.2
<b>Total current liabilities</b>		<b>1,631.1</b>	<b>1,789.3</b>
<b>Total equity and liabilities</b>		<b>2,659.8</b>	<b>2,936.8</b>

\* Taking into account the cash and cash equivalents of €649.3 million as of 31 December 2020 (and €593.8 million as of 31 December 2019) and bonds loans and financial liabilities, the balance sheet shows a cash surplus of €20.2 million at 31 December 2020 (compared to net debt of €252.2 million at 31 December 2019); these financial liabilities include in particular €185.9 million at 31 December 2020 (and €238.5 million at 31 December 2019) corresponding to self-funded TMF contracts and the expected associated lease payments.

### 3. Consolidated statement of changes in equity

<i>in € millions</i>	Number of shares	Share capital	Additional paid-in capital	Treasury shares
<b>Balance at 31 December 2018</b>	<b>245,140,430</b>	<b>23.5</b>	<b>240.3</b>	<b>(64.6)</b>
IFRS 16 "Leases" (Lessee) impact	-	-	-	-
<b>Balance at 1 January 2019</b>	<b>-</b>	<b>23.5</b>	<b>240.3</b>	<b>(64.6)</b>
Profit for the year	-	-	-	-
Other comprehensive income (expense), net of tax	-	-	-	-
<b>Total comprehensive income for 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share-based payments	-	-	-	-
Refund of issue premiums/Compensation of shareholders	-	-	(27.4)	-
Capital increase	240,000	-	0.7	-
Net treasury share transactions	-	-	-	(26.3)
Put and call options on non-controlling interests – Change in fair value	-	-	-	-
Put and call options on non-controlling interests – Initial recognition	-	-	-	-
Other transactions and transactions with an impact on non-controlling interests (see note 15)	-	-	-	-
<b>Balance at 31 December 2019</b>	<b>245,380,430</b>	<b>23.5</b>	<b>213.6</b>	<b>(90.9)</b>

<i>in € millions</i>	Number of shares	Share capital	Additional paid-in capital	Treasury shares
<b>Balance at 31 December 2019</b>	<b>245,380,430</b>	<b>23.5</b>	<b>213.6</b>	<b>(90.9)</b>
Impact on changes in accounting standards or methods	-	-	-	-
<b>Balance at 1 January 2020</b>	<b>-</b>	<b>23.5</b>	<b>213.6</b>	<b>(90.9)</b>
Profit for the year	-	-	-	-
Other comprehensive income (expense), net of tax	-	-	-	-
<b>Total comprehensive income for 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share-based payments	-	-	-	-
Refund of issue premiums/Compensation of shareholders	-	-	-	-
Capital increase	-	-	-	-
Net treasury share transactions	(24,500,000)	-	-	67.9
Put and call options on non-controlling interests – Change in fair value	-	-	-	-
Put and call options on non-controlling interests – Initial recognition	-	-	-	-
Other transactions and transactions with an impact on non-controlling interests (see note 15)	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>220,880,430</b>	<b>23.5</b>	<b>213.6</b>	<b>(23.0)</b>

Consolidated reserves and retained earning	Other comprehensive income (expense)	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
205.2	(8.0)	396.4	94.9	491.3
(3.0)	-	(3.0)	-	(3.0)
202.2	(8.0)	393.4	94.9	488.3
44.7	-	44.7	3.9	48.6
-	0.8	0.8	-	0.8
44.7	0.8	45.5	3.9	49.4
-	0.7	0.7	-	0.7
-	-	(27.4)	-	(27.4)
-	-	0.7	-	0.7
-	-	(26.3)	-	(26.3)
3.2	-	3.2	-	3.2
-	-	-	-	-
20.5	-	20.5	(25.2)	(4.7)
270.6	(6.5)	410.3	73.6	483.9

Consolidated reserves and retained earning	Other comprehensive income (expense)	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
270.6	(6.5)	410.3	73.6	483.9
-	-	-	-	-
270.6	(6.5)	410.3	73.6	483.9
46.8	-	46.8	3.4	50.2
-	(5.5)	(5.5)	(0.2)	(5.7)
46.8	(5.5)	41.3	3.2	44.5
-	1.3	1.3	-	1.3
(25.7)	-	(25.7)	-	(25.7)
-	-	-	-	-
(93.5)	-	(25.6)	-	(25.6)
-	(0.2)	(0.2)	-	(0.2)
-	-	-	-	-
-	4.8	4.8	(10.1)	(5.3)
198.1	(6.1)	406.1	66.9	472.9

## 4. Consolidated statement of cash flows

<i>in € millions</i>	Notes	2020	2019 restated*
Profit from continuing operations		49.4	60.0
Elimination of share of profit (loss) of associates and joint ventures	18.1.1	-	-
Provisions, depreciation, amortisation and impairment	18.1.1	47.4	70.0
Elimination of the impact of residual interest in leased assets	18.1.1	(3.1)	3.2
Other non-cash expenses (income)	18.1.1	(20.2)	(24.8)
<b>Cash flows from operating activities after cost of net debt and income tax</b>		<b>73.5</b>	<b>108.3</b>
Income tax expense	7	18.5	18.0
Cost of net debt	18.1.2	15.2	15.0
<b>Cash flows from operating activities before cost of net debt and income tax (a)</b>		<b>107.2</b>	<b>141.3</b>
Change in working capital requirement (b), o/w:	18.1.3	139.5	14.4
<i>Net investments in self-funded TMF contracts</i>		52.6	7.7
<i>Other changes in working capital requirement</i>		86.9	6.5
Income tax paid before tax credits (c)		(14.2)	(29.6)
<b>Net cash flows from (used in) operating activities (a + b + c = d)</b>	<b>18.1</b>	<b>232.6</b>	<b>126.2</b>
Acquisition of property, plant and equipment and intangible assets		(17.1)	(22.8)
Disposal of property, plant and equipment and intangible assets		3.5	1.9
Acquisition of non current financial assets		(2.7)	(5.9)
Disposal of non current financial assets		1.4	0.7
Acquisition/disposal of companies and businesses, net of cash acquired/disposed		140.4	(0.7)
<b>Net cash from (used in) investing activities (e)</b>	<b>18.2</b>	<b>125.5</b>	<b>(26.9)</b>

\* In accordance with IFRS 5, the restatement of the 2019 figures reflects the reclassification of operations considered discontinued in 2020 to Net change in cash and cash equivalents from discontinued operations.

<i>in € millions</i>	Notes	2020	2019 restated*
OCEANE buybacks		(9.7)	-
Capital increase		-	0.7
Purchases of treasury shares (net of sales)		(25.6)	(26.0)
Compensation of shareholders during the period		(25.7)	(27.5)
Changes in refinancing liabilities on lease contracts and liabilities on self-funded contracts		(14.0)	(6.9)
Increase in financial liabilities		45.1	1.7
Refund of financial liabilities		(57.7)	(40.7)
Net change in commercial paper		(159.5)	23.6
Main components of payments coming from leases		(24.8)	(26.8)
Interest paid		(15.2)	(15.9)
<b>Net cash from (used in) financing activities (f)</b>	<b>18.3</b>	<b>(287.1)</b>	<b>(117.8)</b>
Impact of exchange rates on cash and cash equivalents (g)		(1.9)	0.6
Net change in cash and cash equivalents from discontinued operations (h)	2.2.5	3.9	(11.4)
<b>Change in net cash and cash equivalents (d + e + f + g + h)</b>		<b>72.9</b>	<b>(29.3)</b>
<b>Net cash and cash equivalents at beginning of period<sup>(1)</sup></b>	<b>14.1/18</b>	<b>575.6</b>	<b>604.8</b>
<b>Change in cash and cash equivalents</b>		<b>72.9</b>	<b>(29.3)</b>
<b>Net cash and cash equivalents at end of period<sup>(1)</sup></b>	<b>14.1/18</b>	<b>648.5</b>	<b>575.6</b>

\* In accordance with IFRS 5, the restatement of the 2019 figures reflects the reclassification of operations considered discontinued in 2020 to Net change in cash and cash equivalents from discontinued operations.

<sup>(1)</sup> Net of bank overdrafts: €0.8 million at 31 December 2020 and €18.2 million at 31 December 2019.

Key movements in the consolidated statement of cash flows are explained in note 18.

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# 1. Basis of preparation

The consolidated financial statements of Econocom group ("the Group") for the year ended 31 December 2020 include:

- the financial statements of Econocom group SE;
- the financial statements of its subsidiaries;
- the share of the net assets and profit (loss) of associates and joint ventures.

Econocom is an independent group that designs, finances and oversees companies' digital transformation.

Econocom group SE, the Group's parent company, is a European company (*societas Europaea*) with its registered office at Place du Champ de Mars, 5, 1050 Brussels.

The Company is registered with the Brussels companies registry under number 0422 646 816 and is listed on Euronext Brussels.

The Board of Directors Meeting of 24 March 2021 adopted and authorised the publication of the consolidated financial statements for the year ended 31 December 2020. These financial statements will only be deemed final once they have been approved by the shareholders at the Annual General Meeting on 18 May 2021.

## 1.1. Guidelines applied

As required by European Commission Regulation No. 1606/2002 dated 19 July 2002, Econocom's consolidated financial statements for the 2020 financial year have been prepared in accordance with the International Financial reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union.

The accounting principles applied at 31 December 2020 are the same as those used for the year ended 31 December 2019, except for the new standards and interpretations applicable as of 1 January 2020 (see 1.1.1).

These financial statements do not take into account any draft standards or interpretations which, at the end of the reporting date, were being developed as exposure drafts by the IASB (International Accounting Standards Board) or IFRIC (International Financial reporting Interpretations Committee).

All the standards adopted by the European Union are available on the European Commission website at the following address:

**[https://ec.europa.eu/info/  
business-economy-euro/  
company-reporting-and-auditing/  
company-reporting/financial-reporting\\_en](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en)**

### 1.1.1. STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AND APPLICABLE AT 1 JANUARY 2020

The standards, amendments to standards and interpretations, published by the IASB and presented below are mandatory since 1 January 2020.

The following standards did not have a material impact on the Group's financial statements:

- amendment “Modifications of references in the Conceptual Framework in IFRS”;
- amendments IAS 1 and IAS 8 “Definition of materiality”;
- amendments of IFRS 3 “Definition of a business”;
- amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 as part of the reform benchmark rates; and
- amendments to IFRS 4 “Extension of the temporary exemption from applying IFRS 9 “Financial instruments””.

### 1.1.2. STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED BY THE EUROPEAN UNION

Pending their definitive adoption by the European Union, the Group has not anticipated the application of the following standards and interpretations:

- amendments to IFRS 3 “Reference to the conceptual framework”, mandatory from 1 January 2022;
- amendments to IAS 37 “Onerous Contracts – Cost of fulfilling a contract”, mandatory from 1 January 2022;
- amendments to IAS 16 “Property, plant and equipment – Proceeds before intended use”, mandatory from 1 January 2022;
- annual improvements for 2018-2020, mandatory from 1 January 2022;

- IFRS 17 “Insurance contracts”, the application of which is mandatory from 1 January 2023;
- amendments to IAS 1 “Classification of liabilities as current or non-current”, mandatory from 1 January 2023; and
- amendment IFRS 10 and IAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”.

The Group is currently in the process of assessing any impacts of the first application of these texts.

## 1.2. Basis for preparation and presentation of the consolidated financial statements

All amounts in the Consolidated financial statements are presented in € millions. The fact that figures have been rounded off to the nearest decimal point may, in certain cases, result in minor discrepancies in the totals and sub-totals in the tables and/or in the calculation of percentage changes.

### 1.2.1. BASIS FOR REPORTING

These accounting policies set out below have been consistently applied to all the years presented in the financial statements.

The financial statements were prepared on a historical cost basis, with the exception of:

- certain financial assets and liabilities which are measured at fair value;
- non-current assets held for sale, which are recognised and measured at the lower of net book value and fair value less costs to sell as soon as their sale is deemed highly probable. They are no longer amortised once they are classified as assets (or a group of assets) held for sale.

### 1.2.2. CHANGES IN PRESENTATION AND ACCOUNTING POLICIES

Outside the standards, amendments, interpretations adopted by the European Union and applicable on 1 January 2020, the Group has not made any changes in accounting policies.

### 1.2.3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of Econocom group's consolidated financial statements requires the use of estimates and assumptions by Management which may affect the book value of certain items in assets and liabilities, income and expenses, and the information disclosed in the notes to the consolidated financial statements.

Estimates and assumptions are made on the basis of past experience and other elements considered realistic or reasonable, and are a basis for the exercise of judgment in determining the book value of assets and liabilities.

The Group uses discount rate assumptions (based on market data) to estimate assets and liabilities.

Group Management regularly reviews its estimates and assumptions in order to ensure that they accurately reflect both past experience and the current economic situation.

Depending on changes in these assumptions, the items in its financial statements could differ significantly, which would affect the value of assets, liabilities, equity or the income statement. The impact of changes in accounting estimates is recognised in the period in which the change occurred and all future affected periods.

The main estimates and assumptions used by the Group are set out in the relevant

sections in the notes to the financial statements and cover:

- the valuation and useful lives of operating assets, property, plant and equipment, intangible assets and goodwill and any counterparties thereof;
- the amount of provisions for risks and other provisions related to the activity as well as;
- the assumptions used to calculate employee benefit obligations and sharebased payments;
- the valuation of the Group's residual interests in leased assets;
- the amounts of deferred tax assets and liabilities as well as the current tax expense;
- the valuation methods for identifiable assets and liabilities acquired as part of business combinations;
- determining the fair value of financial instruments.

For these estimates, the Group applies the following accounting policies:

- impairment of goodwill (note 9.3): each year, the Group reviews the value of the goodwill in its consolidated financial statements. These impairment tests are particularly sensitive to medium-term financial projections and to the discount rates used to estimate the value in use of CGUs;
- provisions (note 16): provisions are recognised to cover probable outflows of resources to a third party with no equivalent consideration for the Group. They include provisions for litigation of any nature which are estimated on the basis of the most probable, conservative settlement assumptions. To determine these assumptions, Group Management relies, where necessary, on assessments made by external consultants;

## 06 consolidated financial statements

notes to the consolidated financial statements

- measurement of provisions for pensions (see note 17): an actuary calculates the provision for retirement benefits using the projected unit credit method. This calculation is particularly sensitive to assumptions regarding the discount rate, salary increase rate and employee turnover rate;
  - valuation of the stock options and free shares granted since November 2002: the actuarial formulae used are sensitive to assumptions concerning employee turnover, changes in and volatility of the share price of Econocom group SE, as well as the probability of Management achieving its objectives (see note 15.3.1);
  - assessments of the probability of recovering the tax loss carry forwards and tax credits of the Group's subsidiaries (see note 7 on tax loss carry forwards);
  - valuation of the Group's residual interest in leased assets: this valuation is performed using the method described in note 11.1 and verified each year using statistical methods.
- In addition, the Group is required to exercise critical judgment to determine:
- the valuation of the Group's residual interests in leased assets;
  - the qualification of dealer-lessor in sale & lease-back contracts;
  - the distinction between "agent" and "principal" for revenue recognition;
  - the derecognition of financial assets and liabilities;
  - identification of an asset or group of assets as held for sale, and discontinued operations.

## 2. Basis and scope of consolidation

### 2.1. Accounting principles related to the scope of consolidation

#### 2.1.1. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of Econocom group SE and all the subsidiaries it controls.

According to IFRS 10, an investor controls an investee if and only if the investor has all of the following:

- power over the investee, *i.e.*, the ability to direct the activities that significantly affect the investee's returns;
- exposure to the investee's variable returns, which may be positive, in the form of a dividend or any other economic or negative benefit; and
- the ability to use its power over the investee to affect the amount of the investor's returns

The assets, liabilities, income and expenses of subsidiaries are fully consolidated in the consolidated financial statements and the share of equity and profit attributable to non-controlling interests is presented separately under non-controlling interests in the consolidated statement of financial position and income statement.

All intragroup assets, liabilities, equity, income, expenses and cash flows arising from

transactions between entities within the Group are fully eliminated on consolidation.

Investments in associates and joint ventures are consolidated using the equity method. Under this method, the investment is initially recognised at cost and adjusted to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. If the Group's share in an associate's losses is greater than its investment in that associate, the Group ceases to recognise its share in future losses. Additional losses are only recognised if the Group is under a legal or constructive obligation to do so or if it has made payments on behalf of the associate.

#### 2.1.2. BUSINESS COMBINATIONS (AND GOODWILL)

Acquisitions of businesses are accounted for using the acquisition method, in accordance with IFRS 3. The cost of a business combination (or "consideration transferred") is calculated as the aggregate of the acquisition-date fair values of:

- the assets transferred by the Group;
- the liabilities acquired by the Group from the former owners of the acquiree; and
- the equity interests issued by the Group in exchange for control of the acquiree.

The Group may choose whether to measure non-controlling interests at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Acquisition-related expenses are expensed as incurred.

### **Measuring business combinations (or goodwill)**

The difference between the consideration transferred and the acquirer's share in the fair value of the identifiable assets and liabilities and contingent liabilities at the acquisition date is recognised in goodwill on a separate line in the financial statements. These items may be adjusted within 12 months of the acquisition date (measurement period). Any contingent consideration due is recognised at its acquisition-date fair value and included in the cost of the combination. Subsequent changes in the fair value of contingent consideration are taken to profit or loss.

### **Acquisitions carried out on favourable terms**

If, after remeasurement, the net of the acquisition-date amounts of the identifiable assets acquired and the financial liabilities assumed in a business combination exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

### **Measuring non-controlling (minority) interests**

Non-controlling interests entitle the holders to a proportionate share of the entity's net assets in the event of liquidation. Consequently, for each business combination, non-controlling interests can be initially measured:

- at fair value, resulting in the recognition of additional goodwill (the "full goodwill" method); or
- at the non-controlling interest's proportionate share in the recognised amounts of the acquiree's net identifiable assets (the "partial goodwill" method).

### **Changes in ownership interest**

The recognition of subsequent changes in ownership interest (through acquisitions of additional interests or disposals) depends on the definition of the impact on the control of the entity in question.

If control is not affected by the change in ownership interest, the transaction is regarded as between shareholders. The difference between the purchase (or sale) value and the book value of the interest acquired (or sold) is recognised in equity.

If control is affected (as is the case, for example, for business combinations achieved in stages), the interest held by the Group in the acquiree before the business combination is remeasured at fair value through profit or loss.

## Impairment of goodwill

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses, determined in accordance with the method described in note 9.3.

Goodwill impairment losses are recorded under “Non-recurring operating income and expenses” within profit (loss) from operating activities in the consolidated income statement.

### 2.1.3. TRANSLATION OF FOREIGN CURRENCIES

#### 2.1.3.1. Functional currency and presentation currency

The items in the financial statements of each Group entity are measured using the currency of the primary economic environment (or “functional currency”) in which the entity operates.

The consolidated financial statements presented in this report were prepared in euros, which is the Group’s presentation currency.

#### 2.1.3.2. Recognition of foreign currency transactions

For the purpose of preparing the financial statements of each entity, foreign currency transactions of subsidiaries (*i.e.*, currencies other than the entity’s functional currency) are recorded using the exchange rates prevailing at the transaction date.

Monetary items denominated in foreign currencies are translated at the end of each reporting period at the year-end rate.

Foreign exchange gains and losses resulting from this translation at year-end exchange rates, or arising on the settlement of these monetary items, are recognised in the income statement for the period in which they occur.

Non-monetary items denominated in foreign currencies and recognised at fair value are translated using the exchange rate prevailing at the date the fair value was determined. Non-monetary items denominated in foreign currencies and measured at historical cost are not remeasured.

When a gain or loss on a non-monetary item is recognised directly in equity, the “currency” component of this gain or loss is also recognised in equity. Otherwise, this component is recognised in profit or loss for the period.

#### 2.1.3.3. Translation of the financial statements of foreign entities

The results and financial positions of the Group’s entities with functional currencies other than the presentation currency are translated into euros as follows:

- balance sheet items other than equity are translated at the year-end exchange rate;
- income statement and statement of cash flow items are translated at the average exchange rate for the year;
- all resulting exchange differences are recognised under “Foreign currency translation adjustments” within other comprehensive income.

#### 2.1.4. LIABILITIES UNDER PUT AND CALL OPTIONS

The Group may grant put options to non-controlling shareholders of some of its subsidiaries. The exercise price of these options is generally measured based on future performance and profitability. These options may be exercised at any time or on a specific date.

The Group initially recognises a liability corresponding to the exercise price of put options granted to non-controlling shareholders of the entities concerned. The offsetting entry for this liability is deducted from equity.

The difference between the Group's liability under put options and the book value of the non-controlling interests is recognised as a deduction from equity attributable to owners of the parent. Put options are remeasured each year; any subsequent changes in the option relating to changes in estimates or to the unwinding of the discount on the option are also recognised in equity. Changes in the liability under put options on non-controlling interests are accounted for in line with the treatment applied upon the acquisition of non-controlling interests.

If the option expires without being exercised, the book value of the financial liability is reclassified to equity.

#### 2.1.5. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" requires a specific

accounting treatment and presentation of assets held for sale and discontinued operations (corresponding to operations that have been disposed of or classified as held for sale).

A non-current asset or group of directly related assets and liabilities, is classified as "held for sale" if its book value will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or asset group) must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to the sale and the sale should be expected to qualify for recognition as a completed sale within one year of the date of classification.

These assets (or disposal group) are measured at the lower of their book value and estimated sale price less costs to sell. These assets cease to be amortised from the moment they qualify as "assets (or group of assets) held for sale". They are presented on a separate line on the Group balance sheet, without restatement of previous periods.

An operation discontinued, sold, or held for sale is defined as a component of an entity with cash flows that can be clearly distinguished from the rest of the entity and which represents a major, separate line of business or area of operations. For all published periods, income and expense relating to discontinued operations are presented separately in the income statement under "Profit (loss) from discontinued operations" and are restated in the statement of cash flows.



### Profit from discontinued operations

A discontinued operation is a component which the Group has either disposed of or has classified as held for sale, and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single, coordinated plan to dispose of a separate major line of business or geographical area of operations; or

- is a subsidiary acquired exclusively with a view to resale.

Profit from discontinued operations includes:

- the post-tax profit or loss of discontinued operations generated up until the disposal date, or until the end of the reporting period if the business was not disposed of by the year-end;
- the post-tax gain or loss recognised on the disposal of continued operations that have been disposed of by the year-end.

## 2.2. Changes in the scope of consolidation

Econocom group's scope of consolidation is presented in note 2.3 "Main consolidated companies".

### 2.2.1. ACQUISITIONS DURING THE YEAR

During the second half of 2020, Econocom group signed with the Bourbon group the takeover of Les Abeilles, a French specialist in towing and rescue on the high seas.

### 2.2.2. CHANGES IN OWNERSHIP INTEREST

#### Exaprobe and its subsidiaries

In the first half of 2020, the Group exercised a purchase option regarding a non-controlling interest, increasing its stake from 90% to 95%.

During the second half of the year, the Group exercised another purchase option, increasing its stake to 100%.

In the last quarter of 2020, the Group then sold 20% of its shares; the percentage of

interest is therefore stood at 80% as of 31 December 2020.

#### Altabox

In the second half of the year, the Group acquired an additional 5% stake following the exercise of a put option; increasing the stake from 75.03% to 80.01%.

#### Asystel Italia

In the second half of 2020, the Group exercised its purchase option regarding certain non-controlling interests; increasing its stake from 51% to 70%.

#### Bizmatica group

The Group has exercised its call option vis-à-vis the minority shareholders; the percentage of interest has increased from 70% to 100%.

#### Energy Net

At the end of the year, the Group acquired the remaining 20% of the shares by exercising its purchase options, increasing its stake to 100% as of 31 December 2020.

### 2.2.3. CREATION OF COMPANIES

There was no significant company creation in 2020.

### 2.2.4. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE, DISCONTINUED OPERATIONS

In 2020, the Board of Directors updated the list with some non-strategic activities and entities intended to be discontinued or disposed of. Consequently, the financial statements at December 2019 have been restated in order to ensure comparability of periods, reclassifying the 2019 Profit (loss) of

these entities as “Net income from discontinued operations” in accordance with IFRS 5.

#### Impacts on the income statement and statement of cash flows

The net income from these activities is presented on a distinct line of the income statement, under “Net income from discontinued operations”. In accordance with IFRS 5, comparative figures are restated. The application of IFRS 5 impacts the 2020 and 2019 consolidated income statements as follows:

<i>in € millions</i>	2020	2019
Revenue from continuing operations	(97.2)	(173.8)
Operating expenses*	95.8	177.4
<b>Profit (loss) from current operating activities</b>	<b>(1.4)</b>	<b>3.6</b>
Other non-recurring operating income and expenses	(3.0)	6.4
<b>Profit (loss) from operating activities</b>	<b>(4.4)</b>	<b>10.0</b>
Other financial income and expenses	0.4	4.1
<b>Profit (loss) before tax</b>	<b>(4.0)</b>	<b>14.1</b>
Income tax expense	3.3	(2.7)
<b>Profit (loss) from discontinued operations</b>	<b>0.7</b>	<b>(11.4)</b>

\* In accordance with IFRS 5, property, plant and equipment was not amortised, amortisations which would have represented €8.8 million in 2020, versus €7.2 million in 2019.

Cash flows from discontinued operations are also presented on a separate line of the statement of cash flows. In accordance with IFRS 5, comparative figures are

restated. The application of IFRS 5 impacts the 2020 and 2019 consolidated cash flow tables as follows:

<i>in € millions</i>	2020	2019
Net cash flows from (used in) operating activities	4.3	10.1
Net cash from (used in) investing activities	(7.7)	1.2
Net cash from (used in) financing activities	(0.6)	0.2
Impact of change in exchange rate	0.1	(0.2)
<b>Net cash from (used in) discontinued operations</b>	<b>3.9</b>	<b>(11.4)</b>

## Assets and liabilities held for sale

The assets and liabilities of these activities are presented on separate lines of the statement of financial position. At 31 December 2020, the application of IFRS 5 impacted the consolidated statement of financial position as follows:

<i>in € millions</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
Non-current assets	33.1	124.6
Current assets	34.6	73.1
Cash and cash equivalents	6.6	3.4
<b>Assets held for sale</b>	<b>74.3</b>	<b>201.1</b>
Non-current liabilities	5.6	9.0
Current liabilities	23.8	74.3
<b>Liabilities held for sale</b>	<b>29.5</b>	<b>83.3</b>

### 2.2.6. ADJUSTMENTS TO ACQUISITIONS MADE IN THE PREVIOUS FINANCIAL YEAR

No material adjustments were made to acquisitions made in the previous financial year.

### 2.2.7. DISPOSALS FOR THE FINANCIAL YEAR

#### Econocom Business Continuity

On 30 June 2020, the Group sold all the shares in Econocom Business Continuity to the investment company Chequers Capital, resulting in a capital gain, that impacted the "Profit (loss) from discontinued operations" line on the income statement.

#### Cineolia

On 28 July 2020, the Group sold its subsidiary. The transaction generated a capital gain for the Group, that impacted the "Profit (loss) from discontinued operations" line on the income statement.

#### Econocom Digital Security

On 30 September 2020, the Group sold its shares in Econocom Digital Security to Atos group. The capital gain is recognised in the income statement under "Other non-recurring operating income and expenses".

## 2.3. Main consolidated companies

The Group's main fully consolidated subsidiaries were as follows:

Country	Company	2020		2019	
		% interest	% control	% interest	% control
<b>Holding companies</b>					
Belgium	Econocom Finance SNC	100.00%	100.00%	100.00%	100.00%
France	Econocom SAS	100.00%	00.00%	100.00%	100.00%
<b>Technology Management &amp; Financing</b>					
Germany	Econocom Deutschland GmbH	100.00%	100.00%	100.00%	100.00%
Belgium	Atlance SA/NV	100.00%	100.00%	100.00%	100.00%
Belgium	Econocom Lease SA/NV	100.00%	100.00%	100.00%	100.00%
Spain	Econocom SA (Spain) <sup>(1)</sup>	100.00%	100.00%	100.00%	100.00%
US	Econocom Corporation	100.00%	100.00%	100.00%	100.00%
France	Atlance SAS	100.00%	100.00%	100.00%	100.00%
France	Cineolia SAS	-	-	60.00%	60.00%
France	Econocom France SAS	100.00%	100.00%	100.00%	100.00%
France	Les Abeilles	100.00%	100.00%	-	-
Ireland					
Italy	Econocom International Italia SpA <sup>(1)</sup>	100.00%	100.00%	100.00%	100.00%
The Netherlands	Econocom Nederland BV	100.00%	100.00%	100.00%	100.00%
The Netherlands					
Poland	Econocom Polska SP z.o.o	100.00%	100.00%	100.00%	100.00%
UK	Econocom Ltd	100.00%	100.00%	100.00%	100.00%
<b>Digital Services &amp; Solutions</b>					
Germany	Energy Net	100.00%	100.00%	80.00%	80.00%
Austria	Econocom Austria GmbH (formerly Osiatis Compute Services)	100.00%	100.00%	100.00%	100.00%
Belgium	Econocom Managed Services SA/NV	100.00%	100.00%	100.00%	100.00%
Belgium	Econocom Products & Solutions Belux SA/NV	100.00%	100.00%	100.00%	100.00%
Brazil	Econocom Brazil group	100.00%	100.00%	100.00%	100.00%
Spain	Com 2002 SL Nexica	100.00%	100.00%	100.00%	100.00%
Spain	Econocom Servicios (formerly Econocom Osiatis SA)	100.00%	100.00%	96.51%	96.51%
Spain	Altabox <sup>(2)</sup>	80.01%	80.01%	75.03%	75.03%
Spain	Caverin	100.00%	100.00%	100.00%	100.00%
Spain, Brazil, Mexico	Gigigo group	100.00%	100.00%	100.00%	100.00%
France/US/Canada	Exaprobe/Aciernet group <sup>(2)</sup>	80.00%	80.00%	90.00%	100.00%
France	Alter Way group	64.45%	64.45%	64.45%	64.45%
France	Aragon eRH	100.00%	100.00%	100.00%	100.00%
France	ASP Serveur SAS	100.00%	100.00%	100.00%	100.00%

Country	Company	2020		2019	
		% interest	% control	% interest	% control
France	Digital Dimension SAS	100.00%	100.00%	100.00%	100.00%
France	Econocom Digital Security SAS	-	-	65.50%	65.50%
France	Econocom Products & Solutions SAS	100.00%	100.00%	100.00%	100.00%
France	ESR SAS	100.00%	100.00%	100.00%	100.00%
France	Helis SAS	63.02%	63.02%	63.02%	63.02%
France	Infeeny group	93.77%	93.77%	95.68%	95.68%
France	Econocom Business Continuity	-	-	100.00%	100.00%
France	Econocom Infogérance Systèmes	100.00%	100.00%	100.00%	100.00%
France	Econocom-Osiatis Ingénierie SAS	100.00%	100.00%	100.00%	100.00%
Italy/Poland	Bizmatica group <sup>(2)</sup>	100.00%	100.00%	70.00%	70.00%
Italy	Asystel Italia <sup>(2)</sup>	70.00%	70.00%	51.00%	51.00%
Italy	BDF	100.00%	100.00%	100.00%	100.00%
Luxembourg	Econocom PSF SA	100.00%	100.00%	100.00%	100.00%
Luxembourg, France, Germany, Romania, USA/Ita./Spain	SynerTrade group	100.00%	100.00%	100.00%	100.00%
Netherlands, Belgium	BIS group	100.00%	100.00%	100.00%	100.00%
UK	JTRS <sup>(3)</sup>	45.00%	45.00%	45.00%	45.00%

(1) Econocom International Italia SpA was also involved in the Digital Services & Solutions business in 2019.

