

# EW EUROWAG

**Annual Report and Accounts**  
for the year ended 31 December 2022





Creating a  
sustainable  
future  
together

## Overview

# 2022 KPIs highlights

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## Financial KPIs

Net energy and services sales

€190.9m

2021: €153.1m

Adjusted EBITDA margin (%)

42.8%

2021: 45.5%

Adjusted basic earnings per share (cents/share)

5.75

2021: 5.77

Profit before tax (€)

€28.0m

2021: €17.7m

Basic earnings per share (cents/share)

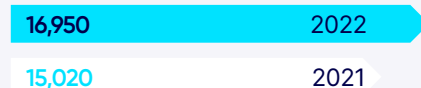
2.41

2021: 1.54

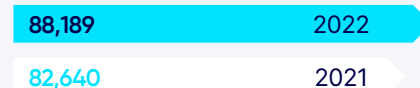
➤ Please refer to page 213 in the Financial statements for a definition of alternative performance measures

## Operational KPIs

Average number of active payment solutions customers



Average number of active payment solutions trucks



## Sustainability targets

Reduce carbon emissions from own operations by 2030



Female representation in 'all people leaders' group by 2025<sup>1</sup>



<sup>1</sup> "All people leaders" defined as Senior Leadership Team, including CFO and CEO, as well as all managers with at least one direct report.

➤ Please refer to the Sustainability section on page 60

# About the company

Eurowag is a leading pan-European integrated payments and mobility platform focused on the commercial road transport ("CRT") industry.

We want to help the CRT industry to become clean, fair, and efficient through our comprehensive and unique suite of services.

We connect business owners, drivers, dispatchers, and accountants with merchants in the fuel and alternative energy networks, toll and tax authorities, and other roadside and mobility service providers.



## Delivering solutions for our stakeholders

Customers	Suppliers	Employees	Investors	Society and the environment	Regulators and government
➤ Page 21	➤ Page 21	➤ Page 22	➤ Page 22	➤ Page 23	➤ Page 23

At a glance

# Where we operate and what we do

We connect business owners, drivers, dispatchers, and accountants with merchants in the fuel and alternative energy networks, toll and tax authorities, and other roadside and mobility service providers. To fulfil our customer needs, we provide an integrated product offering or a one-stop shop approach that eases the complexities and fragmentation found in the CRT industry, which differentiates us from the competition. We support our offering through our proven cross-selling strategy that seeks to achieve lifetime customer relationships.

## Our unique suite of services

➤ Read more on pages 10 to 13

### 1 Before the journey

- Plan the route
- Calculate expected costs
- Insure the trip
- Book freight ferries

### 2 On the road

- Pay for traditional and alternative energy
- Pay for tolls
- Navigate safely
- Communicate on the road
- Optimise fuel consumption



## Our customer's journey



### 1 Before the journey

Fleet dispatcher Hanna planned the optimal route for Johann to get to his destination. By using Eurowag's data, acquired from Johann's previous trips, she calculated indicative costs, secured the best insurance rate for this journey, and was also able to book Johann freight ferry transport.

### 2 On the road

Johann did not have to worry about looking for a fuel station. He stopped at the station suggested by Eurowag, refuelled, and had a rest. Since he drove across multiple countries, Johann took advantage of Eurowag's simplified toll payment system, and paid for services with Eurowag's closed loop card.

## ➤➤ Johann

"Eurowag's solutions helped me realise maximum efficiencies."

**Driver**

### Energy countries in which we operate

- Customer and merchant
- Customer only
- Merchant only

### Employees across all countries

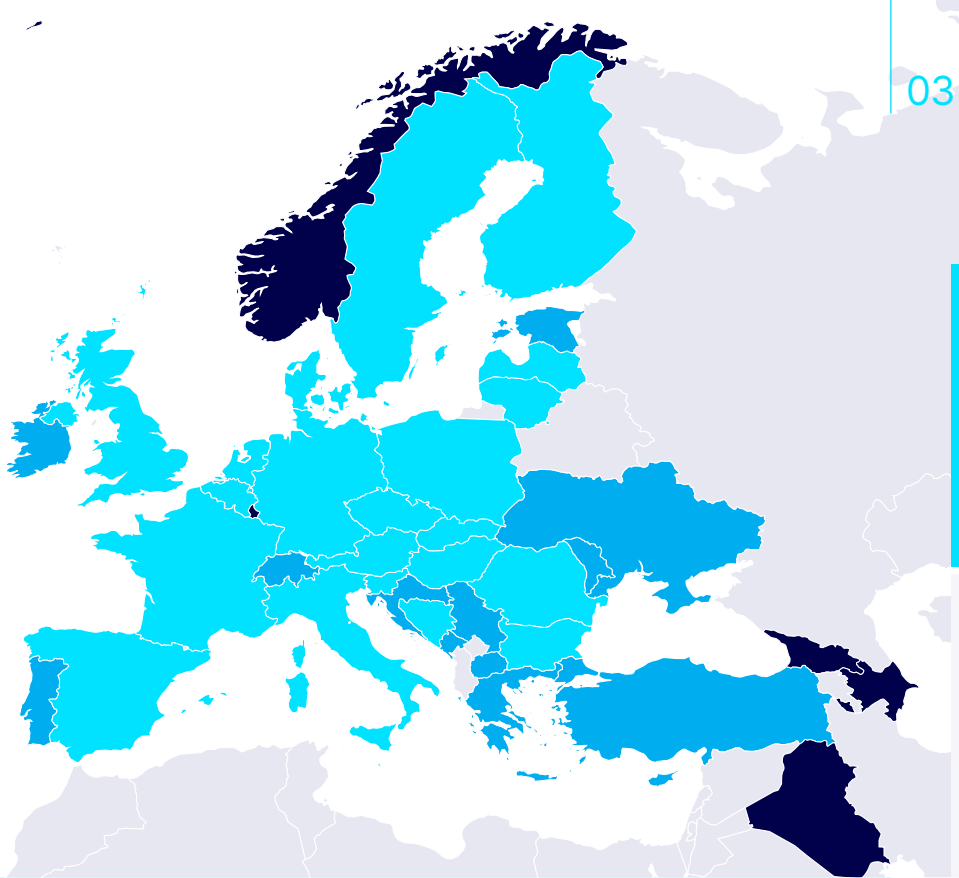
>1,000

### Access provided across Europe: Fuel stations

~17,000

### Charging points

360,000



- > Locate charging points
- > Parking, washing, truck repairs
- > Roadside assistance
- > Incidental cost coverage (towing, fines, tyres)

### 3 After the journey

- > Process tax refunds
- > Perform cross-border currency exchange
- > Use financial restructuring and factoring
- > Increase cost-effectiveness

### Key

#### Mobility solutions

- > Fleet management services
- > Location-based products and services
- > Other adjacent services
- > Tax refund

#### Payment solutions

- > Energy payments
- > Toll payments



On his journey, he was in constant communication with Hanna and other drivers. When he needed to replace a tyre, Eurowag helped Johann find a repair station quickly.



### 3 Post delivery

After Johann completed his journey, his company took advantage of Eurowag's tax refund service and did not have to wait to receive refund payments. They were also pleased to see the cost-effectiveness that Eurowag's solutions provided, from better price of fuel and other services, lower fuel usage, to tax refund and cheaper insurance costs.

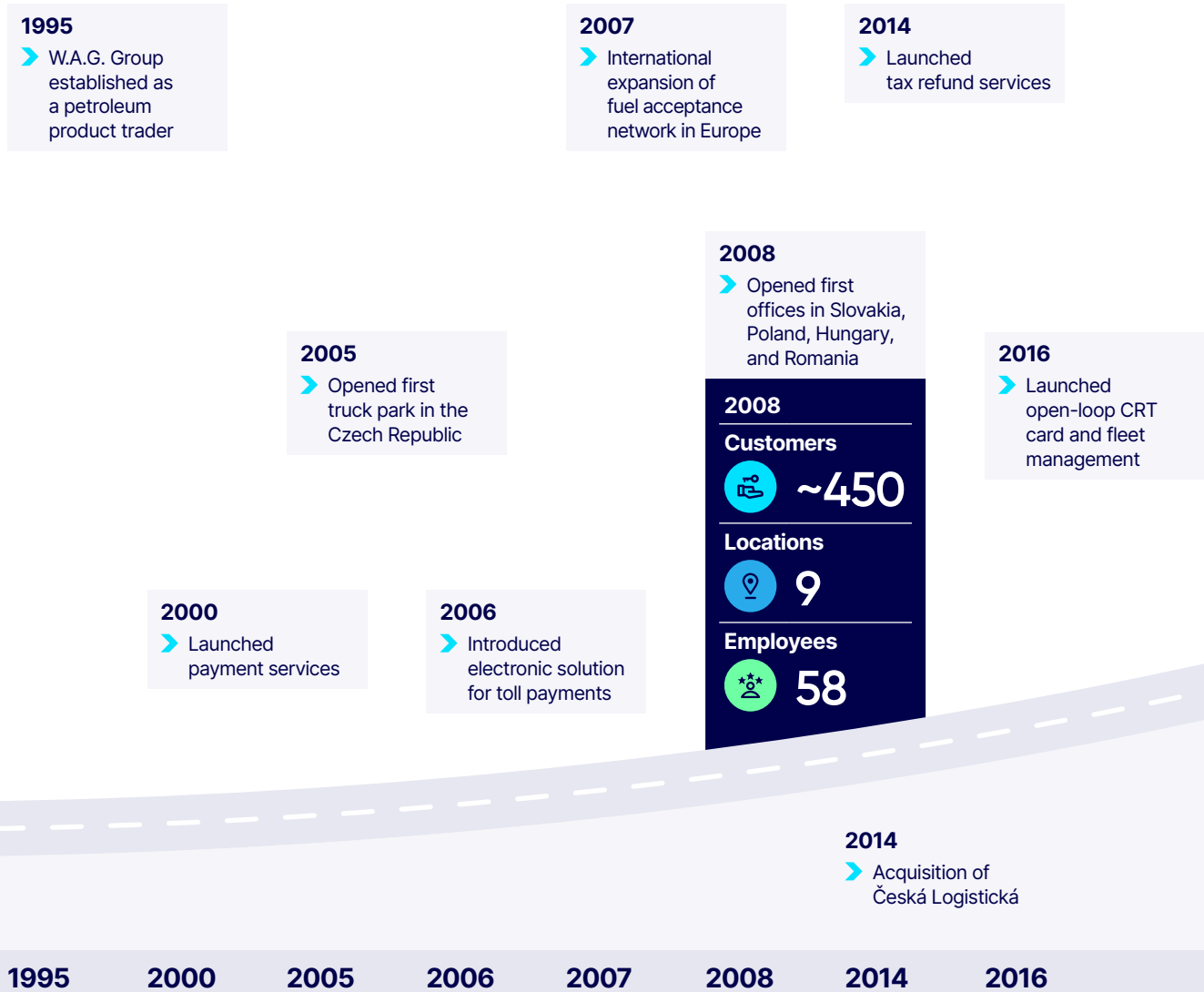
Clean, fair,  
and efficient  
from start  
to finish



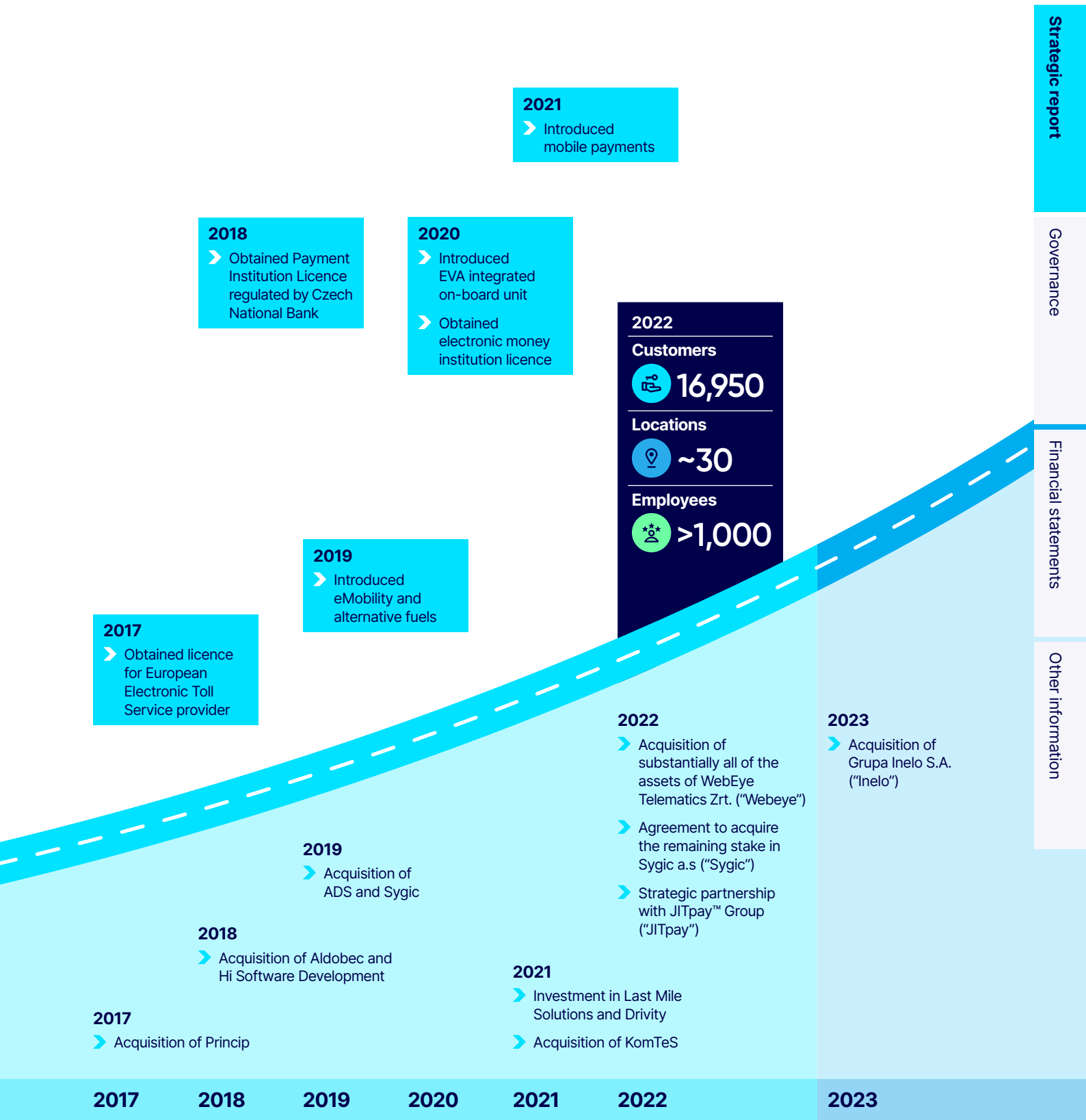
## Our history

# Our journey to an integrated end-to-end digital platform

Founded in the Czech Republic in 1995 by CEO Martin Vohánka, Eurowag has a rich history spanning over 25 years.



### Stage 1 – Expansion



Strategic report

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Stage 2 – Accumulation

Stage 3 – Integration



## Strategic report

The solutions we create help our customers stay ahead in a competitive, fast moving industry



**Strategic report**

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# Clean Fair Efficient

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## Chairman's statement

# Continuing to deliver for our stakeholders

### Dear Fellow Shareholders,

In 2022, Eurowag continued to see strong growth during a time of great instability across European economies. The impact of the Russian war in Ukraine, rising energy and fuel costs, and supply chain issues cannot be understated. This is why our purpose to create sustainable, financial and technological solutions for the benefit of our industry, society, and the environment has never been more important.

In our first full year since listing on the London Stock Exchange, Eurowag continued to take significant steps towards becoming the ultimate on-road platform for our customers. We are delivering on our promise to our investors through growth plans that will ensure that we play an integral role in the digitalisation of the CRT industry.

### Confidence in Eurowag team

On behalf of the Board, I would like to express my sincere thanks to Eurowag's employees – who deserve considerable credit for the Group's achievements in 2022. They have faced challenges in difficult markets and delivered a number of significant acquisitions to help grow our business, while at the same time, producing a performance in-line with the Board's expectations. As the travel restrictions from COVID-19 dissipated in 2022, fellow members of the Board and I were able to visit our colleagues in Prague to gain first-hand insights into the culture of the business.