(2) Change in interest and control rates: see section 2.2.3.

(3) JTRS was consolidated under the equity method as of 31 December 2020.

## 2.4. Contingent acquisition-related liabilities

The contingent acquisition-related liabilities include options to commit to buy back non-controlling interests, contingent consideration and deferred payments, most of which have been granted subject to attainment of future financial targets. They are thus dependent on the estimated future performance of the entities concerned (e.g. EBIT multiples, expected future cash flows, etc.).

At the end of 2020, the Group has call options (and non-controlling shareholders

have put options) on the remaining shares it does not already own, allowing it to acquire all or part of the share capital of the following entities: Altabox, Alter Way, Asystel Italia, Bizmatica, Exaprobe, Helis, and Infeeny. Under these options, Econocom agreed to acquire the shares and also has the right to be sold the shares by the non-controlling shareholders.

The table below shows changes in contingent acquisition-related liabilities over the year:

<i>in € millions</i>	<b>Put and call options on non-controlling interests</b>	<b>Contingent consideration</b>	<b>Deferred payments</b>	<b>Total contingent acquisition-related liabilities</b>	<b>Current portion</b>	<b>Non-current portion</b>
<b>31 Dec. 2019</b>	<b>59.1</b>	<b>3.8</b>	<b>3.0</b>	<b>66.0</b>	<b>28.0</b>	<b>38.0</b>
Disposals and IFRS 5	(7.9)	-	-	(7.9)		
Increases against equity or goodwill	-	2.0	-	2.0		
Disbursements	(9.6)	(0.4)	(2.7)	(12.7)		
Change in fair value through equity	14.1	-	-	14.1		
Reclassification	(5.2)	-	5.2	-		
Change in fair value through profit (loss) from non-current operating activities	-	(0.7)	0.8	0.1		
Change in fair value through profit (loss) from current operating activities	0.3	-	-	0.3		
<b>31 Dec. 2020</b>	<b>50.9</b>	<b>4.8</b>	<b>6.3</b>	<b>61.9</b>	<b>13.5</b>	<b>48.5</b>

Put options on non-controlling interests are classified in "Other liabilities", with changes in fair value recognised in equity.

Contingent consideration and deferred payments are classified within financial liabilities (see note 13.3).

## 2.5. Main impacts of the Covid-19 pandemic

As covered in chapter 1 of the Management Report, the Econocom group managed to limit the fall in its revenue to 12.2% (11.3% organic). The Digital Services & Solutions business line even managed to contain the decline in revenue to 5.9%, recording growth of 4.7% in the fourth quarter of 2020.

Group costs in 2020 were €5.6 million, of which €2.5 million in additional costs (purchases of masks, hand gel etc.) and €2.7 million from idle human resources (net of subsidies granted by governments of countries where we are active). In addition, losses on receivables that have become irrecoverable due to the crisis linked to the Covid-19 pandemic represented an insignificant amount at the end of December 2020.

All these costs are presented under “Other non-current operating expenses” as referred to in note 5. “Other non-current operating income and expenses”.

The impairment tests on goodwill and other long term assets (using methods and assumptions described in 9.3.) had no impact on the other non-current operating expenses.

In terms of net cash at bank and net book debt, the measures taken to reduce the working capital requirement as well as the disposal of non-strategic assets enabled the Group:

- do without states' guaranteed loans; and, finally
- achieve its debt reduction target by 31 December 2020, despite the crisis.

### 3. Segment information

The segment information presented in accordance with IFRS 8 has been prepared on the basis of internal management data disclosed to the Executive Committee, the Group’s primary operating decision-maker with respect to allocating resources and assessing performance.

On 1 January 2019, the Group created a new reporting segment, Digital Services & Solutions (DSS), which combines the former

Services and Products & Solutions segments. Over time, the distinction between these businesses had lost its relevance given the Group’s positioning as an integrator of digital solutions that combine products, software and services.

Consequently, the Group’s business is now broken down into two operating business segments:

Combined strategic operating business segments	Description	Countries
Technology Management & Financing	Innovative, tailored financing solutions to ensure more effective administrative and financial management of the ICT and digital assets of the businesses.	Germany, Belgium, Canada, Spain, United States, France, Great Britain, Ireland, Italy, Luxembourg, Netherlands, Poland.
Digital Services & Solutions	Using our expertise to support the transformation to the new digital world (in consulting, infrastructure management, development of applications and integration of digital solutions) and with services ranging from the design to roll-out of solutions, and from the sale of hardware and software (PCs, tablets, servers, printers, licences, digital devices, etc.) to systems integration.	Germany, Austria, Belgium, Canada, Spain, United States, France, Italy, Luxembourg, Morocco, Netherlands.

Each segment has a specific profitability profile and has its own characteristics; segments are managed depending on the type of products and services sold in their economic and geographical environments.

Sales and transfers between segments are carried out on arm’s-length terms and are eliminated according to standard consolidation principles.



### 3.1. Information by operating business segment

The following table presents the contribution of each operating business segment to the Group's results:

<i>in € millions</i>	<b>Technology Management &amp; Financing</b>	<b>Digital Services &amp; Solutions</b>	<b>Total</b>
<b>2020 revenue</b>			
Revenue from external customers	912.6	1,646.1	2,558.7
Internal operating revenue	4.9	210.0	214.9
<b>Total – Revenue from operating segments</b>	<b>917.5</b>	<b>1,856.1</b>	<b>2,773.6</b>
<b>Profit (loss) from current operating activities<sup>(1)</sup></b>	<b>37.0</b>	<b>85.5</b>	<b>122.5</b>
Amortisation of intangible assets from acquisitions	(2.1)	-	(2.1)
<b>Profit (loss) from continuing Profit (loss) from current operating activities</b>	<b>34.9</b>	<b>85.5</b>	<b>120.4</b>

<sup>(1)</sup> Before amortisation of intangible assets from acquisitions.

<i>in € millions, restated*</i>	<b>Technology Management &amp; Financing</b>	<b>Digital Services &amp; Solutions</b>	<b>Total</b>
<b>2019 revenue</b>			
Revenue from external customers	1,134.7	1,779.3	2,914.0
Internal operating revenue	2.9	267.2	270.0
<b>Total – Revenue from operating segments</b>	<b>1,137.6</b>	<b>2,046.5</b>	<b>3,184.0</b>
<b>Profit (loss) from current operating activities<sup>(1)</sup></b>	<b>44.0</b>	<b>83.6</b>	<b>127.6</b>
Amortisation of intangible assets from acquisitions	(2.0)	-	(2.0)
<b>Profit (loss) from current operating activities</b>	<b>42.0</b>	<b>83.6</b>	<b>125.6</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

<sup>(1)</sup> Before amortisation of intangible assets from acquisitions.

## 06 consolidated financial statements

notes to the consolidated financial statements

Internal transactions include:

- sales of goods and services: the Group ensures that these transactions are performed at arm's length and that it does not carry any significant internal margins;
- cross-charging of overheads and employee benefits expense.

The Group's segment profit corresponds to "Profit (loss) from current operating activities". This corresponds to profit (loss) from operating activities before non-recurring operating income and expenses and amortisation of intangible assets from acquisitions.

### 3.2. Breakdown of revenue by geographical area

<i>in € millions</i>	Revenue by geographical area (origin)	
	2020	2019 restated*
France	1,446.0	1,544.2
Benelux	347.0	393.4
Southern Europe	444.5	528.6
Northern & Eastern Europe	226.3	261.1
Americas	94,9	186.7
<b>Total</b>	<b>2,558.7</b>	<b>2,914</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

## 4. Profit (loss) from current operating activities

Profit (loss) from current operating activities includes all income and expenses that arise directly from the Group's business, both recurring items and items resulting from one-off decisions or transactions.

Profit (loss) from current operating activities, representing profit (loss) from operating activities restated for other non-recurring income and expenses, is an analytical line item intended to facilitate the understanding of the Group's operating performance.

### 4.1. Income from contracts with customers

Revenue from contracts with customers by business line breaks down as follows:

<i>in € millions</i>	2020	2019 restated*
Technology Management & Financing	912.6	1,134.7
Digital Services & Solutions	1,646.1	1,779.3
<b>Total revenue from continuing operations</b>	<b>2,558.7</b>	<b>2,914.0</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

#### 4.1.1. REVENUE RECOGNITION: ACCOUNTING PRINCIPLES

##### Revenue recognition

The revenue recognition method varies depending on the nature of the performance obligations of the contract binding Group entities and their respective customers. Performance obligations are the goods or services promised in the contract.

The performance obligation is the unit of account for revenue recognition: the price of the contract is allocated to each individual performance obligation, and a pattern of revenue recognition is determined for each such obligation.

Econocom recognises revenue when it has satisfied (or as it satisfies) a performance

obligation by providing the customer with the promised good or service.

A performance obligation is satisfied when control of the good or service is transferred to the customer. This transfer may take place at a point in time or over time. Revenue is recognised:

- over time when one of the following conditions is fulfilled:
  - ▶ the customer receives the benefits of the service as the entity performs such services,
  - ▶ the customer obtains control of the asset as the asset is created,
  - ▶ the final asset has no alternative use for the entity and the entity has an enforceable right to payment for performance completed to date;

- in full at a point in time, namely at completion, in all other cases.

### Application to the Group's various businesses

#### Sale of assets

Revenue is recognised when the goods are delivered and ownership is transferred, when the following conditions are met:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

#### Finance lease sales

In accordance with IFRS 16, the revenue recognition rules differ depending on the type of contract (see 4.1.2).

#### Sales of services

The following types of contracts and activities are covered:

- *outsourcing contracts*: these contracts are split into a “build” phase and a “run” phase when the deliverables are distinct; revenue from the two phases is recognised as and when control is transferred. For the “build” phase to be deemed distinct, it must be representative of a service from which the customer can benefit distinctly from the delivery of the “run” phase. If this is not the case, the revenue may only be recognised as the recurring services are performed, and the costs of the “Build” phase must be

capitalised if they create a resource that will be used for the future delivery of services;

- *maintenance activities operated by Econocom*: revenue is recognised on a percentage-of-completion basis;
- *activities involving the loan of employees under time-and-materials contracts*: revenue is recognised on a time-spent basis;
- *development of applications under fixed-price contracts*: revenue is recognised on a percentage of completion basis as control is transferred;
- *infrastructure installation projects*: the percentage-of-completion method still applies insofar as the transfer of control takes place over time.

For certain fixed-price contracts providing for a number of different service obligations, the transaction price may sometimes be reallocated to the various performance obligations on a case-by-case basis in order to reflect the economic value of the services rendered (which may differ from their contractual value).

For contracts separated into stages, revenue and margin are recognised depending on the stage of completion in accordance with the method that best reflects the transfer of goods and services to the customer. This results in the recognition of revenue accruals or deferred income when invoicing does not reflect the stage of completion of the work. A contingency provision for the expected loss on a project is recognised if the cost of the project is greater than the expected revenue.

## “Principal” versus “agent” considerations

In the course of its business, the Group may be required to resell equipment, software and services purchased from third parties. For the supply of these goods and services, Econocom may act as either principal or agent.

Econocom is a principal if its “performance obligation” requires it to provide goods and/or underlying services to the customer. This means that Econocom therefore controls the good or service before it is transferred to the customer.

Econocom also records direct deliveries on the principal basis. By direct deliveries, we understand the sale of materials stored in the warehouses of Econocom’s suppliers and shipped directly to the end customer.

These flows are recognised on the principal basis because the Econocom group:

- contractually sets the prices paid by the end customer;
- has the capacity to choose, up until the last moment, whether to go ahead with a direct delivery;
- is responsible to the end customer for acceptance of equipment;
- is responsible for the management of equipment returns if necessary.

The Econocom group is an agent if its “performance obligation” requires it to arrange for a third party to provide goods or underlying services, without being able to direct use and obtain key economic benefits. In this case, Econocom does not control the goods and services before they are transferred to the customer.

Management has made a significant judgement related to principal versus agent considerations. The impact on the presentation of reported revenue is as follows:

- on a gross basis when Econocom is a principal;
- net of the cost of sales when Econocom is an agent.

## Presentation in the balance sheet

Services in progress at the end of the reporting period are recognised in revenue accruals and are estimated based on the sale price. If accrued revenue constitutes an unconditional right to a consideration, *i.e.*, if the passage of time is sufficient for payment of the consideration to fall due, the accrued revenue will constitute a receivable. In all other cases, it constitutes the contract assets. Revenue accruals are classified in “Trade and other receivables”.

Advance payments received from customers and prepaid income are the contract liabilities. They are classified in “Other current liabilities”.

Contract performance costs are costs that are directly assigned to a customer contract and have not yet been rebilled. For example, they may include dedicated inventories in transit, costs allocated to service obligations, transition fees in outsourcing contracts or marginal costs from obtaining contracts (*i.e.*, costs that Econocom would not have incurred if it had not won the contract). These costs are capitalised if Econocom expects to recover them. They are then classified in “Other current assets”.

## 4.1.2. LEASE ACCOUNTING

Virtually all leases entered into by the Technology Management & Financing business as lessor are finance leases, and Econocom acts as a dealer-lessor, although operating leases may also occasionally be contracted.

### 4.1.2.1. Finance leases

The Group identifies finance lease contracts, as opposed to the operating leases, using the criteria set out in IFRS 16. A lease is classified as a finance lease (rather than an operating lease) if it transfers substantially all the risks and rewards incidental to ownership. When determining whether a lease transfers substantially all the risks and rewards incidental to ownership and should therefore be classified as a finance lease, the Group generally uses (i) the fair value criterion (*i.e.*, the lease is a finance lease if, at inception, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset), and then (ii) the economic life criterion (*i.e.*, the lease is a finance lease if the lease term is for the major part of the economic life of the asset even if title is not transferred). At the beginning of the lease, the discounted value of the minimum lease payments must be equal to almost the entire fair value of the leased asset. The thresholds applied are based on those of ASC 840 under US GAAP, *i.e.*, 85% of the fair value of the leased asset and 75% of the asset's economic life. In practice, as it is the Group's policy not to use its equity to fund leases and to limit its risk on residual value, operating leases are fairly rare.

Finance leases where the Group is lessor are mainly refinanced contracts in which:

- the lease contracts and equipment are sold to refinancing institutions at an

all-inclusive price representing the present value of future minimum lease payments receivable and the residual financial value of the equipment;

- residual financial value represents the amount for which the Group undertakes to repurchase the equipment upon expiry of the lease;
- lease payments due by lessees are paid directly to the refinancing institutions on a non-recourse basis, which means that the Group transfers the risk of payment default.

From a legal standpoint, the Group relinquishes ownership of the equipment on the date of sale to the refinancing institution and recovers ownership at the end of the lease term by repurchasing the equipment. In some cases, the Group asks the refinancing institutions to grant it invoicing and payment agency on their behalf. This does not alter the transfer of the risk of payment default from the lessees to the refinancing institutions.

Econocom acts as a dealer lessor and therefore recognises a margin as from the inception of the lease. Revenue, cost of sales and the residual interest in leased assets are recognised progressively as assets are delivered, *pro rata* to the amount of each delivery.

IFRS 16 states that initial recognition of a lease must take place at the commencement of the lease term, *i.e.*, the date from which the lessee is entitled to exercise its right to use the leased asset. The provisions of the Group's General Lease Conditions define this date as the date on which the leased asset is delivered, which is officially confirmed when the Statement of Acceptance is signed.

Certain sales and lease-backs in the event that Econocom is not considered a dealer-lessor the following are recorded:

- in accordance with IFRS 9 (to which IFRS 16 refers) when the conditions for recognising a sale within the meaning of IFRS 15 between the lessee and Econocom are not met;
- in accordance with IFRS 16 (direct finance lease) if the transfer of the asset to Econocom by the lessee meets the criteria set out in IFRS 15.

In both cases, Econocom recognises a financial asset. Revenue is not recognised at the transaction date and financial income relating to operating activities is recognised over the entire lease term based on the interest rate implicit in the lease.

In the case of a sale without recourse to a refinancing institution of a sale and leaseback agreement, only the corresponding margin is recognised at the date of sale.

Regardless if they are sale & lease-back contracts or not, Finance leases are recognised as follows:

#### **Balance sheet**

For each lease, the Group's residual interest in the leased assets (see note 11.1) is recognised in assets and the gross liability for purchases of leased assets (defined in note 11.2) is recognised in liabilities.

#### **Income statement**

Revenue on these contracts corresponds to the present value of future minimum lease payments (corresponding to the payments that the lessee is required to make throughout the realisation period and the lease term).

Financial income not yet acquired from lease payments is recognised in the income statement when the contracts are refinanced.

The impacts of discounting only concern the "Gross liability for purchases of leased

assets" (see note 11.2) and the "Residual interest in leased assets" (see note 11.1) items.

The cost of sales represents the purchase cost of the asset.

The Group's residual interest in the leased assets is deducted from the cost of sales based on its present value.

#### **4.1.2.2. Operating leases**

When the Econocom group retains all the risks associated with the lease and there is no transfer of the main risks and benefits associated with the ownership of the asset, operating leases are recognised as follows:

##### **Balance sheet**

The leased equipment is recorded as an asset in the balance sheet and depreciated on a straight-line basis over the duration of the contract to write it down to its residual value, which represents the Company's residual interest in the asset at the end of the lease term.

##### **Income statement**

Income statement entries are made on a periodic basis with the invoiced lease payments recorded as revenue and the depreciation described above recorded as an expense.

#### **4.1.2.3. Lease extensions**

Revenue is recognised on lease extensions in line with the initial classification of the lease, *i.e.*:

- if the initial contract was classified as an operating lease, revenue from the extension of the lease will be deferred over the period of the lease extension;
- if the initial contract was classified as a finance lease, revenue from the extension of the lease will be recognised in full on the last day of the initial contract.

## 4.2. Employee benefits expense

The following table presents a breakdown of employee benefits expense:

<i>in € millions</i>	<b>2020</b>	<b>2019 restated*</b>
Wages and salaries	(335.2)	(371.8)
Social costs	(115.6)	(130.3)
Other	(18.8)	(17.8)
<b>Total</b>	<b>(469.5)</b>	<b>(520.0)</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

Expenses relating to defined benefit pension plans and included in other employee benefits expense concern the

Group's subsidiaries in France, Italy and Belgium. The characteristics of these plans are set out in note 17.



### 4.3. Government grants

Government grants are recognised as a deduction from costs (e.g. wages and salaries), or within other operating income and expenses, as appropriate.

Government grants are only recognised when the Group is certain to collect them. In accordance with IAS 20, the Group applies different accounting treatment for grants related to assets (or investment subsidies) and grants related to income.

Grants related to assets are recognised in profit or loss over the periods in which the Group expenses the costs that the grants are intended to compensate. In practice, they are recognised over the periods and in the proportions in which depreciation expense is recognised on the depreciable asset covered by the grant, with the deferred income recognised in liabilities. Grants related to income are recognised to offset the costs that they are intended to cover.

In 2020, the Group benefited from various subsidies aimed at limiting the cost of

its unoccupied resources due to the Covid-19 crisis. The net cost of these subsidies is recognised as indicated in section 2.5.

#### Tax credits equivalent to subsidies

Tax credits are accounted for depending on the tax treatment applicable in each country:

- if the tax credit is only calculated based on specific expenses, does not adjust the calculation of the subsidiary's taxable profit, is not limited by the tax liability of the subsidiary, and may be refunded in cash, it is treated as a grant within the meaning of IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance and included within profit (loss) from operating activities;
- in all other cases it is recognised within income tax.

French tax credits known as the *Crédit d'Impôt Recherche* (CIR) are recognised as government grants.

### 4.4. External expenses

The following table presents a breakdown of external expenses:

<i>in € millions</i>	<b>2020</b>	<b>2019 restated*</b>
Fees paid to intermediaries and other professionals	(48.4)	(65.3)
Agents' commissions	(31.3)	(34.3)
External services (rent, maintenance, insurance, etc.)	(10.0)	(11.3)
Other external expenses (subcontracting, public relations, transport, etc.)	(37.9)	(45.8)
<b>Total</b>	<b>(127.7)</b>	<b>(156.7)</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

## 4.5. Additions to and reversals of depreciation, amortisation and provisions

Additions to and reversals of depreciation, amortisation and provisions break down as follows:

<i>in € millions</i>	<b>2020</b>	<b>2019 restated*</b>
Intangible assets: franchises, patents, licences and similar rights, business assets	(33.1)	(39.0)
Property, plant and equipment (leased assets)	-	(0.5)
Other property, plant and equipment	(9.3)	(11.0)
<b>Depreciation and amortisation</b>	<b>(42.4)</b>	<b>(50.5)</b>
<b>Additions to and reversals of provisions for operating contingencies and expenses</b>	<b>1.4</b>	<b>3.2</b>
<b>Total</b>	<b>(41.1)</b>	<b>(47.3)</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

## 4.6. Net impairment losses on current and non-current assets

<i>in € millions</i>	<b>2020</b>	<b>2019 restated*</b>
Impairment of inventories	(1.4)	(2.1)
Reversals of impairment of inventories	1.5	2.4
<b>Net impairment losses/gains – inventories</b>	<b>0.1</b>	<b>0.3</b>
Impairment of doubtful receivables	(23.3)	(16.9)
Reversals of impairment of doubtful receivables	37.8	10.5
Gains and losses on receivables	(3.4)	-
<b>Net impairment losses/gains – trade receivables</b>	<b>11.1</b>	<b>(6.4)</b>
<b>Losses/gains on other asset realisations</b>	<b>(5.8)</b>	<b>(1.2)</b>
<b>Total</b>	<b>5.4</b>	<b>(7.3)</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

## 4.7. Other recurring operating income and expenses

Other recurring operating income and expenses break down as follows:

<i>in € millions</i>	2020	2019 restated*
Cross-charging and indemnities received	15.8	7.9
Capital losses on sales of property, plant and equipment and intangible assets – recurring operating activities	0.1	(0.9)
Cross-charging and indemnities paid	(6.6)	(2.5)
<b>Total</b>	<b>9.3</b>	<b>4.5</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to “Profit (loss) from discontinued operations” in the 2019 income statement.

## 4.8. Net finance income (expense) from operations

The following table breaks down financial income and expenses relating to operating activities by type of income/expenses:

<i>in € millions</i>	2020	2019 restated*
Financial income related to Technology Management & Financing operations	23.7	22.6
Miscellaneous financial income from operating activities	1.1	1.7
<b>Total financial income – operating activities</b>	<b>24.9</b>	<b>24.3</b>
Financial expenses related to Technology Management & Financing operations	(19.1)	(17.9)
Miscellaneous financial expenses from operating activities	(1.7)	(1.4)
Exchange losses	(1.9)	(0.1)
<b>Total financial expenses – operating activities</b>	<b>(22.7)</b>	<b>(19.4)</b>
<b>Total</b>	<b>2.2</b>	<b>4.8</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to “Profit (loss) from discontinued operations” in the 2019 income statement.

Financial income and expenses relating to Technology Management & Financing operations reflect the unwinding of the discount during the year on the gross liability for purchases of leased assets, the Group’s residual interest in leased assets and lease payments outstanding.

Net exchange losses result mainly from fluctuations in the pound sterling and US dollar.

## 5. Other non-recurring operating income and expenses

Non-recurring operating income and expenses mainly include:

- restructuring costs and costs associated with downsizing plans;
- the costs of relocating premises;
- costs relating to acquisitions (acquisition fees);
- changes in the fair value of acquisition-related liabilities (contingent consideration); changes in the fair value of put and call

options to buy out non-controlling interests are recognised directly in equity;

- material gains and losses on disposals of property, plant and equipment and intangible assets, or of operating assets and continuing operations;
- goodwill impairment losses;
- and, more generally, income and expenses that are deemed unusual in terms of their frequency, nature or amount.

<i>in € millions</i>	<b>2020</b>	<b>2019 restated*</b>
Restructuring costs	(13.6)	(27.9)
Cost of vacant space and impairment of fixed assets	(8.6)	(9.9)
Costs linked to the Covid-19 pandemic	(5.6)	-
Other	(8.4)	13.3
<b>Other non-recurring operating income and expenses</b>	<b>(36.2)</b>	<b>(24.5)</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

Costs linked to reorganisations are due to the transformation plan launched in 2019 and the continuation during the financial year of the performance improvement plans. In 2020, these costs linked to re-organisation, net of provision writebacks, amounted to €13.6 million; they relate to all of the Group's activities.

Other non-recurring operating expenses also include costs related to the Covid-19 pandemic. The size of this crisis was exceptional. It was not linked to the Company's activity, and was a one-off. In accordance with its definition of "Other non-recurring operating income and expenses" noted above, the Group has put certain additional significant costs, which would not have been incurred without the health crisis, in this category.

The presentation under the heading "Other operating income and expenses" is relevant to the understanding of the Group's financial performance. They are mainly costs directly and specifically incurred to enable the continuation of activity (purchase of masks, gels, signs, computer licenses and equipment, spending on the refurbishment of premises etc.). In addition, still on the basis of the definition above, "Other non-recurring operating income and expenses" include the net costs of resources which are vacant as a result of the health crisis (expenses which the Group is still responsible for, for staff on sick leave or short-time work, net of the support measures put in place by the various governments, compensation paid to sub-contractors etc.). Once the health crisis is over and as soon as these resources cease

to be vacant, their costs will once again be classified under profit (loss) from current operating activities.

Finally, other non-recurring income and expenses includes the gains on disposals and net amounts allocated in 2020, notably in connection with the events of June 2019 in Italy and with other unusual events elsewhere.

## 6. Net finance income (expense)

<i>in € millions</i>	<b>2020</b>	<b>2019 restated*</b>
OCEANE buybacks	0.9	-
Other financial income	0.1	0.1
<b>Financial income</b>	<b>1.0</b>	<b>0.1</b>
Financial expenses on bonds	(9.7)	(10.3)
Expenses on non-current liabilities	-	(0.1)
Interest cost of retirement benefits and other post-employment benefits	(0.3)	(0.6)
Interest on short-term financing	(2.6)	(2.4)
Financial expenses on factoring	(2.9)	(2.5)
Interest expense on lease liabilities (IFRS 16)	(1.5)	(1.6)
Other financial expenses	(0.2)	(1.2)
<b>Financial expenses</b>	<b>(17.2)</b>	<b>(18.7)</b>
<b>Net finance income (expense)</b>	<b>(16.2)</b>	<b>(18.6)</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

## 7. Income taxes

Income tax expense for the year includes current taxes and deferred taxes.

Current tax is (i) the estimated amount of tax due in respect of taxable profit for a given period, as determined using tax rates that have been enacted or substantively enacted at the end of the reporting period, (ii) any adjustments to the amount of current tax in previous periods, and (iii) any other tax calculated on a net amount of income and expenses.

Deferred taxes are accounted for using the liability method for all temporary differences between the book value recorded in the consolidated balance sheet and the tax bases of assets and liabilities, except for non-tax deductible goodwill.

Deferred taxes are determined based on the way in which the Group expects to recover or pay the book value of the assets and liabilities using the tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are not discounted and are offset when they relate to the same tax entity. They are classified in the balance sheet as non-current assets and liabilities.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences or tax losses and tax credit carry forwards can be utilised.

### 7.1. Recognition of current and deferred taxes

<i>in € millions</i>	Notes	2020	2019 restated*
Current tax		(15.2)	(19.6)
Movements in tax provisions	16	0.4	1.1
Deferred tax	7.2	(3.7)	(4.1)
<b>Total</b>		<b>(18.5)</b>	<b>(22.6)</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

#### Effective tax rate

<i>in € millions</i>	2020	2019 restated*
Profit (loss) before tax on continuing operations	67.9	82.6
Income tax on the profit of continuing operations	(18.5)	(22.6)
Effective tax rate as a percentage of profit (loss) before tax	27.3%	27.3%
Effective income tax rate on the restated profit	20.4%	20.9%

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

The income tax expense amounted to €13.6 million, plus €4.9 million from tax on value added in France (CVAE) and from the IRAP tax (*Imposta Regionale sulle Attività Produttive*) in Italy, for a total of €18.5 million.

Given the profit (loss) before tax of continuing operations of €67.9 million, the effective tax rate reported reached 27.3% (same as adjusted at end 2019); restated for amortisation of intangible assets and the CVAE/IRAP, the restated effective tax rate was 20.4% in 2020 (20.9% adjusted in 2019).

### Reconciliation between theoretical tax expense and effective tax expense

<i>in € millions</i>	2020	2019 restated*
Profit (loss) before tax on continuing operations	67.9	82.6
Theoretical tax expense at current Belgian rate (25.00% in 2020 and 29.58% in 2019)	(17.0)	(24.4)

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

### Reconciliation

<i>in € millions</i>	2020	2019 restated*
Unrecognised tax losses arising in the year	(1.8)	(3.3)
Previously unrecognised tax losses used in the year	1.0	1.9
De-recognition of previously recognised tax losses	(2.3)	(0.2)
Adjustment to current and deferred tax	0.3	4.1
Effect of taxes other than on income <sup>(1)</sup>	(4.9)	(5.6)
Effect of foreign income tax rates and changes in foreign income tax rates	0.7	(2.3)
Tax credits and other	0.7	0.7
Other permanent differences	4.8	6.5
<b>Total differences</b>	<b>(1.5)</b>	<b>1.8</b>
<b>Effective income tax expense</b>	<b>(18.5)</b>	<b>(22.6)</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

<sup>(1)</sup> Taxes other than on income relate to taxes assessed on value added that meet the requirements of IAS 12. For Econocom, this relates to the tax on value added in France (net of income tax) and to the IRAP tax (*Imposta Regionale sulle Attività Produttive*) in Italy.