### Organic and inorganic growth

I am pleased that the Company found a suitable solution to complete the acquisition of Webeye in the summer. Their established presence in Europe, with a total portfolio of more than 58,000 connected trucks, will expand the Group's overall customer base; Webeye's customers will gain access to Eurowag's range of integrated end-to-end payment and mobility solutions. This acquisition will create significant opportunities for increasing revenue and potentially enhancing our offering to clients.

In September, the Group entered into a strategic partnership with JITpay. We currently have a minority stake in the business, but also an option to increase our ownership in the future. Access to JITpay's suite of products, which includes digitalised billing, invoice discounting, and receivables management solutions, will help drive the expansion of Eurowag's digital ecosystem, while strengthening our geographical presence in Germany, one of the largest trucking markets in Europe.

We were delighted to complete the acquisition of Inelo in March 2023, following the approval from our shareholders at March's General Meeting. Inelo is a leading fleet management solution and working time management software provider. This transaction will add a further 87,000 connected trucks to our network and solidify our position in Central and Eastern Europe.

These acquisitions support our ambition to deliver a fully integrated digital platform for the CRT industry.

In addition to M&A activity, the Group ended the year with a strong set of results, despite the macro-economic challenges faced across Europe. These results demonstrate the resilience of Eurowag's business model as well as the mission critical nature of the solutions they provide to the CRT industry. The Group continued to build its product and technology capabilities in the year, with good progress made on their transformational capex programme. Eurowag is getting closer to being able to provide its customers all their products through a digitally integrated end-to-end platform.

The Board is disappointed to see Eurowag's share price has not reflected its strong financial and operational performance over the last year, including meeting medium-term guidance at the end of the Company's first full year as a listed business. The market however was challenging for all London listed companies in 2022, especially newly listed businesses, and Eurowag unfortunately was no exception. The management team have taken action and have increased their shareholder engagement into 2023, through an internal professional appointment and the appointment of new corporate brokers.

### Focus on integration

While the Board will continue to explore opportunities to grow the business further in-line with our strategy, it is vital that the Company focuses on ensuring the integration of our recent acquisitions into our digital platform and maximising our presence in Europe, while also continuing to deliver dynamic solutions for our customers. As a Board, we also look forward to working with our expanded team, knowing that our new colleagues are integrated within our ways of working, adopting our systems and policies, and embracing our purpose, culture, and values.

### Environmental, social and governance commitments

Sustainability and social responsibility remain integral to our values. I believe this may only be achieved through strong governance and the commitment from our people towards our common goal.

The Board has renewed its commitment to helping the CRT industry to become clean, fair, and efficient. In December, we agreed a set of KPIs and initiatives to help us achieve this goal. I invite shareholders to read more in our Sustainability section, which includes our reporting against TCFD targets, on pages 60 to 108 of this Annual Report and Accounts.

### Looking to the future

As we head into 2023, we will ensure that we deliver on the promises made to investors during our IPO. We want to continue to strengthen our market position, while ensuring we fully integrate our acquisitions and maximise our growth potential.



**Paul Manduca**  
Chairman



**We are delivering on our promise to our investors through growth plans that will ensure that we play an integral role in the digitalisation of the CRT industry."**

**Paul Manduca**, Chairman



Our unique suite of services

# Helping customers stay on the road

We connect business owners, drivers, dispatchers, and accountants with merchants in the fuel and alternative energy networks, toll and tax authorities, and other roadside and mobility service providers.

At Eurowag, we split our business into two segments:

## Payment solutions

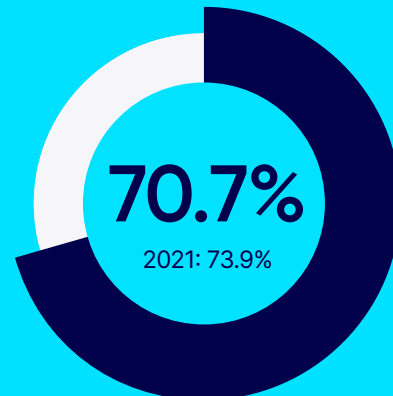
Includes energy payments and toll payments



- 1 Energy payment solutions
- 2 Toll payment solutions

➤ More on page 11

Contribution to Group<sup>1</sup>  
net revenue



## Mobility solutions

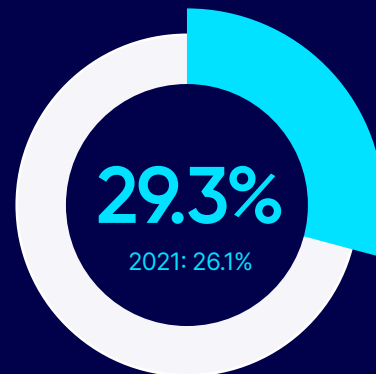
Includes tax refund services, telematics, smart navigation and other adjacent services



- 1 Tax refund services
- 2 Fleet management services
- 4 Location-based products and services
- 5 Other adjacent services

➤ More on page 12

Contribution to Group<sup>1</sup>  
net revenue



<sup>1</sup> Group defined as W.A.G payment solutions plc and its subsidiaries.



## Payment solutions

Payment solutions represent the majority part of our business and include a secure means of energy payments through pre- or post-paid fuel cards and toll payments. This is often the first introduction customers have to our services.

### Energy payment solutions

Eurowag was founded on bulk purchasing of traditional fuel and transporting it to truck refuelling locations across Europe. Over the last 27 years, Eurowag has built-up its presence through adding acceptance points ("POS") and bunkering sites across Europe's main truck transport corridor, known as the Trans-European Transport Network ("TEN-T"), supplying both traditional energy and alternative fuels. The TEN-T corridor is important to us, as it allows us to build our coverage across Europe. Refuelling sites near country borders are equally important to our customers, as international trucking companies can take advantage of cross-border price differences.

Eurowag continues to focus on expanding its presence in key markets, as well as entering new markets. Today, Eurowag has approximately 17,000 POS across 30 countries in Europe.



<sup>1</sup> TEN-T is a network of roads, railways, airports and water infrastructure in the European Union. The TEN-T network is part of a wider system of Trans-European Networks, including a telecommunications network and a proposed energy network.

### Toll payment solutions

Each European country has its own tolling system and regulations, with around 130 different toll chargers across the continent. Cross-border drivers often need a variety of on-board units ("OBUs") and payment solutions. Our toll payment solutions, like our energy payment solutions, allow customers to pre-pay or post-pay for their toll payments on European tolled-road networks.

- Approximately two-thirds of customers use both energy and toll payment solutions
- Operating in 23 European countries and 5 tunnels, Eurowag offers tolling services in all countries that charge tolls
- Tolling services are complex and diversified: we enable toll payments through our proprietary technology and through co-operation with over 80 partners. This allows us to constantly monitor any changes and to provide full coverage to our customers

### European Electronic Tolling Service

The EU steadily increases the requirements for European member states to comply with the European Electronic Tolling Service ("EETS"), aiming to create a harmonised EU-wide toll system to simplify the administrative burden and reduce associated costs. We have taken the opportunity to build a proprietary EETS toll payment solution that, from the outset, integrates with our other services, such as fleet management, fraud prevention, and fuel payment.

This creates a growing market opportunity, with barriers to entry for competitors, and expansion potential both on the tolling network and through cross-sales to our customers or of other services. This OBU, usually associated with a specific national toll domain, helps record the number of tolled drives and supports enforcement by national authorities. In the past, international trucks had to use a variety of OBU devices in a single trip. The EETS scheme enables a single OBU to be used across different countries – with one contract, one device, and one invoice.

## Our unique suite of services



### Mobility solutions

The mobility solutions segment offers our customers tax refund services, fleet management products, location-based products and services, and other adjacent services.

#### Tax refund services

The tax refund services can be used by customers in the 27 EU member states, as well as in the UK, Norway, Turkey, Serbia, and North Macedonia, though partial refund of excise duty ("ED") is for EU-based customers only. After finishing their journey, our customers can take advantage of our tax refund services, which relieve the administrative burden and create good customer retention, as it allows them to avoid waiting for refund payments. Our services include tax refund on standard VAT, ED partial refund, pre-financed VAT, and advanced payment of excise duty. The fee structure for each of these is defined by our pricing grid and consists of a percentage of the application and fixed fee for administration (e.g. registration, change of service). We have also introduced various financing options for our customers, such as net invoicing, hybrid financing, and financing on demand.

Having digitised our operations in the tax refund business, we can now use artificial intelligence (AI) to extract data from documents to speed up the refund process, and customers can use our online platform to track the status of their refunds. Digitising our tax refund business allows us to make better use of our data collection and gives us greater insight into our customers. We can then use this information to cross-sell our other services to our customers, creating loyalty and greater lifetime value.

#### Fleet management services

Fleet management services are an addition to Eurowag's unique range of solutions that provides dispatchers and trucking companies with a better understanding of their trucks. Using our proprietary technology and product suite, customers can check maintenance, fuel consumption, driving time, load, and other metrics, and they have automatic and detailed visibility over trips. This enables them to optimise planning efficiency and increase cost-effectiveness.

- **EVA** – our proprietary OBU combines telematics, toll and energy payments, and anti-fraud protection capabilities
- **Driving score and Perfect drive** – both products aim to reduce CRT emissions and improve the safety and well-being of drivers, by enabling fleet managers to recognise signs of distracted driving. Perfect Drive also enables commercial vehicle drivers to evaluate their driving style and optimise fuel consumption and vehicle wear and tear, which in turn leads to reduced insurance costs
- **Efleet management** - the introduction of a single telematics solution for fleets, which combine standard diesel/gas engines, battery-electric vehicles, and plug-in hybrids, delivers significant benefits to our customers. Additional metrics such as state of charge, driving range, or battery state of health can be gathered via the OBU with an eMobility licence subscription. Using this data, the dispatcher can assess the charging behaviour of a plug-in hybrid vehicle user or manage home/company charging, as well as plan trips for electric vehicles

## Location-products and services

Sygc is our product brand for smart navigation and location-based services.

- **Sygc Professional Navigation for Trucks and Fleets** – more than 3,000 fleets and 4 million professional drivers, including truckers, use Sygc's commercial routing as a part of integrated automotive, telematics, and fleet management solutions globally. With features to assist both dispatchers and drivers, there are several business models of Sygc Professional Navigation to suit the needs of its indirect resellers' network
- **Road Lords** – free-of-charge navigation, communication, and social platform for truck drivers and dispatchers. It includes a GPS navigation app with specialised routing for truck and large vehicles, with energy stations and parking data, information on services, and supplies at any given site. Drivers can share traffic information on their routes that are available to all community users
- **Sygc GPS Navigation App** – Sygc GPS Navigation for non-CRT users worldwide continued integrating new subscription-based premium services and features to fulfil the expectations of customers and increase the safety of driving: Wrong-way driver's warning, improvement of AI-based Traffic Sign Recognition via a smartphone camera, revamp of AR-based Real View Navigation mode, satellite maps, simultaneous usage of phone camera-based features and map navigation running on a car display, or mirroring new features into CarPlay and Android Auto connectivities
- **Sygc GPS EMobility** – eMobility customers can locate charging points across Europe and use different charge payment options through the Sygc GPS navigation system



## Other adjacent services

We are always looking for ways to support the well-being and safety of truck drivers, so we also offer several services that enable a streamlined experience:

- **Parking** – we offer a network of 330 parking sites across Europe, where customers can pay using our fuel cards
- **Washing** – we offer washing and tank-cleaning services at our truck park in the Czech Republic and customers can pay using our fuel cards at acceptance network or partner co-operation sites (1,050 sites across Europe)
- **Truck repairs** – we offer truck-repair services at 440 sites across Europe via partner co-operation
- **Freight ferry booking** – our customers can book ferries via partners' portals and use Eurowag payment systems
- **Pre- and post-paid payment card issued by a third party** – these can be used for services not related to energy, such as towing, fines, or tyres
- **Roadside assistance** – we provide 24-hour roadside assistance
- **ClientFX** – we provide cross-border currency exchange services, which allow customers to pay invoices in the currency of their choice
- **Insurance** – we connect customers to local insurance plans
- **Eurowag Cash** – we connect customers with factoring providers



## Market overview

# Capturing opportunities of the European CRT market

We operate in the large and growing European CRT industry and our main focus is international and domestic, small and medium-sized enterprises ("SMEs") fleets.

European CRT is an industry with an approximate turnover of €400 billion<sup>1</sup>, which is central to all aspects of the European economy, generating 5% of GDP<sup>2</sup> and employing over 20 million people<sup>1</sup>. The CRT sector is the backbone of all other manufacturing and retail industries. However, it is

an unloved and polluting industry. It creates 9%<sup>1</sup> of the EU's carbon emissions and suffers from global supply chain issues, changing consumer demands, and a growing regulatory burden.

## Market characteristics

### ➤ Highly fragmented industry

According to market data, approximately 99% of the industry's CRT companies in the EU have fewer than 50 employees<sup>1</sup>, with limited opportunities to scale their businesses, as they face challenges in managing operations and have less bargaining power.

The European market is also highly fragmented in terms of merchants, multiple currencies, and languages usage.

### ➤ Low adoption of digital solutions

The digital adoption rate for logistics service providers, at 13%, is substantially lower than in most industries. 64% of truck executives<sup>3</sup> say that their organisation's future success depends on digital reinvention. Since typical transport operators are usually small in size, they find it difficult to digitise their operations, as this requires investment.

### ➤ Limited ability to optimise operations

Fleet operators often have to perform both complex and manual workloads, and drivers also need to tend to non-driving-related activities. Participants do not have the profitability, purchasing power, or access to finance and expertise to invest in operational improvements.

### ➤ Demand for a comprehensive, integrated, one-stop offering

Our customers and partners are looking to streamline their operations through a seamless offering across payments, financing, mobility solutions, load, and dispatch. This will allow them to remove inefficiencies across multiple products and services.

### ➤ Constant focus on optimising working capital

SMEs in the CRT sector have less access to capital. This leaves room for many opportunities for us to create efficiencies through technology, especially through the strategic partnership with JITpay, which enables us to add invoice discounting, digitalised billing, and receivables management capabilities to our services.

### ➤ A highly regulated market both locally and Europe-wide

Carriers must work their way through a myriad of sustainability, safety, and local regulations.

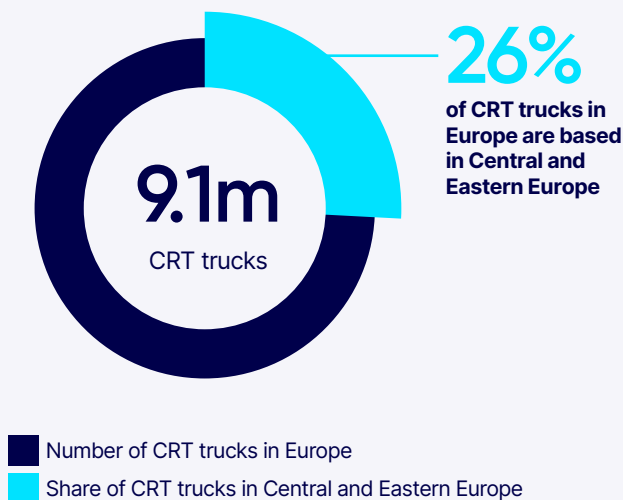
<sup>1</sup> Source: Eurostat

<sup>2</sup> Source: Joint Research Centre

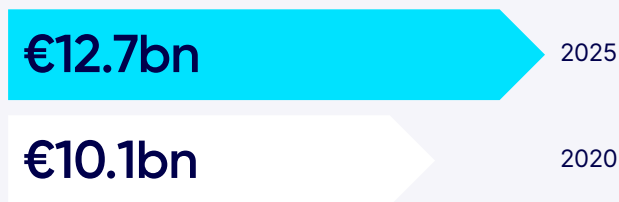
<sup>3</sup> Source: IBM: Truck 2030: Digitally reinventing for the long haul

## The size of the European CRT market<sup>4</sup>

### CRT trucks in Europe<sup>5</sup>



### CRT sector net revenue spend



**5% CAGR by 2025**

In 2020, companies in the CRT sector spent **€10.1 billion in net revenues**, pooled across fuel-card payments, toll, tax, and similar market solutions<sup>6</sup>.

This expenditure is expected to increase to **€12.7 billion by 2025**, representing a compound annual growth rate ("CAGR") of approximately 5%<sup>6</sup>.