## 7.2. Deferred tax assets and liabilities

### Analysis of deferred tax assets and liabilities

<i>in € millions</i>	31 Dec. 2019	Income/ expense for the year (income statement)	Other compre- hensive income (equity)	Reclassif- ications	Reclassi- fied as assets/ liabilities held for sale	Changes in scope of consolida- tion and other	31 Dec. 2020
Pension obligations	8.2	0.1	0.3	(0.3)	-	(0.2)	8.1
Temporary differences arising on provisions	4.8	0.4	-	(1.1)	3.6	(0.1)	7.6
Other assets and liabilities*	25.6	(0.5)	(0.2)	(1.7)	-	(0.2)	23.1
Tax loss carry forwards	15.6	2.2	-	1.3	-	(0.6)	18.7
Impact of netting DTA/DTL	(16.7)	-	-	(2.8)	-	(0.1)	(19.7)
<b>Total deferred tax assets</b>	<b>37.4</b>	<b>2.3</b>	<b>0.1</b>	<b>(4.6)</b>	<b>3.6</b>	<b>(1.2)</b>	<b>37.8</b>

\* Includes the deferred tax asset linked to the Italian additional depreciation.

Deferred tax on TMF business	(20.4)	(5.0)	-	0.2	-	0.1	(25.1)
Amortisable intangible assets	(7.6)	-	-	0.4	-	-	(7.2)
Other assets and liabilities	1.1	(1.2)	-	1.0	-	-	0.8
Impact of netting DTA/DTL	16.7	-	-	2.9	-	-	19.6
<b>Total deferred tax liabilities</b>	<b>(10.2)</b>	<b>(6.1)</b>	<b>-</b>	<b>4.6</b>	<b>-</b>	<b>0.1</b>	<b>(11.8)</b>
<b>Net deferred tax assets (liabilities)</b>	<b>27.2</b>	<b>(3.8)</b>	<b>0.1</b>	<b>-</b>	<b>3.6</b>	<b>(1.1)</b>	<b>26.0</b>

<i>in € millions</i>	31 Dec. 2020	31 Dec. 2019
Recoverable within 12 months, before netting DTA/DTL, by tax jurisdiction	(1.9)	(4.1)
Recoverable after 12 months, before netting DTA/DTL, by tax jurisdiction	27.9	31.3
<b>Net deferred tax assets (liabilities)</b>	<b>26.0</b>	<b>27.2</b>



### Tax loss carry forwards

At 31 December 2020, the Group's tax loss carry forwards amounted to €170.4 million, versus €127.1 million at 31 December 2019.

The increase in tax loss carry forwards mainly concerns entities in Italy, Germany and Benelux.

Unrecognised deferred tax assets on tax loss carry forwards totalled €25.7 million versus €19.9 million at 31 December 2019.

## 8. Basic earning per share

Basic earning per share is calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding treasury shares on a pro rata basis.

Diluted earning per share is calculated by taking into account all financial instruments

carrying deferred rights to the parent company's share capital, issued either by the parent company itself or by any one of its subsidiaries. Dilution is calculated separately for each instrument, based on the conditions prevailing at the end of the reporting period and excluding non-dilutive instruments.

### Basic earning per share attributable to owners of the parent

<i>in € millions, except for per share data and number of shares</i>	<b>2020</b>	<b>2019 restated*</b>
Consolidated profit (loss) for the period attributable to owners of the parent	46.8	44.7
Consolidated profit (loss) for the period attributable to owners of the parent, continuing operations	46.0	56.1
Consolidated profit (loss) for the period attributable to owners of the parent, discontinued operations	0,7	(11.4)
Recurring consolidated profit (loss) attributable to owners of the parent <sup>(1)</sup>	68.2	73.2
Average number of shares outstanding	216,865,774	227,816,144
Consolidated profit (loss) for the period per share ( <i>in €</i> )	0.216	0.196
Earning per share from continuing operations ( <i>in €</i> )	0.212	0.246
Earning per share from discontinued operations ( <i>in €</i> )	0.003	(0.050)
Recurring earning per share attributable to owners of the parent <sup>(1)</sup> ( <i>in €</i> )	0.314	0.321

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

<sup>(1)</sup> Recurring earning for the year attributable to owners of the parent corresponds to profit for the year attributable to owners of the parent, before the following items:

- amortisation of intangible assets from acquisitions, net of tax effects;
- other non-recurring operating income and expenses, net of tax effects;
- other non-recurring financial income and expenses, net of tax effects;
- profit from discontinued operations.

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notes to the consolidated financial statements

### Diluted earning attributable to owners of the parent, per share

<i>in € millions, except for per share data and number of shares</i>	<b>2020</b>	<b>2019 restated*</b>
Diluted earning	50.3	47.9
Diluted earning from continuing operations	49.6	59.4
Diluted earning from discontinued operations	0.7	(11.4)
Average number of shares outstanding	216,865,774	227,816,144
Impact of stock options	198,436	584,776
Impact of free shares	1,219,027	1,301,240
Impact of OCEANE convertible bonds	22,874,865	24,213,075
Diluted average number of shares outstanding	241,158,102	253,915,235
Diluted earning per share ( <i>in €</i> )	0.209	0.189
Diluted earning per share from continuing operations ( <i>in €</i> )	0.205	0.234
Diluted earning per share from discontinued operations ( <i>in €</i> )	0.003	(0.045)
Diluted earning per share attributable to owners of the parent ( <i>in €</i> )	0.297	0.301

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

In accordance with IFRS standards, the stock option expense recognised in the income statement was not restated.

## 9. Goodwill and impairment testing

### 9.1. Definition of cash-generating units

The growing proportion of international customers and the pooling of resources among business lines have led the Group to redefine the scope of its cash-generating units (CGUs) as representing its two business segments: Technology Management & Financing, and Digital Services & Solutions.

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 groups of assets. Each CGU or group of CGUs to which goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

### 9.2. Goodwill allocation

For the purposes of the impairment tests carried out at 31 December each year, goodwill was allocated to the following cash generating units.

<i>in € millions</i>	<b>Technology Management &amp; Financing</b>	<b>Digital Services &amp; Solutions</b>	<b>Total</b>
<b>2020</b>			
<b>Goodwill at 31 December 2019</b>	<b>113.8</b>	<b>399.1</b>	<b>512.9</b>
Reclassification to assets held for sale	-	4.2	4.2
Acquisitions	2.0	-	2.0
Disposals	-	(19.5)	(19.5)
Foreign currency translation adjustments	-	-	-
Impairment	-	-	-
<b>Goodwill at 31 December 2020</b>	<b>115.7</b>	<b>383.8</b>	<b>499.5</b>
<b>of which gross amount</b>	<b>115.7</b>	<b>388.1</b>	<b>503.8</b>
<b>of which accumulated impairment</b>	<b>-</b>	<b>(4.3)</b>	<b>(4.3)</b>

In 2020, goodwill from companies disposed of concerned Econocom Digital Security and Les Abeilles respectively.

<i>in € millions</i>	<b>Technology Management &amp; Financing</b>	<b>Digital Services &amp; Solutions</b>	<b>Total</b>
<b>2019</b>			
<b>Goodwill at 31 December 2018</b>	<b>114.6</b>	<b>516.5</b>	<b>631.1</b>
Reclassification to assets held for sale	(0.8)	(85.9)	(86.7)
Acquisitions	-	-	-
Disposals	-	(31.5)	(31.5)
Foreign currency translation adjustments	-	-	-
Impairment	-	-	-
<b>Goodwill at 31 December 2019</b>	<b>113.8</b>	<b>399.1</b>	<b>512.9</b>
<b>of which gross amount</b>	<b>113.8</b>	<b>403.1</b>	<b>516.9</b>
<b>of which accumulated impairment</b>	<b>-</b>	<b>(4.0)</b>	<b>(4.0)</b>

In 2019, goodwill from companies disposed of concerned Jade and Rayonnance.

### 9.3. Impairment tests and impairment of goodwill

Impairment testing involves determining whether the recoverable amount of an asset, CGU or group of CGUs is lower than its net book value.

The recoverable amount is the higher of fair value less the costs of disposal and value in use.

Value in use is determined based on estimated future cash flows and a terminal value, taking into account the time value of money and the risks associated with the business and the specific environment in which the CGU or group of CGUs operates.

Cash flow projections are based on the budgets and on business plans covering a period of no more than five years. The terminal value is calculated by discounting normalised annual cash flows to perpetuity.

Fair value is the amount that could be obtained from the sale of the tested assets in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal. These amounts are calculated based on market information.

When the recoverable value of the assets of a CGU or group of CGUs is lower than its net book value, an impairment loss is recognised.

Impairment losses are recorded first as a reduction of the book value of goodwill allocated to a CGU and then charged against the assets of the CGU, *pro rata* to the book value of each of the components of the CGU. Impairment losses are recorded under "Non-recurring operating income and expenses" in the income statement.

Impairment losses recognised for property, plant and equipment and intangible assets other than goodwill may be reversed in subsequent periods if the asset's recoverable amount becomes greater than its net book value.

Impairment losses recognised for goodwill may not be reversed.

When a relevant CGU is disposed of, the resulting goodwill is taken into account for the determination of the net proceeds of the disposal.

### Results of impairment tests

Based on the impairment tests conducted, goodwill does not need to be impaired.

To reach a risk of impairment, the main assumptions should be as follows:

- for the DSS CGU: a deterioration of the business plan of more than 16% or a discount rate of more than 12.90%;
- for the TMF CGU: a deterioration of the business plan of more than 13% or a discount rate of more than 13.30%.

### Key assumptions

The value in use of the Group's CGUs is sensitive to the following assumptions:

- discount rate applied to future cash flows;
- growth rate of cash flows beyond the forecast period;
- business plan (revenue and margin).

	2020		2019	
	Discount rate	Perpetual growth rate	Discount rate	Perpetual growth rate
Technology Management & Financing	8.50%	1.00%	8.50%	1.00%
Digital Services & Solutions	8.50%	1.50%	8.50%	1.50%

The growth rate and weighted average cost of share capital assumptions were reviewed in light of global market data. The growth rate reflects our best estimate given the current economic environment.

The after-tax discount rate used corresponds to the weighted average cost of capital ("WACC"). The perpetuity growth rate applied by the Group does not exceed the growth rate for the industry. Applying a pre-tax discount rate to pre-tax cash flows would have resulted in a similar value for the CGUs.

The 4-year business plan was determined based on the expected growth of markets for the CGU concerned, taking account of growth levers identified by Management. Margins are determined based on the historical margins observed in the years

preceding the start of the budget period. These margins also take account of expected efficiency gains as well as events known to management and that could impact the profitability of the activity.

### Sensitivity to changes in assumptions

The table below shows the sensitivity of enterprise values to the assumptions used:

in € millions	Sensitivity to rates				Sensitivity to cash flows
	Discount rate		Perpetual growth rate		
	+1.0%	(1.0%)	+0.5%	(0.5%)	(5%)
Technology Management & Financing	(19.5)	34.7	16.5	(14.4)	(42.2)
Digital Services & Solutions	(86.7)	116.0	40.2	(34.8)	(120.4)

The sensitivity of impairment tests to adverse but feasible changes in assumptions is set out below:

- reasonable sensitivity to changes in the discount rate: a simulated increase of up to one percentage point in the discount rate used would not change the findings of the Group's analysis;
- reasonable sensitivity to the long-term growth rate: in a pessimistic scenario where the long-term growth rate is reduced by 0.5 percentage points, the

value in use of each CGU would still exceed its book value;

- reasonable sensitivity to the business plan: a 5% reduction in the revenue forecast contained in the business plan, with variable costs adjusted accordingly, would not change the conclusions of the Group's analysis.

Consequently, none of the sensitivity tests reduced the value in use of any of the CGUs to below their book value.

# 10. Intangible assets, property, plant and equipment and non-current financial assets

## 10.1. Intangible assets

### Separately acquired intangible assets

Separately acquired intangible assets are initially measured at cost, which corresponds to their acquisition cost or their acquisition-date fair value for intangible assets acquired in a business combination.

After initial recognition, they are carried at cost less any accumulated amortisation and impairment losses.

Intangible assets with finite useful lives are amortised over their economic useful life. The useful life of concessions, patents and licences is estimated at between three and seven years.

Intangible assets with indefinite useful lives are not amortised.

### Internally generated intangible assets

The Group carries out IT development projects. Expenses incurred in relation to these operations can be included in the cost of intangible assets. An internally generated intangible asset resulting from development (or from the development phase of an internal IT project) is only recognised if the Group 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 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 to use or sell the intangible asset;
- its ability to reliably measure the expenditure attributable to the intangible asset during its development. The initial cost of an internally generated intangible asset is equal to the sum of expenditure incurred from the date on which the intangible asset first meets the above-mentioned recognition criteria.

If no internally generated intangible asset can be recognised, development costs are recognised in profit or loss for the year in which they are incurred.

After initial recognition, internally generated intangible assets are carried at cost less any accumulated amortisation and impairment losses, in accordance with the same method as that used for separately acquired intangible assets.

The useful life of information systems is estimated at between three and seven years.

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### Intangible assets acquired in business combinations

Intangible assets acquired by the Group in business combinations are measured at their acquisition cost less any accumulated amortisation and impairment losses. They essentially include operating licences and computer software. They are depreciated on a straight line basis over their useful lives.

The customer portfolio acquired from the ECS group was valued using the MEEM method (Multi-period Excess Earnings Method) at €40 million and is being amortised over 20 years.

<b>Useful life</b>	<b>In years</b>
Amortisable business assets	3 – 5
ECS customer portfolio	20
Franchises, patents, licences	3 – 7
IT systems	3 – 7

The Group has no intangible assets with indefinite useful lives except for the goodwill presented in note 9.



## 2020 Intangible assets

<i>in € millions</i>	Customer portfolio and business assets	Franchises, patents, licences, etc.	IT systems and other internally generated assets	Other	Total
<b>Acquisition cost</b>					
<b>Gross value at 31 December 2019</b>	<b>54.1</b>	<b>34.1</b>	<b>70.5</b>	<b>6.4</b>	<b>165.1</b>
Acquisitions	0.7	1.0	7.1	0.2	8.9
Disposals/Retirements	-	(0.6)	(13.0)	(0.2)	(13.7)
Changes in scope of consolidation	0.2	(1.6)	-	(0.1)	(1.5)
Transfers and other movements	-	0.1	-	(2.9)	(2.7)
Reclassification to assets held for sale	-	(0.2)	(0.1)	-	(0.3)
<b>Gross value at 31 December 2020</b>	<b>54.9</b>	<b>32.9</b>	<b>64.3</b>	<b>3.5</b>	<b>155.6</b>
<b>Depreciation and impairment</b>					
<b>Accumulated depreciation at 31 December 2019</b>	<b>(32.4)</b>	<b>(26.5)</b>	<b>(43.4)</b>	<b>(5.6)</b>	<b>(107.8)</b>
Additions	(2.1)	(2.9)	(7.1)	(0.3)	(12.3)
Disposals/Retirements	-	1.5	7.8	0.1	9.4
Changes in scope of consolidation	-	1.1	-	0.1	1.2
Transfers and other movements	-	-	-	2.9	2.8
Reclassification to assets held for sale	-	(1.2)	-	-	(1.2)
<b>Accumulated depreciation at 31 December 2020</b>	<b>(34.4)</b>	<b>(28.0)</b>	<b>(42.8)</b>	<b>(2.8)</b>	<b>(108.0)</b>
<b>Net book value at 31 December 2019</b>	<b>21.7</b>	<b>7.7</b>	<b>27.1</b>	<b>0.8</b>	<b>57.2</b>
<b>Net book value at 31 December 2020</b>	<b>20.5</b>	<b>4.9</b>	<b>21.5</b>	<b>0.7</b>	<b>47.6</b>

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Customer portfolios, brands and business assets are intangible assets which are recognised in connection with business combinations, amortised over the useful lives shown above.

Franchises, patents, licences, etc. consist mainly of licences acquired and amortised over their useful lives.

IT systems are mainly the result of developments made by the Group and are amortised over the periods set out above.

### 2019 intangible assets

<i>in € millions</i>	Customer portfolio and business assets	Franchises, patents, licences, etc.	IT systems and other internally generated assets	Other	Total
<b>Acquisition cost</b>					
<b>Gross value at 31 December 2018</b>	<b>54.2</b>	<b>38.8</b>	<b>100.8</b>	<b>7.1</b>	<b>200.8</b>
Acquisitions	-	1.9	8.8	0.1	10.8
Disposals/Retirements	-	(3.5)	(3.2)	(0.8)	(7.5)
Changes in scope of consolidation	-	(0.1)	(0.3)	-	(0.3)
Transfers and other movements	-	1.3	(1.4)	0.2	0.1
Reclassification to assets held for sale	(0.1)	(4.3)	(34.2)	(0.2)	(38.8)
<b>Gross value at 31 December 2019</b>	<b>54.1</b>	<b>34.1</b>	<b>70.5</b>	<b>6.4</b>	<b>165.1</b>
<b>Depreciation and impairment</b>					
<b>Accumulated depreciation at 31 December 2018</b>	<b>(30.4)</b>	<b>(27.3)</b>	<b>(54.2)</b>	<b>(5.6)</b>	<b>(117.5)</b>
Additions	(2.0)	(3.4)	(12.8)	(0.3)	(18.5)
Disposals/Retirements	-	1.7	2.3	-	4.0
Changes in scope of consolidation	-	0.1	0.1	-	0.1
Transfers and other movements	-	0.4	(0.4)	-	-
Reclassification to assets held for sale	-	2.2	21.4	0.2	23.8
<b>Accumulated depreciation at 31 December 2019</b>	<b>(32.4)</b>	<b>(26.5)</b>	<b>(43.4)</b>	<b>(5.6)</b>	<b>(107.8)</b>
<b>Net book value at 31 December 2018</b>	<b>23.8</b>	<b>11.5</b>	<b>46.6</b>	<b>1.5</b>	<b>83.4</b>
<b>Net book value at 31 December 2019</b>	<b>21.7</b>	<b>7.7</b>	<b>27.1</b>	<b>0.8</b>	<b>57.2</b>

## 10.2. Property, plant and equipment

### Property, plant and equipment owned outright

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

Depreciation is recognised on a straight-line basis over the estimated useful life of the assets taking into account any residual value.

Useful life	In years
Land	Indefinite
Buildings	20 – 50
Fixtures	5 – 10
IT equipment	3 – 7
Vehicles	4 – 7
Furniture	5 – 10

Land is not depreciated.

When an item of property, plant and equipment comprises components with different useful lives, such components are recognised and depreciated separately.

Gains or losses on the sale of an item of property, plant and equipment are determined as the difference between the proceeds from the sale and the net book value of the asset sold. They are included in either “Other operating income and expenses” or “Revenue from continuing operations” if the sale took place in the ordinary course of the Group’s business.

No borrowing costs were included in the cost of any of the Group’s property, plant and equipment in the absence of any assets requiring a substantial period of time before they are ready for their intended use or sale.

### Leases

Leases, as defined by IFRS 16, are entered in the statement of the consolidated financial position as an asset representing the right of use of the leased asset during the term of the contract.

On the date that the lease takes effect, the right of use is valued at its cost, including:

- the initial amount of the liability, with the advance payments made to the lessor, net of the benefits received from the lessor;
- initial direct costs incurred by the lessee for the conclusion of the contract; and
- the costs of dismantling or restoring the leased asset according to the terms of the contract.

The right of use is depreciated over the useful life of the assets, which leads to a depreciation charge being entered on the income statement.

On the date that the lease takes effect, the rental liability is entered for an amount equal to the discounted value of rents over the duration of the contract, as defined by the Econocom group. The valuation of the rental liability includes:

- fixed rents (including rentals considered to be fixed in substance);
- variable rents based on a rate or index using the rate or index on the date the contract comes into effect;
- any residual value guarantees awarded to the lessor;
- the exercise price of a purchase option if the exercise of the option is reasonably certain; and
- penalties for cancellation or non-renewal of the contract.

The rental liability is recognised at the depreciated cost, using the effective interest rate method, and leads to the recognition, on the income statement, of an interest charge for the period and variable payments (not taken into account in the initial valuation).

The liability may be revalued to offset the right of use in the following cases:

- revision of the term of the contract;
- modification linked to the valuation of the reasonably certain nature (or not) of the exercise of a purchase option;
- change in the amount of payment expected under the residual value guarantee awarded to the lessor;
- adjustment of rates or indices on which variable rents are based, when the latter are modified.

Leases mainly relate to property assets and the vehicle fleet. The accounting exemptions set out in the standard for the short-term contracts (term below or equal to 12 months), and leases on low value assets, have been applied.

The rental term is determined on a lease-by-lease basis and corresponds to

the firm period of the commitment, taking into account optional periods that are reasonably certain to be exercised, except for vehicles for which Econocom will retain the portfolio approach, through simplification, given that the contracts are somewhat similar irrespective of the country and that this simplification does not give rise to material differences with regard to the recommended method set forth in IFRS 16.

For vehicles, the assumptions and measurement methods of this “portfolio” approach are as follows: a measurement is done at each period end, making it possible to update the lease liability and right of use; amortisations and financial expenses are then determined on a flat-rate basis based on an average term of use of the vehicles (amortisation) and on the rental payments actually paid for the difference.

The Econocom group applied IFRS 16 according to the simplified retrospective approach, which means the impacts are recorded in the opening balance sheet at 1 January 2019.

The discount rate applied on the date of transition is based on the Group’s incremental borrowing rate.

## 2020 property, plant and equipment

<i>in € millions</i>	Land and buildings	Fixtures, fittings and IT equipment	Furniture and vehicles	Other property, plant and equipment	Property, plant and equipment held under finance leases	Rights of use	Total
<b>Acquisition cost</b>							
<b>Gross value at 31 December 2019</b>	<b>25.0</b>	<b>61.2</b>	<b>11.9</b>	<b>15.9</b>	<b>1.1</b>	<b>74.3</b>	<b>189.3</b>
Acquisitions	0.6	2.7	0.3	4.6	-	34.5	42.8
Disposals/Retirements	(1.7)	(8.0)	(1.4)	(0.7)	-	-	(11.8)
Changes in scope of consolidation	3.1	(2.5)	(0.2)	0.3	-	(3.2)	(2.5)
Transfers and other movements	4.3	0.2	4.7	(0.5)	(0.1)	12.6	21.2
Reclassification to assets held for sale	(0.2)	(0.6)	-	-	-	(0.2)	(1.0)
<b>Gross value at 31 Dec. 2020</b>	<b>31.2</b>	<b>53.1</b>	<b>15.3</b>	<b>19.6</b>	<b>1.0</b>	<b>118.0</b>	<b>238.1</b>
<b>Depreciation and impairment</b>							
<b>Accumulated depreciation at 31 December 2019</b>	<b>(12.2)</b>	<b>(46.5)</b>	<b>(9.5)</b>	<b>(11.3)</b>	<b>(1.0)</b>	<b>(16.3)</b>	<b>(96.8)</b>
Additions	(2.5)	(5.7)	(1.0)	(0.7)	-	(21.9)	(31.8)
Disposals/Retirements	1.2	6.7	1.1	0.3	-	-	9.2
Changes in scope of consolidation	(1.3)	2.3	0.2	(0.1)	-	2.3	3.3
Reversals of impairment	-	-	-	-	-	-	-
Transfers and other movements	(3.4)	0.2	(1.9)	-	0.1	(27.4)	(32.5)
Reclassification to assets held for sale	0.1	-	-	-	-	0.1	0.2
<b>Accumulated depreciation at 31 December 2020</b>	<b>(18.1)</b>	<b>(43.1)</b>	<b>(11.1)</b>	<b>(11.8)</b>	<b>(0.9)</b>	<b>(63.4)</b>	<b>(148.3)</b>
<b>Net book value at 31 December 2019</b>	<b>12.8</b>	<b>14.7</b>	<b>2.4</b>	<b>4.6</b>	<b>0.1</b>	<b>57.9</b>	<b>92.5</b>
<b>Net book value at 31 December 2020</b>	<b>13.0</b>	<b>10.0</b>	<b>4.3</b>	<b>7.8</b>	<b>-</b>	<b>54.7</b>	<b>89.9</b>

Other property, plant and equipment relate to assets in progress.

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### 2019 Property, plant and equipment

<i>in € millions</i>	Land and buildings	Fixtures, fittings and IT equipment	Furniture and vehicles	Other property, plant and equipment	Property, plant and equipment held under finance leases	Rights of use	Total
<b>Acquisition cost</b>							
<b>Gross value at 31 December 2018</b>	<b>19.9</b>	<b>84.8</b>	<b>18.0</b>	<b>12.7</b>	<b>4.2</b>	<b>-</b>	<b>139.5</b>
Application of IFRS 16	-	-	-	-	-	45.9	45.9
Acquisitions	1.4	7.1	0.5	2.2	0.1	19.9	31.2
Disposals/Retirements	(3.4)	(3.6)	(0.5)	(0.4)	-	-	(7.9)
Transfers and other movements	7.2	(10.4)	(5.5)	1.6	(3.2)	8.5	(1.7)
Reclassification to assets held for sale	-	(16.7)	(0.7)	(0.2)	-	-	(17.6)
<b>Gross value at 31 December 2019</b>	<b>25.0</b>	<b>61.2</b>	<b>11.9</b>	<b>15.9</b>	<b>1.1</b>	<b>74.3</b>	<b>189.3</b>
<b>Depreciation and impairment</b>							
<b>Accumulated depreciation at 31 December 2018</b>	<b>(9.3)</b>	<b>(59.5)</b>	<b>(11.3)</b>	<b>(6.7)</b>	<b>(4.2)</b>	<b>-</b>	<b>(90.9)</b>
Additions	(3.6)	(7.3)	(0.9)	(1.1)	(0.1)	(25.4)	(38.3)
Disposals/Retirements	3.0	3.1	0.5	0.4	-	-	6.9
Changes in scope of consolidation	-	-	1.6	-	-	(1.6)	-
Reversals of impairment	-	-	-	-	-	-	-
Transfers and other movements	(2.3)	6.8	0.2	(3.9)	3.2	10.6	14.6
Reclassification to assets held for sale	-	10.4	0.4	0.1	-	-	10.9
<b>Accumulated depreciation at 31 December 2019</b>	<b>(12.2)</b>	<b>(46.5)</b>	<b>(9.5)</b>	<b>(11.3)</b>	<b>(1.0)</b>	<b>(16.3)</b>	<b>(96.8)</b>
<b>Net book value at 31 Dec. 2018</b>	<b>10.6</b>	<b>25.2</b>	<b>6.8</b>	<b>6.0</b>	<b>-</b>	<b>-</b>	<b>48.6</b>
<b>Net book value at 31 Dec. 2019</b>	<b>12.8</b>	<b>14.7</b>	<b>2.4</b>	<b>4.6</b>	<b>0.1</b>	<b>57.9</b>	<b>92.5</b>

## 10.3. Non-current financial assets

Investments in non-consolidated companies are recorded at fair value. Changes in fair value are recognised under Income.

<i>in € millions</i>	<b>Investments in non- consolidated companies<sup>(1)</sup></b>	<b>Investments in associates and joint ventures<sup>(2)</sup></b>	<b>Other non-current financial assets<sup>(3)</sup></b>	<b>Total</b>
<b>Balance at 31 December 2018</b>	<b>2.6</b>	<b>0.4</b>	<b>24.7</b>	<b>27.7</b>
Increases	2.4	-	3.0	5.5
Repayments/Disposals	(0.2)	-	-	(0.2)
Other cash changes <sup>(4)</sup>	-	-	1.4	1.4
Changes in scope of consolidation	-	-	-	-
Transfers and other movements	0.4	-	(0.5)	(0.1)
Share of profit (loss) of associates and joint ventures	-	-	(1.3)	(1.3)
<b>Balance at 31 December 2019</b>	<b>5.3</b>	<b>0.5</b>	<b>27.2</b>	<b>32.9</b>
Increases	-	-	2.7	2.7
Repayments/Disposals	(0.3)	-	(1.1)	(1.4)
Other cash changes <sup>(4)</sup>	-	-	(3.4)	(3.4)
Changes in scope of consolidation	-	-	(0.4)	(0.4)
Transfers and other movements	-	-	-	-
Share of profit (loss) of associates and joint ventures	-	0.1	-	0.1
<b>Balance at 31 December 2020</b>	<b>4.9</b>	<b>0.5</b>	<b>25.1</b>	<b>30.5</b>

(1) This relates to the Group's interest in non-controlled entities for €4.9 million, primarily including shares in Hélios (€2.4million), Histoverly (€0.8 million), Kartable (€0.5 million), Magic Makers (€0.9 million) and Neuradom (€0.2 million).

(2) At 31 December 2020, Econocom had only one equity-accounted associate (JTRS).

(3) Other non-current financial assets chiefly correspond to guarantees and deposits.

(4) Other cash variations correspond to net disbursements for factoring guarantees, classified as changes in working capital requirements in the consolidated statement of cash flow.

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### Maturity of non-current financial assets

<i>2020 in € millions</i>	<b>1 to 5 years</b>	<b>Beyond 5 years</b>	<b>Indefinite</b>	<b>Total</b>
Investments in non-consolidated companies	-	-	4.9	4.9
Investments in associates and joint ventures	-	-	0.5	0.5
Guarantees given to factors	9.7	-	-	9.7
Other investments	-	-	8.5	8.5
Other guarantees and deposits	6.2	0.7	-	6.9
<b>Total</b>	<b>15.9</b>	<b>0.7</b>	<b>13.9</b>	<b>30.5</b>

<i>2019 in € millions</i>	<b>1 to 5 years</b>	<b>Beyond 5 years</b>	<b>Indefinite</b>	<b>Total</b>
Investments in non-consolidated companies	-	-	5.3	5.3
Investments in associates and joint ventures	-	-	0.5	0.5
Guarantees given to factors	13.0	-	-	13.0
Other investments	-	-	8.5	8.5
Other guarantees and deposits	3.9	1.8	-	5.7
<b>Total</b>	<b>16.9</b>	<b>1.8</b>	<b>14.2</b>	<b>32.9</b>



## 10.4. Other long-term receivables

<i>in € millions</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
Government grants	4.8	4.6
Other long-term receivables	19.7	9.0
<b>Other receivables</b>	<b>24.5</b>	<b>13.6</b>

“Government grants” relate to amounts receivable under government grants (including at 31 December 2020: €3.7 million in respect of CIR and €0.5 million in respect of CICE). Other receivables relates to loans granted to employees or associates.

The book values of other nonfinancial assets such as other long-term receivables, are reviewed for impairment at the end of each reporting date. If the book value of these assets exceeds their estimated recoverable amount, an impairment loss is recognised within profit (loss) from operating activities.

### By maturity

<i>in € millions</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
1 to 5 years	12.0	13.2
Beyond 5 years	12.5	0.5
<b>Total</b>	<b>24.5</b>	<b>13.6</b>

# 11. Residual interest in leased assets and gross liability commitments for purchases of leased assets

## 11.1. Residual interest in leased assets

The Group's residual interest in leased assets sold to refinancing institutions corresponds to an estimated market value. Management issues an estimate that requires critical judgement.

This residual interest is calculated as follows:

- for all fixed-term contracts, the estimated market value is calculated using an accelerated diminishing balance method, based on the amortisation of the original purchase cost of each item of equipment.

The residual interest therefore represents a long-term asset which is discounted using the same method as for the related lease. This method does not apply to nonstandard cases, which are rare;

- for renewable asset management contracts, the accelerated diminishing balance method of depreciation is not applicable. The estimated market value for these contracts is calculated by using a fixed percentage of the original purchase cost of the equipment.

<i>in € millions</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
Residual interest in leased assets non-current portion (between 1 and 5 years)	134.3	131.9
Residual interest in leased assets current portion (less than 1 year)	40.9	33.0
<b>Total</b>	<b>175.2</b>	<b>165.0</b>

The Group regularly revises estimates of its residual interest in leased assets using a statistical method based on its experience of second-hand markets.

For more recent assets, for which there is inadequate market data to establish an accurate valuation, the Group uses a prudent approach which may be adjusted when it has access to adequate historical information.

The residual interest recognised at 31 December 2020 was €175.2 million for a portfolio of leased assets representing

€5.9 billion (purchase price of the assets on inception of the lease). The Group's residual interest in leased assets therefore stood at 3.0% of the purchase price of the assets in its portfolio (*versus* 2.7% at 31 December 2019).

The impact of discounting on the total amount of the residual interest was €10.5 million at 31 December 2020, the pre-discounted values were €185.7 million at 31 December 2020.

Residual interest in leased assets concerns IT assets and industrial assets amounting to €150.7 million and €24.5 million, respectively.

## 11.2. Gross liability commitments for purchases of leased assets

The Group repurchases leased equipment from refinancing institutions at the end of the lease term. These purchase obligations are classified within “gross commitments on residual financial value” and recognised in balance sheet. They are generally

long-term liabilities which are discounted using the same method as for the related leases. They are classified as financial liabilities but are not included in net debt (see 14.3).

<i>in € millions</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
Total gross liability commitments for purchases of leased assets – non-current portion (between 1 and 5 years)	75.9	81.1
Total gross liability commitments for purchases of leased assets – current portion (less than 1 year)	27.8	20.4
<b>Total</b>	<b>103.7</b>	<b>101.5</b>

The present value of items recorded in “Gross liability for purchases of leased assets” (current and non-current portions) stands at €103.7 million. The cumulative

impact of discounting was €7.3 million in 2020. The pre-discounted value was €111.0 million at 31 December 2020.

## 12. Operating assets and liabilities

### 12.1. Inventories

For the Group, inventories are:

- assets held for sale in the ordinary course of business and measured at the lower of cost (weighted average cost) and net realisable value; or
- materials or supplies to be used in the rendering of services, measured at cost and impaired in line with the useful life of the infrastructure to which they relate.

in € millions	31 Dec. 2020			31 Dec. 2019		
	Gross	Impairment	Net	Gross	Impairment	Net
<b>Equipment in the process of being refinanced</b>	<b>21.7</b>	<b>(2.4)</b>	<b>19.3</b>	<b>21.3</b>	<b>(2.5)</b>	<b>18.8</b>
<b>Other inventories</b>	<b>64.2</b>	<b>(6.8)</b>	<b>57.4</b>	<b>47.9</b>	<b>(6.6)</b>	<b>41.3</b>
IT equipment and telecoms	56.3	(3.3)	52.9	35.0	(3.0)	32.0
Spare parts	8.0	(3.5)	4.5	12.9	(3.6)	9.3
<b>Total</b>	<b>85.9</b>	<b>(9.2)</b>	<b>76.7</b>	<b>69.2</b>	<b>(9.1)</b>	<b>60.1</b>

#### Gross value

in € millions	31 Dec. 2019	Changes in inventories	Changes in scope of consolidation	Reclassification under assets held for sale	Other changes	31 Dec. 2020
<b>Equipment in the process of being refinanced</b>	<b>21.3</b>	<b>0.4</b>	-	-	-	<b>21.7</b>
<b>Other inventories</b>	<b>47.9</b>	<b>16.6</b>	-	<b>0.2</b>	<b>(0.4)</b>	<b>64.2</b>
IT equipment and telecoms	35.0	(2.1)	-	-	23.4	56.3
Spare parts	12.9	18.6	-	0.2	(23.8)	8.0
<b>Total</b>	<b>69.2</b>	<b>16.9</b>	-	<b>0.2</b>	<b>(0.5)</b>	<b>85.9</b>

## Impairment

<i>in € millions</i>	31 Dec. 2019	Additions	Reversals	Reclassifi- cation to assets held for sale	Other changes	31 Dec. 2020
<b>Equipment in the process of being refinanced</b>	<b>(2.5)</b>	-	<b>0.1</b>	-	-	<b>2.4</b>
<b>Other inventories</b>	<b>(6.6)</b>	<b>(1.4)</b>	<b>1.2</b>	<b>0.1</b>	-	<b>(6.8)</b>
IT equipment and telecoms	(3.0)	(0.4)	1.0	-	(1.0)	(3.3)
Spare parts	(3.6)	(1.0)	0.2	(0.1)	1.0	(3.5)
<b>Total</b>	<b>(9.1)</b>	<b>(1.4)</b>	<b>1.4</b>	<b>(0.1)</b>	-	<b>(9.2)</b>

The Covid-19 crisis did not require a further impairment of these inventories.

## 12.2. Trade and other receivables and other current assets

<i>in € millions</i>	31 Dec. 2020			31 Dec. 2019		
	Gross	Impairment	Net	Gross	Impairment	Net
Trade receivables	884.0	(70.8)	813.2	1,064.3	(63.9)	1,000.4
Other receivables	86.6	(5.6)	81.0	103.4	(10.1)	93.3
<b>Trade and other receivables</b>	<b>970.6</b>	<b>(76.4)</b>	<b>894.1</b>	<b>1,167.7</b>	<b>(74.0)</b>	<b>1,093.7</b>
<b>Costs of performance and obtention of contract recognised as an asset</b>	<b>17.4</b>	-	<b>17.4</b>	<b>30.6</b>	-	<b>30.6</b>
<b>Other current assets</b>	<b>30.4</b>	-	<b>30.4</b>	<b>27.8</b>	-	<b>27.8</b>

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Trade receivables items are broken down below by business, net of impairment.

<i>in € millions</i>	31 Dec. 2020				31 Dec. 2019			
	Receivables invoiced, net of impairment	Revenue accruals	Outstanding rentals	Total	Receivables invoiced, net of impairment	Revenue accruals	Outstanding rentals	Total
Technology Management & Financing	254.1	2.1	356.0	612.2	354.4	6.8	389.6	750.8
Digital Services & Solutions	132.6	68.3	-	200.9	155.8	93.8	-	249.6
<b>Total</b>	<b>386.7</b>	<b>70.4</b>	<b>356.0</b>	<b>813.2</b>	<b>510.2</b>	<b>100.6</b>	<b>389.6</b>	<b>1,000.4</b>

At end-2020, the €356.0 million in outstanding rentals includes a portion that is self-funded or refinanced with recourse for a gross amount of €185.9 million, of which €143.9 million is non-current. The current

portion of the €356.0 million includes not only self-funded outstanding rentals but also a portion that will be refinanced (when a refinancing agreement exists)

### Impairment of receivables

Initially, receivables are impaired taking into account expected credit losses, if material:

- short-term receivables (mainly for the DSS business) are impaired on the basis of an average observed risk of default. This approach is based on the default rates observed individually by each of the Group's subsidiaries;
- long-term receivables (mainly for the TMF business) are impaired by taking into account the customer's risk profile, the value of the underlying assets and a probability of occurrence.

Subsequently, if there is serious doubt as to its recoverability, a loss allowance is recognised for the amount that is not recoverable.

Following the Covid-19 pandemic, the methods for determining provisions for impairment in accordance with IFRS 9 have not been modified, but risk analyses have been carried out on each case that so required.

<i>in € millions</i>	31 Dec. 2019	Additions	Reversals	Other changes	Reclassification under assets held for sale	31 Dec. 2020
Impairment of doubtful receivables	(63.9)	(23.7)	18.3	(0.9)	(0.6)	(70.8)

**Other receivables**

Other receivables represent amounts receivable from the French State and miscellaneous amounts due from third parties (suppliers, factor, etc.):

<i>in € millions</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
Tax receivables (excl. income tax)	18.3	38.9
Factoring receivables	35.8	36.1
Government grants receivable	0.1	4.1
Due from suppliers	17.9	9.4
Other	8.9	4.7
<b>Other receivables</b>	<b>81.0</b>	<b>93.3</b>

**Other current assets**

Other current assets correspond mainly to prepaid expenses of €30.4 million compared to €27.8 million at 31 December 2019.

**12.3. Trade and other payables**

<i>in € millions</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
<b>Trade payables</b>	<b>775.2</b>	<b>756.9</b>
<b>Other payables</b>	<b>216.8</b>	<b>223.7</b>
Tax and social liabilities	204.2	212.5
Dividends payable	1.3	1.2
Customer prepayments and other payables	11.4	10.0
<b>Trade and other payables</b>	<b>992.1</b>	<b>980.6</b>

## 12.4. Other current liabilities

Other current liabilities break down as follows:

<i>in € millions</i>	Notes	31 Dec. 2020	31 Dec. 2019
<b>Contract liabilities</b>		<b>62.9</b>	<b>68.7</b>
Contingent acquisition-related liabilities – current portion	2.4	13.4	28.0
Deferred income		122.0	134.3
Other liabilities		5.5	7.4
<b>Other current liabilities</b>		<b>140.9</b>	<b>169.7</b>

## 12.5. Other non-current liabilities

<i>in € millions</i>	Notes	31 Dec. 2020	31 Dec. 2019
Acquisition-related liabilities – non-current portion	2.4	48.5	38.0
Other non-current liabilities <sup>(1)</sup>		6.6	4.4
<b>Other non-current liabilities</b>		<b>55.1</b>	<b>42.4</b>

<sup>(1)</sup> Including €2.3 million in miscellaneous cash deposits received at 31 December 2020 (€2.3 million at 31 December 2019).

# 13. Financial instruments

Financial instruments comprise:

- financial assets, which include non-current financial assets (except investments in equity-accounted companies), other long-term receivables, trade and other receivables, other current assets, and cash and cash equivalents;
- financial liabilities, which include current and non-current financial liabilities and bank overdrafts, operating payables and other current and non-current liabilities; and
- derivative instruments.



## 13.1. Classification and measurement of financial instruments

Financial instruments (assets and liabilities) are recorded in the consolidated statement of financial position at their fair value on initial recognition, plus in the case of an asset that is not subsequently recognised at fair value through profit or loss, transaction costs directly attributable to the acquisition of that asset.

They are subsequently measured at either fair value (through profit or loss, or through other comprehensive income) or amortised cost, depending on their nature.

The classification of a financial asset in each of these categories depends on the management model applied to it by the Company and the characteristics of its contractual cash flows.

In practice, trade receivables are measured according to the amortised cost method, even though they may be subject to an assignment of receivables, for example, in the context of factoring.

The Group applies the concept of fair value set out in IFRS 13 “Fair Value Measurement”, whereby fair value is “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price)”.

Amortised cost represents the fair value on initial recognition (net of transaction costs), plus interest calculated based on

the effective interest rate and less cash outflows (coupons, principal repayments and, where applicable, redemption premiums). Accrued interest (income and expenses) is not recorded at the nominal interest rate of the financial instrument, but based on the instrument’s effective interest rate. Financial assets at amortised cost are tested for impairment whenever there are indications that they may be impaired.

Any loss of value is recognised in the income statement.

The initial recognition of financial instruments in the consolidated statement of financial position along with their subsequent measurement as described above apply the following interest rate definitions:

- the coupon rate (coupon), which is the nominal interest rate on the instrument;
- the effective interest rate;
- the market interest rate, which is the effective interest rate as recalculated at the measurement date in line with ordinary market inputs.

Financial instruments carried in both assets and liabilities are derecognised whenever the related risks and rewards are sold and the Group ceases to have control over those financial instruments (see note 21).

## 13.2. Derivative financial instruments

The Group uses the financial markets only for hedging exposure related to its business activities and not for speculative purposes.

Given the low exchange rate risk, forward purchases and sales of foreign currency are recognised as instruments measured at fair value through profit or loss.

The Group uses an interest rate swap to hedge its interest rate risk on a floating-rate tranche of its new *Schuldschein* notes.

This financial instrument is designated as a cash flow hedge and is eligible for hedge accounting under IFRS 9.

Gains or losses on the hedging instrument are recognised directly in other comprehensive income until the hedged item is itself recognised in the income statement. Hedging reserves are then transferred to the income statement.

	31 Dec. 2019	Change through profit or loss	Other comprehensive income (expense) <sup>(1)</sup>	31 Dec. 2020
Derivative instruments (positive fair value)	-			-
Derivative instruments (negative fair value)	0.9	-	0.2	1.1
<b>Total</b>			<b>(0.2)</b>	

## 13.3. Classification of financial instruments and fair value hierarchy

IFRS 7 “Financial Instruments: Disclosures” sets out a fair value hierarchy, as follows:

- level 1: fair value based on quoted prices in active markets;
- level 2: fair value measured using observable market inputs (other than the quoted market prices included in Level 1);
- level 3: fair value measured using unobservable market inputs.

The fair value of financial instruments is determined using market prices resulting from trades on a national stock exchange or over-the-counter markets. When no

market price is available, fair value is measured using other valuation methods such as discounted future cash flows.

In any event, estimates of market value are based on certain interpretations required when measuring financial assets.

As such, these estimates do not necessarily reflect the amounts that the Group would actually receive or pay if the instruments were traded on the market. The use of different estimates, methods and assumptions may have a material impact on estimated fair values.

In view of their short-term nature, the book value of trade and other receivables, and cash and cash equivalents approximates their fair value.

Derivative financial instruments are measured using Level 2 fair values.

Cash equivalents are recognised at fair value (Level 1).

### 13.3.1. FINANCIAL ASSETS

The Group's financial assets at 31 December 2020 can be analysed as follows:

<i>in € millions</i>							
Balance sheet headings	Notes	Book value			Level in the fair value hierarchy		
		Amortised cost	Fair value recognised through other comprehensive income	Fair value through profit or loss	Level 1	Level 2	Level 3
Non-current financial assets	10.3	25.1	-	5.4	-	30.5	-
Long-term receivables	10.4	24.5	-	-	-	24.5	-
Trade receivables	12.2	813.2	-	-	-	813.2	-
Other receivables	12.2	81.0	-	-	-	81.0	-
Cash and cash equivalents	14.1	-	-	649.3	649.3	-	-
<b>Financial assets</b>		<b>943.8</b>	<b>-</b>	<b>654.7</b>	<b>649.3</b>	<b>949.2</b>	<b>-</b>

### 13.3.2. FINANCIAL LIABILITIES AND OTHER LIABILITIES

In view of their short-term nature, the book value of trade and other payables approximates fair value.

The market value of derivative instruments is measured based on valuations provided by bank counterparties or models widely used in financial markets, on the basis of data available at the reporting date.

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<i>in € millions</i>		<b>Book value</b>			<b>Level in the fair value hierarchy</b>		
<b>Balance sheet headings</b>	<b>Notes</b>	<b>Amortised cost</b>	<b>Fair value through profit or loss</b>	<b>Fair value through equity</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Gross debt	14.2	628.3	0.8	-	0.8	628.3	-
<i>Non convertible bonds</i>		206.3	-	-	-	206.3	-
<i>Convertible bonds</i>		182.2	-	-	-	182.2	-
<i>Bank debt, commercial paper and other</i>		156.0	0.8	-	0.8	156.0	-
<i>Liabilities relating to contracts refinanced with recourse</i>		83.7	-	-	-	83.7	-
Lease liabilities		57.5	-	-	-	57.5	-
Non-current non-interest bearing liabilities	12.5	6.6	3.5	45.0	-	6.6	48.5
Gross liability for purchases of leased assets	11.2	103.7	-	-	-	103.7	-
Trade payables	12.3	775.2	-	-	-	775.2	-
Other payables (excluding derivative instruments)	12.3	215.7				215.7	
Other current (financial) liabilities	12.4	5.5	1.3	12.1		5.5	13.4
<b>Financial liabilities</b>		<b>1,792.5</b>	<b>5.6</b>	<b>57.1</b>	<b>0.8</b>	<b>1,792.5</b>	<b>61.9</b>

Non-current non-interest-bearing liabilities and other current liabilities estimated at fair value through profit or loss (Level 3) correspond to contingent consideration liabilities arising on acquisitions of companies for €4.8 million (see note 2.4).

Non-current non-interest-bearing liabilities and other current liabilities estimated at fair value through equity (Level 3) correspond to liabilities under put and call options on

non-controlling interests for €61.9 million (see note 2.4).

Contingent consideration liabilities are measured based on the estimated future performance of the entities concerned (e.g. EBIT multiples, expected future cash flows, etc.).

Based on the information held by the Group, the fair value of financial liabilities approximates their book value.

## 14. Cash, gross debt, net debt

### 14.1. Cash and cash equivalents

These include cash on hand and demand deposits, other highly-liquid investments with maturities of three months or less, and bank overdrafts. Bank overdrafts are included in “Financial liabilities” within current liabilities in the balance sheet.

Changes in fair value are recognised through profit or loss under “Financial income – operating activities”.

Cash as presented in the statement of cash flows includes cash and cash equivalents, presented net of bank overdrafts. Cash and

cash equivalents can be broken down as follows at end-2020 and end-2019:

<i>in € millions</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
<b>Cash in hand</b>	<b>633.5</b>	<b>588.3</b>
Demand deposits	-	0.1
Sight deposits	633.5	588.2
<b>Cash equivalents</b>	<b>15.8</b>	<b>5.5</b>
Term accounts	10.6	2.1
Marketable securities	5.2	3.4
<b>Cash and cash equivalents</b>	<b>649.3</b>	<b>593.8</b>
Bank overdrafts	(0.8)	(18.2)
<b>Cash and cash equivalents net of bank overdrafts</b>	<b>648.5</b>	<b>575.6</b>

The cash and cash equivalent balances but not wholly owned by the Group totalled corresponding to the share of Econocom’s

€56.2 million at 31 December 2020 *versus* partners in companies fully consolidated €85.5 million at 31 December 2019.

## 14.2. Gross debt

<i>in € millions</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
Convertible bond (OCEANE)	181.2	188.2
Non-convertible bond debt (Euro PP)	54.7	54.7
Non-convertible bond debt ( <i>Schuldschein</i> )	12.7	147.1
<b>Bonds loans – non-current</b>	<b>248.7</b>	<b>390.0</b>
Other debt	25.6	2.8
Finance lease liabilities <sup>(1)</sup>	50.3	58.8
<b>Financial liabilities – non-current</b>	<b>75.9</b>	<b>61.6</b>
<b>Non-current interest-bearing liabilities</b>	<b>324.6</b>	<b>451.5</b>
Convertible bond debt (OCEANE) – current portion	1.0	1.0
Non-convertible bond debt (Euro PP) – current portion	1.6	47.6
Non-convertible bond debt ( <i>Schuldschein</i> bond) – current portion	137.3	2.8
<b>Bonds loans – current portion</b>	<b>139.9</b>	<b>51.5</b>
Commercial paper and other bank borrowings	119.0	289.2
Factoring payables <sup>(2)</sup>	7.5	4.0
Other current borrowings and debt with recourse	11.4	-
Finance lease liabilities <sup>(1)</sup>	25.9	31.6
<b>Financial liabilities – current portion<sup>(3)</sup></b>	<b>163.8</b>	<b>324.8</b>
<b>Current interest-bearing liabilities</b>	<b>303.7</b>	<b>376.3</b>
<b>Gross debt total<sup>(3)</sup></b>	<b>628.3</b>	<b>827.8</b>

<sup>(1)</sup> Primarily liabilities relating to contracts refinanced with recourse. This debt is backed by customers' rental payments in which the Group retains a portion of the credit risk. The Group has therefore added back a similar amount of unassigned receivables in accordance with IAS 32 – Financial Instruments: Presentation.

<sup>(2)</sup> Factoring liabilities consist of residual risks arising from factoring agreements.

<sup>(3)</sup> Excluding bank overdrafts.

### Convertible bonds

In March 2018, Econocom group issued OCEANE bonds in the amount of €200 million (€198.4 million after allocation of issue costs). Their main characteristics are detailed below:

- maturity: five years;
- annual coupon: 0.5%;
- issue price: €8.26.

If these bonds are not converted, they will be redeemed in cash on 6 March 2023 at a price of €8.26.

OCEANE bonds are compound instruments within the meaning of IAS 32. The characteristics of the OCEANE bonds provide for the possibility of conversion into a fixed number of shares for a fixed amount of cash. An equity component has been calculated by subtracting the debt component of the OCEANE, measured at the rate of the debt without a conversion option, in application of sections 29–30 of IAS 32, which define the “equity” component as residual. On initial recognition, and net of issue costs, the equity component amounted to €16.7 million and the debt component to €181.7 million.

In November 2020, the Econocom group bought back convertible bonds (OCEANEs) for a total amount of €9.7 million. As a result, the “debt” component was derecognised against the cash paid for repayment, the difference being recognised in the statement of financial position for an amount of €0.9 million. The “Equity” component initially recognised and representing the premium sold attaching to the conversion option, is vested by the issuer and remains recognised in equity.

### Non-convertible bonds

#### *Euro PP*

In May 2015, Econocom group SE took part in a €101 million bond issue (Euro PP) with eight institutional investors. The issue was in two tranches of €45.5 and €55.5 million, with respective maturities of five and seven years. They pay fixed-rate interest (2.364% in five years and 2.804% in seven years) and are redeemable upon maturity (*in fine*).

In June 2020, the Group repaid the first instalment.

#### *Schuldschein*

In late November 2016, Econocom group SE issued €150 million in *Schuldschein* notes on the Frankfurt market.

These notes, redeemable at maturity, comprise three tranches: €13 million at seven years, and €22 million and €115 million at five years. Notes belonging to the first two tranches pay fixed-rate interest (2.088% at seven years and 1.611% at five years). The interest on the third tranche includes a fixed-rate portion of 1.5% and a floating-rate portion indexed to six-month EURIBOR. An interest rate swap was put in place in respect of these notes to protect the Group against the interest rate risk on the floating-rate portion. The swap hedges the risk of a rise in interest rates; however, it provides that if EURIBOR is negative, Econocom bears the interest rate risk.

### Commercial paper

In October 2015, Econocom diversified its financing and set up a commercial paper programme (*Econocom group Société Européenne Billets de Trésorerie*). Through this programme, capped at €200 million, the Group optimises and diversifies in the short term the financial resources to

support its growth. This programme complements the Group's bank financing and gives it access to short-term liquidity under favourable and transparent conditions, since it borrows from the negotiable debt securities market.

### Analysis of non-current interest-bearing liabilities by maturity

2020 in € millions	Total	1 to 5 years	Beyond 5 years
Lease payables relating to contracts refinanced with recourse (non-current portion)	50.3	50.3	-
Bonds loans	248.7	248.7	-
Other debt	25.6	25.6	-
<b>Total</b>	<b>324.6</b>	<b>324.6</b>	

2019 in € millions	Total	1 to 5 years	Beyond 5 years
Lease payables relating to contracts refinanced with recourse (non-current portion)	58.8	58.8	-
Bonds loans	390.0	390.0	-
Other debt	2.8	2.8	-
<b>Total</b>	<b>451.5</b>	<b>451.5</b>	-

## 14.3. Net financial debt

The concept of net debt as used by the Group represents gross debt (see note 14.2) less gross cash (see note 14.1 – cash and cash equivalents). Gross debt includes all interest-bearing debt and debt incurred through the receipt of financial instruments.

It does not include:

- the gross purchase commitments of leased assets (liability) and residual interests in leased assets;
- the derivative instrument hedging *Schuldschein* notes; and
- lease liabilities.



## Net debt 2020

in € millions	31 Dec. 2019	Cash flows	Non-cash flows				31 Dec. 2020
			Amortised cost of the loan	Changes in scope of consoli- dation	Conversion	Other	
Cash and cash equivalents*	593.8	31.3	-	25.6	(2.4)	0.9	649.3
Bank overdrafts**	(18.2)	18.1	-	-	-	(0.7)	(0.8)
<b>Cash and cash equivalents net of bank overdrafts<sup>(1)</sup></b>	<b>575.6</b>	<b>49.5</b>	<b>-</b>	<b>25.6</b>	<b>(2.4)</b>	<b>0.2</b>	<b>648.5</b>
Commercial paper and bank debt	(292.0)	130.3	-	3.4	-	2.4	(155.9)
<b>Net cash at bank</b>	<b>283.6</b>	<b>179.8</b>	<b>-</b>	<b>29.0</b>	<b>(2.4)</b>	<b>2.7</b>	<b>492.7</b>
Convertible bond (OCEANE)	(189.2)	11.6	(4.7)	-	-	-	(182.2)
Bond debt (Euro PP)	(102.3)	48.1	(2.1)	-	-	-	(56.3)
Bond debt (Schuldschein)	(149.9)	2.8	(2.9)	-	-	-	(150.0)
Leases refinanced with recourse	(90.3)	14.0	-	-	0.1	-	(76.2)
Factoring liabilities with recourse	(4.0)	(3.5)	-	-	-	-	(7.5)
Other non-current liabilities	-	(0.1)	-	-	-	-	(0.1)
<b>Sub-total</b>	<b>(535.8)</b>	<b>72.9</b>	<b>(9.7)</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>(472.5)</b>
<b>(Net debt)/Cash surplus</b>	<b>(252.2)</b>	<b>252.6</b>	<b>(9.7)</b>	<b>29.0</b>	<b>(2.2)</b>	<b>2.7</b>	<b>20.2</b>

\* Positive gross cash and cash equivalents.

\*\* Including current bank overdrafts totalling €0.8 million at 31 December 2020 and €18.2 million at 31 December 2019.

<sup>(1)</sup> The €72.9 million change in net cash and cash equivalents as shown in the statement of cash flows is equal to the sum of monetary outflows (€49.5 million), cash acquired (€28.6 million) less translation adjustments (-€2.4 million) and translation losses (€2.8 million).

**This cash surplus corresponds to the amount after financing of TMF self-funded contracts in the amount of €185.9 million.**

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### Net debt 2019

in € millions	31 Dec. 2018	Cash flows	Non-cash flows				31 Dec. 2019
			Amortised cost of the loan	Conversion	Reclass. Reclassifi- cation to liabilities held for sale	Other	
Cash and cash equivalents*	608.4	(4.9)	-	0.8	(10.5)	-	593.8
Bank overdrafts**	(3.6)	(14.7)	-	-	-	-	(18.2)
<b>Cash and cash equivalents net of bank overdrafts<sup>(1)</sup></b>	<b>604.8</b>	<b>(19.5)</b>	<b>-</b>	<b>0.8</b>	<b>(10.5)</b>	<b>-</b>	<b>575.6</b>
Commercial paper and bank debt	(287.1)	(5.0)	-	-	0.1	-	(292.0)
<b>Net cash at bank</b>	<b>317.7</b>	<b>(24.6)</b>	<b>-</b>	<b>0.8</b>	<b>(10.4)</b>	<b>-</b>	<b>283.6</b>
Convertible bond (OCEANE)	(185.5)	1.0	(4.7)	-	-	-	(189.2)
Bond debt (Euro PP)	(102.2)	2.6	(2.7)	-	-	-	(102.3)
Bond debt ( <i>Schuldschein</i> )	(149.8)	2.8	(2.9)	-	-	-	(149.9)
Leases refinanced with recourse	(97.2)	6.9	-	-	-	-	(90.3)
Factoring liabilities with recourse	(28.5)	20.3	-	-	4.3	-	(4.0)
Other non-current liabilities	(6.1)	-	-	-	-	6.1	-
<b>Sub-total</b>	<b>(569.4)</b>	<b>33.6</b>	<b>(10.3)</b>	<b>-</b>	<b>4.3</b>	<b>6.1</b>	<b>(535.8)</b>
<b>Net financial debt</b>	<b>(251.7)</b>	<b>9.0</b>	<b>(10.3)</b>	<b>0.8</b>	<b>(6.1)</b>	<b>6.1</b>	<b>(252.2)</b>

\* Positive gross cash and cash equivalents.

\*\* Including current bank overdrafts totalling €18.2 million at 31 December 2019 and €3.6 million at 31 December 2018.

<sup>(1)</sup> The -€29.3 million change in net cash and cash equivalents as shown in the statement of cash flows is equal to the sum of monetary outflows (-€19.5 million), translation adjustments (€0.8 million), and reclassification under liabilities held for sale (-€10.5 million).

# 15. Equity

## 15.1. Share capital

The General Meeting of 19 May 2020 decided to destroy 24,500,000 treasury shares.

The total number of shares with voting rights attached was thus increased to 220,880,430.

	Number of shares			Value in € millions		
	Total	Treasury shares <sup>(1)</sup>	Outstanding	Share capital	Issue premiums	Treasury shares
<b>At 1 January 2019</b>	<b>245,140,430</b>	<b>13,978,631</b>	<b>231,161,799</b>	<b>23.5</b>	<b>240.3</b>	<b>(64.6)</b>
Purchases of treasury shares, net of sales	-	9,564,513	(9,564,513)	-	-	(26.3)
Exercise of options and award of free shares	-	(85,000)	85,000	-	-	0.0
OCEANE equity component	240,000	-	-	-	0.7	-
Refund of issue premium	-	-	-	-	(27.4)	-
<b>At 31 December 2019</b>	<b>245,380,430</b>	<b>23,458,144</b>	<b>221,922,286</b>	<b>23.5</b>	<b>213.6</b>	<b>(90.9)</b>
Purchases of treasury shares, net of sales	-	10,871,023	(10,871,023)	-	-	(25.6)
Exercise of options and award of free shares	-	(50,000)	50,000	-	-	-
Capital increase	-	-	-	-	-	-
Destruction of treasury shares	(24,500,000)	(24,500,000)	-	-	-	93.5
Refund of issue premium	-	-	-	-	-	-
<b>At 31 December 2020</b>	<b>220,880,430</b>	<b>9,779,167</b>	<b>211,101,263</b>	<b>23.5</b>	<b>213.6</b>	<b>(23.0)</b>

<sup>(1)</sup> At 31 December 2020, all of the shares are in their own account.