<sup>4</sup> Source: IHS Markit; Eurostat

<sup>5</sup> Source: IHS Markit Vehicle Parc, 01/2021

<sup>6</sup> Source: internal estimates

<sup>7</sup> Diesel exhaust fluid (DEF; also known as AUS 32 and marketed as AdBlue) is a liquid used to reduce the amount of air pollution created by a diesel engine.

## Disruptions on the European energy markets in 2022

In 2022, there were significant disruptions in the European energy market, which began with the Russian invasion of Ukraine. European natural gas and crude oil markets have become extremely volatile, with prices reaching historic peaks following the invasion and in Q2-Q3.

This resulted in several disruptions impacting the CRT market:

- **constraints to AdBlue<sup>7</sup> availability** when gas prices are high
- **product balance disruptions, particularly in Central and Eastern European ("CEE") markets** led to lack of import of refined products, especially diesel, from Russia and Belarus, lower capacity utilisation of refineries historically processing Russian crude oil in Germany, increased demand for non-Russian-refined products for Ukrainian market
- **sanctions imposed by Western countries on Russia** led to halting Russian crude oil import to EU, restrictions to export Russian origin refined products outside country of production
- **government interventions** led to price caps, reductions of VAT and/or excise duties, etc.

The CEE markets also faced many planned and unplanned refinery shutdowns, as well as logistic constraints, such as lack of availability of rail tank cars. This resulted in a lack of product, dry-out stations, and limited import options.



## Market overview

### Industry trends

Trend	Description	How we respond
<b>Disruption</b>	The geopolitical situation is intensifying supply chains disruption, having an impact on goods transport and fuel supplies.	<ul style="list-style-type: none"> <li>In difficult times, our solutions help customers with operational and financial visibility, and predictability</li> </ul>
<b>Digitalisation</b>	The transport industry is lagging in digitalisation compared with other sectors. However, continuous pressure for operational efficiency drives demand for digital solutions as seen in the emergence of digital freight forwarding, rise of digital payments, and demand for connectivity, real time data, and transparency.	<ul style="list-style-type: none"> <li>We are developing solutions that integrate all services in one digital front office, where customers can manage their whole operations and automate most of their daily tasks</li> <li>We offer and scale up our digital payments solutions with real-time processing and fraud prevention to enable better financial planning and financial operations management for our customers. This way, they can get instant access to working capital, faster reconciliation of transactions, and protection from financial losses due to fraudulent activity. Real-time data and analytics allowing them to identify areas where they can improve their profitability and reduce costs</li> <li>We are exploring options to connect shippers with carriers on our integrated digital platform. Matching jobs with available capacity would further improve efficiency in the CRT industry and help protect the environment by reducing empty miles</li> </ul>
<b>Sustainability</b>	Sustainability has become a major trend, as the global push for environmental protection and climate-change mitigation continues. Recommendations are gradually enforced as requirements, which intensifies the urgency for low-carbon solutions.	<ul style="list-style-type: none"> <li>By utilising data and AI to increase efficiency, our solutions accelerate the prosperity of our customers in a low-carbon future</li> <li>By simplifying customer operations, increasing profitability, ensuring a fair distribution of value, and removing inefficiencies across multiple products and services, our solutions empowers customers to retain more of the value they create, providing the resources they require to invest in a sustainable future</li> </ul>
<b>Regulation</b>	Continuously growing and changing regulations are putting constraints on transport businesses. The EU's ambitious goal, as presented in the Fit for 55 package, introduces a slew of new regulations to cut emissions. The EETS system also changes how tolls will be paid.	<ul style="list-style-type: none"> <li>Our unique customer operations knowledge helps with full regulatory compliance, be it VAT returns, toll operations, or measurement and calculation of CO<sub>2</sub> emissions</li> </ul>

### Eurowag's industry impact

More efficient operations enable our customers to improve their profitability and reduce their impact on the environment. A more efficient market brings a fairer distribution of value.

Eurowag has been unlocking efficiency for over 25 years, and our purpose-built offering already delivers up to 10% more profit per truck for our customers. Our market position, existing customer base, and track record of selling multiple products and services mean that we are uniquely placed to drive the required change. We want to share the value we unlock for our customers and grow alongside them as we move together towards a clean, fair, and efficient future for the industry.

### Market opportunity

We face competition from many companies, including international oil companies, single-product providers of fuel cards, and other mobility services, including telematics and fleet management providers, car manufacturers, logistics brokers, and domestic freight-forwarding operators. Except for a few bigger players with a complex offer and European footprint, most of these service providers are focused on a specific single product or region, whereas we offer an end-to-end integrated solution across products and countries.

Our competitive advantage is in the technological platform that we have built, which combines products in the best way for the benefit of customers. The requirement for a significant technological investment together with substantial build time is a barrier for other players to compete directly with us.

## Competitive advantage

For the carrier, toll payments are mandatory – the choice is which service or services to choose. Our EETS OBU can significantly reduce the number of OBUs carriers need to use to pay for tolls. In certain countries, we can also secure discounted toll fees for customers.

We anticipate that nation states will strive to earn revenue by increasing tolling, as is the case in Germany<sup>1</sup>, whether through increased toll rates, additional vehicle classes, or growth of the tolled road network.

We are among the top 5 EETS providers in Europe and aim to maintain this position by offering an increasing EETS coverage with our proprietary technology and through partners, some of whom might be competitors in certain markets. The key to success will be the ability to be among the first providers in new toll domains and the focus in 2023 will be the early entry in the emerging new EETS domains in Slovakia and Slovenia. More recently, we were awarded certification in the Czech Republic. We will have a distinct advantage from the start, since we have the technical skill, proprietary technology, a strong existing customer base, and an existing relationship with toll chargers to leverage as a first mover in the CEE region.

We are also building on our extensive experience in co-operating with toll chargers in countries where our fuel card is already used to pay for tolls. As an example, we have implemented OBU payments in Germany and Poland, where customers could previously pay tolls using our fuel card.

EETS providers are required to go through a very demanding and technical certification process in each country. EETS is a set of standards and not unified across regions, which means that the broader the coverage, the more difficult it is to comply, and new domains may call for recertifications of the existing coverage. There are many players who are in the early stages of their EETS activities, and we monitor the competition closely.

For transport companies and passenger transport companies, our tax refund service offers a great opportunity to improve their own cash-flow by obtaining refunds from taxes paid abroad. The pre-conditions are cross-border transactions and the reciprocity between the country of establishment of the customer and the country of refund where the purchase of goods happened.

There are several conditions that must be fulfilled before entering or penetrating existing markets. From a legal perspective, a reciprocity agreement must be in place, which creates the legal foundation for the customers to request tax refunds. Another important aspect is the

dependence on other products such as energy or toll. Customers need to have purchased goods (such as fuel) or paid toll abroad in order to obtain tax refunds. Tax refunds are requested retrospectively, based on the legal framework of the EU. Refundable products and eligibility are also defined in the legal requirements of the EU. Alongside that, a tax refund is possible only if other products such as fuel and toll are offered in the respective market.

There have been several market developments that will influence the opportunity for tax refunds. There has been a further decline in fees paid for tax refund services, where a tax refund is seen more and more as a commodity. Diesel prices have a direct (often negative) impact on refund volumes and margins. Competitors offer a very similar range of products, for example, a range of refund countries, VAT registration, fleets, or bus refunds within the legal framework of the EU tax refund scheme. However, Eurowag's competitive advantage comes from the flexibility our customers have to obtain the maximum outcome in terms of financing, cash flow, or liquidity. We currently cover all possible solutions for refunds in the areas where Eurowag operates, and our tax refund services create a significant stickiness of customers since switching refund providers is extremely burdensome.

## Expanding our network

We focus on the main TEN-T corridors and aim to offer our own solution to all available EETS domains by the end of 2023. We seek to complete the service offering on the two major transport corridors connecting the Baltic region with the ports of Belgium and the Netherlands and connecting Turkey with the freight harbours in and around Germany. Our long-term plan is a fully owned, pan-European coverage. We continue to pursue acceptance of our OBUs in countries that have not yet adopted the EETS standard, by providing the best customer experience in the region and using our data and knowledge of the customer.

When it comes to tax refund services, by offering new services, based on the changes in reciprocity agreements between countries, we can easily target new customers in these markets. In addition, customer segments are an important aspect in determining how we expand our services: not only geographically, but also within existing markets through targeting new segments such as fleets customers, passenger transport, and bus agencies.

As part of our commitment to make the CRT industry clean, fair, and efficient, we are also focused on offering alternative energy sources in our acceptance network. Our customers can refuel at more than 50% of LNG stations across Europe, and we have also introduced hydrotreated vegetable oil ("HVO") to our alternative fuels portfolio.

The Sygic GPS application also allows our customers to locate charging points, plan their routes to the closest charging stations, and pay directly in the app.

<sup>1</sup> Source: Bundesamt für Logistik und Mobilität.

## Business model

# How we create value

Eurowag connects business owners, drivers, dispatchers, and accountants with merchants in the fuel and alternative energy networks, toll and tax authorities, and other roadside and mobility service providers.

### Our resources

- **Financial**  
Well-capitalised balance sheet

➤ **People**  
Highly skilled, motivated employees

➤ **Natural**  
Energy resources to run our operations
- **Intellectual**  
Strong innovation capabilities focused on collecting and analysing data

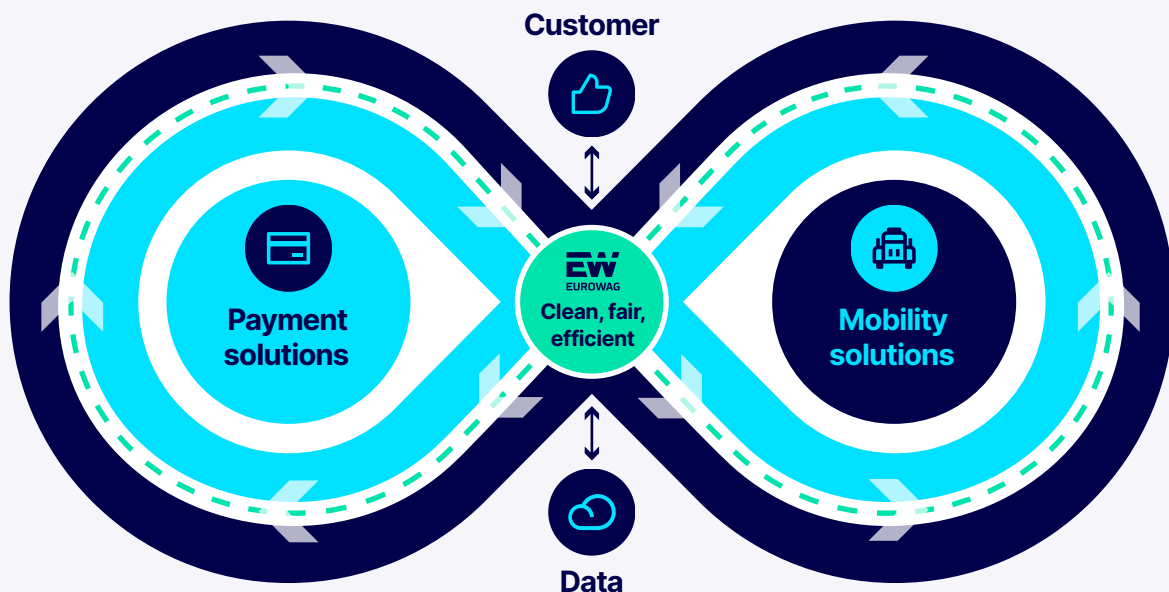
➤ **Social and relationships**  
Large customer base and strong relationships with partners

### What makes us unique

Our comprehensive and unique suite of services aims to help the CRT industry to become clean, fair and efficient, as we can provide a one-stop-shop for all customers' needs throughout their journey.

The more active trucks we have in our network, the more partners we attract, and the more data we collect on their interactions, the more we can provide actionable insights to our customers. In turn, this drives our customers' performance and attracts more active trucks to our platform.

### Our services



➤ Read more on our unique suite of services on pages 10 to 13

## Customer insight is key to developing our solutions

A declining Net Promoter Score (“NPS”) and increasing churn trends with our Polish customers prompted quantitative research, which indicated that customers struggled to implement the electronic toll system (“eToll”) in Poland. This caused issues with eToll product installation and longer response times from our customer care team.

We decided to set up multiple focus groups with our customers and employees to map the pain points and opportunities in the customer journey that had been identified by the survey. Co-creation workshops generated and prioritised 70 opportunities and challenges.

50 solutions were identified and either implemented directly or put on our roadmaps for later implementation.

### Benefits

- Our NPS increased by +50 points
- Churn in Poland stabilised following a negative trend
- Response times from our customer care team increased significantly
- 50 solutions to resolve pain points were co-created with customers

## Value created for stakeholders

[Read more](#)

### Customers

Involving customers in the development of products and services is a continuous cycle, which requires:

- Customer interviews
- Problem definitions
- Co-creation of ideas with customers
- Implementation and measurement through customer insights and metrics

➤ [Read more about Eurowag's interaction with customers on page 21](#)

### Suppliers

Both retention and attraction of energy vendors plays a crucial role in our business success. This enables us to provide the best market price and quality.

➤ [Read more on Eurowag's interaction with suppliers on page 21](#)

### Employees

Our values are embedded into every decision that we make. Eurowag's diverse culture of over 30 different nationalities brings together a broad range of skills and experience, and we support all our employees in developing and improving themselves, through various initiatives.

➤ [Read more about Eurowag's employee initiatives on page 22](#)

### Investors

Our business model, underpinned by the Group's resilient growth through geographic expansion and service penetration across the customer base, enables the generation of value for our shareholders.

➤ [Read more about Eurowag's interaction with shareholders on page 22](#)

### Society and the environment

Eurowag is committed to making CRT clean, fair, and efficient. We do this through several initiatives, including helping our customers transition to alternative fuel solutions and reducing our direct emissions. We have updated our current climate targets and set decarbonisation targets for both the short and long term.

➤ [Read more on Eurowag's interaction with society and the environment on page 23](#)

### Regulators and government

As a publicly listed company and an e-money institution regulated by the Czech National Bank, Eurowag interacts with various regulators in order to ensure that the Group is in-line with relevant requirements. We monitor policy and regulatory developments across Europe and in our main markets.

➤ [Read more on Eurowag's interaction with regulatory bodies on page 23](#)

## Section 172

# Engaging with our stakeholders

**In accordance with the factors listed in section 172 of the Companies Act 2006, the Directors provide the following statement that describes how they promote the success of the Group for the benefit of its members as a whole, by engaging with key stakeholders to better inform their decision-making.**

Eurowag puts stakeholder considerations and sustainable business practices at the heart of its purpose: making the CRT industry clean, fair, and efficient. The Non-Executive Directors of the Board were formally appointed in September 2021. The Board, as a whole, delegates certain engagement responsibilities to individual Non-Executive

Directors and to the Senior Leadership Team, who provide the Board with updates on stakeholder developments and interests. This helps inform the Board in its decision-making, including the development of business strategy. The Board recognises that proactive and two-way dialogue with stakeholders is critical to the Group's long-term success.



The content that follows highlights Eurowag's engagement with its key stakeholders during 2022.

## Customers

### Relationship description

Our business success depends on our ability to retain existing and win new customers.

### Responsible person

Chief Commercial Officer

### Key topics of interest for stakeholders and Board's focus

- Fuel availability and energy disruption following the Russian invasion of Ukraine
- Digital transformation
- Competition
- Workforce availability including drivers
- Regulatory burden and business costs in home markets and cross-border
- Health and safety on the road
- Availability of parking
- E-tolling changes in Poland
- Rising fuel prices linked to the geo-political driven energy disruption

### How we engaged in 2022

- Customer insight panels and focus groups
- Indirect sales through leads generated by third-party relationships
- Co-creation and co-ideation workshops for existing and new products

### Considerations and outcomes in 2022

- Insight to inform the development of product and services
- Net Zero commitments to support customer transition to a low-carbon economy (please refer to page 66 for our Net Zero roadmap)
- Fully digital customer acquisition and onboarding
- Marketing and customer teams customer surveys
- Road Lords app, a truck navigation GPS app for Android users
- Monitoring customer complaints and NPS
- NPS now KPI element of annual bonus targets and remuneration

## Suppliers

### Relationship description

Our business success relies on a resilient supply chain and our supplier relationships.