The number of dematerialised shares stands at 158,716,396.

The number of registered shares is 62,164,034, a total of 220,880,430.

**Bearer shares**

During the 2018 financial year, only one shareholder claimed its shares (1,688 shares after the split) from Caisse des Dépôts et Consignations. The number of Econocom group shares registered in the name of Caisse des Dépôts et Consignations in our register therefore amounts to 1,092,156 shares.

In 2019, following claims from two shareholders (for a total of 6,488 shares) from Caisse des Dépôts et Consignations,

the number of Econocom group shares registered in the name of Caisse des Dépôts et Consignations in our register amounts to 1,085,668 shares.

In 2020, one shareholder claimed his shares, representing 7,424 Econocom shares. At 31 December 2020, the number of Econocom group shares registered in the name of Caisse des Dépôts et Consignations in the register of shares therefore amounted to 1,078,244 shares.

## 15.2. Changes in equity attributable to owners of the parent

At 31 December 2020, equity attributable to owners of the parent amounted to €406.1 million (€410.2 million at 31 December 2019). The table below shows changes in this item:

<i>in € millions</i>	<b>Attributable to owners of the parent</b>
<b>At 31 December 2019</b>	<b>410.2</b>
Comprehensive income	41.3
Share-based payments, net of tax	1.3
Refund of issue premiums/Payments to shareholders	(25.7)
Capital increase	
Treasury share transactions	(25.6)
Transactions on stock options	-
Change in fair value of liabilities under put options	(0.2)
Impact of put options granted to non-controlling shareholders	-
Reclassifications between equity attributable to owners of the parent and non-controlling interests following acquisitions of additional shares	-
Miscellaneous (transactions impacting non-controlling interests and other transactions)*	4.8
<b>At 31 December 2020</b>	<b>406.1</b>

## 15.3. Changes in equity not recognised in profit or loss

### 15.3.1. ECONOCOM GROUP SHARE-BASED PAYMENTS

The Group regularly awards stock purchase and subscription options, as well as free shares, to Management, certain corporate officers and select employees. These transactions are recognised at fair value at the grant date using the Black-Scholes-Merton mathematical option pricing model.

Fair value, corresponding to the estimated cost of the services provided by the beneficiaries, is recognised on a straight-line basis in "Personnel costs" over the

vesting period. An offsetting entry is recorded to equity. Subsequent changes in the fair value of the options do not impact the initial measurement.

At the end of each reporting period, the Group revises the assumptions used to calculate the number of equity instruments. The impact of this revised estimate, if any, is taken to profit or loss and the expenses accrued adjusted accordingly. The offsetting entry is recorded in equity.

#### 15.3.1.1. Stock subscription and purchase option plans

Stock subscription and purchase option plans have been granted to some of the Group's employees and corporate officers for an agreed unit price. Stock subscription and purchase option plans are equity-settled share-based payment transactions. In accordance with the number of options expected to vest, the fair value of the options

granted is expensed over the vesting period. When the options are exercised, equity is increased by the proceeds received.

The characteristics of these plans are detailed below. It should be noted that the number of options granted remains unchanged but that owing to the share split, the number of rights attached to each option has doubled.

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<i>Stock option plans</i>	<b>2013 Options</b>	<b>2014 Options<sup>(1)</sup></b>			<b>2017 Options<sup>(2)</sup></b>	<b>Total</b>
<b>Year granted</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	
<b>Options outstanding at 31 December 2019</b>	<b>250,000</b>	<b>1,599,620</b>	<b>356,800</b>	<b>85,000</b>	<b>90,000</b>	<b>2,381,420</b>
Options granted during the period	-	-	-	-	-	-
Options exercised during the period	-	-	-	-	-	-
Options lapsed, forfeited or cancelled	(250,000)	-	-	-	-	(250,000)
<b>Options outstanding at 31 December 2020</b>	<b>-</b>	<b>1,599,620</b>	<b>356,800</b>	<b>85,000</b>	<b>90,000</b>	<b>2,131,420</b>
Rights granted in number of shares (comparable) at 31 December 2019	500,000	3,199,240	713,600	170,000	90,000	4,672,840
<b>Rights granted in number of shares (comparable) at 31 December 2020</b>	<b>-</b>	<b>3,199,240</b>	<b>713,600</b>	<b>170,000</b>	<b>90,000</b>	<b>4,172,840</b>
Option exercise price (in €)	5.96	5.52	7.70	11.48	6.04	
Share purchase price (in €)	2.98	2.76	3.85	5.85	6.04	
Average share price at the exercise date	-	5.52	-	-	-	
<b>Expiry date</b>	<b>Dec. 2020</b>	<b>Dec. 2021</b>	<b>Dec. 2022</b>	<b>Dec. 2023</b>	<b>Dec. 2023</b>	<b>-</b>

(1) In December 2014, the Board of Directors approved a plan to issue 2,500,000 stock subscription rights. These options were issued by the Compensation Committee in 2014 (2,075,000 options), 2015 (360,000 options) and 2016 (105,000 options). The formula adopted will allow Econocom group to issue new shares upon exercise of these options.

(2) In May 2017, the Board of Directors approved a plan to issue 2,000,000 stock subscription rights, 1,950,000 of which were issued in December 2017 by the Compensation Committee. These options will also give rise to the issue of new shares.

The fair values of the options were measured at the grant date using the Black-Scholes-Merton mathematical option pricing model. The table below shows the measurements along with the main assumptions used:

General information		Initial measurement assumptions (IFRS 2)					
Plan	Year granted	Options outstanding	Fair value	Volatility	Vesting period	Estimated future dividend in %	RFIR <sup>(1)</sup>
	2014	1,599,620	0.73	28%	4 years	2%	0.32%
2014	2015	356,800	1.00	28%	4 years	2%	0.35%
	2016	85,000	1.65	30%	4 years	2%	0.02%
2017	2017	90,000	1.08	29%	4 years	2%	0.13%

(1) TISR: risk-free interest rate.

Options are measured at fair value at the grant date in accordance with IFRS 2.

Volatility is calculated by an actuary based on a four-year record of daily prices preceding the option grant date, in line with the maturity of the options.

A detailed description of these stock option plans can be found in section 5.10 of the Management Report.

### 15.3.1.2. Free share plan

In July 2020, the Board of Directors of Econocom implemented a new free share allocation plan for a total of allocation of 1,600,000 shares.

Vesting may be subject to the achievement of individual and/or collective objectives, that may be internal and/or external to the Econocom group.

As at 31 December 2020, 1,780,000 free shares had not been exercised.

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	2018				2020			Total
	2	3	4	5	1	2	3	
Tranches	2	3	4	5	1	2	3	
Free shares outstanding at 31 Dec. 2019	197,500	197,500	197,500	197,500	-	-	-	790,000
Award	-	-	-	-	300,000	900,000	400,000	1,600,000
Vesting	-	-	-	-	-	-	-	-
Exercise	(50,000)	-	-	-	-	-	-	(50,000)
Loss or cancellation	(147,500)	(137,500)	(137,500)	(137,500)	-	-	-	(560,000)
Free shares outstanding at 31 Dec. 2020	-	60,000	60,000	60,000	300,000	900,000	400,000	1,780,000
<b>Expiry date</b>	<b>March 2020</b>	<b>March 2021</b>	<b>March 2022</b>	<b>March 2023</b>	<b>July 2021</b>	<b>July 2022</b>	<b>July 2023</b>	-

Each tranche is contingent on the employee being present in the Group throughout the vesting period, and on a series of conditions relating to performance and share price.

### 15.3.1.3. Econocom group share-based payment expense in the income statement

The total expense taken to profit or loss in 2020 in respect of share-based payments amounted to €0.8 million, and was recorded in personnel costs within profit (loss) from current operating activities. A tax effect was recognised for an amount that was not material.

The total expense taken to profit or loss in 2019 in respect of share-based payments amounted to €0.7 million, and was recorded in personnel costs within profit (loss) from

current operating activities. A tax effect was recognised for an amount that was not material.

### 15.3.2. PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The impact of provisions for pensions and other post-employment benefits on consolidated equity is set out in note 17.

### 15.3.3. TREASURY SHARES

Treasury shares and the related transaction costs are recorded as a deduction from equity. When they are sold, the consideration received in exchange for the shares net of the transaction costs is recorded in equity.



At 31 December 2020, the Group held 9,779,167 treasury shares (i.e., 4.4% of the total number of shares) through the parent company Econocom group SE.

At the General Meeting of 19 May 2020, it was decided to cancel 24,500,000 treasury shares held by Econocom group and the

introduction of double voting rights for registered shares held for more than two years.

The net acquisition cost of shares acquired and the proceeds from the sale of shares sold were respectively deducted from or added to equity.

#### 15.3.4. DIVIDEND

The Board of Directors recommends that at the General Meeting shareholders vote to refund the issue premium considered as paid-in capital, in an amount of €0.12 per share. The table below also shows the dividend per share paid by the Group in respect of previous years.

	Issue premium refund proposed in 2021	Dividend paid in 2020	Issue premium refunded in 2019
Total dividend in € millions <sup>(1)</sup>	25.3	25.7	29.4
Dividend per share in € (after the share split)	0.12	0.12	0.12

<sup>(1)</sup> Calculated based on the total number of shares outstanding at 31 December of each year.

As this refund of the issue premium is subject to the approval of the General Meeting, it is not recognised as a liability in the consolidated financial statements for the year ended 31 December 2020.

#### 15.3.5. CURRENCY TRANSLATION RESERVES

Currency translation reserves correspond to the cumulative effect of the consolidation of

subsidiaries with functional currencies other than the euro. Foreign exchange gains and losses recorded in equity attributable to owners of the parent and non-controlling interests represented a decrease of €10.0 million *versus* a decrease of €5.7 million at 31 December 2019. At 31 December 2020, changes in this item result chiefly from fluctuations in the value of the Brazilian real, US dollar, pound sterling and Polish zloty.

## 15.4. Change in non-controlling interests

At 31 December 2020, non-controlling interests amounted to €66.8 million (€73.7 million at 31 December 2019). The table below shows changes in this item:

<i>in € millions</i>	<b>Non-controlling interests</b>
<b>At 31 December 2019</b>	<b>73.7</b>
Share of comprehensive income attributable to non-controlling interests	3.2
Impact of put options granted to non-controlling shareholders	-
Reclassifications between equity attributable to owners of the parent and non-controlling interests following acquisitions of additional shares	-
Miscellaneous transactions impacting reserves of non-controlling interests	(10.1)
<b>At 31 December 2020</b>	<b>66.8</b>

The share of profit recognised in the income statement for non-controlling interests represents +€3.4 million for 2020 (compared with +€3.9 million in 2019).

## 15.5. Information regarding non-controlling interests

At 31 December 2020, non-controlling interests primarily concerned Econocom's "Satellites" in the Digital Services & Solutions activity: Altabox, Alter Way, Asystel Italia, Exaprobe, Helis and Infeeny.

Together these companies accounted for 9.8% of total assets and 21.2% of consolidated equity at 31 December 2020. Taken individually, none of these entities represents a significant percentage of

Econocom group's total assets or consolidated equity.

Current accounts granted to these companies by Econocom Finance SNC amounted to -€4.0 million at 31 December 2020.

After eliminating items between these companies and other Group companies, these entities contributed €396.3 million to revenue in 2020.

## 16. Provisions

The Group recognises provisions when it has a legal or constructive obligation towards a third party as a result of past events which is likely to result in an outflow of resources that can be measured reliably.

The amount recognised represents the best estimate of the expenditure expected to be required to settle the present obligation, taking into account the risks and uncertainties known at the reporting date.

### Long-term provisions

Long-term provisions cover risks which are not reasonably expected to materialise for several years, and concern social risks. They are discounted if required.

### Short-term provisions

Short-term provisions primarily correspond to provisions for claims related to the Group's normal operating cycle and which are expected to be settled within 12 months.

They mainly include:

- provisions for social risks (including risks arising from reorganisation measures);
- tax and legal risks (disputes in progress with customers, suppliers, agents or tax authorities);
- deferred commissions, (calculated contract-by-contract based on the residual value of leased assets, less any residual commercial value of the contracts concerned);
- other provisions.

### Contingent liabilities

Other than the general risks described in note 19, the Group did not identify any material risks not provisioned in its financial statements.

### Provisions for restructuring and social risks

Provisions for restructuring and social risks in the amount of €4.9 million cover future costs related particularly to the ongoing transformation of the Digital Services & Solutions business line, on the one hand, and litigation with former employees, on the other.

### Provisions for tax, legal and commercial risks

This item includes provisions for legal and commercial risks in the amount of €18.6 million, which mainly cover the risks related to ongoing litigation with customers.

### Provisions for other risks

Provisions for other risks (€20.0 million) cover a wide variety of risks.

## Change in 2020 provisions

<i>in € millions</i>	31 Dec. 2019	Changes in scope of consoli- dation	Addi- tions	Rever- sals (not used)	Rever- sals used	Other and exchange diffe- rences	31 Dec. 2020
Restructuring and social risks	6.7	-	2.4	(0.4)	(4.0)	0.3	4.9
Tax, legal and commercial risks	19.2	-	12.3	(3.7)	(3.8)	(1.0)	23.0
Deferred commissions	1.5	-	-	(0.1)	(0.1)	-	1.4
Other risks	8.5	3.7	12.7	(4.6)	(0.3)	-	20.0
<b>Total</b>	<b>35.8</b>	<b>3.7</b>	<b>27.4</b>	<b>(8.7)</b>	<b>(8.1)</b>	<b>(0.7)</b>	<b>49.2</b>
Long-term	3.3	-	9.7	(0.7)	(0.6)	-	11.5
Short-term	32.6	3.7	17.7	(8.0)	(7.5)	(0.7)	37.7
<b>Profit (loss) impact of movements in provisions</b>							
Profit (loss) from current operating activities			11.6	(8.4)	(4.5)		
Profit (loss) from discontinued operating activities			8.8	(0.3)	(3.2)		
Income tax expense					(0.4)		
Profit (loss) from discontinued operations			7.0				

## Change in 2019 provisions

<i>in € millions</i>	31 Dec. 2018	Addi- tions	Rever- sals (not used)	Rever- sals used	IFRS 5	Other and exchange diffe- rences	31 Dec. 2019
Restructuring and social risks	7.3	3.2	(0.9)	(2.4)	(0.5)	-	6.7
Tax, legal and commercial risks	17.4	11.2	(2.6)	(5.2)	(1.7)	-	19.2
Deferred commissions	1.7	0.1	(0.3)	-	-	-	1.5
Other risks	17.2	4.3	(4.0)	(0.2)	(5.1)	(3.8)	8.5
<b>Total</b>	<b>43.7</b>	<b>18.9</b>	<b>(7.8)</b>	<b>(7.8)</b>	<b>(7.4)</b>	<b>(3.8)</b>	<b>35.8</b>
Long-term	2.1	1.6	(0.1)	(0.3)	-	-	3.3
Short-term	41.6	17.3	(7.7)	(7.5)	(7.4)	(3.8)	32.6
<b>Profit (loss) impact of movements in provisions</b>							
Profit (loss) from current operating activities		7.1	(6.5)	(3.8)			
Profit (loss) from discontinued operating activities		11.8	(1.2)	(3.0)			
Income tax expense			(0.1)	(1.0)			

# 17. Provisions for pensions and other post-employment benefit obligations.

## 17.1. Description of pension plans

Post-employment benefits are granted under defined contribution plans or defined benefit plans.

### 17.1.1. DEFINED CONTRIBUTION PLANS

A defined contribution plan is a plan under which the Group pays fixed contributions to an external entity that is responsible for the plan's administrative and financial management. The employer is therefore free of any subsequent obligation as the agency is in charge of paying employees the amounts to which they are entitled (basic Social Security pension plan, supplementary pension plans).

#### Special case: Pensions plans in Belgium

The Belgian "Vandenbroucke Law" states that employers must guarantee a minimum return on employee contributions. All Belgian defined contribution plans are therefore treated as defined benefit plans in accordance with IFRS.

As from 1 January 2016, the Group has been required to guarantee a minimum return for contributions paid in. The return depends on the yield on Belgian 10-year government bonds but should be between 1.75% and 3.25%. There will be no distinction made between employer and employee contributions.

Employers are exposed to a financial risk as a result of this guaranteed minimum return for defined contribution plans in Belgium, since they have a legal obligation to pay additional contributions if the plan does not have sufficient assets to pay all benefits relating to past service costs.

These plans are classified and accounted for as IAS 19 defined benefit plans.

### 17.1.2. DEFINED BENEFIT PLANS

Defined benefit plans are characterised by the employer's obligation to its employees. Provisions are therefore accrued to meet this obligation.

The defined benefit obligation is calculated using the projected unit credit method, which uses actuarial assumptions as regards salary increases, retirement age, mortality, employee turnover and the discount rate.

Changes in actuarial assumptions, or the difference between these assumptions and actual experience, result in actuarial gains or losses. These are recognised in other comprehensive income for the period in which they occur, in accordance with the Group's accounting principles.

For the Group, defined benefit post-employment plans primarily concern the benefits described below:

- severance pay in France:
  - ▶ lump-sum benefits calculated according to the employee's years of service and his/her average compensation over the last 12 months prior to his/her departure,
  - ▶ the calculation is based on inputs defined by the Human Resources Department in France in November each year,
  - ▶ the calculated amount is set aside under provisions in the balance sheet;

- termination benefits in Italy:

- ▶ rights vested by employees for each year of service *pro rata* to their gross annual compensation, revised every year and paid in advance or upon retirement, voluntary departure or termination,
- ▶ the calculated amount is set aside under provisions in the balance sheet;

At Econocom International Italia and Asystel Italia, all rights arising after 1 January 2007 have been transferred to an external entity and provisions therefore only concern rights vested at 31 December 2006 for which the Group was still liable at 31 December 2020.

Since Italy requires rights to be transferred to a third party or treasury fund as from a certain threshold only, certain rights relating to Bizmatica were kept on the Group's books.

- "Group" insurance in Belgium:

- ▶ defined contribution plans, which provide a guaranteed return on payments made by the employer and

the employee, payable as either a lump-sum benefit or equivalent annuity, or compensation in the event of death during employment. As the payment guaranteed by the insurance company is uncertain, the Group presents these plans as defined benefit plans, even though the amount of such plans in the balance sheet is subject to only minimal changes;

- company pension plans in Austria: these are paid on the basis of employees' years of service and also cover the risk of death and disability. The benefits are also paid over to the surviving spouse in the event of death of the employee.

The Group has plan assets in France, Belgium and Austria. The expected rate of return on plan assets has been set at the same level as the rate used to discount the obligation.

Provisions for pensions and other post-employment benefit obligations for activities held for sale are recognised under "Liabilities held for sale".

The amounts which Econocom expects to pay directly in 2021 in respect of its employer contribution to the bodies in charge of collecting contributions, will represent around €1 million.

## 17.2. Actuarial assumptions and experience adjustments

Actuarial valuations depend on a certain number of long-term variables. These variables are reviewed every year.

	France		Other countries <sup>(1)</sup>	
	2020	2019	2020	2019
Retirement age	63-65 years old	63-65 years old	60-65 years old	60-65 years old
Salary increase rate and rights vested	2.20%	2.20%	2.00% – 2.84%	1.00% – 2.20%
Inflation rate	1.70%	1.70%	1.70%	1.70%
Discount rate	0.35%	0.70%	0.35%	0.70%
Mortality table	INSEE 2014-2016	INSEE 2013-2015	-	-

(1) Individually, the “Other countries” had an immaterial impact.

The employee turnover rate was determined based on statistics for each country and business. The employee turnover rate is applied depending on the age band of each employee and, for certain countries, depending on the employee’s status (managerial-grade/non-managerial-grade).

A decrease of around 0.25 percentage points in the discount rate would lead to an

increase in the provision of approximately €1.7 million. A 0.25 percentage point increase in the discount rate would lead to a €1.3 million decrease in the provision.

In accordance with IAS 19, the discount rates applied to determine the amount of the obligation are based on the yield on long-term private-sector bonds over a term matching that of the Group’s obligations.

<i>in € millions</i>	31 Dec. 2020	31 Dec. 2019
Present value of obligation (a)	70.7	72.2
Present value of plan assets (b)	27.4	27.3
Impact of discontinued activities and disposals (c)	1.7	7.8
<b>Provision for pension obligations (a) – (b) – (c)</b>	<b>41.5</b>	<b>37.1</b>
Long-service awards	0.2	0.3
<b>Provisions for pension and other post-employment benefit obligations</b>	<b>41.8</b>	<b>37.4</b>

## 17.3. Income and expenses recognised in profit or loss

### Items of pension cost

<i>in € millions</i>	31 Dec. 2020	31 Dec. 2019 restated*
Service cost	(3.6)	(3.9)
Curtailement/termination	2.2	1.7
Interest expense	(0.3)	(0.6)
Expected return on plan assets	0.2	0.3
<b>Total costs recognised in profit or loss</b>	<b>(1.4)</b>	<b>(2.5)</b>
<b>Total costs recognised in other items of comprehensive income</b>	<b>1.4</b>	<b>(0.9)</b>

\* In accordance with IFRS 5 (see 2.2.5), 2019 income and expenses of operations considered discontinued in 2020 are reclassified to "Profit (loss) from discontinued operations" in the 2019 income statement.

Service cost is shown within "Employee benefits expense" in the income statement. Interest expense, corresponding to the cost of discounting the obligation, is included in "Financial expenses". Curtailments and terminations are mainly included in profit (loss) from discontinued operating activities.

## 17.4. Changes in provisions recorded in the balance sheet

### Changes in the 2020 provision

<i>in € millions</i>	31 Dec. 2019	Changes in scope of consolidation	Income statement	Benefits paid directly	Actuarial gains and losses <sup>(1)</sup>	31 Dec. 2020
France	30.5	2.7	0.9	(0.4)	0.5	34.2
Other countries	6.6	-	0.5	(0.6)	0.8	7.3
<b>Provisions for pensions</b>	<b>37.1</b>	<b>2.7</b>	<b>1.4</b>	<b>(1.0)</b>	<b>1.4</b>	<b>41.5</b>
Long-service awards (France)	0.3	-	-	-	-	0.2
<b>Total</b>	<b>37.4</b>	<b>2.7</b>	<b>1.4</b>	<b>(1.0)</b>	<b>1.4</b>	<b>41.8</b>

<sup>(1)</sup> Cumulative revaluation gains and losses carried in other comprehensive income represented a net negative amount of €5.1 million in 2020 and €4.3 million in 2019, i.e., a change of €0.8 million between the two periods, resulting primarily from the change in actuarial assumptions and from changes in scope of consolidation.



## Changes in the 2019 provision

<i>in € millions</i>	31 Dec. 2018	Changes in scope of consoli- dation	Income statement	Benefits paid directly	Reclassif- ication of liabilities held for sale	Actuarial gains and losses	31 Dec. 2019
France	37.8	(0.3)	2.0	(0.8)	(5.9)	(2.3)	30.5
Other countries	6.8	-	0.5	(0.9)	(1.3)	1.4	6.6
<b>Provisions for pensions</b>	<b>44.6</b>	<b>(0.3)</b>	<b>2.5</b>	<b>(1.6)</b>	<b>(7.2)</b>	<b>(0.9)</b>	<b>37.1</b>
Long-service awards (France)	0.5	-	(0.2)	-	(0.1)	-	0.3
<b>Total</b>	<b>45.1</b>	<b>(0.3)</b>	<b>2.3</b>	<b>(1.6)</b>	<b>(7.3)</b>	<b>(0.9)</b>	<b>37.4</b>

## 17.5. Changes in plan assets

## Changes in 2020 plan assets

<i>in € millions</i>	31 Dec. 2019	Effects from changes in scope of consoli- dation	Expected return	Benefits paid by employer	Benefits paid by fund	Curtailement/ termination	Actuarial gains and losses	31 Dec. 2020
France	3.1	(0.8)	0.1	-	(0.4)	-	-	2.0
Other countries <sup>(1)</sup>	24.1	-	0.2	1.0	(0.6)	0.2	0.5	25.4
<b>Total</b>	<b>27.3</b>	<b>(0.8)</b>	<b>0.2</b>	<b>1.0</b>	<b>(1.0)</b>	<b>0.2</b>	<b>0.5</b>	<b>27.4</b>

<sup>(1)</sup> Including €24.8 million at 31 December 2020 relating to Belgian entities.

These plan assets are mainly invested in financial investments with banks and insurance companies.

## Changes in 2019 plan assets

<i>in € millions</i>	31 Dec. 2018	Valuation of termi- nation of employ- ment	Expected return	Benefits paid by employer	Benefits paid by fund	Curtailement/ termination	Actuarial gains and losses	31 Dec. 2019
France	3.8	-	0.1	-	(0.8)	-	-	3.1
Other countries <sup>(1)</sup>	14.7	8.7	0.2	1.1	(0.9)	0.2	0.1	24.1
<b>Total</b>	<b>18.5</b>	<b>8.7</b>	<b>0.3</b>	<b>1.1</b>	<b>(1.6)</b>	<b>0.2</b>	<b>0.1</b>	<b>27.3</b>

<sup>(1)</sup> Including €23.6 million at 31 December 2019 relating to Belgian entities.

## 17.6. Estimated payments under defined benefit plans (no discounting) over a ten-year period

Timing of estimated payments to be made to employees under the main defined benefit plans, either by the plan (plan assets) or directly by Econocom if there are no plan assets:

<i>in € millions</i>	<b>Due in less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-10 years</b>	<b>Total</b>
Estimated payments	2.0	1.2	1.8	2.4	29.2	36.6

## 18. Notes to the consolidated statement of cash flows

### Definition of cash flows

Cash flows are presented in the statement of cash flows, which analyses changes in cash flows from all activities, including continuing and discontinued operations as well as activities held for sale.

Cash as presented in the statement of cash flows includes cash and cash equivalents, presented net of bank overdrafts.

Year-on-year changes in cash and cash equivalents can be broken down as follows in 2020 and 2019:

<i>in € millions</i>	<b>2020</b>	<b>2019</b>
Net cash and cash equivalents at 1 January	575.6	604.8
Change in net cash and cash equivalents	72.9	(29.3)
Net cash and cash equivalents at 31 December	648.5	575.6

### 18.1. Comments on the net cash from (used in) operating activities

Net cash used in operating activities totalled €232.6 million in 2020 compared to €126.2 million in 2019, reflecting:

- cash flow from operating activities totalling €107.2 million in 2020 *versus* €141.3 million in 2019;
- a reduction in outstandings related to self-funded contracts in the Technology Management & Financing activity for

€52.6 million in 2020 (down by €7.7 million in 2019);

- other drops in working capital requirement (down €86.9 million in 2020 compared with a drop of 6.5 million in 2019); this decline reflects the constant attention paid to the reduction of the cash requirements of each entity.

**18.1.1. NON-CASH EXPENSES (INCOME)**

<i>in € millions</i>	<b>Notes</b>	<b>2020</b>	<b>2019 restated*</b>
<b>Elimination of share of profit (loss) of associates and joint ventures</b>		-	-
Depreciation/amortisation of property, plant and equipment and intangible assets	10.1/10.2	43.9	57.6
Net additions to (reversals from) provisions for contingencies and expenses		4.3	3.6
Change in provisions for pensions and other post-employment benefit obligation		0.1	1.1
Impairment of non-current financial assets		-	1.0
Impairment of trade receivables, inventories and other current assets		(1.0)	6.7
<b>Total provisions, depreciation, amortisation and impairment</b>		<b>47.4</b>	<b>70.0</b>
<b>Change in residual interest in leased assets<sup>(1)</sup></b>		<b>(3.1)</b>	<b>3.2</b>
Cost of discounting residual interest in leased assets and gross commitments on residual financial assets		(2.7)	(1.5)
Losses (gains) on disposals of property, plant and equipment and intangible assets		4.4	2.6
Gains and losses on fair value remeasurement	2.4	0.4	(0.3)
Expenses calculated for share-based payments		1.3	0.7
Impact of sold operations and changes in consolidation methods and other income/expenses with no effect on cash and cash equivalents		(23.6)	(26.2)
<b>Other non-cash expenses (income)</b>		<b>(20.2)</b>	<b>(24.8)</b>
<b>Non-cash expenses (income)</b>		<b>24.1</b>	<b>48.3</b>

<sup>(1)</sup> Changes in the Group's residual interest in leased assets compare the undiscounted value of the residual interest from year to year, adjusted for currency impacts. The impact for the period of discounting is eliminated in the "Other non-cash expenses (income)" item.

\* In accordance with IFRS 5, the restatement of the 2019 figures reflects the reclassification of operations considered discontinued in 2020 to Net change in cash and cash equivalents from discontinued operations.

**18.1.2. COST OF NET DEBT**

The reconciliation of financial expense booked in the income statement with financial expense relating to the cost of debt as presented in the statement of cash flows can be presented as follows:

<i>in € millions</i>	<b>2020 consolidated income statement</b>	<b>Discounting and change in fair value</b>	<b>Currency impact and other</b>	<b>Cost of net debt in 2020</b>
Net financial expense – operating activities	2.2	(2.7)	1.1	0.6
Other financial income and expenses	(16.2)	-	0.5	(15.8)
<b>Total</b>	<b>(14.0)</b>	<b>(2.7)</b>	<b>1.6</b>	<b>(15.2)</b>

**18.1.3. CHANGE IN WORKING CAPITAL REQUIREMENT**

Changes in working capital requirement can be analysed as follows:

<i>in € millions</i>	<b>Notes</b>	<b>31 Dec. 2019</b>	<b>Change in working capital require- ment in 2020</b>	<b>Reclassif. of assets/ Liabilities held for sale</b>	<b>Other changes<sup>(1)</sup></b>	<b>31 Dec. 2020</b>
Other long-term receivables, gross	10.4	13.6	7.5	-	3.4	24.5
Inventories, gross	12.1	69.2	16.9	0.2	(0.4)	85.9
Trade receivables, gross	12.2	1,064.3	(132.4)	10.9	(58.7)	884.0
Other receivables, gross	12.2	103.4	(23.3)	(0.4)	7.0	86.6
Residual interest in leased assets <sup>(2)</sup>	11.1	165.0	-	-	10.3	175.2
Current tax assets		18.1	-	(0.1)	(5.4)	12.6
Other current assets	12.2	58.4	(12.2)	0.4	1.1	47.7
<b>Trade receivables and other operating assets</b>		<b>1,492.0</b>	<b>(143.5)</b>	<b>11.0</b>	<b>(42.8)</b>	<b>1,316.7</b>
Other non-current liabilities	12.5	(42.4)	8.6	-	(21.3)	(55.1)
Trade payables	12.3	(756.9)	(20.3)	(7.3)	9.3	(775.2)
Other payables	12.3	(223.7)	6.6	(0.3)	0.6	(216.8)
Current tax liabilities		(18.0)	1.3	(0.3)	3.8	(13.2)
Other current liabilities	12.4	(238.4)	7.4	(1.2)	28.4	(203.8)
Gross commitments on residual financial assets <sup>(3)</sup>	11.2	(101.5)	0.4	-	(2.6)	(103.7)

<i>in € millions</i>	Notes	31 Dec. 2019	Change in working capital require- ment in 2020	Reclassif. of assets/ Liabilities held for sale	Other changes <sup>(1)</sup>	31 Dec. 2020
<b>Trade and other operating payables</b>		<b>(1,381.0)</b>	<b>4.0</b>	<b>(9.1)</b>	<b>18.1</b>	<b>(1,367.9)</b>
<b>Total change in working capital requirements</b>		<b>-</b>	<b>(139.5)</b>			

(1) Mainly corresponding to changes in the scope of consolidation, in fair value and translation adjustments.

(2) Changes in the residual interest in leased assets are shown in cash flows from operating activities.

(3) Corresponding to changes in residual financial assets excluding the currency effect and discounting in the period.

## 18.2. Breakdown of net cash from (used in) in investing activities

Net cash from investing activities totalled €125.5 million, primarily reflecting:

- net cash inflows of +€140.4 million mainly related to the disposals of “Econocom Business Continuity” and “Econocom Digital Security”, the acquisition of the cash of “Les Abeilles”, less the payment of

contingent consideration and deferred debt;

- cash outflows of -€14.9 million resulting from investments in property, plant and equipment and intangible assets relating to the Group’s IT infrastructure and applications (see note 10).

## 18.3. Breakdown of net cash from (used in) in financing activities

Net cash from financing activities amounted to -€287.1 million, mainly reflecting:

- cash outflows of €25.6 million relating to net treasury share buybacks;
- cash outflows of €27.5 million relating to compensation of shareholders during the year (dividend payments);
- the decrease in lease refinancing liabilities of €14.0 million;
- outflows of €12.5 million in repayments of financial debts;

- the repayment of commercial paper in the amount of €159.5 million;
- lease payments in the amount of €24.8 million related to leases where Econocom is the lessee (buildings and vehicles) and presented here in accordance with IFRS 16;
- disbursements in the amount of €9.7 million related to the buybacks of part of the OCEANE bonds (see note 14);
- interest payments totalling €15.2 million in the year (including coupon payments on loans bonds).

# 19. Risk management

## 19.1. Capital adequacy framework

The Group seeks a level of gearing that maximises value for shareholders while maintaining the financial flexibility that is required to implement its strategic projects.

Treasury shares are detailed in Note 15.3.3.

The only potentially dilutive instruments are free shares granted under performance share plans, stock options (see note 15) and convertible bonds (see note 14).

## 19.2. Risk management policy

The Group's activities are subject to certain financial risks: market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Group's overall financial risk management policy focuses on reducing exposure to credit risk and interest rate risk by transferring finance lease receivables to refinancing institutions and by using factoring solutions on a non-recourse basis in the Digital Services & Solutions businesses. Financial market risks (interest rate and currency risk) and liquidity risks are handled by Group Management.

### 19.2.1. MARKET RISK

At the end of the year, Group Management fixes all of the rates to be applied in the following year's budgeting process.

The Group manages its exposure to interest rate and currency risks by using hedging instruments such as swaps and foreign exchange forward contracts. These derivative financial instruments are used purely for hedging and never for speculative purposes.

#### 19.2.1.1. Currency risk

The Group operates chiefly in the eurozone; however, following the expansion of operations in non-eurozone countries in Europe, as well as North and South America, the Group may be exposed to currency risk on other currencies. The table below summarises the sensitivity of certain consolidated income statement lines to an increase or decrease of 10% in exchange rates against the euro, linked to the translation of the subsidiaries' foreign currency accounts.

## Sensitivity of income statement

in € millions	Contribution to the consolidated financial statements						Sensitivity to a change of:	
	EUR	GBP	USD	PLN	Other	Total	+10%	(10%)
Revenue from continuing operations	2,407.2	41.4	86.9	14.5	8.7	2,558.7	(13.8)	16.8
Profit (loss) from current operating activities	109.7	0.7	4.8	3.4	1.8	120.4	(1.0)	1.2
<b>Profit</b>	<b>48.3</b>	<b>(0.1)</b>	<b>2.5</b>	<b>2.4</b>	<b>(2.9)</b>	<b>50.2</b>	<b>(0.2)</b>	<b>0.2</b>

Since the subsidiaries' purchases and sales are mainly denominated in the same currency, this exposure is limited. Econocom group does not deem this risk to be material, but has nevertheless signed a number of foreign exchange hedging agreements to hedge risks on internal flows.

The Group also manages finance lease agreements denominated in US dollars in its Technology Management & Financing business. Currency risk is hedged naturally due to the specific way in which these

agreements work. Regardless of movements in the dollar, the impact on profit or loss is not material.

## 19.2.2. INTEREST RATE RISK

Econocom's operating income and cash flows are substantially independent of changes in interest rates. Sales of leases to refinancing institutions are systematically based on fixed rates. Income arising on these contracts is therefore set at the outset and only varies if the contract is amended.

The table below presents a breakdown of fixed-rate and floating-rate debt:

in € millions	At 31 December 2020		At 31 December 2019	
	Outstanding	% total debt	Outstanding	% total debt
Fixed rate <sup>(1)</sup>	464.9	74%	531.8	64%
Floating rate <sup>(2)</sup>	163.5	26%	296.0	36%
<b>Gross debt<sup>(2)</sup> (see note 14.2)</b>	<b>628.3</b>	<b>100%</b>	<b>827.8</b>	<b>100%</b>

<sup>(1)</sup> Of which the OCEANE convertible bond (issued in March 2018) and all *Schuldschein* notes: one tranche of the notes (€115 million) bears interest at floating rates; however, an interest rate swap was set up at the outset to convert this floating rate to a fixed rate.

<sup>(2)</sup> Excluding bank overdrafts.

At 31 December 2020, some of the Group's debt is at floating rates and comprises short-term borrowings (credit lines and commercial paper), and short-term factoring agreements.

The interest rate sensitivity analysis shows that a 1% (100 basis point) rise in short-term interest rates would result in a €1.8 million impact on in profit (loss) before tax.

### 19.2.3. PRICE RISK

The Group is exposed to the risk of fluctuations in the residual interests of leased equipment within the scope of its Technology Management & Financing business. It deals with this risk by calculating the future value of equipment using the diminishing balance method, thereby guarding against the risk of obsolescence. This method is described in note 11.1.

The credit lines negotiated in place at 31 December 2020 are shown below:

<i>2020 in € millions</i>	<b>Total amount available</b>	<b>Total amount drawn down</b>
Unconfirmed credit lines <sup>(1)</sup>	96.0	-
Confirmed credit lines	165.1	31.2
<b>Total credit lines</b>	<b>261.1</b>	<b>31.2</b>

<sup>(1)</sup> Repayment schedule not defined.

The credit lines ensure that the Group has the liquidity needed to fund its assets, short-term cash requirements and development at the lowest possible cost.

In October 2015, Econocom set up a commercial paper programme on the French market. At 31 December 2020, the amount outstanding under this programme (capped at €450 million) was €119.0 million.

The method is regularly compared with actual transactions, and annual statistics are compiled to validate the suitable and prudent nature of the selected method.

### 19.2.4. LIQUIDITY RISK

The Financing Department is responsible for ensuring that the Group has a constant flow of sufficient funding:

- by analysing and updating cash flow forecasts on a monthly basis for the Group's 15 main companies;
- by negotiating and maintaining sufficient outstanding lines of financing;
- by optimising the Group's cash pooling system in order to offset cash surpluses and internal cash requirements.

The characteristics of bond debt are set out in note 14.2.

Based on its current financial forecasts, and despite the Covid-19 crisis, Econocom Management believes it has sufficient resources to ensure the continuity and development of its activities.



### Maturity analysis for financial liabilities (excluding derivative instruments) and other liabilities (including liabilities under put and call options on non-controlling interests)

The following maturity analysis for financial liabilities (principal and interest) shows remaining contractual maturities on an undiscounted basis:

<i>2020 in € millions</i>	<b>Total commitment</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>Beyond 5 years</b>
Lease liabilities	57.5	22.5	35.0	-
Gross commitments on residual financial assets	111.0	29.8	81.2	-
Liabilities relating to contracts refinanced with recourse	83.8	33.5	50.4	-
Bank debt, commercial paper and other	155.9	130.4	25.5	-
Convertible loans bonds (OCEANE)	206.6	5.7	201.0	-
Non-convertible loans bonds (Euro PP/Schuldschein)	212.0	141.5	70.6	-
Trade payables	775.2	775.2	-	-
Other payables (excluding derivative instruments)	215.7	215.7	-	-
Other current (financial) liabilities	18.9	18.9	-	-
Non-current non interest-bearing liabilities	55.1	6.6	48.5	-
<b>Total</b>	<b>1,891.8</b>	<b>1,379.7</b>	<b>512.2</b>	<b>-</b>

<i>2019 in € millions</i>	<b>Total commitment</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>Beyond 5 years</b>
Lease liabilities	59.2	21.5	37.7	-
Gross commitments on residual financial assets	108.7	21.8	86.9	-
Liabilities relating to contracts refinanced with recourse	94.3	35.6	58.8	-
Bank debt, commercial paper and other	292.0	289.2	2.8	-
Convertible loans bonds (OCEANE)	222.8	5.6	217.3	-
Non-convertible loans bonds (Euro PP/Schuldschein)	262.2	50.6	211.6	-
Trade payables	756.9	756.9	-	-
Other payables (excluding derivative instruments)	222.8	222.8	-	-
Other current (financial) liabilities	35.6	35.6	-	-
Non-current non interest-bearing liabilities	42.4	3.3	39.1	-
<b>Total</b>	<b>2,097.1</b>	<b>1,443.0</b>	<b>654.1</b>	<b>-</b>

### 19.2.5. CREDIT AND COUNTERPARTY RISK

The Group has no significant exposure to credit risk. It has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. The Group's exposure is also limited as it does not have any concentration of credit risk and uses factoring solutions for the Distribution and Services businesses, as well as non-recourse refinancing with bank subsidiaries and credit insurance in the Technology Management & Financing business. For its Technology Management & Financing business, the Group nevertheless has the option of retaining the credit risk on certain strategic transactions; lease contracts on which Econocom bears the counterparty risk represent less than 10% of

outstanding rentals in the TMF business. The Group decided to concentrate its strategic transactions bearing credit risk within its subsidiary Econocom Digital Finance Limited to ensure a consistent risk management approach.

The Group only invests with investment grade counterparties, thus limiting its credit risk exposure.

#### Maximum credit risk exposure

As the Group has no credit derivatives or continuing significant involvement in the transferred assets, its maximum exposure in this respect is equal to the book value of its financial assets (see note 13.1).

#### Aged balance of past due receivables

2020 in € millions	Book value	Receivables not past due	Breakdown by maturity			
			Total	Less than 60 days	Between 60 and 90 days	Over 90 days
Trade receivables – refinancing institutions, gross	53.9	41.4	12.5	8.3	0.7	3.5
Other receivables, gross	830.1	660.2	169.9	59.8	6.0	104.1
Impairment of doubtful receivables	(70.8)	(16.9)	(53.9)	(0.5)	(0.2)	(53.2)
<b>Trade and other receivables, net</b>	<b>813.2</b>	<b>684.7</b>	<b>128.5</b>	<b>67.6</b>	<b>6.4</b>	<b>54.4</b>

### 19.2.6. EQUITY RISK

The Group does not hold any unlisted or listed shares apart from treasury shares.

As the treasury shares held by Econocom group at 31 December 2020 are deducted from shareholders' equity in the consolidated financial statements as of their acquisition, it is not necessary to compare their book value to their actual market value.

## 20. Off-balance sheet commitments

### 20.1. Commitments received as a result of acquisitions

Vendors warranties in connection with acquisitions carried out in prior years were non-significant.

### 20.2. Commitments given in respect of disposals

For the disposals which took place in 2019 and 2020, the vendor warranties granted by the group were not material.

### 20.3. Bank covenant

Only one covenant exists for the Euro PP private placement loan bond and the *Schuldschein* notes (private placement under German law). A breach would not result in early redemption; rather, it would force the Group to pay a higher interest rate until the ratio is brought back within the relevant bounds. It is calculated as of 31 December of each year, and corresponds to the ratio of net debt to *proforma* EBITDA. It may not exceed 3 over two consecutive years. At 31 December 2020, this covenant was respected.

### 20.4. Guarantee commitments

<i>in € millions</i>	<b>Total guarantees given – 2020</b>
Guarantees given by Econocom to banks for securing credit lines and borrowings <sup>(1)</sup>	351.1
Guarantees given by Econocom to refinancing institutions to cover certain operational risks, residual financial values, and invoice and payment mandates granted to Econocom <sup>(2)</sup>	291.3
Guarantees given to customers for the Group's sales activities and guarantees given to suppliers	121.8
<b>Total guarantees given</b>	<b>764.2</b>

<sup>(1)</sup> Including €55.5 million recognised in financial liabilities. The guarantees relating to financing lines not yet drawn at 31 December 2020 totalled €295.7 million and €293.5 million at 31 December 2019.

<sup>(2)</sup> Including €226.7 million refinanced at 31 December 2020, including €76.2 million in the balance sheet relating to liabilities under finance leases with recourse. The amount of guarantees given to refinancers and not refinanced at 31 December 2020 was €64.6 million compared with €62.7 million at 31 December 2019.

The Group's off-balance sheet commitments can be analysed as follows by maturity and type of commitment:

<i>in € millions</i>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Beyond 5 years</b>	<b>At 31 December 2020</b>	<b>At 31 December 2019</b>
<b>Commitments given</b>	<b>62.9</b>	<b>473.5</b>	<b>227.8</b>	<b>764.2</b>	<b>745.0</b>
Commitments given to banks	30.0	321.1	-	351.1	350.0
Commitments given to refinancers	-	63.5	227.8	291.3	273.7
Commitments given to customers and suppliers	32.9	88.9	-	121.8	120.1
Other guarantees	-	-	-	-	1.2
<b>Commitments received</b>	<b>-</b>	<b>1.9</b>	<b>-</b>	<b>2.0</b>	<b>1.6</b>
Guarantees and pledges	-	1.9	-	2.0	1.6

## 21. Information on the transfer of financial assets and liabilities

### 21.1. Derecognition of financial assets and liabilities

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows on the asset expire or when the Group has transferred the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of owning the asset.

The Group only derecognises all or part of a financial liability when it is extinguished, *i.e.*, when the obligation specified in the contract is discharged, cancelled or expires.

#### Transfer of cash flows only

When the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has not retained control of the financial asset, the Group derecognises it and recognises separately as assets or liabilities

any rights and obligations created or retained in the transfer.

#### Retaining substantially all the risks and rewards of ownership of a divested financial asset

If the Group has retained substantially all the risks and rewards of ownership of a divested financial asset, it continues to recognise the financial asset in its entirety in addition to recognising the consideration received as a secured borrowing.

#### Retaining control of a financial asset

If the Group has retained control of a financial asset, it continues to recognise it on the balance sheet to the extent of its continuing involvement in that asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the divested asset, it recognises the part it has retained in the asset and an associated liability for the amounts it is required to pay.

### Full derecognition

When a financial asset is derecognised in full, a gain or loss on disposal is recorded in the income statement for the difference between the book value of the asset and the consideration received or receivable, adjusted where necessary for any gains or losses recognised in other comprehensive income and accumulated in equity.

### Partial derecognition

When a financial asset is partially derecognised, the Group allocates the previous book value of the financial asset between the part that continues to be recognised in connection with the Group's continuing involvement and the part that is derecognised, based on the relative fair values of those parts on the date of the transfer. The difference between the book value allocated to the part derecognised and the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income, is recognised in profit or loss. A cumulative gain or loss carried in other comprehensive income is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts.

### Factoring liabilities

Certain subsidiaries of Econocom group use factoring to diversify financing sources and reduce credit risk. Factoring with contractual subrogation involves the transfer of

ownership of trade receivables and all associated rights to the factor. This means transfer of the right to receive cash flows.

As required under IFRS 9 "Financial instruments: Recognition and Measurement", these receivables are derecognised when substantially all the risks and rewards of ownership are transferred to the factor. Where this is not the case they are maintained in the balance sheet after the transfer and a financial liability is recorded as an offsetting entry for the cash received.

### Reverse factoring

Reverse factoring is a transaction for the sale of trade receivables to a factor, organised by the debtor company of the receivables. Reverse factoring agreements involve three parties who sign two contracts: a contract for the assignment of receivables between the supplier and the factor and an agreement between the factor and the customer who undertakes to pay the invoices assigned by the supplier to the factor.

Under IFRS 9, the debt is not extinguished if it is not legally extinguished and its terms and conditions are not substantially modified. In this case, the debt remains classified as trade payables.

In light of these provisions of the standard and the characteristics of the contracts, the Group analyses and makes a judgment on the accounting process for reverse factoring transactions.

## 21.2. Information on the transfer of assets – Assets not derecognised in full

### Assignment of trade receivables

For the purpose of optimising its cash management for its Digital, Services & Solutions businesses, the Group assigns

a portion of its trade receivables throughout the year to factoring companies. At 31 December 2020, the Company had an amount of €275.3 million with factoring companies, resulting in non-recourse financing of €222.3 million. The unfinanced amount of €45.5 million is recognised in non-current financial assets and other receivables, and corresponds to unassignable receivables (security guarantees).

<i>in € millions</i>	<b>2020</b>	<b>2019</b>
Receivables assigned to factoring companies	275.3	299.9
Payables	7.5	4.0
Non-factored receivables	45.5	49.2
<b>Receivables sold with no recourse*</b>	<b>222.3</b>	<b>246.7</b>

\* Receivables sold do not include the portion of receivables financed with recourse, classified in liabilities.

The overall factoring cost amounted to €2.9 million in 2020 compared with €2.5 million in 2019.

It should be noted that at the end of December 2020, Econocom used reverse factoring for an amount of €96.2 million (compared to €25 million end-2019). Given that there is no legal novation of the debt and that the terms and conditions have not been substantially modified, the debt remains recognised in trade payables.

### Refinancing with recourse

In certain very limited cases, Econocom group retains its exposure to the credit risk

on its factored receivables. In this case, the Group transfers title to the equipment under the lease to the refinancing institution for the duration of the lease, as collateral for the transaction.

However, for the purposes of simplification, the Group recognised a financial liability equal to the total amount factored with recourse and recorded a gross asset (representing its “continuing involvement” as defined by IFRS 9) in trade receivables for an amount of €76.2 million at 31 December 2020 (€90.3 million at 31 December 2019).

## 21.3. Information on transfers of assets associated with refinancing – Derecognised assets

### 21.3.1. NATURE OF CONTINUING INVOLVEMENT

#### Residual financial value

Outstanding amounts under the Group's lease agreements with customers are refinanced on a non-recourse basis except in very rare cases.

The Group's active risk management policy is aimed at limiting both credit risk and any other continuing involvement. Accordingly, the Group derecognises outstanding amounts under leases refinanced on a non-recourse basis.

However, the Group frequently sells, and commits to repurchase, the leased equipment at the same time as the outstandings under leases. These purchase obligations are classified within "gross commitments on residual financial assets" and recognised in balance sheet liabilities.

#### Other continuing involvement

The main legal forms of refinancing contracts for lease outstandings are described below:

- outstandings assigned in full: Econocom considers that it has no other involvement within the meaning of IFRS 7;
- outstandings assigned as sales of receivables: Econocom has continuing involvement since it retains a portion of the risk associated with the contractual relationship and ownership of the assets;

- outstandings assigned under finance leases: Econocom has continuing involvement since it retains a portion of the risk associated with the contractual relationship.

Risk from continuing involvement depends above all on Econocom's relationship with its customers, and as such is considered, managed and, where appropriate, covered by provisions as an operational risk and not a financial risk.

### 21.3.2. RECOGNITION IN INCOME STATEMENT

For Econocom group, the cost of transferring outstandings is an operating expense included in the economic analysis of each transaction, and is included in profit (loss) from current operating activities accordingly. In contrast, costs relating to the factoring of trade receivables are of a financial nature and are classified within net financial expense. Gains and costs relating to unwinding the discount on the residual interest in leased assets and to gross commitments on residual financial assets are considered as operating costs and are included in "Financial income – operating activities".

### 21.3.3. BREAKDOWN OF TRANSFERS FOR THE YEAR

Refinancing is part of the operating sales cycle and its seasonal nature is thus linked to that of its business and not to the presentation of the balance sheet.

A significant part of this business takes place in December, which is traditionally an important month for companies where ICT investments and digital investments more generally are concerned.

## 22. Related-party information

This note presents material transactions between the Group and its related parties.

### 22.1. Management compensation

The Group's key management personnel are the Chairman, the Vice-Chairman, the managing Directors and the members of the Executive Committee.

The compensation conditions for the Chairman, the Vice-Chairman and the persons delegated to day-to-day management are set by the Board of

Directors following a recommendation of the Compensation and Appointments Committee. The Board has given its Chairman a mandate to determine the compensation of the other senior managers of the Group upon the recommendations of the Appointments and Compensation Committee.

<i>in € millions</i>	2020	2019
Short-term benefits (including social costs)	(3.7)	(4.8)
Retirement benefits and other post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	(0.7)	(2.2)
Share-based payments	(0.8)	(0.2)
Attendance fees <sup>(1)</sup>	-	-
<b>Total</b>	<b>(5.2)</b>	<b>(7.2)</b>

<sup>(1)</sup> The table only shows compensation paid to key management personnel and excludes attendance fees paid to non-executive Directors.

The table above shows the amounts expensed for the members of the Executive Committee and the managing Directors. This table does not show fees billed to Econocom group entities by management, which are disclosed in note 22.2 below.

The compensation policy for Directors and members of the Executive Committee is set out in further detail in the Board of Directors' Management Report in section 5.7.1.



## 22.2. Related-party transactions

Transactions between the parent company and its subsidiaries, which are related parties, are eliminated on consolidation and are not presented in this note.

The related-party transactions outlined below primarily concern the main

transactions carried out with the Chairman of the Board of Directors, its Vice-Chairman, the managing Directors and the executive Directors, or with companies controlled by the Group or over which it exercises significant influence. These transactions exclude the components of compensation presented above.

Transactions between related parties are carried out on an arm's length basis.

<i>in € millions</i>	Income		Expenses		Receivables		Payables	
	2020	2019	2020	2019	2020	2019	2020	2019
Econocom International BV (EIBV)	0.4	0.3	(2.0)	(2.4)	0.1	-	-	0.1
SCI Dion-Bouton	1.6	0.6	(2.1)	(2.5)	2.3	2.7	-	-
SCI Maillot Pergolèse	-	-	(1.2)	(1.3)	0.1	0.2	-	-
SCI JMB	-	-	(1.2)	(1.1)	0.3	0.3	-	-
APL	-	-	(0.1)	(0.2)	-	-	0.1	-
Bay Consulting SPRL	-	-	-	(0.5)	-	-	-	-
Orionisa consulting	-	-	(0.3)	(1.2)	-	-	-	-
Métis	-	-	(1.2)	(1.0)	-	-	0.7	0.6
<b>Total</b>	<b>2.0</b>	<b>0.9</b>	<b>(8.5)</b>	<b>(10.2)</b>	<b>2.7</b>	<b>3.2</b>	<b>0.8</b>	<b>0.7</b>

### Relations with companies controlled by Jean-Louis Bouchard

SCI Dion-Bouton, of which Jean-Louis Bouchard is Managing Partner, owns the building in Puteaux, and it received €2.1 million in rent in 2020 (€2.5 million in 2019). A credit note to be received in the amount of €1.6 million was then collected corresponding to the non-occupancy of the premises over the first three quarters of 2020. In addition, the Econocom group booked receivables of €2.3 million representing the deposits paid by Econocom France SAS to SCI Dion-Bouton.

Econocom International BV (EIBV) – of which Jean-Louis Bouchard is a Partner – is a non-listed company that directly holds 40.4% of the share capital of Econocom group SE at 31 December 2020. Econocom International BV billed fees of €2.0 million to Econocom group SE and its subsidiaries in 2020 for managing and coordinating the Group. These fees amounted to €2.4 million in 2019. It was also rebilled an amount of €0.4 million by Econocom group entities.

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Transactions with SCI Maillot Pergolèse, which owns the premises in Clichy and of which Jean-Louis Bouchard is Partner and Robert Bouchard Manager, consist of rent for 2020 amounting to €1.2 million. Receivables in the amount of €0.1 million correspond to guarantees issued by Econocom SAS.

SCI JMB, which owns the premises in Villeurbanne and of which Jean-Louis Bouchard is Managing Partner, billed the Group a total amount of €1.2 million for rent in both 2020 and 2019. Econocom SAS paid €0.3 million in guarantees to SCI JMB.

### **Other relations with related parties**

The Group recognised liabilities in 2015 for commitments to one of the managing Directors to purchase non-controlling interests in Alter Way for €0.4 million.

Econocom group committed to invest €3 million in investment fund Educapital I FCPI, which is managed by a management company (Educapital SAS), of which Marie-Christine Levet, an independent Director on the Econocom group Board of Directors, is chairwoman and shareholder.

Orionisa Consulting, which is controlled by Jean-Philippe Roesch, invoiced consulting services in the amount of €0.3 million.

## 23. Subsequent events

### **Acquisition of Econocom group shares by BIS BV**

On 4 February 2021, BIS BV, a subsidiary of Econocom group, entered into an agreement under which it acquires the 6.01% stake (*i.e.* 13,278,091 shares) held by two companies controlled by Walter Butler (namely Butler Industries Benelux SA and

Butler Industries) in the share capital of Econocom group SE.

The selling price agreed was €2.825 per Econocom group SE share.

Following this transaction, Walter Butler resigned as Director of Econocom group SE.



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## shareholders

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# 1. Share performance and shareholders

## 1.1. Econocom group SE share performance

2018	Price (in €)			Volume		
	Highest (in €)	Lowest (in €)	Last (in €)	Price (in €)	Number of shares traded	Value (in € thousands)
January	7.30	5.92	6.72	6.50	8,023,061	<b>52,141</b>
February	7.07	6.36	6.66	6.68	7,786,606	<b>52,032</b>
March	6.62	5.78	5.95	6.14	12,527,051	<b>76,882</b>
April	6.03	5.14	5.35	5.51	11,874,357	<b>65,486</b>
May	5.49	5.20	5.29	5.35	9,719,694	<b>51,999</b>
June	5.71	4.71	4.72	5.29	8,994,421	<b>47,575</b>
July	4.68	2.52	3.02	2.94	65,405,115	<b>192,218</b>
August	3.18	2.84	3.05	2.97	24,411,283	<b>72,530</b>
September	3.12	2.28	2.80	2.71	26,733,717	<b>72,383</b>
October	2.89	2.35	2.76	2.63	16,259,853	<b>42,768</b>
November	3.25	2.67	3.22	2.94	13,105,122	<b>38,487</b>
December	3.27	2.69	2.91	2.92	8,423,123	<b>24,613</b>
<b>Total 2018</b>	<b>7.30</b>	<b>2.28</b>	<b>2.91</b>	<b>3.70</b>	<b>213,263,403</b>	<b>789,114</b>

2019	Price (in €)			Volume		
	Highest (in €)	Lowest (in €)	Last (in €)	Price (in €)	Number of shares traded	Value (in € thousands)
January	3.23	2.79	3.09	3.03	6,359,334	19,300
February	3.72	2.98	3.55	3.40	8,183,178	27,805
March	3.80	3.36	3.55	3.59	6,010,681	21,567
April	4.01	3.45	3.62	3.68	3,878,115	14,262
May	3.62	2.94	3.11	3.14	3,863,691	12,116
June	3.40	2.93	3.07	3.11	2,996,948	9,331
July	3.24	2.88	3.01	3.05	3,320,357	10,120
August	3.24	2.68	2.71	2.87	2,878,893	8,258
September	2.95	2.28	2.30	2.55	3,728,108	9,490
October	2.48	2.00	2.34	2.32	6,831,355	15,821
November	2.62	2.30	2.35	2.43	3,205,255	7,782
December	2.44	2.22	2.43	2.28	2,375,624	5,427
<b>Total 2019</b>	<b>4.01</b>	<b>2.00</b>	<b>2.43</b>	<b>3.01</b>	<b>53,631,539</b>	<b>161,281</b>

2020	Price (in €)			Volume		
	Highest (in €)	Lowest (in €)	Last (in €)	Price (in €)	Number of shares traded	Value (in € thousands)
January	2.64	2.18	2.57	2.43	5,218,108	12,657
February	2.88	2.42	2.53	2.67	4,586,770	12,246
March	1.37	2.62	1.45	1.79	9,268,272	16,632
April	1.98	1.43	1.76	1.80	4,544,070	8,166
May	1.98	1.60	1.98	1.77	3,774,087	6,688
June	2.20	1.77	1.80	1.98	3,556,799	7,042
July	2.39	1.68	2.35	2.06	5,729,737	11,825
August	2.53	2.22	2.53	2.41	3,212,973	7,731
September	2.80	2.18	2.58	2.53	8,349,002	21,107
October	2.65	1.76	1.89	2.13	7,045,390	15,034
November	2.49	1.87	2.37	2.22	5,763,940	12,778
December	2.56	2.36	2.46	2.47	3,577,779	8,840
<b>Total 2020</b>	<b>2.88</b>	<b>1.37</b>	<b>2.46</b>	<b>2.18</b>	<b>64,626,927</b>	<b>140,745</b>

## 1.2. Name, registered office and legal form

**Company name:** Econocom group SE

**Registered office:** Place du Champ de Mars 5, 1050 Brussels (Tel. +32 2 790 81 11).

**Legal form, incorporation, published documents:**

Econocom was incorporated as a limited company (*société anonyme*) under Belgian law on 2 April 1982, under a deed held by Jacques Possoz, notary, and published in the Belgian Official Gazette (*Moniteur belge*) of 22 April 1982 (no. 820–11). It was transformed into a European company (*Societas europaea*) by decision of the General Meeting of 18 December 2015 under a deed of the same date held by Tim Carnewal, notary, published in the Belgian Official Gazette of 31 December 2015.