### Responsible person

Senior Vice President for Energy

### Key topics of interest for stakeholders and Board's focus

- Post COVID-19 recovery, as demand returned to pre-COVID-19 levels but supply remains restricted
- Geopolitical risk
- International sanctions against Russia and Belarus
- Product availability
- Industry trends: potential impact of energy transition
- Digital transformation
- Rising fuel prices and impact on credit limit

### How we engaged in 2022

- Regular meetings with energy vendors
- Regular meetings with key corporate suppliers
- Participation in industry conferences

### Considerations and outcomes in 2022

- Connected new vendors to our acceptance network (traditional and alternative fuels)
- Secured bunkering volumes
- Compliance with legal requirements
- Self-sanctioning rules related to the Russian war in Ukraine



## Section 172

### Employees

#### Relationship description

The skills, experience, and commitment of our employees are key to the success of the business.

#### Responsible person

Chief HR Officer

#### Key topics of interest for stakeholders and Board's focus

- Post COVID-19 recovery
- Flexibility
- Business change
- Diversity equity, and inclusion ("DEI") in the workplace
- Talent management
- Two-way communication

#### How we engaged in 2022

- Regular all-employee Town Halls
- Employee engagement surveys and feedback
- Women at Eurowag meetings
- Newsletters and intranet announcements
- Implementing DEI targets
- Support following the Russian invasion of Ukraine
- Chief HR Officer country visits
- Culture champions award that recognises our values ambassadors

#### Considerations and outcomes in 2022

- Board and Senior Leadership Team engagement with new business teams
- Employee-led CSR (read more about our community impact in the Sustainability section, page 99)
- Employee Net Promoter Score ("eNPS") and engagement survey results review
- Town Halls topics and follow-up

### Investors

#### Relationship description

The support of our investors is critical to the delivery of our business ambition.

#### Responsible person

Head of Investor Relations and Communications

#### Key topics of interest for stakeholders and Board's focus

- Geopolitical risk
- Growth strategy and capital expenditure investment in technology transformation
- M&A strategy and recent transactions
- Debt leverage following recent acquisitions
- Industry trends: potential impact of energy transition
- Digital transformation and technological investment

#### How we engaged in 2022

- Annual Report and Accounts and Annual General Meeting ("AGM")
- New Executive Committee with increased skills
- Acquisition of Inelo
- Agreement to acquire the remaining equity interest in Sygic
- Acquisition of Webeye
- Signed new Multicurrency Term and Revolving Facilities Agreement
- Participation in investor conferences and roadshows

#### Considerations and outcomes in 2022

- New Head of Investor Relations and Communications for structured communication
- Agreement to incorporate Sustainability KPIs for Group refinancing
- Evaluation of climate risks on assets

## Society and the environment

### Relationship description

We rely on communities, society, and the environment and our ambition is to deliver a clean, fair, and efficient industry.

### Responsible person

VP Sustainability & CSR

### Key topics of interest for stakeholders and Board's focus

- Changing stakeholder expectations and regulatory requirements
- Development of Eurowag's new carbon Net Zero commitments
- Impacts, opportunities, and implications within Environmental, Social, and Corporate Governance (ESG)
- Board, Executive and Senior Leadership Team climate training
- Conducting a human rights risk assessment
- Sustainability action plan development
- Non-financial reporting and disclosure requirements
- Development of Sustainability KPIs in Group refinancing

### How we engaged in 2022

- Support Group risk management and materiality review with reverse stress-testing and valuation of climate risk
- Active public affairs engagement plan and relationships with trade associations

### Considerations and outcomes in 2022

- Senior Leadership Team climate training in 2023
- Net Zero commitments (please refer to page 66 for our Net Zero roadmap)
- Commitment to industry improvement
- Human rights risk assessment
- CSR programme (read more about our community impact in the Sustainability section, page 99)
- Near-term carbon reduction and long-term Net Zero targets approved

## Regulators and government

### Relationship description

Relationships with regulators and governments supports our ability to manage our reputation and licence-to-operate in our chosen markets. We also use our role to support and influence change for the improvement of our customers and markets.

### Responsible person

General Counsel, VP Sustainability & CSR

### Key topics of interest for stakeholders and Board's focus

- Evolving policy and legislation relating to energy efficiency and carbon reduction, and reporting requirements in Europe and key markets
- Engagement with FCA and local anti-monopoly authorities with respect to acquisitions
- Dialogues with the European Commission on the Vega Case decision implementation (see glossary on page 260 for full details of the Vega Case)
- Payment Services Directive review
- International sanctions against Russia and Belarus
- State regulations of margins and price caps for petroleum products

### How we engaged in 2022

- Participation in several international or local trade associations:
  - UPEI (Europe) – European fuel suppliers
  - CAPPO (Czech) – Czech Petroleum Association
  - FCE (Europe) – European Fuel Card Providers
  - IVA (global) – International VAT association
  - AETIS (Europe) – Association of Electronic Toll and Interoperable Service
  - EFP (Europe) – EETS Facilitation Platform – Toll management association
  - IRU (global) – International Road Transport
  - Česmad (Czech) – Association of Road Transport Operators
- Engagement with FCA as a publicly listed company on the London Stock Exchange
- Engagement with the Czech National Bank as a payment services provider
- Engagement with anti-monopoly bodies in terms of M&A
- Engagement with custom offices in terms of fuel distribution and VAT refunds

### Considerations and outcomes in 2022

- Taxonomy alignment
- Engagement with Czech government as EU presidency
- Position papers on PSD2 and Vega Case matters via trade associations (UPEI, FCE)
- Self-sanctioning rules related to the Russian war in Ukraine

## CEO's report

# Continued strong and resilient growth

I am very pleased with our strong performance this year, despite the macro-economic challenges we faced across Europe. Once again, this demonstrates not just the resilience of Eurowag, but the vital role our services play in keeping the CRT industry in Europe moving.

### Dear Fellow Shareholders,

I am pleased to announce that we have achieved another strong set of results this year, in-line with our medium-term guidance as presented at our IPO on the London Stock Exchange in October 2021. Our consistent performance, in what has been a challenging year with the Russian war in Ukraine, supply chain disruptions, and inflation and interest rate hikes, demonstrates the resilience of our business model, as well as the mission critical nature of the solutions we provide to the CRT industry across Europe.

Last year we set out our ambition to make the CRT industry clean, fair, and efficient. We can achieve this by evolving and adding to the services that we offer to our customers, through innovation and M&A, as well as developing our digital capabilities. This will not only transform our business, but also the industry as a whole, which is lacking in digital solutions. Our overarching strategic goal is to deliver the CRT industry's first truly integrated, digital end-to-end platform.

For the full year, we reported 24.6% net energy and service sales growth, which was supported by our strategic achievements in the year. Please refer to page 30 for our strategic highlights. Our five strategic pillars underpin our day-to-day operations, driving organic and inorganic growth, and represent the foundations for how we will achieve our long-term objectives. In 2022, these were:

1. Growing our existing customer base
2. Geographic expansion and market penetration
3. Go-to-market channel expansion
4. Digital platform development
5. Accretive M&A

## Investment case

**Significant market opportunity**, with expected total addressable market of €25-40bn

**Resilient net energy and service sales growth of 24.6%**, with geographic expansion and penetration of services across our customer base

**Loyal customer base**, with over 110% average net revenue retention

**Profitable and cash generative** business model, with 42.8% adjusted EBITDA margin

**Well-capitalised balance sheet**, supporting further growth

**Strong management team** and Board of Directors with UK plc experience

## Strong operational performance

### Payment solutions

Payment solutions currently represent the largest part of our ecosystem and include secure means of making energy payments through pre- or post-paid fuel cards and toll payments. This is often the first introduction customers have to our services. In 2022, the payment solutions segment grew by 19.2% year-on-year to €134.8 million (2021: €113.1 million), representing 70.7% of total net energy and services sales.

### Energy payments

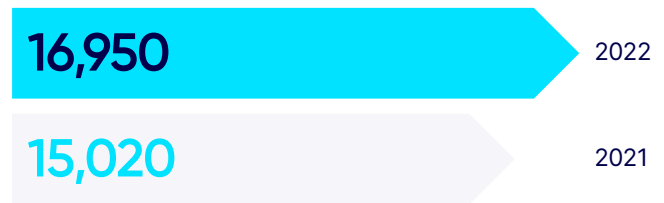
During the year, we activated mobile payments at bunkering locations and on our acceptance network in 10 countries and will continue to roll out mobile activation into 2023 across our business. In addition, we extended our card acceptance network for both traditional and alternative fuels by an additional 1,005 locations across 15 European countries.

As the world moves towards more sustainable alternative fuels, we are focused on supporting the transition to a low-carbon future. In 2022, we opened our first Eurowag owned LNG bunkering stations in the Czech Republic, added new POS to our LNG acceptance network, including entering a new country, Hungary, and added POS where our customers can refuel with HVO100. HVO100 can reduce

CO<sub>2</sub> emissions by up to 90%, compared with diesel fuel. At the end of the year, we had 302 active LNG and CNG stations, which represents more than 50% of the European market. With a focus on reducing emissions from bunkering locations, we are also installing photovoltaic panels in our truck parks.

At the outbreak of the Russian war in Ukraine, we reacted quickly and shut down the entire acceptance network in Russia immediately. Before Europe-wide sanctions were introduced, we ended co-operation with a Russian-related wholesale supplier and POS partners. This resulted in the closure of around 1,000 card acceptance points. Where possible, we added new, alternative acceptance network partners and advised our customers to refuel prior to entering areas with closed acceptance networks.

### Average number of payment solutions active customers



“  
Our ambition is to make the CRT industry clean, fair, and efficient. This will not only transform our business, but also the industry as a whole, which is lacking in digital optionality.”

Martin Vohánka, Chief Executive Officer



## CEO's report

### Toll payments

Our toll payment services, like our energy payment services, allow customers to pre-pay or post-pay for their toll payments on European tolled road networks. During 2022, we received certification in Germany for our EETS platform; this is the single biggest toll volume domain in Europe, located at the intersection of major European international transport routes and this consequently represents an important milestone for Eurowag. We have also been certified on relevant bridges in Denmark and Sweden and are now compatible with the tolling system in Poland. More recently, we were awarded certification from the Czech authority.

The nature of tolling requires not only continuous tracking of geolocation data, but also collection and storage of relevant vehicle attributes. Via our tolling solution, we not only feed the data platform with real-time location of vehicles, but also allow the matching of vehicle "master data" attributes, such as engine type, number of axles, weight class, and others. Therefore, our EETS solution not only supports the growth of our core business and is an enabler for the development and growth of Eurowag's broader business.

### Mobility solutions

The mobility solutions segment offers our customers tax refund services, fleet management services, location-based products and services, and other adjacent services. In 2022, the segment grew by 39.8% year-on-year to €56.0 million (2021: €40.0 million), representing 29.3% of total net energy and services sales. Mobility solutions revenue is typically subscription based, and consequently, in the long-term, represents a more resilient revenue stream. Following completion of the acquisition of Inelo, mobility solutions will represent around 45% of Eurowag's total revenue.

### Tax refund services

During the year, we introduced more flexible financing options for our customers, such as hybrid financing, financing on demand or advanced payment. Advanced payment speeds up not only the excise duty refund process but also the VAT refund process, allowing customers to receive their funds as soon as they submit their claims. Additionally, we increased the range of services in Croatia, Bulgaria, and Romania, and continue to review our markets to see where we can add further tax support solutions for our customers. A redesign of the current IT solution for tax refund has enabled the scalability of the business model and increased the speed and quality of the tax refund submissions. The use of AI has enabled us to streamline our processes further, enabling operational efficiencies.

## Adding further financing capabilities to our platform

Through everything we do, we aim to make our customers' lives easier, more efficient, and more profitable at all stages of their working day – before setting out, on the road, or even after delivery.

By taking a minority stake in JITPay, a German provider of factoring and invoice discounting solutions to the CRT sector in Europe, we have actively addressed one of the biggest headaches for our customers, that of adequate working capital.

The European CRT sector is highly fragmented, with the vast majority of businesses being small: companies for whom cash flow is critical and yet face the likelihood of many clients taking up to 60 days to settle invoices; a situation that is likely to be exacerbated by the increasing cost-of-living crisis.

By providing our customers with access to financing solutions, we can help them address working capital issues head on.

Through invoice discounting, CRT companies will be able to monetise their invoices, shortening their receivable days from around 30-60 days to a maximum of two days, freeing up a significant amount of what would otherwise be "trapped" working capital.

As a tax refund provider, we get full insight into customers' journey. This allows us to identify the times and locations where customers deviate from our solutions and opt for others, contributing important data analytics to our central data lake, which we can use to help us understand our customers better, cross-sell more effectively and drive the development of our integrated platform.

### Fleet management services

Fleet management services allows dispatchers and truckers to better understand their trucks. It can check maintenance, tracks fuel consumption, driving time, load, and other metrics.

During the year, we added a Maintenance module, which allows our users to have all their maintenance tasks in one place. Dispatchers can record vehicle servicing, regular inspections, and expenses for their operations. The system is configured to notify users in advance if any maintenance is required on the truck. Dispatchers can now also download tachograph data remotely at any time. We have also started to implement new features that enable our telematics services to be used in hydrogen-powered vehicles.

In 2022, we acquired Webeye, a leader in CRT fleet management solutions. Webeye supports the carriers' road activities on several levels: route planning and fleet tracking support for operators and analysis of driving habits, style, and performance, either aggregated or on a driver-by-driver level. By combining Eurowag's payment and mobility services with Webeye's solutions, we can provide further optimisation to fleet operators and a wider control over fleets, which increases efficiency and profitability. Data from connected trucks offers insights and enables the continuous development of new and improved solutions.

### Location-based products and services

We offer smart navigation products and location-based services through our brand Sygic, one of the leaders in providing smart routing worldwide for both individual truck drivers and various size fleets.

JITpay's strength lies in the technology framework that underpins invoice discounting transactions, its ability to digitally onboard customers and its integration with one of the largest load exchanges in Europe (Timocom), which makes it an attractive proposition for our customers. It also marks an important milestone in the expansion of Eurowag's digital ecosystem as well as strengthening our presence in Germany, the largest trucking market in Europe. Together, we will be able to drive digitalisation and increase efficiency across the CRT industry.



## CEO's report

Sygyic uses a Connected Operations Cloud to optimise fleet operations and enhance the driver experience. Sygyic continues to invest in improving its app to enhance customer experience. During the year, app functionality has had updates such as quick and easy sign-in, provided more technical details and availability of the charging points, smart routing, and better-arranged payment process. Sygyic's Road Lords application, which links drivers with each other to share unique trucking information when on the road, has been installed on more than three million mobile devices across Europe, whilst the active installation base reached 632,000 drivers at the year end. Road Lords is downloaded on average 106,000 times a month, and currently gets 4.6 stars out of 5 from customer reviews.

Sygyic is now listed on the Samsara App Marketplace. The Samsara app has two million IoT connected devices, which can easily connect their solution to Sygyic Professional Navigation and guide their drivers as scheduled by fleet managers.

### Putting our customers first

Our business has grown and developed because we have listened to and understood our customers' needs and pain points as the CRT industry becomes more complex and regulatory requirements increase. As we evolve and expand our services, we need to ensure our NPS and customer churn are moving in the right direction.

During the year we embarked on two customer experience projects: one was to understand why our customers in Poland were struggling to implement our e-Toll solutions and another was to survey customers on our new digital platform. We mapped our customers' journeys in Poland and were able to understand the challenges our customers were facing with the installation of our toll products. We were then able to solve the issues in Poland, which in turn stabilised churn and improved our NPS by 50 points. The survey on our digital platform confirmed that our new product development reflected the needs of our customers, no matter their size or complexity of their journey. As a result, we were able to improve Eurowag's brand NPS in the year by 8.2 points to +40.7 points, showcasing our strong brand advocacy and brand loyalty across our markets.

### Building our people capabilities

None of our achievements in the year would have been possible without our people. We continued to invest in our people leaders in 2022, building on a strong foundation of skills and capabilities.

As our operating model moves towards being a digitally enabled platform, expanding on our core competencies is essential to scaling our business and succeeding in developing our digital capabilities. With this in mind, we strengthened our Senior Leadership Team, including our Executive Committee, through changes to organisation



structures, personnel, and changes of roles. Within the year we added new roles such as a Chief Product Officer and Chief Information Officer. Changes like this naturally lead to attrition, and we had senior leavers in the year, including the Chief Commercial Officer, Chief HR Officer and Chief Technology Officer. The roles were filled promptly by individuals that have had previous experience with the business and have significant experience in their field.