Econocom is a European Company (*Societas europaea*) governed by the provisions of regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company (the “SE Regulation”) and Directive No. 2001/86/EC of 8 October 2001 supplementing the Statute for a European Company with regard to the involvement of employees and the provisions of Belgian law in respect of European Companies, as well as, for all other matters not yet covered or only partially covered by the SE Regulation, Belgian law applicable to public limited companies insofar as they are not contrary to specific provisions applicable to European Companies. Econocom is a listed company within the meaning of article 1:11 of the Belgian Companies Code (*Code des sociétés*).

It is registered with the Brussels register of companies of under number 0422.646.816.

**Term:** indefinite.

**Financial year:** 1 January to 31 December.

## 1.3. Corporate Purpose (article 3 of the Bylaws)

The Company’s purpose is, in all countries:

- the design, construction, operational and administrative management, and financing of computer, digital and technological, information and data processing, and telecommunication systems and solutions, or such systems and solutions as they relate to the Internet of Things (IoT);
- the purchase, sale, leasing and trading of all types of hardware, software and computer, technological, digital or telecommunications solutions, for businesses and individuals alike, and more broadly any accessory connected with such solutions, as well as any advice, services and related financial transactions.

To this end, the Company may acquire, manage, operate and sell patents, trademarks, and technical, industrial and financial knowledge.

It may establish branch offices or subsidiaries in all countries.

It may acquire interests in any company with similar or complementary activities in any country by means of asset transfers, acquisitions, partial or total mergers, subscriptions to initial capital or capital increases, financial investments, disposals, loans or any other means.

It may perform, in all countries, all industrial, commercial, financial, securities and property transactions related in whole or in part, directly or indirectly, to one or other branch of its purpose, or one that is liable to expand its purpose or facilitate its achievement.

It may provide guarantees or grant real or other personal guarantees in favour of companies or individuals, in the broadest sense.



It may conduct its activities in its own name or on behalf of third parties, for its own account or for the account of others.

## 1.4. Share capital

### 1.4.1. SHARE CAPITAL (ARTICLE 5 OF THE BYLAWS)

At 31 December 2019, the Company's share capital stood at €23,512,749.67 and was composed of 245,380,430 ordinary shares with no stated par value, held in registered, or dematerialised form. The capital is fully paid-up.

### 1.4.2. CHANGES IN SHARE CAPITAL BY THE GENERAL MEETING (ARTICLE 6 OF THE BYLAWS)

The share capital may be increased or reduced by a decision of the General Meeting in accordance with the conditions required for amending the Bylaws.

For capital increases approved by the General Meeting, the price and conditions for issuing new shares are set at the same meeting based on recommendations from the Board of Directors.

Existing shareholders have a pre-emptive right to subscribe for the new shares in cash, in proportion to the number of shares they hold, within a time limit set at the General Meeting and in accordance with conditions determined by the Board of Directors.

Shares with no stated par value below the carrying amount of the par value of existing shares may only be issued in compliance with legal requirements.

Pre-emptive rights may, however, in the Company's best interests, be limited or cancelled by decision of the General Meeting ruling in accordance with the

conditions required for amending the Bylaws or by the Board of Directors, within the authorised capital, in favour of one or more designated persons who are not employees of the Company or its subsidiaries, all in accordance with legal provisions.

The Board of Directors may sign agreements, containing the clauses and conditions it deems appropriate, with any third party in order to ensure that all or part of the shares to be issued are subscribed.

The share capital may be redeemed without being reduced by repaying a portion of the distributable profits to securities representing this share capital, in accordance with the law.

### 1.4.3. CHANGES IN SHARE CAPITAL

At 31 December 2019, the Company's share capital stood at €23,512,749.67 and was composed of 220,880,430 ordinary shares with no stated par value, held in registered, or dematerialised form. The capital is fully paid-up.

At 31 December 2020, authorised unissued capital (excluding issue premiums) stood at €23,512,749.67.

The changes in share capital over the last three financial years are described below.

**No changes were made to the share capital in 2018.**

**The following changes to the share capital occurred in 2019:**

- in connection with the exercise of subscription options by a beneficiary of the 2014 Stock Option Plan, on 21 June 2019 Econocom issued 240,000 new shares after which the share capital of Econocom group stood at €23,512,749.67, represented by 245,380,430 shares.

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### The following changes to the share capital occurred in 2020:

The Extraordinary General Meeting of 19 May 2020 decided to cancel 24,500,000 treasury shares, with no change in the share capital of Econocom group.

In addition, the same General Meeting introduced a double voting right for shareholders included in the registered list for more than two years.

At 31 December 2020, the capital was made up of 220,880,430 shares and 280,656,613 voting rights.

Changes in the Company's share capital and number of shares since 1 January 2011 are summarised in the table below:

Transaction date	Type of issue	Change in number of shares	Change in share capital (in €)	Issue premiums (in €)	Total amount of the transaction (in €)	Number of shares	Paid-in capital (in €)
1 Jan. 2011						26,172,897	17,076,677.70
14 Sept. 2012	Cancellation of treasury shares	(2,000,000)	-	-	-	24,172,897	17,076,677.70
14 Sept. 2012	Four-for-one share split	72,518,691	-	-	-	96,691,588	17,076,677.70
12 Sept. 2013	Capital increase as payment for an acquisition	9,527,460	1,682,642.38	50,734,212.37	52,416,854.75	106,219,048	18,759,320.08
18 Nov. 2013	Capital increase as payment for a takeover bid	6,313,158	1,114,965.29	36,763,982.71	37,878,948.00	112,532,206	19,874,285.37
31 Dec. 2013	Cancellation of treasury shares	(6,014,892)	-	-	-	106,517,314	19,874,285.37
24 Jan. 2014	Capital increase through convertible bonds (OCEANE)	20,000	3,732.00	101,268.00	105,000.00	106,537,314	19,878,017.37
25 Feb. 2014	Capital increase through convertible bonds (OCEANE)	266,028	49,640.82	1,347,006.18	1,396,647.00	106,803,342	19,927,658.19
26 Mar. 2014	Capital increase through convertible bonds (OCEANE)	210,592	39,296.47	1,066,311.53	1,105,608.00	107,013,934	19,966,954.66
28 May 2014	Capital increase through convertible bonds (OCEANE)	708,428	132,192.66	3,587,054.34	3,719,247.00	107,722,362	20,099,147.32
18 June 2014	Capital increase through convertible bonds (OCEANE)	7,850,228	1,464,852.54	39,748,844.46	41,213,697.00	115,572,590	21,563,999.86
29 Dec. 2014	Cancellation of treasury shares	(3,053,303)	-	-	-	112,519,287	21,563,999.86

Transaction date	Type of issue	Change in the number of shares	Change in capital (in €)	Issue premium (in €)	Total transaction (in €)	Number of shares	Paid-in capital (in €)
17 Feb. 2017	Capital increase through redeemable bonds (ORNANE)	400,000	76,640.00	4,299,240.00	4,375,880.00	112,919,287	21,640,639.86
3 Mar. 2017	Capital increase through redeemable bonds (ORNANE)	1,198,194	229,573.97	12,883,101.71	13,112,675.68	114,117,481	21,870,213.83
16 Mar. 2017	Capital increase through redeemable bonds (ORNANE)	800,000	153,280.00	8,603,440.00	8,756,720.00	114,917,481	22,023,493.83
21 Mar. 2017	Capital increase through redeemable bonds (ORNANE)	1,144,500	219,286.20	12,311,386.50	12,530,672.70	116,061,981	22,242,780.03
24 Mar. 2017	Capital increase through redeemable bonds (ORNANE)	657,418	125,961.29	7,072,897.29	7,198,858.58	116,719,399	22,368,741.32
31 Mar. 2017	Capital increase through redeemable bonds (ORNANE)	1,961,518	375,826.85	21,106,537.80	21,482,364.65	118,680,917	22,744,568.17
6 Apr. 2017	Capital increase through redeemable bonds (ORNANE)	3,889,298	189.50	41,855,117.90	42,600,307.40	122,570,215	23,489,757.66
2 June 2017	Two-for-one share split	122,570,215	-	-	-	245,140,430	23,489,757.66
21 June 2019	Capital increase by the exercise of subscription option	240,000	22,992	639,408	662,400	245,380,430	23,512,749.67
19 May 2020	Cancellation of treasury shares	(24,500,000)	-	-	-	220,880,430	23,512,749.67

The Extraordinary General Meeting of 21 May 2019 renewed for five years from the decision of the General Meeting the authorisation granted to the Board of Directors to buy back treasury shares in the proportion of up to 20% of share capital, in accordance with article 7:215 of the CSA. The minimum purchase price was set at €1 per share and the maximum price at €10 per share.

On 19 May 2020, the Extraordinary General Meeting granted to the Board of Directors, for a five-year period as from the publication of the revised Bylaws, *i.e.* 9 June 2015, the authorisation granted to the Board of

Directors to increase the share capital, in accordance with articles 7:198 and 7:199 of the Belgian Companies Code, on one or several occasions, under conditions it deems fit, in the maximum amount of €23,512,749.67.

At the end of this Extraordinary General Meeting, the Board of Directors was granted an authorisation to sell Company shares, in cases provided for by the CSA, including to one or more identified persons. If necessary, this authorisation may be extended to the disposal of treasury shares of the Company by its subsidiaries.

At 31 December 2020, Econocom group held 9,779,167 treasury shares representing 4.43% of the total number of shares outstanding.

## **1.5. Rights attached to shares**

### **1.5.1. PARTICIPATION IN GENERAL MEETINGS AND VOTING RIGHTS**

#### **1.5.1.1. Participation in General Meetings**

##### 1.5.1.1.1. *Right to participate in General Meetings*

All shareholders are entitled to attend Econocom group's General Meetings, regardless of the number of shares they hold, provided that they meet the admission requirements set out in the "General Meetings" section of this chapter.

Holders of bonds, subscription rights and certificates issued in connection with the Company may attend the General Meeting in a non-voting capacity only, provided that they meet the admission requirements applicable to shareholders.

##### 1.5.1.1.2. *Right to call General Meetings*

Shareholders who, alone or jointly, hold at least 10% of Econocom's share capital are entitled to ask the Board of Directors or Statutory Auditor to call a General Meeting.

##### 1.5.1.1.3. *Right to add matters to the agenda and to table draft resolutions*

Shareholders who, alone or jointly, hold at least 3% of Econocom group's share capital may ask for items to be added to the agenda of General Meetings and file resolution proposals concerning agenda items.

This right does not apply to Meetings called following a first Meeting that could not validly make decisions due to a failure to meet quorum requirements.

Shareholders wishing to exercise this right must:

- (i) prove that they actually hold at least 3% of the Econocom group's share capital on the date of filing of their request; and
- (ii) ensure that their shares representing at least 3% of the share capital are duly registered at the record date.

Ownership is established either by a certificate stating that the corresponding shares are recorded in the Company's share register or by a certificate issued by an authorised account holder or clearing institution certifying that the corresponding number of shares is registered in the account held by the account holder or clearing agent.

Shareholders may send their requests to the Company by post or email. Where appropriate, these requests must also include the items to be added to the agenda together with the related resolution proposals and/or the text of the newly proposed resolutions concerning items already on the agenda. Requests must also indicate the postal or email address to which Econocom should send confirmation of receipt. Requests must reach the Company no later than the 22<sup>nd</sup> day preceding the date of the relevant General Meeting.

Econocom will confirm receipt of any requests within 48 hours, and will publish a revised agenda no later than 15 days before the General Meeting. Proxy forms and postal voting forms are also published on the Company's website ([www.econocom.com](http://www.econocom.com)). However, all proxies and postal voting forms previously submitted to Econocom remain valid for the agenda items they cover. The proxy holder may deviate from the voting instructions given by the shareholder for items on the agenda for which alternative resolution proposals have been made if the execution of these instructions is liable to compromise the interests of the shareholder he/she represents. The proxy holder must in any event inform the shareholder of any such votes. The proxy must also indicate whether the proxy holder is entitled to vote on new items added to the agenda by shareholders or whether he/she should abstain.

#### 1.5.1.1.4. Right to ask questions

After the Notice of Meeting has been published, all shareholders are entitled to put questions to Econocom's Directors or Statutory Auditor concerning their reports. After the Notice of Meeting has been published, all shareholders are also entitled to put questions to Econocom's Directors regarding items on the agenda of the General Meeting. The Directors and Statutory Auditor are required to answer these questions, provided they do not harm the Company's commercial interests or any confidentiality undertakings made by the Company, its Directors or its Statutory Auditor. Questions relating to the same subject may be grouped and answered together.

Questions may be submitted before the General Meeting (by post or by electronic means, to the address shown in the Notice of Meeting) or during the Meeting (verbally).

Questions submitted by post or by electronic means must reach Econocom group no later than the sixth calendar day before the Meeting. They will only be answered if the shareholder meets the admission requirements for the relevant General Meeting.

#### 1.5.1.1.5. Other rights to information

All Econocom group shareholders have specific rights to information under the new Belgian Companies Code.

Most rights to information concern General Meetings. They include, among other things, the right to consult or to obtain a copy at no cost of:

- (i) the text of the meeting notices and, if available, of the amended agenda;
- (ii) the total number of shares and voting rights;
- (iii) the documents to be presented to the General Meeting (annual financial statements, reports and other documents described in article 7:148 of the Belgian Companies Code);
- (iv) for every subject to addressed on the agenda, any decision proposed or, when the subject does not require the adoption of a decision, a comment by the Board of Directors;
- (v) if available, any proposed decision introduced by shareholders, as soon as possible after receipt by the Company and (vi) proxy forms and forms for voting by mail. These documents/items may be consulted on Econocom's website ([www.econocom.com](http://www.econocom.com)) and during normal office hours on working days at Econocom group's registered office located at Place du Champ de Mars 5, 1050 Brussels, from the date of publication of the Notice of Meeting. Holders of registered shares will receive a copy of these documents together with the Notice of Meeting.

### 1.5.1.2. Right to vote at General Meetings

#### 1.5.1.1.1. Principle

Each share entitles its holder to one vote, subject to any restrictions provided by law.

As a general rule, the General Meeting alone is responsible for:

- approving the annual statutory financial statements (no such approval is required for the consolidated financial statements prepared in accordance with IFRS);
- appointing and removing Directors and the Statutory Auditor;
- granting discharge to the Directors and Statutory Auditor;
- setting the amount of compensation for the Directors and Statutory Auditor for the performance of their duties;
- distributing profits;
- filing claims against Directors;
- authorising certain actions by the Board of Directors;
- approving the compensation report;
- authorising the acquisition of treasury shares;
- taking decisions that involve the liquidation, merger or restructuring of the Company; and
- approving any amendments to the Bylaws.

Shareholders' meetings cannot vote on items that are not on the agenda.

#### 1.5.1.2.2. Quorum and voting requirements

Except as provided by law, decisions are taken by a majority vote regardless of the number of shares represented at the Meeting.

General Meetings can only validly deliberate and decide to amend the Bylaws if those attending the meeting represent at least one-half of the share capital. To be adopted, resolutions must be approved by a majority of three-quarters of votes cast.

If the amendments to the Bylaws concern the Company's corporate purpose, the General Meeting can only validly deliberate and decide on said amendments if those in attendance represent one-half of the share capital and one-half of any profit shares if any. To be adopted, amendments must be approved by a majority of at least four-fifths of votes cast. The quorum and voting requirements also apply when the General Meeting votes to authorise the acquisition or disposal of treasury shares, or to authorise such an acquisition without the authorisation of the General Meeting to protect the Company from serious and imminent harm.

An attendance list indicating the names of shareholders and the number of shares registered for voting purposes is signed by each shareholder or by their proxy prior to entering the meeting.

#### 1.5.1.1.3. Proxy voting

All shareholders can choose to be represented at the General Meeting by a proxy, who may or may not be a shareholder of the Company, in accordance with articles 7:142 to 7:145 of the Belgian Companies Code.

The Board of Directors may decide on the form of proxy. Proxies must reach the Company no later than the sixth day preceding the date of the Meeting. All proxy voting forms that reach the Company before the revised agenda is published, pursuant to article 7:130 of the Belgian Companies Code, remain valid for the agenda items covered.

#### 1.5.1.1.4. Distance voting

Shareholders who satisfy the attendance requirements specified below may vote at all General Meetings either by post or, where permitted in the Notice of Meeting, by electronic means. Shares will be taken into consideration for the purposes of voting and quorum requirements only if the form provided by the Company has been duly completed and reaches Econocom at the latest on the sixth day before the date of the General Meeting. If the Notice of Meeting

allows shareholders to opt for distance voting through electronic means, it must provide a description of the means used by the Company to identify shareholders that choose to do so.

### 1.5.2. DISTRIBUTION OF PROFITS

All shares carry the same rights to participate in Econocom's profits.

The Company's profit for the year is calculated in accordance with applicable legal regulations. A total of 5% of profits is allocated to the legal reserve. This allocation is no longer required when the legal reserve equals 10% of the share capital.

Acting on a recommendation of the Board of Directors, every year the General Meeting independently determines how the residual profit balance will be used and allocated by simple majority vote of members present, within the limits set by articles 7:212 and 7:214 of the Belgian Companies Code. No profits are distributed when, at the end of the last reporting period, net assets as shown in the annual financial statements total less than paid-up capital or would total less than paid-up capital if profits were distributed or if net assets exceed called-up capital plus any reserves not available for distribution pursuant to the law or to the Company's Bylaws.

In accordance with the Belgian Companies Code, the Board of Directors may distribute an interim dividend deducted from profit for the year. The Board sets the amount of any

such interim dividend and the dividend payment date.

### 1.5.3. LIQUIDATION

In the event that Econocom is dissolved for any reason and at any time, the liquidation process will be managed by one or more liquidators appointed by the General Meeting, or, if no such liquidators are appointed, by the Board of Directors in office at that time, acting as a liquidation Committee.

For this purpose they will have the broadest powers conferred by articles 2:87 *et seq.* of the Belgian Companies Code. The General Meeting determines the fees payable to the liquidators. The liquidators can only assume their duties after their appointment by the General Meeting has been approved by the Commercial Court pursuant to articles 2:83 *et seq.* of the Belgian Companies Code.

Once all liabilities, expenses and liquidation fees have been settled, the net assets will be used first to refund the outstanding paid-up share capital in cash or in securities.

If the shares are not all paid up in equal proportions, before making any allocations, the liquidators ensure that all shares are on a wholly equal footing, either by additional calls for funds charged against shares not fully paid up or by prior cash reimbursements for shares paid up in excess of the requisite amount.

The remaining balance is allocated equally among all shares.

#### **1.5.4. PRE-EMPTIVE RIGHTS IN THE EVENT OF A CAPITAL INCREASE**

In the event of a capital increase in cash involving the issuance of new shares, or if the Company were to issue convertible bonds or stock warrants exercisable in cash, existing shareholders have, in principle, a pre-emptive right to subscribe for the new shares, convertible bonds or stock warrants in proportion to the percentage of share capital they already own at the issuance date.

The Company's General Meeting may, however, limit or cancel such pre-emptive rights under specific conditions upon presentation of a report of the Board of Directors. Any such decision is subject to the same quorum and voting requirements as a decision to increase the Company's share capital. Shareholders may also allow the Board of Directors to limit or cancel said pre-emptive rights in the event of a capital increase within the authorised capital limits.

#### **1.5.5. CHANGES IN RIGHTS ATTACHED TO SHARES**

Rights attached to shares issued by Econocom group may be modified by the Extraordinary General Meeting, voting in accordance with the conditions required for amending the Bylaws. Any changes approved apply to all shareholders.

### **1.6. General Meetings**

#### **Ordinary General Meetings**

The Ordinary General Meeting is held every year on the third Tuesday in May, at 11.00am or on the first working day following this date if the Tuesday is a holiday. At Ordinary General Meetings, the Board of Directors submits to shareholders the annual statutory financial statements prepared in accordance with applicable accounting standards, the

annual consolidated financial statements prepared in accordance with IFRS, and the reports of the Board of Directors and Statutory Auditor on the statutory and consolidated financial statements. The Meeting decides whether to approve the statutory financial statements, the appropriation of income, the discharge of Directors and the Statutory Auditor and, where applicable, the appointment, removal or re-election of the Statutory Auditor and/or certain Directors.

#### **Extraordinary General Meetings and Special General Meetings**

A Special General Meeting, or, where appropriate, an Extraordinary General Meeting, may be called by the Board of Directors or by the Statutory Auditor as often as is required in the Company's interest. Any such Meeting must be called at the request of the Chairman of the Board of Directors, a Chief Executive Officer (*Administrateur Délégué*), a Statutory Auditor (*Commissaire*), or one or more shareholders representing at least one-tenth of the Company's share capital (article 27 of the Bylaws).

#### **Content of General Meeting convening notices**

General Meeting notices must contain at least the following information:

- the date, time and place of the General Meeting;
- the agenda, indicating the items to be discussed as well as resolution proposals;
- a clear and accurate description of the formalities to be completed by shareholders in order to attend the General Meeting and exercise their voting rights, including the deadline by which shareholders should indicate their intention to attend the Meeting;



- ▶ the right of shareholders to add items to the agenda, file resolution proposals, and ask questions, as well as the period in which these rights may be exercised and the email address to which shareholders should send their requests. Where applicable, the Notice of Meeting also indicates the deadline for publishing the revised agenda. The Notice may contain only the details of these periods and the email address to be used, provided that more detailed information on shareholder rights is posted on the Company's website,
- ▶ the procedure to follow in order to vote by proxy, and in particular the proxy voting form, the conditions in which the Company will accept notifications of the appointment of proxies sent by electronic means, along with the timeframe within which the proxy voting rights may be exercised,
- ▶ where appropriate, the procedure and timeframe set by or pursuant to the Bylaws allowing shareholders to participate in the General Meeting remotely and opt for distance voting prior to the Meeting (articles 28 and 34 of the Bylaws);
- the record date, along with a statement indicating that only people who are shareholders at that date are entitled to attend and vote at the General Meeting;
- the address where shareholders can obtain, for example, the full text of the documents and resolution proposals described, along with the procedure to follow in order to obtain such documents;
- the exact website address on which the information mentioned below will be available.

## Availability of documents on Econocom's website

As from the date of publication of the General Meeting convening notice and up to the date of the General Meeting, the following information is posted for shareholders on the Company's website ([www.econocom.com](http://www.econocom.com)):

- the Notice of Meeting, along with the revised agenda reflecting items subsequently added thereto and the related resolution proposals where applicable, and/or the resolution proposals formulated within the timeframe given;
- the total number of shares and voting rights at the date of the Notice of Meeting, including separate totals for each class of shares, when the Company's share capital is divided into two or more share classes;
- the documents to be submitted to the General Meeting;
- for each item placed on the General Meeting agenda, a resolution proposal or, when the matter to be discussed does not require any resolution to be adopted, the Board of Directors' comments thereon. The resolution proposals formulated by shareholders pursuant to article 7:130 of the Belgian Companies Code are posted online as early as practicably possible after they have reached the Company;
- the proxy voting form and, where applicable, the postal voting form, unless these forms are sent directly to each shareholder.

When the forms mentioned above cannot be posted online due to technical reasons, the Company must explain on its website how to obtain a hard copy of them. In this case, Econocom is required to send the forms promptly and free of charge to the postal or email address indicated by any shareholder that so requests them.

The information mentioned in this section will be available on Econocom's website ([www.econocom.com](http://www.econocom.com)) for five years as from the date of the General Meeting to which they relate.

### **Formalities and notice periods**

Notification of all General Meetings must be made by announcements placed at least 30 days before said Meeting in:

- the Belgian Official Gazette;
- a newspaper with national circulation, unless the notice concerns an Ordinary General Meeting held in the place and at the time and date indicated in the Bylaws, and whose agenda is confined to the review of annual financial statements, the annual report, the Statutory Auditor's report and the vote to grant discharge to Directors and the Statutory Auditor;
- any media as may reasonably be relied on to efficiently disseminate information to the public throughout the European Economic Area and which is readily accessible in a non-discriminatory manner.

Holders of registered shares as mentioned in the Belgian Companies Code, along with Company Directors and the Statutory Auditor must be notified of the General Meetings 30 days before they are due to take place. This notification is sent by ordinary letter unless the recipients have individually and expressly agreed in writing to receive notification by another means, although no proof of compliance with this formality is required. Notices of Meetings are also available on Econocom's website ([www.econocom.com](http://www.econocom.com)).

If another Meeting has to be called because a first meeting did not meet the quorum, and provided that the date of any second Meeting was indicated in the paragraph above in the first Notice of Meeting and that no items have since been added to the agenda, the 30-day period specified above is reduced to at least 17 days before the Meeting.

### **Formalities to be completed in order to attend General Meetings**

Shareholders may only attend and vote at General Meetings if their shares are registered in their name at the record date, *i.e.*, by midnight (CET) on the fourteenth day preceding the Meeting, either in the Company's share register or in the books of an authorised account holder or clearing institution, regardless of the number of shares held by the shareholder at the date of the General Meeting.

The shareholders shall inform the Company (or the person designated for this purpose) of their intention to attend the General Meeting no later than the sixth day preceding the date of said Meeting, in accordance with the formalities provided in the Notice of Meeting, and provided that shareholders present the share certificate delivered by the authorised account holder or clearing institution.

Holders of bonds or subscription rights issued in connection with the Company may attend the General Meeting in a non-voting capacity only, provided that they meet the admission requirements applicable to shareholders.

## 1.7. Provisions that could delay, defer or prevent a change in control of the Company

### 1.7.1. GENERAL INFORMATION

Laws relating to takeover and squeeze-out bids and their implementing orders, as well as the Belgian Companies Code and other applicable laws, contain various provisions (such as the requirement to disclose major shareholdings – see section 8 of this chapter – and competition provisions) that may be applicable to the Company, and which place certain restrictions on hostile takeover bids or other changes of control. These provisions could discourage potential takeover bids that other shareholders may consider to be in their interests and/or prevent shareholders from selling their shares at a premium.

In certain conditions, the Board of Directors may defer or prevent the issuance of shares that could have a dilutive impact on existing shareholdings.

### 1.7.2. AUTHORISED SHARE CAPITAL (ARTICLE 7 OF THE BYLAWS)

Pursuant to a decision of Econocom's Extraordinary General Meeting of 19 May 2015, the Board of Directors was granted authorisation to increase the share capital, on one or more occasions, under conditions it deems fit, by an amount of up to €23,512,749.67. At 31 December 2019, authorised unissued share capital stood at €23,512,749.67 (excluding issue premiums).

The Board of Directors may use this authorisation to issue shares with or without voting rights, convertible bonds, equity notes, subscription rights payable in cash or in kind, and other share equivalents or equity instruments issued by the Company.

Any capital increase effected under this authorisation may be carried out:

- either by means of contributions in cash or in kind, including any restricted issue premium, whose amount is fixed by the Board of Directors, or by creating new shares carrying rights that will be determined by the Board;
- or by converting reserves – including restricted reserves – or the issue premium into capital, with or without creating new shares.

This authorisation is granted to the Board of Directors for a period of five years from the date of publication of the decision of the Extraordinary General Meeting of 19 May 2015 in the annexes of the Belgian Official Gazette, *i.e.*, 9 June 2015. It may be renewed on one or more occasions, in accordance with applicable provisions.

In the event that a capital increase is carried out within the authorised capital, the Board of Directors will allocate any issue premium to a restricted account. This account will form part of shareholders' equity in the same way as the share capital, and, provided it is converted into capital by the Board of Directors, may only be reduced or cancelled by the General Meeting under the conditions required by article 7:208 of the Belgian Companies Code.

The Board of Directors may limit or cancel pre-emptive subscription rights of existing shareholders in accordance with the conditions set forth in articles 7:190 *et seq.* of the Belgian Companies Code if it is in the Company's interests. It may even do so for one or more specific parties other than employees of the Company or of its subsidiaries, except as provided in article 7:201 of said Companies Code.

The Board of Directors may decide, with the right of substitution, to amend the Bylaws to reflect the Company's new capital and shares each time the share capital is increased within the limit of the authorised capital.

### **1.7.3. ACQUISITION AND DISPOSAL OF TREASURY SHARES (ARTICLE 12 OF THE BYLAWS)**

The Company may only acquire its own shares or (if applicable) profit shares by means of a purchase or exchange, directly or by a person or entity acting in their own name but on the Company's behalf following a decision of an General Meeting voting pursuant to the quorum and majority requirements set forth in article 7:154 of the Belgian Companies Code, which sets the maximum number of shares or profit shares that can be acquired, the period for which the authorisation is granted, within the limit provided in article 7:215 of the Belgian Companies Code, and the minimum and maximum consideration.

Such an authorisation was given to the Board of Directors by the Extraordinary General Meeting of 19 May 2020, or a period of five years from the date of the General Meeting, for up to 20% of the shares issued at a minimum price of €1 and a maximum unit price of €10 per share.

The authorisation of the General Meeting is not required in the event the purchase of treasury shares or non-equity shares is necessary to avoid the Company experiencing serious or immediate damage. In such event, the Board of Directors is authorised to purchase, in accordance with the legal provisions in force, the Company's shares through acquisition or exchange. This authorisation is granted for a period of three years as from the publication of the decision of the Extraordinary General Meeting of 19 May 2020 in the appendix to the Belgian Official Gazette (*Moniteur belge*).

Pursuant to the decision of the Extraordinary General Meeting of 19 May 2020, the Board of Directors was authorised to pledge treasury

shares of the Company, in accordance with article 7:226 of the CSA, within the limit of 20% of the share capital. This authorisation is granted for a period of five years as from the date on which the decision of the General Meeting is published.

The Board of Directors may sell Company shares in the cases laid down by the CSA, including to one or more identified persons. If necessary, this authorisation may be extended to the disposal of treasury shares of the Company by its subsidiaries.

The Board of Directors may otherwise dispose of shares of the new Company in the conditions provided by the Belgian Companies Code, as well as to spare the Company serious and imminent harm, provided, in such cases, that the securities are sold on the market or as a public offering made on the same conditions to all shareholders.