To help us maintain our recent strong performance and drive sustained growth, we grew our employee base by 20% last year through both talent acquisition and acquisition of businesses, such as Webeye.

In a services-based business, we recognise that engaging our colleagues and ensuring they remain motivated, driven, and rewarded is crucial. In 2022, we re-ran our pulse survey with 82% of our employees participated in the survey and our engagement score was 66% (2021: 75%). In the future, we plan to introduce more frequent short 'mood' check surveys to promptly address any feedback.

Following the end of the reporting period, we appointed a new Chief Financial Officer who will take over from Magdalena Bartoś, with effect from 17 April 2023. He will also be appointed as an Executive Director of the Board on 12 May 2023. I would like to thank Magdalena for her contribution to Eurowag over the past three years. She has played an important role and her knowledge and expertise has been invaluable. Her many achievements include leading us through the IPO and recent refinancing, and further building Eurowag's strong track record of delivering strategically important partnerships and acquisitions. I wish her all the best in her future endeavours.

### Sustainability

Our sustainability plans underpin our strategy and is focused on four areas, climate action, customer success and well-being, company governance and culture and community impact. Eurowag's purpose is to make the CRT industry clean, fair, and efficient. We have committed to being a Net Zero company by 2050, and have established a decarbonisation roadmap to help us achieve our objective. We have accelerated our ambition to reduce greenhouse gas emissions ("GHG") from our own operations and become a zero emissions operation by 2040. We have also set targets to help our customers reduce GHG and accelerate the energy transition to low-carbon commercial transport. Our target is to reach 80,000 active alternative fuel trucks using our products by 2030 and achieve 20% carbon intensity reduction per tkm by 2030.

In order to meet these targets, in 2022, we introduced HVO100 as an alternative fuel and opened two Eurowag owned LNG sites. We also introduced new services for electric vehicles, and our telematics products now support hydrogen-powered vehicles. Our driving behaviour tools and telematics data enables our customers to become safer and more efficient drivers. We installed photovoltaic panels on two truck parks in Spain and we continue to increase the proportion of energy we purchase from renewable sources for our own assets. Through our community impact, we aim to donate at least 1.5% of annual EBIT to charities from 2023. In 2022, we made donations to support the Truck HELP foundation, which aids children who have lost a family member on the road, and we provided financial support to employees impacted by the war in Ukraine. You can read more about Eurowag's decarbonisation map and objectives in the Sustainability section, on page 60.

### Outlook

Eurowag enters 2023 in a strong position. We have a loyal and growing customer base and truly mission critical products and services. As we expand both our geographic footprint and the range of services we offer, we have a great opportunity to drive growth by acquiring new customers and selling additional products to existing customers.

This coming year, our focus will be on integrating the businesses we acquired in 2022, so we can unlock the expected synergies and capitalise on our cross-sell opportunities. We expect to finalise our transformational capex programme at the end of the year, having invested in the last few years towards developing the industry's first digitally integrated end-to-end platform. With the recent acquisition of Inelo, our leverage ratio is expected to exceed the top end of our medium-term guidance range of 1.5x to 2.5x net debt to adjusted EBITDA, therefore, our priority in the near-term is to return to within the target range as we remain disciplined and want to maintain a robust balance sheet.

As we enter our integration phase and continue to focus on the delivery of our platform, we can unlock opportunity whilst driving value for Eurowag's customers and shareholders. As a result, we continue to be confident that we will deliver strong growth in line with our expectations, and our medium-term financial guidance remains unchanged.



**Martin Vohánka**  
Chief Executive Officer



## Our strategy

# Building an integrated digital end-to-end platform

**Eurowag aims to provide a seamless offering to all customers.**

### Strategic priorities and focus for 2022

### Progress in 2022

#### Growth from existing customers



Through further innovation in core payment services, and integration and cross-selling with mobility services, we can retain and expand our existing customer relationships by continuing to meet their evolving needs.

- Successful certification of our EETS platform received in Germany and more recently in the Czech Republic, as well as relevant bridges in Denmark and Sweden; now compatible with Poland's tolling system
- Extended our card acceptance network for both traditional and alternative fuels by an additional 1,005 locations across 15 European countries
- Added new acceptance points to our LNG and HVO100 network, which now represents more than 50% of the European market
- Driven by customer demand, we introduced more flexible financing options for VAT refund customers, such as hybrid financing or financing on demand, offering customers a prefinancing option
- Maintained strong average net revenue retention above 110% over the last five years

#### Geographic expansion and market penetration



We apply our scalable business model to new markets, serving both existing and new customers, thus expanding market share.

- Increased the number of active payment solutions customers by 12.9% with the majority of the growth coming from already established markets in the Southern and Central regions
- Expanded into the DACH region (Germany, Austria, Switzerland), establishing a new experienced sales team in Germany

#### Go-to-market channel expansion



We acquire new customers through our marketing strategy based on geographic clusters and three sales channels (direct, indirect, and digital).

- Launched an end-to-end, fully automated digital customer acquisition, credit scoring and onboarding channel in five countries
- Migrated our ADS customers onto our Eurowag card network, including the onboarding and contractual processes
- Built an extensive base of digital leads and achieved attractive conversion rates during our marketing campaigns
- Through our indirect channel, we signed two leading European Original Equipment Manufacturers ("OEM") contracts, placing Eurowag's application in every new dashboard from 2027. Sygic also signed an agreement with Škoda Auto Volkswagen India Private Ltd. to integrate its GPS Navigation in their India 2.0 cars and future models until 2029

#### Digital platform development



We are developing our end-to-end platform as a conduit for intermediate payments and data exchange between parties, connecting digital services, and physical assets to create a fully connected marketplace.

- Added Eurowag Pay feature to our mobile app, allowing our customers to unlock fuel pumps remotely
- Activated mobile payments on bunkering locations and in the acceptance network across 10 countries, resulting in 424 POS ready for mobile payment as at the year end
- Implemented phase one of our SAP Enterprise Resource Planning ("ERP") software focused on processes relating to energy payment transactions
- Our Sygic application Road Lords reached around 632,000 drivers as at 31 December 2022, with average monthly downloads of c.106,000

#### Accretive M&A



We have a strong track record of identifying and executing strategic M&A. We continue to screen acquisition targets that will create cross-sell and upsell opportunities, generate cost and revenue synergies, and further develop our product and technology capabilities.

- Completed the acquisition of Webeye in July 2022, a leading fleet management solutions provider in Central and Eastern Europe, broadening the Group's customer base
- Launched a strategic partnership with JItpay in October 2022, a leading provider of digitalised billing, receivables management and financing solutions, including invoice discounting
- Entered into an agreement with Sygic in December 2022 to take full control of its resources, with the consideration for the remaining 30% equity interest to be payable and transferred in April 2024, in-line with the original option agreement
- Completed the acquisition of Inelo in March 2023, a leading fleet management solutions and work time management software provider



We leverage our proprietary technology, scale, unique data insights, and more than 25 years of industry experience to become lifetime partners to our customers and help them prosper in a digital, low-carbon future, making life better for all of us."





Martin Vohánka, Chief Executive Officer

### Updated strategic framework

It is clear that following the significant progress Eurowag has made in both expanding its geographic footprint and its range of services in recent years, it is now entering a new phase in its journey. As a result, we are updating our strategic framework to enable enhanced focus on key strategic priorities in order to achieve our goal of delivering an integrated, end-to-end digital platform.

Our key goals for 2023 and the medium-term are driving growth through cross-selling to existing customers and growing our customer base in existing and new European territories, integrating the businesses and capabilities acquired over the last few years, and building on our end-to-end digital platform.

Taking these into consideration, and to reflect the progress the business has made to date, we have evolved our strategic framework to focus on the following strategic priorities:

2023 strategic priorities	Focus
<b>Be in every truck (attract)</b> 	<p>This pillar strengthens our previous 'Go to market channel expansion' and 'Geographic expansion and market penetration' pillars.</p> <p>We will continue to focus on expanding our presence and increasing market share through our sales channels. Our direct sales force will continue to forge strong relationships with customers, and we will also explore new partnerships for indirect sales.</p>
<b>Drive customer-centricity (engage)</b> 	<p>This pillar emphasises our focus on integrated end-to-end digital customer-centric solutions, where the customer will not only benefit from a unified user experience, but also from integrated services.</p> <p>We will be able to further streamline internal processes and workflow efficiencies.</p>
<b>Grow core services (monetise)</b> 	<p>This pillar combines the focus of 'Growth from existing customers' and 'Geographic expansion and penetration', as we continue to focus on cross-selling our products and services, increase our presence and expand to new geographies, with a focus on cleaner, low-carbon services.</p>
<b>Expand platform capability (retain)</b> 	<p>This pillar will complement our "Digital platform development" ambition. We will utilise scale to cover the full needs of a transport business and provide customers with uniquely tailored propositions, through the use of data and AI.</p>

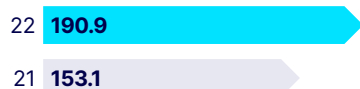
## Key performance indicators

## Measuring our performance

## Financial KPIs

Net energy and services sales<sup>1</sup> (€m)

2022 performance

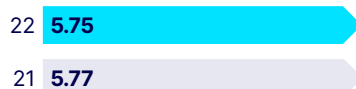
190.9  24.6%\*

## About this KPI

Net energy and services sales represent revenues from contracts with customers less cost of energy resold to customers. The Group believes this measure is relevant to an understanding of the Group's financial performance on the basis that it adjusts for the volatility in underlying energy prices. This metric also supports comparability of the Group's performance with other companies who have concluded that they act as an agent in the sale of energy and, therefore, report revenues net of energy sold. Net energy and services are referred to as the Group's "net revenues" throughout this document.

Adjusted basic earnings per share<sup>2</sup> (cents/share)

2022 performance

5.75  (0.3)%\*

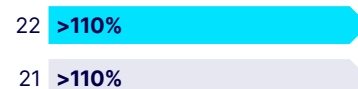
## About this KPI

Adjusted basic EPS is calculated by dividing adjusted earnings attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

## Average net revenue retention (%)

Last 5 years performance

&gt;110%

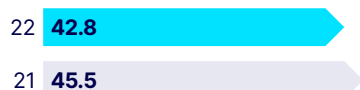


## About this KPI

Average net revenue retention represents, for Eurowag only (i.e. excluding ADS and Sygic) the average retained proportion of the Group's net revenues derived from its payment solutions and tax refund customers during the entirety of the previous years. This is presented as the average of this figure over a five-year period.

Adjusted EBITDA margin<sup>3</sup> (%)

2022 performance

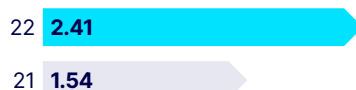
42.8  (2.7pp)\*

## About this KPI

Adjusted EBITDA margin represents Adjusted EBITDA for the period, divided by Net energy and services sales.

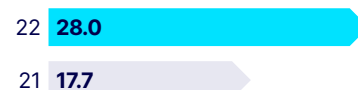
## Basic earnings per share (cents/share)

2022 performance

2.41  57.2%\*

## Profit before tax (€m)

2022 performance

28.0  58.3%\*

\* Percentage change 2021–2022

1 This is an APM, a reconciliation to IFRS measures is on p.213.

2 This is an APM, a reconciliation to IFRS measures is on p.217.

3 This is an APM, Adjusted EBITDA reconciliation to IFRS measures is on p.215 and Net energy and services sales on p.213.

## Operational KPIs

### Number of payment solutions active customers

2022 performance

**16,950**  **12.9%\***

22 **16,950**

21 **15,020**

#### About this KPI

Number of payment solutions active customers represents the number of customers who have used the Group's payment solutions services in a given period, calculated as the average of the number of active customers for each month in the period. A customer is considered an "active customer" if it uses the Group's payment solutions products at least once in a given month.

### Number of payment solutions active trucks

2022 performance

**88,189**  **6.7%\***

22 **88,189**

21 **82,640**

#### About this KPI

Number of payment solutions active trucks represents the number of customer vehicles that have used the Group's payment solutions services in a given period, calculated as the average of the number of active customer vehicles for each month in the period. A customer vehicle is considered an "active truck" if it uses the Group's payment solutions products at least once in a given month.

### Number of payment solutions transactions (m)

2022 performance

**35.2**  **8.4%\***

22 **35.2**

21 **32.5**

#### About this KPI

Number of payment solutions transactions represents the number of payment solutions transactions (fuel and toll transactions) processed by the Group for customers in that period. A fuel transaction is defined as one completed (i.e. not cancelled or otherwise terminated) fuelling transaction. AdBlue transactions are not counted as standalone fuel transactions. A toll transaction is defined as one truck passing through a given toll gateway per day and per merchant country (meaning multiple passages by the same truck through any toll gateway in one merchant country in a given day is still counted as one transaction).

## Sustainability targets

➤ Please refer to the Sustainability chapter for further information on the Sustainability KPIs

### Customers' GHG emissions

**Target:  20%**

Reduce our customers' GHG emissions intensity per tkm by 20% by 2030

### Direct GHG emissions

**Target: 0**

by 2040

### Carbon emissions from own operations

**Target:  50%**

by 2030

### Diversity, equity and inclusion

**Target:  40%**

Increase female representation to 40% by 2025 among our "all people leaders" group

### Alternative fuel trucks using Eurowag solutions

**Target: 80,000**

To have 80,000 alternative fuel trucks actively using Eurowag products and services by 2030

## Financial review

# Financial review



**In 2022 we delivered a strong performance with all key financial metrics in-line with our mid-term financial guidance."**

**Magdalena Bartoś**, Chief Financial Officer



## Financial highlights

- Net energy and services sales up 24.6% year-on-year to €190.9 million, with organic growth<sup>2</sup> of 19.4% year-on-year
- Payment solutions grew by 19.2% year-on-year to €134.8 million with organic growth of 18.3% year-on-year
- Mobility solutions grew 39.8% year-on-year to €56.0 million, with organic growth of 22.3% year-on-year
- Adjusted EBITDA<sup>1</sup> up 17.0% year-on-year to €81.6 million resulting in adjusted EBITDA margin<sup>1</sup> of 42.8% including incremental PLC costs and Webeye consolidation<sup>3</sup>
- Adjusted EBITDA margin excluding incremental PLC costs and Webeye consolidation is 45.6%
- On a statutory basis, profit before tax was €28.0 million, a 58.3% increase year-on-year
- Transformational capital expenditure<sup>1</sup> programme on track, €25.5 million spent in 2022

- Net cash<sup>1</sup> position of €2.8 million (gross cash of €146.0 million) as at 31 December 2022, providing leverage headroom ahead of completing our Inelo acquisition in Q1 2023

## Operational and strategic highlights

- Positive performance against non-financial KPIs, demonstrating customer loyalty and the mission critical nature of Eurowag's products:
  - Average active payment solutions customers<sup>5</sup> up 12.9% year-on-year to 16,950
  - Average active payment solutions trucks<sup>6</sup> up 6.7% year-on-year to 88,189
  - Payment solutions transactions<sup>7</sup> up 8.4% year-on-year to 35.2 million
  - Average net revenue retention<sup>8</sup> for the last five years was over 110%

Key statutory financials	FY 2022	FY 2021	YoY %
Revenue from contracts with customers (€m)	2,368.3	1,646.1	43.9%
Profit before tax (€m)	28.0	17.7	58.3%
Basic EPS (cents/share)	2.41	1.54	57.2%

Alternative performance measures <sup>1</sup>	FY 2022	FY 2021	YoY %
Net energy and services sales (€m)	190.9	153.1	24.6%
Adjusted EBITDA (€m)	81.6	69.7	17.0%
Adjusted EBITDA margin (%)	42.8	45.5	(2.7 pp)
Adjusted basic EPS <sup>4</sup> (cents/share)	5.75	5.77	(0.3%)

## Financial review

In the face of what were exceptionally challenging market conditions, Eurowag delivered a strong performance last year, demonstrating once again the inherent resilience of our business model and the mission critical nature of our services. At a headline level, net energy and services sales were up 24.6% with adjusted EBITDA up 17.0%, and pleasingly mobility solutions delivered organic growth of 22.3%, outpacing our payment solutions division, which itself saw double digit growth. This represents a strong platform from which to build as we enter 2023 and beyond.

These positive results were delivered in the context of unprecedented geo-political turmoil as a result of the Russian invasion of Ukraine, which led to significant increases in energy prices, inflation, and interest rates, as well as a deterioration in consumer and business confidence. On top of that, along with responding swiftly to sanctions and other operational challenges, on a personal level many of our team had family members and friends caught up in the conflict, which is taking place next to Poland, one of the largest and most important CRT markets in Europe. To deliver such a strong performance in this context represents a significant achievement and highlights the commitment and resilience of our team.

The business made significant strides in 2022 towards achieving our vision of delivering the CRT industry's first truly integrated, digital, end-to-end platform. As a result of our strategic M&A programme and investment in digital transformation, Eurowag has added both new geographies and additional products to our services, including, following the completion of the Inelo transaction, mission critical Working Time Management software, and we have done so while maintaining financial discipline. However, as we enter the next phase of our journey, there remains much to do in terms of integrating all our operations into one seamless platform, to ensure we benefit from the significant opportunities we see in the market.

In terms of detail, last year our Adjusted EBITDA increased to €81.6 million (2021: €69.7 million), with Adjusted EBITDA margin of 42.8% (2021: 45.5%). This year-on-year profitability decrease reflects €3.4 million incremental PLC-related costs (total PLC-related costs in 2022: €4.8 million, 2021: €1.5 million) and impact of Webeye consolidation. Adjusted EBITDA margin on a comparable basis, excluding incremental PLC costs and Webeye consolidation, would be 45.6%. An increase in operating costs due to a lower COVID-19 impacted base and inflation of €1.9 million, as well as €1.1 million severance payments and €0.8 million share-based payment ("PSP") further impacted Adjusted EBITDA margin for the year.

On a statutory basis, profit before tax grew by 58.3% year-on-year to €28.0 million (2021: €17.7 million), as a result of an increase in the underlying business results supported by lower adjusting items (due to IPO-related expenses in 2021 not applicable in 2022, the drop was partially offset by higher M&A-related expenses in 2022) and net finance expense. Basic EPS increased by 57.2% to 2.41 cents per share (2021: 1.54 cents). Adjusted basic EPS remained flat year-on-year at 5.75 cents per share (2021: 5.77 cents) driven by higher basic weighted average number of shares in 2022 as a result of new shares issued in Eurowag's IPO in 2021.

Our overall financial position remains strong with reported €2.8 million of net cash as of 31 December 2022.

In-line with the strategy announced at the IPO in October 2021, we continued investing in our digital transformation and inorganic growth. In 2022, our transformational capital expenditure totalled €25.5 million, while investments in our subsidiaries, associates and financial investments reached €60.1 million, which consists of the Webeye (€42.7 million), Last Mile Solutions (€3.0 million), and JITpay (€14.4 million) acquisitions.

- 1 Please refer to Note 11 in the Financial statements on page 213 for a definition of Alternative Performance Measures.
- 2 Growth in Net energy and services sales excluding the net sales of the Group's acquisitions in the current period. In 2022, organic growth includes an adjustment related to WebEye acquisition to enhance year-on-year comparability.
- 3 Webeye consolidation includes integration expenses related to acquisitions.
- 4 Remained flat due to higher number of weighted average number of shares in 2022 at 688.9m (2021: 595.6m).
- 5 Average active payment solutions customers represents the number of customers who have used the Group's payment solutions services in a given period, calculated as the average of the number of active customers for each month in the period. A customer is considered an active customer if it uses the Group's payment solutions products at least once in a given month.
- 6 Average active payment solutions trucks represents the number of customer vehicles that have used the Group's payment solutions services in a given period, calculated as the average of the number of active customer vehicles for each month in the period. A customer vehicle is considered an active truck if it uses the Group's payment solutions products at least once in a given month.
- 7 Number of payment solutions transactions represents the number of payment solutions transactions (fuel and toll transactions) processed by the Group for customers in that period.
- 8 Average net revenue retention represents, for Eurowag only (i.e., excluding ADS, Sygic and WebEye), the average retained proportion of the Group's net revenues derived from its payment solutions and tax refund customers during the entirety of the previous years.

## Financial review

### Performance review

Below is a summary of the segmental performance and explanatory notes related to items including corporate expenses, alternative performance measures, taxation, interest, investment, and cash flow generation.

### Segments

	FY 2022 (€m)	FY 2021 (€m)	YoY (€m)	YoY %
<b>Segment revenue total</b>	2,368.3	1,646.1	722.2	43.9%
Payment solutions	2,312.3	1,606.1	706.2	44.0%
Mobility solutions	56.0	40.0	16.0	39.8%
<b>Net energy and services sales total</b>	190.9	153.1	37.7	24.6%
Payment solutions	134.8	113.1	21.8	19.2%
Mobility solutions	56.0	40.0	16.0	39.8%
Expenses included in Contribution <sup>1</sup>	(31.9)	(24.6)	(7.3)	29.6%
<b>Contribution total</b>	159.0	128.5	30.4	23.7%
Payment solutions	118.2	99.6	18.6	18.6%
Mobility solutions	40.8	28.9	11.9	41.1%
<b>Contribution margin total</b>	83%	84%	(1.0) pp	N/A
Payment solutions	88%	88%	0 pp	N/A
Mobility solutions	73%	72%	1.0 pp	N/A
Corporate overhead and indirect costs before adjusting items	(77.4)	(58.8)	(18.6)	31.6%
<b>Adjusted EBITDA</b>	81.6	69.7	11.9	17.0%
Adjusting items affecting Adjusted EBITDA	(18.5)	(22.8)	(4.3)	(19.0)%
<b>EBITDA</b>	63.1	46.9	16.2	34.5%
Depreciation and amortisation	(30.4)	(21.9)	8.5	39.0%
<b>Operating profit</b>	32.7	25.1	7.7	30.6%

<sup>1</sup> Contribution is defined as net energy and services sales less operating costs that can be directly attributed to or controlled by the segments. Contribution does not include indirect costs and allocations of shared costs that are managed at a group level and hence shown separately under Indirect costs and corporate overhead.

The Group's total revenues increased by 43.9% year-on-year to €2,368.3 million driven by higher energy prices (a corresponding growth was reported for costs of energy sold) and as a result of the growing scale of our payment solutions.

The Group delivered double-digit net energy and services sales growth and strong contribution margins in both segments. Growth in organic net energy and services sales was 19.4%, while the overall net energy and services sales increased by 24.6% year-on-year, given the incremental €8.1 million from our Webeye acquisition.

Payment solutions net energy and services sales grew by 19.2% year-on-year. This increase reflects strong new customer and truck acquisitions, underpinned by strong average net revenue retention.

Mobility solutions net energy and services sales grew by 39.8% year-on-year, mainly as a result of effective cross-selling, as well as sales to automotive partners and Webeye's consolidation.

In terms of geographic breakdown, the Central cluster remains the largest segment with nearly 50% share of total net energy and services sales (2022: €92.4 million; 2021: €74.0 million). All markets in the Central cluster delivered strong double-digit growth. The Southern cluster has kept the momentum from 2021 and remains the fastest growing area with 44.2% year-on-year increase (2022: €66.6 million; 2021: €46.2 million). On an organic basis, the Southern cluster delivered 32.5% growth year-on-year. A 9.4% decline in the Western cluster's net energy and services sales (2022: €24.2 million; 2021: €26.6 million) was mainly driven by a 9.6% decrease in the average number of active payment solutions customers (2022: 1,998 customers, 2021: 2,211 customers). Customer churn was driven by business closures reflecting the challenging market environment and ADS client base migration to the Eurowag platform. The vast majority of ADS customers were migrated in 2022.

## Corporate expenses

	FY 2022 (€m)	FY 2021 (€m)	YoY (€m)	YoY %
Expenses included in Contribution	31.9	24.6	7.3	29.6%
Corporate overhead and indirect costs before adjusting items	71.3	57.0	14.3	25.3%
PLC-related costs and PSP	6.0	1.8	4.2	227.6%
Adjusting items affecting Adjusted EBITDA	18.5	22.8	(4.3)	(19.0)%
Depreciation and amortisation	30.4	21.9	8.5	39.0%
<b>Total</b>	<b>158.1</b>	<b>128.1</b>	<b>30.0</b>	<b>23.5%</b>

The table above is from the segmental review, while the table below summarises corporate expenses based on statutory financial categories.

	FY 2022 (€m)	FY 2021 (€m)	YoY (€m)	YoY %
Employee expenses	67.2	55.7	11.5	20.7%
Impairment losses of financial assets	3.9	3.1	0.8	25.5%
Technology expenses	9.8	6.8	3.0	44.5%
Other operating income	(0.4)	(0.7)	0.3	31.5%
Other operating expenses	47.2	41.3	5.9	14.4%
Depreciation and amortisation	30.4	21.9	8.5	39.0%
<b>Total</b>	<b>158.1</b>	<b>128.1</b>	<b>30.0</b>	<b>23.5%</b>

Employee expenses increased by 20.7% year-on-year to €67.2 million as the Group focused on priority hires, talent retention, strengthening the structure, and implementing remuneration schemes appropriate for a listed company. Adjusting items included in employee expenses amounted to €7.4 million for the full year of 2022 (2021: €8.6 million) and included pre-IPO share based remunerations (2022: €5.3 million and 2021: €6.4 million) and cost related to senior management transformation (2022: €1.9 million and 2021: €0.7 million).

Impairment losses of financial assets amounted to €3.9 million (2021: €3.1 million). While throughout the year we managed increased credit losses risk due to higher notional credit exposure reflecting higher energy prices, our full year credit losses ratio remained flat (2022: 0.1% and 2021: 0.1%). Our expertise in managing credit risk and cash collections resulted in a strong and stable ageing performance of our receivables portfolio with approximately 80% balances current as of the end of December 2022.

Technology expenses increased by 44.5% year-on-year to €9.8 million (2021: €6.8 million), reflecting the Group's focus on technology transformation, cloud transition, and expenses related to the new generation ERP system. Adjusting items included in technology expenses amounted to €0.3 million in 2022 (2021: €0.6 million).

Other operating expenses increased by 14.4% year-on-year to €47.2 million (2021: €41.3 million), mainly due to a full year of PLC-related costs of professional services (incremental €2.4 million), return of travel and other costs post COVID-19, as well as inflation, resulting in an increase of €1.9 million and Webeye consolidation adding €1.7 million. Adjusting items included in other operating expenses amounted to €10.7 million for the year (2021: €13.9 million) and included expenses related to acquisitions of €7.1 million (2021: €0.4 million) and strategic transformation costs of €3.6 million (2021: €1.8 million).

Depreciation and amortisation grew by 39.0% to €30.4 million (2021: €21.9 million), primarily as a result of transformational technology being put into production. Additional increase came from amortisation of acquired assets of Webeye and one-off impact due to change of useful life of technology being replaced as a result of transformation. Adjusting items included in depreciation and amortisation amounted to €8.4 million for the year (2021: €7.1 million).

## Net finance expense

Net finance expense in 2022 amounted to €4.1 million (2021: €6.7 million). The decrease mainly reflects the result on revaluation of derivatives and lower foreign exchange losses, partially offset by higher factoring fees related to higher average factoring limits utilisation throughout the year, as well as transaction fees reflecting the refinancing of existing debt announced in September 2022.



## Financial review

### Taxation

The Group tax charge of €10.3 million (2021: €8.0 million) represents an effective tax rate of 36.8% in 2022 (2021: 45.4%). Corporate income tax for companies in the Czech Republic and the UK for 2021–2022 was 19%, while in Spain it was set at 24%. These represent the major tax regimes in which the Group operates.

The Group's effective tax rate was impacted by the tax impact of Adjusting items. It is, therefore, helpful to consider the underlying and Adjusting items affecting tax rates separately:

- The effective tax rate on Adjusted earnings before tax for the year decreased to 24.3% (2021: 24.8%), largely due to higher profits in 2022
- The effective tax rate for Adjusting items was 11.3% (2021: 12.7%) and was driven mainly by equity-settled, share-based payments and acquisition expenses in 2022

We adopted a prudent approach to our tax affairs, aligned with business transactions and economic activity. We have a constructive and good working relationship with the tax authorities in the countries in which we operate and there are no outstanding tax audits with the exception of Italy, Bulgaria, and Slovenia where no significant issues are expected.

On 29 November 2022 we approved and published the Group tax strategy. Our Group tax strategy is underpinned by our Code of Conduct and values. We believe that payment of an appropriate amount of tax is a key requirement for all businesses, and that tax payments enable wider society to benefit from business success. The Group is managing its tax affairs according to local legal requirements.

### EPS

Basic EPS for 2022 was 2.41 cents per share, a 57.2% year-on-year increase. This was predominantly due to higher profit for the year.

Adjusted basic EPS for 2022 was 5.75 cents per share which is flat relative to 2021. Weighted average number of ordinary shares in issue during 2022 amounted to 688,911,333 impacting the calculation (2021: 595,582,785). After accounting for the impact of PSP, adjusted diluted earnings per share was 5.75 cents per share. Adjusting items are as described below in the Alternative Performance Measures section.

## Investments in subsidiaries and associates

### Acquisition of Webeye Group

Further to the subsequent events discussed in the 2021 Annual Report and Accounts, the Group signed a novated agreement on 16 May 2022 to acquire substantially all of the assets of WebEye Telematics Zrt. ("Webeye"), a leading fleet management solutions provider in Central and Eastern Europe. The Group paid €23.3 million in cash upon the acquisition of 100% of the share capital of the non-Hungarian subsidiaries and a further €19.9 million was paid upon completion of the acquisition of the Hungarian subsidiaries on 1 July 2022. In addition, the Group will pay a deferred settlement component within three years of closing, a portion of which is contingent upon the achievement of certain KPIs. The maximum amount, including the deferred amount of the purchase price, is capped at €60.6 million.

The transaction has expanded the Group's customer base and Webeye's customers have gained access to Eurowag's unrivalled range of integrated end-to-end payment and mobility solutions leading to incremental revenue opportunities. Furthermore, data from the connected trucks will provide insights and enable the continual development of new and improved solutions to address customers' needs.

The provisionally determined fair values of identifiable assets and liabilities of subsidiaries of Webeye as at the date of acquisition were:

	€m
Total assets	35.1
Total liabilities	(6.3)
Total identifiable net assets at fair value	28.7
Goodwill arising on acquisition	31.3
<b>Purchase consideration:</b>	
Cash paid	43.2
deferred and contingent consideration (discounted)	16.8
<b>Total purchase consideration</b>	<b>60.0</b>

From the date of acquisition until 31 December 2022, subsidiaries of Webeye contributed €8.1 million of revenue and €0.9 million loss after tax (mainly driven by amortisation of acquired intangibles and M&A related adjusting items). Excluding amortisation of acquired intangibles and adjusting items, the adjusted profit after tax would have been €0.7 million. If the acquisition had occurred on 1 January 2022, consolidated revenue and consolidated loss after tax of combined Hungarian and non-Hungarian Webeye entities for the year ended 31 December 2022 would have been €15.4 million and €0.9 million, respectively. Excluding amortisation of acquired intangibles and adjusting items, the adjusted profit after tax would have been €1.6 million.

### Acquisition of 9.99% share in JITpay

On 27 September 2022, Eurowag entered into a strategic partnership with JITpay, a German-based payment service provider specialising in the logistics industry. The transaction expands the Group's product portfolio by adding invoice discounting, digitalised billing, and receivables management solutions and strengthens its presence in Germany, one of the most strategically important trucking markets in Europe. As part of the strategic partnership, Eurowag acquired a 9.99% stake in JITpay for an initial consideration of €14.3 million, with the flexibility for a potential increase in its ownership over time, subject to regulatory approvals. The investment is considered to be a strategic investment and is not held for trading.

The Group has call options to acquire an additional 18.01% share, which can be exercised either by 3 July 2023 for a consideration of €25.7 million or by 1 January 2024 for €35.0 million. The first call option reflects the original valuation, which is not expected to change over a short period.

In the case that neither of the call options is exercised, JITpay has the right to buy back the acquired 9.99% share for €1.