## **1.8. Notifications of major shareholdings**

Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, amending Directive 2001/34/EC, was transposed into Belgian law by the Act of 2 May 2007 on the publication of major shareholdings in issuers whose shares are admitted to trading on a regulated market ("Transparency Act") and by the Royal Decree of 14 February 2008 on the publication of major shareholdings ("Royal Decree on Transparency"). This legislation came into force on 1 September 2008.

Pursuant to these provisions, any natural or legal person who acquires, directly or indirectly, securities carrying voting rights of the Company must notify it and the FSMA (Belgian Financial Services and Markets Authority) of the number and percentage of voting rights held subsequent to this acquisition when the voting rights attached

to securities carrying voting rights reach a proportion of 5% or more of total existing voting rights. Shareholders must also notify the Company in the event that they directly or indirectly acquire securities carrying voting rights when, as a result of their acquisition, the number of voting rights reaches or exceeds 10%, 15%, 20%, and every five-percentage point threshold thereafter, of total existing voting rights. Notification is also required in the event that shareholders directly or indirectly sell securities carrying voting rights when, as a result of this sale, the voting rights fall below one of the thresholds stated above.

In accordance with article 6 of the Transparency Act, the disclosure requirements mentioned above apply whenever the number of voting rights rises above or falls below the specified thresholds as a result of, among others:

1. the acquisition or sale of securities carrying voting rights, regardless of how the securities were acquired or sold, for example, by means of a purchase, sale, exchange, contribution, merger, spin-off or succession;
2. unintentionally crossing the specified thresholds (due to an event altering the allocation of voting rights); or
3. the conclusion, modification or termination of an agreement to act in concert.

The FSMA and the Company must be informed of any such event as soon as possible, and at the latest within four

working days of the date on which the event took place.

The Company is required to publish all of the information contained in such notifications no later than three business days after receipt. It must also disclose its ownership structure in the notes to its annual financial statements, based on the notifications received.

The Company is also required to publish the total amount of share capital, the total number of securities carrying voting rights and the total number of voting rights, as well as a breakdown by class (where appropriate) of the number of securities carrying voting rights and the total number of voting rights, at the end of each calendar month during which changes occurred in these amounts. Where appropriate, the Company is also required to publish the total number of bonds convertible into securities carrying voting rights and rights to subscribe for securities not yet issued carrying voting rights, the total number of voting rights that would result from exercising these conversion or subscription rights, and the total number of shares with no voting rights.

## 1.9. Econocom's largest shareholder

Jean-Louis Bouchard, Chairman of Econocom group, remains Econocom's largest shareholder, with approximately 40.4% of the share capital at 31 December 2020.



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# Statutory auditor's report to the general shareholders' meeting on the consolidated accounts

***For the year ended 31 December 2020***

We present to you our statutory auditor's report in the context of our statutory audit of the consolidated accounts of Econocom Group SE (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated accounts, as well as the other legal and regulatory requirements. This forms part of an integrated whole and is indivisible.

We have been appointed as statutory auditor by the general meeting *d.d.* 21 May 2019, following the proposal formulated by the board of directors and following the recommendation by the audit committee and the proposal formulated by the works' council. Our mandate will expire on the date of the general meeting which will deliberate on the annual accounts for the year ended 31 December 2020. We started the statutory audit of the Consolidated Financial Statements of Econocom Group SE before 1990.

## Report on the consolidated accounts

### ***Unqualified opinion***

We have performed the statutory audit of the Group's consolidated accounts, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated income statement and earnings per share, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 2,658.8 million and the consolidated income statement shows a profit for the year attributable to owners of the parent of EUR 46.8 million.

In our opinion, the consolidated accounts give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.



**Basis for unqualified opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB which are applicable to the year-end and which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Statutory auditor's responsibilities for the audit of the consolidated accounts" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to our audit of the consolidated accounts in Belgium, including the requirements related to independence.

We have obtained from the board of directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounts of the current period. These matters were addressed in the context of our audit of the consolidated accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Annual goodwill impairment test**

<i>Description of the Key Audit Matter</i>	The assets side of the consolidated financial statements of Econocom Group as at 31 December 2020 show an amount of EUR 499.5 million for goodwill to be tested annually for impairment as required by International Financial Reporting Standards (see note 9 of the consolidated accounts).
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We considered these impairment tests as a key audit matter because goodwill accounts for 19% of total assets as at 31 December 2020 and because its recoverable amount as determined by the Board of Directors is based on assumptions related to, among other elements, the business plan (sales, profit margin, working capital needs), the cash flow growth ratio beyond the forecast period, and the cash flow discount rate.

## 08 statutory auditor's report on the consolidated financial statements

statutory auditor's report to the general shareholders' meeting on the consolidated accounts

*How our Audit addressed the Key Audit Matter*

We received the goodwill impairment tests from Econocom Group and we challenged the reasonableness of the method and key assumptions used.

In the performance of the above procedures, we relied on our in-house experts of the Valuation practice group. We compared the assumptions with market assumptions and with economic forecasts including the COVID-19 impact (among other things). We also reviewed Econocom Group's strategic plan development procedure. In addition, we received and reviewed the sensitivity analyses to determine the impact of possible changes in key assumptions, and we performed our own independent sensitivity analysis to quantify the negative impact on management's models that would result in depreciation. We particularly focused on the reclassifications of goodwill related to the assets held-for-sale for discontinued operations. We also analysed the reasonableness of the discounted future cash flow forecasts by comparing them with the Group's market capitalisation.

### **Residual interest in leased assets**

*Description of the Key Audit Matter*

The residual interest in leased assets as at 31 December 2020 (see note 11 of the consolidated accounts) amount to EUR 175.2 million, *i.e.* EUR 40.9 million in current assets and EUR 134.3 million in non-current assets. Overall, residual interests as at 31 December 2019 account for 3% of the historic acquisition value of the portfolio of assets leased out by Econocom Group.

These residual interests agree with the start-of-lease forecast of the end-of-lease market value of the assets. The carrying amount of these assets depends on various calculation methods and on whether it concerns fixed-term contracts or renewable contracts ("TRO"). In either case, the carrying amount of the assets depends on assumptions based on historic statistics on the end-of-lease realisation value of the assets disposed of, but also on discount rate assumptions as regards the fixed-term contracts. The Group regularly updates these assumptions on the basis of its experience with resale or sublease markets for second-hand materials. We considered the residual interest in leased assets as a key audit matter because these estimates impact the timing of recognition of such contracts, on the one hand, and there is a risk of depreciation if the forecast figures would prove to exceed fair market values.

*How our Audit addressed the Key Audit Matter*

We obtained the key estimates of the residual interest in leased assets as well as of the year-over-year changes in hypotheses.

We critically evaluated the procedure put in place by Econocom Group management for proper application to the above estimates and we checked, on a sample basis, the system for correct contract data input. Subsequently, using management's assumptions, we recalculated for a selected sample the value of the residual interest in leased assets. Finally, we ascertained that the margins realised on the end-of-lease disposal of the assets were positive. We found these assumptions to be consistent and in line with our expectations.

***Responsibilities of the board of directors for the preparation of the consolidated accounts***

The board of directors is responsible for the preparation of consolidated accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines as necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors is responsible for assessing the Group'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 the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

***Statutory auditor's responsibilities for the audit of the consolidated accounts***

Our objectives are to obtain reasonable assurance about whether the consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 accounts.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated accounts in Belgium. A statutory audit does not provide any assurance as to the Group's future viability nor as to the efficiency or effectiveness of the board of directors' current or future business management at Group level. Our responsibilities in respect of the use of the going concern basis of accounting by the board of directors are described below.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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;
- obtain 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 Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the board of directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and 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. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

### ***Responsibilities of the board of directors***

The Board of Directors is responsible for the preparation and the content of the directors' report on the consolidated accounts, of the separate report on non-financial information and the other information included in the annual report on the consolidated accounts.

### ***Statutory auditor's responsibilities***

In the context of our mission and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the directors' report on the consolidated accounts, the separate report on non-financial information, and the other information included in the annual report on the consolidated accounts, and to report on these matters.

### ***Aspects related to the directors' report on the consolidated accounts and to the other information included in the annual report on the consolidated accounts***

In our opinion, after having performed specific procedures in relation to the directors' report on the consolidated accounts, this directors' report is consistent with the consolidated accounts for the year under audit and is prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated accounts, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the directors' report on the consolidated accounts and the other information contained in the annual report on the consolidated accounts, namely chapters 1 to 4, 7 and 9 to 11, is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

The non-financial information is included in a separate report of the directors' report which is part of section 3 of the annual report. The report of non-financial information contains the information required by virtue of article 3:32, §2 of the Companies' and Associations' Code, and agrees with the consolidated accounts for the same year. The Company has prepared the non-financial information, based on the principles of the United Nations Global Compact. However, in accordance with article 3:80, §1, 5° of the Companies' and Associations' Code, we do *not* express an opinion as to whether the non-financial information has been prepared in accordance with the principles of the United Nations Global Compact as disclosed in the separate report of the directors' report.

## 08 statutory auditor's report on the consolidated financial statements

statutory auditor's report to the general shareholders' meeting on the consolidated accounts

### **Statements related to independence**

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated accounts and our registered audit firm remained independent of the Group in the course of our mandate.
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 3:65 of the Companies' and Associations' Code are correctly disclosed and itemized in the notes to the consolidated accounts.

### **Other statement**

- This report is consistent with the additional report to the Audit Committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Sint-Stevens-Woluwe, 26 March 2021

The statutory auditor

**PwC Réviseurs d'Entreprises SRL / Bedrijfsrevisoren BV**



Represented by

**Alexis Van Bavel**

**Réviseur d'Entreprises / Bedrijfsrevisor**

# 09

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# chairman's statement

# chairman's statement

We hereby declare that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2020, prepared in accordance with the International Financial reporting Standards (IFRS) as adopted in the European Union, and with the legal requirements applicable in Belgium, give a true and fair view of the assets, financial position and profit or loss of the Company and the undertakings in the consolidation taken as a whole, and that the Management Report includes a fair review of the performance of the business and the profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the main risks and uncertainties.

24 February 2021

On behalf of the Board of Directors



**Jean-Louis Bouchard**

Chairman of the Board



# 10

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# condensed parent company financial statements\*

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#### **ECONOCOM GROUP SE PARENT STATUTORY FINANCIAL STATEMENTS**

In accordance with article 3:17 of the Belgian Companies Code, Econocom Group SE hereby states that the following financial statements are an abridged version of the full annual financial statements that can be obtained from the Company and which will be filed with the Banque Nationale de Belgique.

\* The parent company financial statements are prepared in accordance with Belgian GAAP.

# 1. Parent company statement of financial position

## Asset

<i>in € thousands</i>	31 Dec. 2020	31 Dec. 2019
<b>Start-up costs</b>	<b>805</b>	<b>1,348</b>
<b>Fixed assets</b>	<b>1,041,600</b>	<b>1,022,008</b>
<b>Intangible assets</b>	-	-
<b>Property, plant and equipment</b>	<b>1</b>	<b>5</b>
Plant and equipment, fixtures and fittings	1	5
<b>Long-term financial assets</b>	<b>1,041,599</b>	<b>1,022,004</b>
Related parties	1,025,998	1,006,571
Equity interests	841,198	756,271
Receivables	194,800	250,300
Entities with which there are capital links	485	485
Equity interests	485	485
Receivables	-	-
Other long-term financial assets	15,116	14,948
Shares	11,408	11,130
Receivables and cash guarantees	3,708	3,818
<b>Current assets</b>	<b>32,058</b>	<b>70,386</b>
<b>Non-current receivables</b>	-	-
Trade receivables	-	-
Other receivables	-	-
<b>Inventories and work-in-progress</b>	-	-
<b>Current receivables</b>	<b>7,007</b>	<b>12,612</b>
Trade receivables	4,854	6,548
Other receivables	2,153	6,064
<b>Cash investments</b>	<b>22,966</b>	<b>57,050</b>
Treasury shares	22,966	57,050
Other investments	-	-
<b>Cash and cash equivalents</b>	<b>1,853</b>	<b>435</b>
<b>Accrual accounts</b>	<b>232</b>	<b>288</b>
<b>Total assets</b>	<b>1,074,463</b>	<b>1,093,743</b>

## Liabilities

<i>in € thousands</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
<b>Equity</b>	<b>276,923</b>	<b>348,966</b>
<b>Share capital</b>	<b>23,513</b>	<b>23,513</b>
Paid-in capital	23,513	23,513
Uncalled capital		
<b>Issue premiums</b>	<b>194,708</b>	<b>194,708</b>
<b>Revaluation gain</b>	<b>2,520</b>	<b>2,520</b>
<b>Reserves</b>	<b>25,735</b>	<b>59,819</b>
Statutory reserve	2,351	2,351
Unavailable reserves	22,966	57,050
For treasury shares	22,966	57,050
Available reserves	418	418
<b>Retained earnings (+)/(-)</b>	<b>17,137</b>	<b>87,552</b>
<b>Profit for the year</b>	<b>13,310</b>	<b>(19,146)</b>
<b>Provisions and deferred taxes</b>	<b>5,501</b>	<b>1,921</b>
<b>Provisions for contingencies and losses</b>	<b>5,501</b>	<b>1,921</b>
Other contingencies and losses	5,501	1,921
<b>Deferred taxes</b>		
<b>Payables</b>	<b>792,039</b>	<b>742,856</b>
<b>Non-current liabilities</b>	<b>250,388</b>	<b>394,630</b>
Financial liabilities	250,388	394,630
Unsubordinated bonds	250,388	394,630
Trade payables		
Prepayments received on orders		
Other non-current liabilities		
<b>Current liabilities</b>	<b>541,651</b>	<b>348,226</b>
Current portion of non-current liabilities	139,034	48,146
Financial liabilities	119,000	278,500
Bank loans and borrowings	119,000	278,500
Trade payables	5,439	2,890
Trade payables	5,439	2,890
Accrued taxes and personnel costs	(1,023)	1,254
Income tax expense	411	661
Compensation including payroll costs	611	593
Other non-current liabilities	277,155	17,436
<b>Accrual accounts</b>		
<b>Total equity and liabilities</b>	<b>1,074,463</b>	<b>1,093,742</b>

## 2. Parent company income statement

<i>in € thousands</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
<b>Sales and Services</b>	<b>17,990</b>	<b>27,098</b>
Revenue	15,869	23,461
Changes in inventories of finished goods and work in progress: increase (decrease) (+)/(-)		
In-house production of fixed assets		
Other operating income	2,121	3,637
Non-recurring operating income	-	-
<b>Cost of sales and Services</b>	<b>27,573</b>	<b>24,497</b>
Materials and goods for resale		
Services and miscellaneous goods	18,506	25,506
Personnel costs (including payroll costs) and pensions (+)/(-)	1,393	1,597
Amortisation/depreciation and impairment of start-up costs, property, plant and equipment and intangible assets	5	5
Additions to (reversals of) impairment of inventories, work-in-progress and trade receivables (+)/(-)	-	-
Additions to (reversals of) provisions for contingencies and losses (+)/(-)	2,484	(2,691)
Other operating expenses	27	80
Capitalised restructuring costs (-)		
Non-recurring operating expenses	5,129	
<b>Operating income</b>	<b>(9,620)</b>	<b>2,601</b>
<b>Financial income</b>	<b>49,042</b>	<b>38,884</b>
Recurring financial income	35,649	32,245
Income from long-term financial assets	30,848	25,165
Income from current assets	103	1,922
Other financial income	4,698	5,158
Non-recurring financial income	13,393	6,639
<b>Financial expenses</b>	<b>15,765</b>	<b>58,756</b>
Recurring financial expenses	13,576	12,746
Cost of debt	13,094	12,157
Additions to (reversals of) impairment of current assets other than inventories, work-in-progress and trade receivables (+)/(-)	-	150
Other financial expenses	482	439
<b>Non-recurring financial expenses</b>	<b>12,189</b>	<b>46,010</b>

<i>in € thousands</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
<b>Profit for the year before tax (+)/(-)</b>	<b>13,657</b>	<b>(17,271)</b>
<b>Withdrawal from deferred taxes</b>		
<b>Transfer to deferred taxes</b>		
<b>Income tax (+)/(-)</b>	<b>347</b>	<b>1,875</b>
Income tax expense	347	2,231
Tax adjustments and reversals of tax-related provisions	-	(356)
<b>Profit for the year</b>	<b>13,310</b>	<b>(19,146)</b>
<b>Deductions from tax-free reserves</b>		
<b>Transfers to tax-free reserves</b>		
<b>Profit for the year available for distribution (+)/(-)</b>	<b>13,310</b>	<b>(19,146)</b>

<i>in € thousands</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
<b>Profit available for distribution (+)/(-)</b>	<b>81,716</b>	<b>82,766</b>
Profit for the year available for distribution (+)/(-)	13,310	(19,146)
Retained earnings (+)/(-)	68,406	101,850
<b>Deductions from equity</b>	<b>-</b>	<b>9,593</b>
from equity and issue premiums		
from reserves	-	9,593
<b>Appropriations to equity</b>	<b>51,268</b>	<b>23,891</b>
to equity and issue premiums		
to the statutory reserve	-	2
to other reserves	51,268	23,889
<b>Appropriation to retained earnings (+)/(-)</b>	<b>30,448</b>	<b>68,406</b>
<b>Share of associates in losses</b>		
<b>Profit available for distribution</b>		
Dividends		
Directors or Managers		
Employees		
Other beneficiaries		

## 3. Parent company statement of cash flows

<i>in € thousands</i>	<b>31 Dec. 2020</b>	<b>31 Dec. 2019</b>
Profit	13,310	(19,146)
Income tax expense	-	633
Depreciation, amortisation and impairment	10,004	26,101
Impact of changes in provisions for other contingencies and losses	3,580	(2,691)
Gains/losses on disposal of long-term financial assets		
Dividends received from equity interests	(25,000)	(18,570)
Interest received on non-current financial receivables	(5,813)	(6,515)
Gains/losses on disposal of treasury shares	123	180
<b>Cash flow from operating activities (a)</b>	<b>(3,796)</b>	<b>(20,008)</b>
Change in current receivables	5,605	109,645
Change in other current assets	57	272
Change in trade payables	2,549	(3,054)
Change in accrued taxes and personnel costs (current portion)	(232)	(279)
Change in other current liabilities	269,719	14,140
<b>Change in working capital requirements (b)</b>	<b>277,698</b>	<b>120,724</b>
Income tax expense (c)	-	(633)
<b>Net cash from (used in) operating activities (a + b + c)</b>	<b>273,902</b>	<b>100,083</b>
Start-up costs		
Acquisition of property, plant and equipment and intangible assets for internal use	-	(2)
Disposal of property, plant and equipment and intangible assets for internal use		
Acquisition of equity interests	(90,123)	(101,824)
Disposal of equity interests	5,196	6,402
Acquisition of non-current financial receivables		
Repayment of non-current financial receivables	45,500	
Acquisition of other long-term financial assets	(1,912)	(7,636)
Disposal of other long-term financial assets	1,744	479
Dividends received from equity interests	25,000	18,570
Interest received on non-current financial receivables	5,813	6,515

in € thousands

	31 Dec. 2020	31 Dec. 2019
<b>Net cash from (used in) investing activities (d)</b>	<b>(8,782)</b>	<b>(77,496)</b>
Euro Private Placement – issue costs	74	106
Euro Private Placement – financial expenses	2,028	2,632
Euro Private Placement – interest	(2,632)	(2,632)
Euro Private Placement – repayment	(45,500)	-
<i>Schuldschein</i> loans – issue costs	126	126
<i>Schuldschein</i> loans – financial expenses	2,781	2,781
<i>Schuldschein</i> – coupons	(2,797)	(2,797)
OCEANE – buyback	(10,616)	
OCEANE – issue costs	344	298
OCEANE – financial expenses	4,374	4,364
OCEANE – coupons	(1,000)	(1,000)
Commercial paper	(159,500)	23,600
Acquisition of treasury shares	(25,675)	(28,371)
Disposal of treasury shares	-	2,226
Dividends paid during the year/refund of additional paid-in capital	(25,717)	(27,265)
Change in other liabilities		
<b>Net cash from (used in) financing operations (e)</b>	<b>(263,702)</b>	<b>(25,932)</b>
<b>Change in cash and cash equivalents (a + b + c + d + e)</b>	<b>1,418</b>	<b>(3,345)</b>





# 11

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# key consolidated figures

## 11 key consolidated figures

key consolidated figures

# key consolidated figures

	2013 Published in 2014 AR	2014 Restated	2015	2016 Adjusted Published in 2017 AR****	2018	2019	2020
<b>Number of shares (at 31 December)</b>							
Ordinary	213,034,628	225,038,574	225,038,574	225,038,574	245,140,430	245,380,430	220,880,430
Total	213,034,628	225,038,574	225,038,574	225,038,574	245,140,430	245,380,430	220,880,430
Free float	48.44%	57.67%	53.82%	54.20%	57.86%	57.90%	53.6%
Average number of shares outstanding	191,880,800	219,876,782	217,017,790	215,443,595	232,763,830	227,816,144	216,865,774
<b>Per share data (in €)</b>							
Net dividend (on ordinary shares)*	0.05	0.08	0.09	0.1	0.12	0.12	0.12
Gross dividend (on ordinary shares)*	0.06	0.08	0.09	0.1	0.12	0.12	0.12
Profit (loss) from continuing ordinary operations**	0.48	0.42	0.53	0.63	0.46	0.55	0.56
Pay-out <sup>(1)</sup>	0.15	0.26	0.17	0.67	0.71	0.61	0.55
Operating profit**	0.41	0.31	0.50	0.57	0.37	0.44	0.39
Profit before tax**	0.36	0.26	0.42	0.32	0.31	0.35	0.31
Profit for the period (attributable to owners of the parent)**	0.23	0.14	0.27	0.15	0.17	0.20	0.22
Cash flow from operating activities**	0.41	0.39	0.46	0.56	0.45	0.61	0.46
Equity attributable to owners of the parent***	1.22	1.16	1.02	0.89	2.0	1.97	2.14
Price/earnings <sup>(2)</sup>	18	23	16	45	17	12	11
Price/cash flow from operating activities <sup>(3)</sup>	10	8	9	12	6	4	5
Net yield <sup>(4)</sup>	1.08%	2.29%	2.05%	1.43%	4.1%	4.9%	4.9%
Gross yield <sup>(4)</sup>	1.44%	2.29%	2.05%	1.43%	4.1%	4.9%	4.9%

	2013 Published in 2014 AR	2014 Restated	2015	2016 Adjusted Published in 2017 AR****	2018	2019	2020
<b>Stock market data (in €)</b>							
Average	3.10	3.55	3.85	5.69	3.70	3.01	2.18
At 31 December	4.16	3.28	4.275	6.97	2.91	2.43	2.46
High	4.18	4.58	4.49	7.17	7.3	4.01	2.88
Low	2.49	2.42	3.01	3.69	2.28	2.00	1.37
Annual yield at 31 December <sup>(5)</sup>	41%	(19%)	33%	65%	(49%)	(12.3%)	6.0%
Annual volume (in units)	42,978,376	58,190,840	49,761,106	54,198,704	213,263,403	53,631,539	64,626,927
Average daily trading volume	169,876	228,200	194,380	210,888	836,327	210,320	254,437
Annual volume (value) (in € millions)	281	201	383	308	789	161	141
Market capitalization (31 Dec.) (in € millions) <sup>(6)</sup>	886	738	962	1,569	713	597	547
Listing market <sup>(7)</sup>	TC	TC	TC	TC	TC	TC	TC
Salaried employees	8,195	8,587	9,134	10,008	10,813	10,323	9,240

\* Refund of issue premiums.

\*\* Expressed as a ratio of the average number of shares outstanding.

\*\*\* Expressed as a ratio of total shares.

\*\*\*\* In the 2017 table, the number of shares is shown after the share split approved by the Extraordinary General Meeting of 16 May 2017.

(1) Payout rate: gross return/profit for the year attributable to owners of the parent before amortisation or reduction of goodwill.

(2) Share price at 31 December/profit for the year.

(3) Share price at 31 December/cash flows from operating activities before cost of net debt and income tax.

(4) Net (gross) yield/share price at 31 December.

(5) Annual yield = change in share price at 31 December relative to 31 December of the previous year plus net return/share price at 31 December of the previous year.

(6) Market capitalisation = total number of shares at 31 December x share price at 31 December.

(7) Listing market = Brussels from 9 June 1988. The share has been listed on the *Marché à terme continu* (TC) since 16 March 2000.

# Econocom group addresses

## The Econocom Brand

### Austria

Franzosengraben 12  
A – 1030 Vienna  
Tel.: +43 1 79520 0  
office@econocom-austria.at

### Belgium

Econocom (registered office)  
Place du Champ de Mars, 5  
/ B14  
1050 Brussels

Parc Horizon  
Chaussee de Louvain 510/B80  
1930 Zaventem  
Tel.: +32 2 790 81 11  
info.be@econocom.com

### Canada

Demers Beaulne, LLP  
1800 McGill College Av.  
Suite 600  
Montreal  
Quebec H3A 3J6  
Tel. : +1 438 522 6079

### Czech Republic

Anděl Parc  
Radlická 14 / 3201 – Smíchov  
150 00 Prague 5  
Tel.: +420 225 100 300  
info.cz@econocom.com

### France

11 square Léon Blum  
92800 Puteaux  
Tel.: +33 1 41 67 30 00  
contact@econocom.com

21 Avenue Descartes  
Immeuble Astrale  
92350 Le Plessis-Robinson  
Tel.: +33 1 73 23 87 00  
contact@econocom.com

### Germany

Herriotstr. 8  
60528 Frankfurt am Main  
Tel.: +49 69 71408-00  
info.de@econocom.com

### Ireland

3rd Floor IFSC House  
Custom House Quay  
Dublin 1  
Tel.: +353 1 6750300  
info.ie@econocom.com

### Italy

c/o Econocom Village  
Via Varesina 162  
20156 Milan  
Tel.: +39 02 33 62 61  
info.it@econocom.com

### Luxembourg

4 rue d'Arlon  
L-8399 Windhof  
Tel.: +352 39 55 50-226  
info.lu@econocom.com

### Morocco

Technopolis  
Batiment B1  
11100 Sala Al Jadia  
Tel.: +212 5 38 04 33 00  
info.ma@econocom.com

1st floor, Residence Boissy  
322 Bd Zerktoun  
20270 Casablanca  
Tel.: +212 (0) 522 789 032  
info.ma@econocom.com

### Poland

Ulica Twarda 18  
00-105 Warsaw  
Tel.: +48 22 202 67 30  
info.pl@econocom.com

### Spain

C/ Cardenal Marcelo Spinola  
28016 Madrid  
Tel.: +34 91 411 91 20  
info.es@econocom.com

C/ Pallars, 99  
08018, Barcelona  
Tel.: +34 93 470 30 00  
info.es@econocom.com

### Switzerland

Route de Crassier 7  
1262 Eysins  
Tel.: +41 22 363 79 30  
info.ch@econocom.com

### The Netherlands

Computerweg 22  
NL-3542 DR Utrecht  
Tel.: +31 30 63 58 333  
info.nl@econocom.com

### UK

Eton House  
18/24 Paradise Road  
Richmond-upon-Thames  
Surrey TW9 1SE  
Tel.: +44 20 8940 2199  
info.gb@econocom.com

### US

10 Rockefeller Plaza  
Suite 1001  
New York, NY, 10020  
Tel. : +1 438 522 6079  
info.us@econocom.com

## The Group's other brands

### Brasil

**Econocom Brasil**  
Av. Sagitário, 138 - 24º andar  
Torre City – Alpha Square  
Offices  
Alphaville – SP  
Cep : 06473-073  
Tel.: +55 11 4195-9663  
commercial-brazil@  
econocom.com

### France

**Alter Way**  
1 Rue Royale, Batiment D227,  
Les Bureaux de la Colline  
92210 Saint-Cloud  
Tel.: +33 1 41 16 34 95  
contact@alterway.fr

### ASP Serveur

785 Voie Antiope  
13600 La Ciotat  
Tel.: 0 805 360 888  
contact@aspserveur.com

### DMS

11 square Léon Blum  
92800 Puteaux  
Tel.: +33 1 41 67 36 26  
contact@digitaldimension.fr

### Exaprobe

13 B Avenue Albert Einstein  
CS90217  
69623 Villeurbanne Cedex  
Tel.: +33 4 72 69 99 69  
contact@exaprobe.com

### Helis

6 Rue Royale  
75008 Paris  
Tel.: +33 1 53 20 05 12  
contact@helis.fr

### Infeeny

11 square Léon Blum  
92800 Puteaux  
Tel.: +33 1 49 70 81 33  
contact@infeeny.com

### Synertrade

66 Avenue Charles de Gaulle  
92200 Neuilly-sur-Seine  
Tel.: +33 1 56 98 29 29  
contact@synertrade.com

### Germany

**Energy Net GmbH**  
Gutleutstraße 165-171  
60327 Francfort-sur-le-Main  
Tel.: +49 69 97697090  
info@energy-net.de

### Italy

**Asystel Italia**  
c/o Econocom Village,  
Via Varesina 162,  
20156 Milan  
Tel.: +39 02 38 084 1  
info@asystelitalia.it

### BDF

via Bernardino Verro 90  
20141 Milan  
Tel.: + 39 02 5220 061

### Bizmatica

c/o Econocom Village  
Via Varesina 162  
20156 Milan  
Tel.: +39 02 8312 4001  
info@bizmatica.com

### Luxembourg

**Synertrade**  
12 Rue Guillaume Schneider  
2522 Luxembourg  
Tel.: +352 09 29 27 26  
contact@synertrade.com

### Spain

**Altabox**  
C/Arquimedes, 655  
33211 Gijón, Asturias  
Tel.: +34 902 43 00 46  
info@altabox.net

### Gigigo

C / Cardenal Marcelo Spínola  
28016 Madrid  
Tel.: +34 91 411 91 20  
info.es@econocom.com

### Nexica

C/ Acer, 30-32, 1r 4a  
08038 Barcelona  
Tel.: + 34 902 202 223  
hola@nexica.com

### UK

**JTRS Ltd**  
Suite 1B Eden Point  
Three Acres Lane  
Cheadle Hulme  
Cheshire  
SK8 6RL  
Tel.: 0330 223 0500  
info@jtrs.co.uk

See the complete list of our regional addresses on [www.econocom.com](http://www.econocom.com)



Econocom Communications Department

11 Square Léon Blum  
92800 PUTEAUX

FRANCE

email: [communication.groupe@econocom.com](mailto:communication.groupe@econocom.com)  
[www.econocom.com](http://www.econocom.com)

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