### Acquisition of non-controlling interest in Sygic

On 20 December 2022, the Group signed an agreement with the non-controlling shareholders of Sygic a.s., which will enable the Group to acquire the remaining 30% equity interest in Sygic. Consideration for the 30% equity interest of €14.4 million is payable in April 2024, in-line with the original option agreement. Ownership of the shares remains with the non-controlling shareholders until April 2024. However, following the fixed-price agreement, they are no longer exposed to variable returns from the investment.

Under the previous shareholders' agreement, the minority shareholders had certain rights pertaining to the application of Sygic's resources within the Group. Having full control of Sygic will provide the Group with unrestricted access to Sygic's resources and allow it to fully utilise Sygic's digital expertise and people capabilities. This, in turn, will enable the Group to accelerate its digital sales channel and integrated product initiatives by utilising Sygic's capabilities more effectively across Eurowag's whole range of mobility solutions.

### Pay-out of deferred consideration related to Last Mile Solutions ("LMS")

On 31 January 2022, the Group paid deferred acquisition consideration of €3.0 million, related to the acquisition of Threeforce B.V. ("Last Mile Solutions").

### Balance sheet

Net assets of the Group increased by 11.2% to €316.6 million, mainly reflecting profit for 2022 and positive revaluation of cash-flow hedges.

Intangible assets of the Group excluding goodwill increased by €42.7 million to €131.0 million in the reporting period, predominantly due to the Webeye acquisition and investments in strategic technology transformation.

Goodwill comprises mainly CGU Energy of €40.2 million, CGU Navigation of €34.6 million and CGU Fleet management solutions of €58.0 million. Goodwill is tested for impairment on an annual basis; there were no impairment indicators identified in 2022 (2021: no impairment posted).

Inventories increased by €10.7 million to €20.3 million, mainly due to a higher stock of on-board units and materials resulting from the Group's decision secure stock levels in response to market chip shortages and shifting production to an alternative supplier, as we cancelled co-operation with a manufacturer owned by Russian individuals. The remaining growth is mainly due to the Webeye consolidation and higher value of the fuel inventory, reflecting increased volumes and higher energy prices in the reporting year.

Trade and other receivables increased by €77.6 million to €378.2 million, mainly due to higher volume of transactions and increased energy prices.

Trade and other payables increased by €83.7 million to €398.2 million as a result of the factors mentioned above.

## Financial review

### Cash performance

	FY2022 (€m)	FY2021 (€m)	YoY (€m)	YoY change
Net cash generated from operating activities	44.2	(9.6)	53.8	(562)%
Net cash used in investing activities	(104.3)	(43.1)	(61.2)	142%
Net cash used in financing activities	(18.2)	187.8	(206.0)	(110)%
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(78.2)</b>	<b>135.1</b>	<b>(213.4)</b>	<b>(158)%</b>
Cash and cash equivalents at beginning of period	224.2	88.9	135.3	152%
<b>Cash and cash equivalents at end of period (presented in statement of cash flows)</b>	<b>146.0</b>	<b>224.2</b>	<b>(78.2)</b>	<b>(35)%</b>
Bank overdrafts	–	–	–	–
<b>Cash and cash equivalents at end of period (presented in statement of financial position)</b>	<b>146.0</b>	<b>224.2</b>	<b>(78.2)</b>	<b>(35)%</b>
Interest-bearing loans and borrowings	(143.2)	(162.5)	19.3	(12)%
<b>Net cash/(debt)</b>	<b>2.8</b>	<b>61.7</b>	<b>(58.8)</b>	<b>(95)%</b>

As at 31 December 2022, the Group's net cash position stood at €2.8 million compared with €61.7 million as at 31 December 2021.

The decrease in the level of cash is due to the cash outflows used in investing activities, including technology transformation investments, the acquisition of Webeye and JITPay, deferred consideration due on LMS, as well as repayments of borrowing compensated by underlying cash generation.

Net cash flows from operating activities increased from (€9.6 million) in 2021 to €44.2 million, primarily due to business performance supported by stable working capital movements. Impact related to Adjusting items in the reporting period amounted to an outflow of €13.9 million (2021: €15.4 million) and included €2.1 million for acquisitions related expenses, €5.1 million for strategic transformation expenses, €5.4 million for non-recurring IPO-related expenses, and €1.3 million for share-based compensation.

Interest paid increased to €10.1 million (2021: €4.5 million) driven by one-off cash outflow in the amount of €4.9 million related to refinancing transaction fees.

Tax paid decreased from €10.2 million in 2021 to €7.8 million due to the collection of prior-year income tax advances in 2022.

Net cash used in investing activities increased by €61.2 million to €104.3 million, largely due to the outflows in connection with investment in acquisitions and investments in transformational technology and asset base.

Net cash from financing activities amounted to an outflow of €18.2 million in the reporting period, representing the repayments of borrowings due to bank loans amortisation and lease payments.

### Capital expenditure

Capital expenditure in 2022 amounted to €43.2 million compared with €33.8 million for the previous year. This increase relates to investments in the Group's technology platform and existing asset base.

The Group's ordinary capital expenditure of €17.7 million (2021: €10.4 million) represents reinvestment into the platform and assets base and amounted to 9.3% of net energy and services sales compared with 6.8% in the corresponding period of the previous year.

The Group's transformational investment programme was €25.5 million (2021: €23.3 million) and continued to focus on enhancing our sales and customer touchpoint channels, expanding our product capabilities and building a cloud-based data system for the Group.

As part of enhancing our sales channels, this year we focused on improving our customer digital journey and continued to invest in the implementation of our new generation ERP software supplied by SAP. The ERP implementation is delivered in stages, the first launched in April 2022, and focused on energy billing, pricing, sales and purchases. As a consequence of the development of the overall technology roadmap and in order to enable smooth integration of acquisitions, the technology team had to revise the architecture for the subsequent phases of implementation, in-line with our current product and technology capabilities, ensuring we are building a SAP system fit for purpose. The second phase includes general ledger and group reporting processes, and due to the architecture redesign, the implementation was pushed back into 2024.

Part of our transformational capital expenditure was also invested into expanding our product capabilities, with most of the investment going into improving our EETS product offering and enhancing our financing capabilities, enabling further automation and real-time finance management. This year, we continued to invest in building a cloud-based data system. With the volume of customer information we receive from all our products and services, we are starting to consolidate the data in a data lake and have started to build customer data insight tools to support our sales channels.

## Alternative performance measures

The Group has identified certain Alternative Performance Measures (“APMs”) that it believes provide additional useful information to the readers of Consolidated Financial Statements and enhance the understanding of the Group’s performance. These APMs are not defined within IFRS and are not considered to be a substitute for, or superior to, IFRS measures. These APMs may not be necessarily comparable to similarly titled measures used by other companies. Directors and management use these APMs alongside IFRS measures when budgeting and planning, and when reviewing business performance. Executive management bonus targets include an adjusted EBITDA measure and long-term incentive plans include an adjusted basic EPS measure.

	FY 2022 (€m)	FY 2021 (€m)	YoY (€m)	YoY change
Profit before tax	28.0	17.7	10.3	58.3%
Net finance expense and share of net loss of associates	4.8	7.4	(2.6)	(35.6)%
Depreciation and amortisation	30.4	21.9	8.5	39.0%
<b>EBITDA</b>	<b>63.1</b>	<b>46.9</b>	<b>16.2</b>	<b>34.5%</b>
M&A-related expenses	8.0	0.8	7.2	907.3%
Non-recurring IPO-related expenses	–	12.9	(12.9)	(100.0)%
Strategic transformation expenses	5.2	2.7	2.5	93.8%
Share-based compensation	5.3	6.4	(1.1)	(16.7)%
<b>Adjusting items</b>	<b>18.5</b>	<b>22.8</b>	<b>(4.3)</b>	<b>(19.0)%</b>
<b>Adjusted EBITDA</b>	<b>81.6</b>	<b>69.7</b>	<b>11.9</b>	<b>17.0%</b>

	FY 2022 (€m)	FY 2021 (€m)	YoY (€m)	YoY change
<b>Profit for the year</b>	<b>17.7</b>	<b>9.7</b>	<b>8.0</b>	<b>83.4%</b>
Amortisation of acquired intangibles	6.6	5.4	1.1	21.1%
Amortisation due to transformational useful life changes	1.8	1.7	0.1	8.6%
Adjusting items affecting Adjusted EBITDA	18.5	22.8	(4.3)	(19.0)%
Tax effect	(3.0)	(3.8)	0.8	(20.3)%
<b>Adjusted earnings (net profit)</b>	<b>41.6</b>	<b>35.8</b>	<b>5.8</b>	<b>16.1%</b>

	FY 2022	FY 2021	YoY	YoY change
Adjusted net profit attributable to equity holders (€m)	39.6	34.4	5.4	15.3%
Basic weighted average number of shares	688,911,333	595,582,785		15.7%
<b>Adjusted basic EPS (cents/share)</b>	<b>5.75</b>	<b>5.77</b>		<b>(0.3)%</b>

Costs arising in connection with the IPO have been separately identified in recognition of the nature, infrequency and materiality of this capital markets transaction. IPO expenses were incurred in 2021 and had no impact on expenses in 2022.

Acquisitions related expenses are fees and other costs relating to the Group’s M&A activity. Acquisitions related expenses differ every year based on the acquisition activity of the Group. Exclusion of these costs allows for better results comparability.

## Financial review

Strategic transformation expenses are costs relating to broadening the skill bases of the Group's employees (including executive search and recruiting costs), as well as costs relating to the transformation of key IT systems. As previously announced, strategic transformation is due to be completed in 2023.

In addition, adjustment has been made for the compensations provided to the Group's management before the IPO. These legacy incentives comprise a combination of cash and share-based payments, and those that have not yet vested will vest across each of the subsequent financial years ending 31 December 2024. The Group believes that it is appropriate to treat these costs as an adjusting item as they relate to a one-off award, designed and implemented whilst the Group was under private ownership (and are reasonably typical of that market and appropriate in that context). The Group now operates in a new environment and the Remuneration Committee has applied the Remuneration Policy in a listed-company context; hence, similar awards are not expected in future. For clarity, where share-based payment charges arise as a consequence of the operation of the Group's post-IPO Remuneration Policy, these are not treated as adjusting items as they represent a non-cash element of the annual remuneration package. This includes costs of €1.1 million in 2022 relating to grants in connection with the awards vesting in 2024 and 2025.

Amortisation of acquired intangibles represents amortisation of assets recognised at the time of an acquisition (primarily ADS, Sygic and Webeye). The item is prone to volatility from period-to-period depending on the level of M&A activity.

Amortisation due to transformational useful-life changes represents accelerated amortisation of assets being replaced by the strategic transformation of the Group. The Group expects this adjustment to be relevant until 2024.

### Capital allocation

Our priority will continue to be organic and inorganic investment to drive long term sustainable growth. As previously communicated, the Group will incur aggregated transformational capital expenditures of accumulated €50 million during 2022 and 2023 to develop our integrated end-to-end digital platform and invest in the quality of our integrated product and service offering. Our transformational capital expenditure is on track to complete at the end of 2023, by which point we will have an integrated, modern technology stack and product offering. This coming year, our focus will be on integrating the businesses we acquired in 2022, aligning our products and people capabilities across the organisation, to unlock both revenue and cost synergies. With the recent acquisition of Inelo, our leverage ratio is expected to exceed the top end of our medium-term guidance range of 1.5x to 2.5x net debt to adjusted EBITDA. Therefore, our priority in the near term is to return to within the target range. M&A is still important to us, and we will continue to consider value-accretive M&A opportunities in our current and adjacent markets, and in product and technologies that will accelerate growth.

However, we remain disciplined and want to maintain our strong and robust balance sheet. As set out in our financial guidance, the Group does not intend to pay dividends as we continue to prioritise investment in growth.

### Treasury management

The Group maintains a disciplined approach to its financing and is committed to maintaining a net debt to adjusted EBITDA leverage ratio of 1.5-2.5 times over the medium-term. Our leverage ratio may temporarily exceed the top end of the range depending on the quantum and timing of potential acquisitions.

In September 2022, the Group signed a new Multicurrency Term and Revolving Facilities Agreement to refinance and expand the Group's existing credit facilities (new club financing agreement). The new club financing agreement secured favourable terms on a strengthened debt package, extended maturities for all facilities, and expanded the Group's club of financing banks.

The new club financing agreement consists of four tranches:

- (i) €150 million committed Facility A for the refinancing of all existing term loan indebtedness
- (ii) €180 million committed Facility B for permitted acquisitions and capital expenditure
- (iii) €235 million committed Revolving Credit Facility, of which €85 million may be utilised by way of revolving loans, and €150 million may be utilised by way of ancillary facilities in the form of bank guarantees, letters of credit, or an overdraft up to €25 million
- (iv) €150 million uncommitted Incremental Facility for permitted acquisitions, capital expenditure, and revolving credit facilities up to €50 million of which not more than €25 million can be utilised as revolving loans

The transaction provided more flexibility with respect to certain financial covenants, security packages, and other provisions than the Group's existing credit facilities. The new maturity date for all term loan facilities and for the revolving credit facility is 30 September 2027. Facility A will amortise in quarterly repayments starting on 31 March 2023, with a €45 million balloon. Facility B will amortise in quarterly repayments starting on the later of the date falling 3 months from the end of the 24-month availability period, or the end of the first financial quarter after the full utilisation of the facility, with a €54 million balloon. Eurowag completed the refinancing on 17 October 2022.

The new club financing agreement contains financial covenants at the Group level. Financial covenants are governed by financial definitions under the agreement. Financial covenants are tested semi-annually based on announced financials. As part of our testing under the viability statement, it has been concluded that the acquisition of Inelo does not impact our compliance with financial covenants.

Covenant	Calculation	Target	Actual 31 December 2022
Interest cover	the ratio of adjusted EBITDA to finance charges	Min. 4.00	11.20
Net leverage	the ratio of total net debt to adjusted EBITDA	Max. 4.00*	0.13
Adjusted net leverage	the ratio of the adjusted total net debt to adjusted EBITDA	Max. 6.50	1.95

\* The covenant shall not exceed 3.75 in 2024 and 3.50 in 2025 and onwards.

The Group concentrates cash in bank accounts held with financial institutions that participate in the new club financing agreement. Balances may be held in bank accounts with other financial institutions to fund outgoing payments, especially in countries outside of the Economic and Monetary Union.

The Group has effectively managed its floating EURIBOR interest rate exposure on existing term loans through the execution of zero floor interest rate swaps. The swaps were structured with varying hedge ratios, providing coverage of 100% in 2023 and 2024, 75% in 2025, 50% in 2026, and 25% in 2027. This strategic approach demonstrates the Group's proactive risk management practices and commitment to financial stability.

With respect to Facility A, interest rate swaps executed in 2019 in the amount of €120.0 million (unamortised) have an effective payable fixed rate of 0.1% and are expected to expire in 2024. Interest rate swaps executed in 2022 but effective in 2023 in the amount of €30.0 million (amortised) have an effective payable fixed rate of 2.7% and are expected to expire in 2027. The latter have a complementary amortising profile in order to achieve the above-mentioned hedge ratio.

Throughout 2022, the Group has effectively managed its working capital needs through the use of uncommitted factoring facilities, with average financing limits of €101 million and average utilisation of 66.1% (2021: €96 million and 56.5% respectively). This demonstrates the Group's proactive approach to maintaining a strong financial position, and its ability to optimise working capital.

## Outlook

Eurowag enters 2023 in a strong position. We have a loyal and growing customer base and truly mission critical products and services. As we expand both our geographic footprint and the range of services we offer, we have a great opportunity to drive growth by acquiring new customers and selling additional products to existing partners.

This coming year, our focus will be on integrating the businesses we acquired in 2022 and continuing on the journey towards developing the industry's first digitally integrated end-to-end platform. This continues to be our ultimate objective, and the scale of the opportunity to drive value for Eurowag's customers and shareholders remains significant. As a result, we remain confident that we will continue to deliver strong growth, and our medium-term financial guidance remains unchanged.

The Board continues to expect over the medium-term to deliver annual organic net revenue growth of between high-teens and low-twenties percent. The acquisition of Inelo changes the revenue mix of the Group, with an increase of revenue contribution to the mobility segment. Inelo's revenues are majority subscription based and naturally more recurring, however it generates lower operational gearing. Consequently, the change in revenue mix may impact the pace of margin expansion to high-forties over the medium-term.

The Group continues to expect transformational capex to be €50 million in aggregate for 2022 to 2023 and ordinary capex to be approximately a high single digit percentage of net revenue over the medium-term. The Group expects to exceed the top end of its leverage target by around half a turn of adjusted pro-forma EBITDA on completion of the acquisition of Inelo and return back to the leverage target range of 1.5x to 2.5x in the near term.

## CFO succession

In February 2023, Oskar Zahn was appointed as the Group's Chief Financial Officer with effect from 17 April 2023. Oskar is succeeding Magdalena Bartoś, who will step down from the Board and will leave the business on 30 April 2023. He will also be appointed as an Executive Director of the Board on 12 May 2023, following the next Board meeting.

**It has been a privilege to help lead this Group over the last three years and to see this business grow. I would like to thank our talented and committed team for their hard work developing Eurowag into what it is today. We achieved a huge amount in the past years and I am so proud of that. I am confident that the Group will continue to go from strength to strength with the support and leadership of my successor Oskar Zahn. I wish Oskar and Eurowag every success."**



**Magdalena Bartoś**  
Chief Financial Officer

## Risk management

# Risk management

Managing risk plays an important role in the Group achieving its strategic objectives and in adding sustainable value to all our activities.

### Overview

Risk management is an ongoing process. As with all businesses, our risks evolve constantly, along with the environment in which we operate. To pursue our strategic objectives, we have established a risk management framework that enables us to identify, evaluate, address, monitor, and report effectively the risks we face and helps us achieve a balance between risks and opportunities.

### Risk management framework

We established our risk management framework on the accepted system of three lines of defence and in accordance with the Financial Reporting Council's ("FRC") guidance on risk management, internal control, and related financial and business reporting. Within the three lines of defence, the first line manages and "owns" the risk; the second defines a uniform management framework for each risk category; the third provides independent confirmation of the effectiveness of the risk management process. In 2021, the Group established an internal audit function which has been partially out-sourced to KPMG concerning the audits delivery.

The Board has overall responsibility for managing risks. This includes identifying and monitoring the principal risks that might prevent the Group from achieving its strategic objectives and determining the extent and severity of risks we are willing to undertake – our risk appetite. The Audit and Risk Committee acts on behalf of the Board and is responsible for supervising the design of the risk management framework and its activities.

In addition, we have established a Business Assurance Committee comprised of members of the second line of defence, representatives of the business, and selected members of the Executive Committee. This committee is responsible for more hands-on, systematic risk management activities, including reviewing governance, approving risk assessments, monitoring risk exposure, and managing incidents. It escalates matters of importance to the Board's Audit and Risk Committee.

### Risk appetite

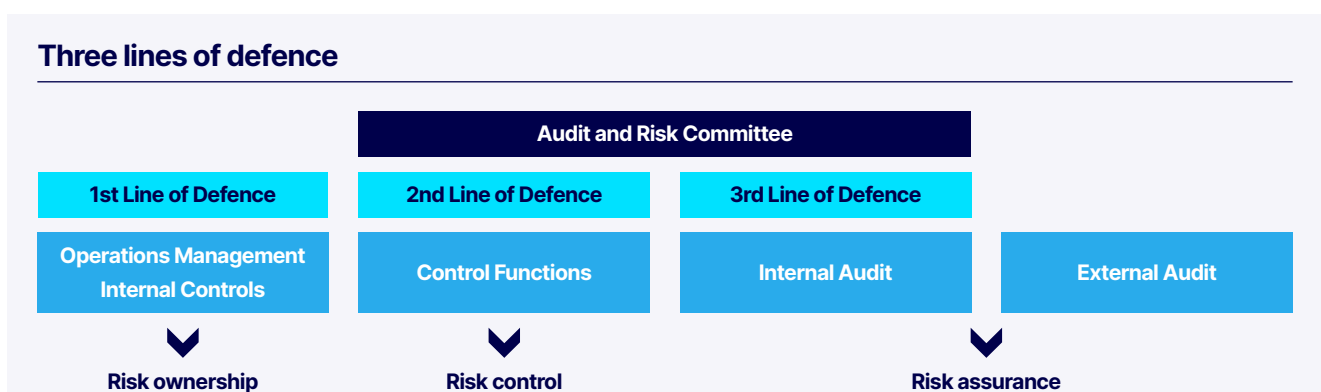
The goal of risk management is to ensure that the Group is exposed only to certain types and severity of risk. This is defined as risk appetite. Risk appetite determines those risks that the Group is willing to take and how to reduce and avoid risk in pursuing our strategic and operational objectives.

The Group recognises the following categories of risk appetite:

**Low appetite** – we are not willing to be exposed to the respective risks and thus all the risks need to be mitigated to the highest possible extent. This appetite corresponds to low risk rating.

**Medium appetite** – we are willing to be exposed to some of the risks falling into the category, to a limited extent. The full mitigation of these risks needs to be considered in the cost and business perspectives. This appetite corresponds to medium risk rating.

**High appetite** – we are willing to be exposed to the respective risks. The risks are monitored, however, and their mitigation is done opportunistically. This appetite corresponds to high risk rating.



The Board has ultimate responsibility for defining risk appetite, but the initial proposal comes from the Executive Committee. The Board ultimately reviews and approves this risk appetite and evaluates whether the mitigation measures assigned to principal risks are adequate. The Board also reviews whether the internal controls are adequate and effective. Risk appetite reviews take place at least annually, taking into account changes in our business environment, economic situation, geopolitical situation, internal initiatives, and developments in our exposure to principal risks.

### Emerging risks

The Group continues to monitor and assess emerging risks. This is done through both bottom-up and top-down discussions, held across the business with the aim of identifying new risks and changes in existing ones. The Russian invasion of Ukraine and the worsening global economic situation represent the most recent emerging risks of geopolitical, macroeconomic and legal uncertainty in the European Economic Area ("EEA"). The Group recognises the impacts from both in the origination of new principal risks and in changing trends of the already existing principal risks.

The Group is also monitoring the development of the Vega case (VAT legislation change), which could have a negative impact on the Group's business model, and windfall tax legislation (additional tax on higher profits), which could impose a risk of additional taxation on the Group's profit.

➤ See Glossary on page 260 for a detailed explanation

### Principal risks

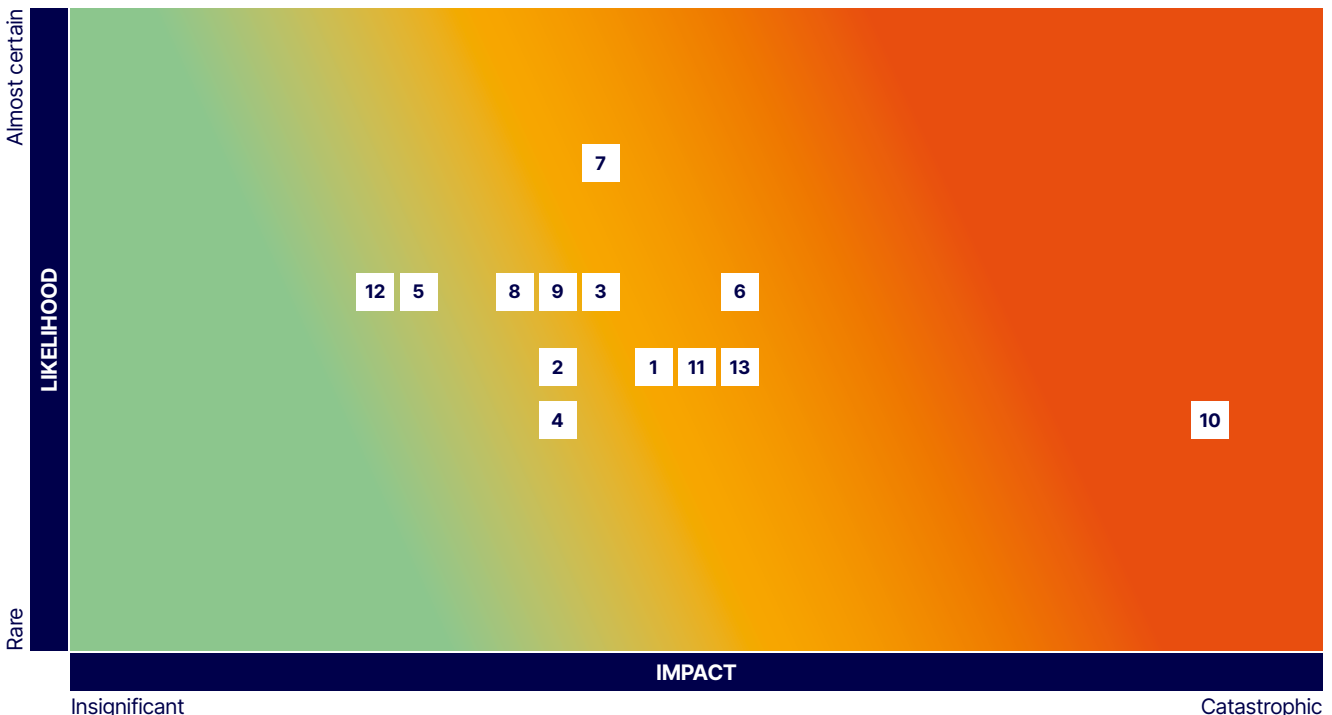
The principal risks are the Group-wide key risks that pose the highest threat to our business and strategic objectives. They are proposed by the Executive Committee and selected subject-matter experts, with the Board ultimately responsible for defining and approving them. The process is as follows:

1. Identify the Group's key principal risks
2. Identify the current mitigation measures
3. Evaluate the identified risks – estimating their impacts and probability of happening
4. Determine the current trends in risk-evaluation criteria
5. Identify forward-looking measures

The Audit and Risk Committee discusses and reviews the principal risks quarterly.

### Principal risks heat map

The heat map below shows the outcome of the processes for principal risks assessment. This shows the relative likelihood and impact of the principal risks identified. Risks rated as high and critical are devoted a significant focus on their further mitigation and monitoring.



- |                               |   |                                  |
|-------------------------------|---|----------------------------------|
| 1 Product demand decline risk | 6 External parties' dependency risk       | 10 Physical security risk        |
| 2 Fuel supplies risk          | 7 Technology security and resilience risk | 11 Regulatory and licensing risk |
| 3 Interest rate risk          | 8 Personnel dependency risk               | 12 Clients default risk          |
| 4 Sanctions risk              | 9 Climate change risk                     | 13 Processes execution risk      |
| 5 Competitors risk            |   |                                  |



# Risk management

## Principal risks register

The list below provides further details on our identified principal risks, trends of their exposure and the mitigation measures implemented.

### Trend key



Increased



Decreased



Stable

### Product demand decline risk

Our operating results are dependent on the conditions in the European economy and its cycles. The volume of customer payment transactions and customer demand for the products and services provided by the Group correlate with current and prospective economic conditions across Europe. Economic downturns are generally characterised by reduced commercial activity and trade, resulting in reduced demand and use of our products and services by customers.

As a result of COVID-19 and the Russian invasion of Ukraine, the economy in the EEA is already experiencing indications of recession. These are expressed by persisting disruptions in supply chains, high inflation, increasing of nominal interest rates, currency weakening, and reduced customer demand. Together with a possible recession there are high uncertainties regarding energy supplies across the region, which places additional pressures on the supply chains in the region and underlying demand for the Group's products and services. Eventual decline in demand would adversely affect the Group's current and prospective business and financial condition.

The Group considers the trend of the risk as increasing due to the continued Russian invasion of Ukraine and a possible economic recession. The current managed risk rating is above the Group's approved risk appetite.

#### Mitigation measures

- Reducing dependency on a single economy
- Reducing dependency on non-Euro currency
- Diversification of products and services offering and through new M&A activities and implementation of the subscription-based revenues
- Geographical expansions – EU and non-EU countries
- Strategy positioning flexibility – due to wider portfolio of products, capability to adjust our offer for customers to meet their needs

#### Trend



### Fuel supplies risk

The Group recognises a high risk of insufficient fuel at its energy payment network and payments drying up across our network as a consequence of the emerging energy crisis and imposed sanctions due to the Russian invasion of Ukraine. The situation could be aggravated by local government intervention (e.g. price capping, export embargo), unpredictable price development, potential sabotage of the crude pipelines from Russia and disruption of oil refinery production, with the Group experiencing higher risks in securing sufficient fuel supplies at its energy payment network, at favourable financial and operational terms. These risks have an adverse impact on the Group's financial position, operations, and business.

The Group considers the trend of the risk as increasing due to significant uncertainties on the energy markets caused by the Russian invasion of Ukraine, threats of further conflict escalation, potential sabotage of energy infrastructure and local government interventions. The current managed risk rating is above the Group's approved risk appetite.

#### Mitigation measures

- Our fuel procurement strategy is fully compliant with EU legislation and sanctions and in 2023, we will focus on local fuel procurement rather than cross-border deliveries. We are confident that we can provide high quality, EU origin and competitive diesel, LNG, and AdBlue to our customers
- Centralised procurement team for energy supplies and logistics
- Continuous monitoring and reporting on the situation development of fuel supplies crisis
- Scenarios analysis of potential future development and a preparation of preventive and mitigation actions in case of different scenario materialisation
- Diversification of different types of energies (eMobility, LNG)

#### Trend



## Interest rate risk

Economic recession can be accompanied by an increase in nominal interest rates. We are utilising various forms of financing, some of which are subject to changes in interest rates. The acquisition of Inelo will result in an increase in debt for the enlarged organisation, since existing facilities will be utilised to acquire equity and refinance the acquired company's debt. We will be required to make interest payments on the increased debt. There is no guarantee that we will be able to refinance existing arrangements or that the cost or availability of financing will not negatively impact the Group's business, financial condition, and future prospects. Any increase in the cost, or lack of availability, of finance could have a material adverse effect on the Group's business, financial condition, results of operations, and future prospects.

The Group considers the trend of the risk as increasing due to current economic outlooks. The Group implements its hedging strategy to mitigate risk to the level of its risk appetite.

### Mitigation measures

- The management of interest rate risk is the responsibility of the Treasury department
- The Group has refinanced and expanded its existing credit facilities. The new maturity date for all term loan facilities and for the revolving credit facility will be 30 September 2027
- The Group has implemented a hedging strategy using interest rate swaps on the existing senior term loans with 100% hedge ratio in 2023 and 2024, 75% hedge ratio in 2025, 50% hedge ratio in 2026, and 25% hedge ratio in 2027
- As part of the integration process for the acquisition of Inelo, the incremental debt is expected to align to the hedging policy as stated above

### Trend



## Sanctions risk

The Group continuously monitors its compliance with various sanctions regimes. Currently, one of the consequences of the Russian invasion of Ukraine is the sanctions imposed by the EU, UK, US, and the United Nations.

The Group's policies and procedures, which are designed to ensure that it, its employees, agents, and intermediaries comply with applicable sanctions, may fail to always comply effectively. Any violation of the sanctions regime could result in significant expenses or reputational harm, divert management attention, and otherwise have a negative impact on the Group.

Given the nature of Group's business, the sanctions are also exposing us to the risk of adverse business and operational impacts. The 6th sanctions package, imposed by the European Commission, has introduced prohibitions related to crude oil and petroleum products, mainly in terms of their purchase, import, and transfer. Due to the 6th sanctions package, the Group is exposed to the risk of balancing product disruption in central Europe caused by the ban on the export of products produced from crude oil originating in Russia and delivered via the Druzba pipeline. Disrupted product balancing in central Europe (Austria, Czech Republic, Slovakia, Hungary) could lead to a lack of products in certain markets during certain periods. In addition to those sanctions already issued (an 8th package of sanctions has currently been issued), the Group recognises a risk of new sanctions significantly impacting the current and prospective business model.

The Group considers the trend of the risk as stable due to proven ability of the Group to comply with all issued sanctions. The current managed risk rating is above the Group's approved risk appetite.

### Mitigation measures

- The Group uses a system for partner screening with an automatically updating sanctions database. Any new sanctions are also monitored by an external law firm within legislative monitoring and by the internal team, which dedicates capacity to screening subscribed notifications from respective authorities and press releases
- The internal team thoroughly analyse any new sanctions and their impacts on the Group's business and operations. In complex matters, the team co-operates with specialist external advisors
- New sanction legislation relevant for the Group's business is regularly reported to the Executive Committee together with scenario planning and impact assessment
- Manual screening of new partners and customers against sanctions lists
- Self-sanctioning scheme – application of stricter rules on partners, going beyond valid sanctions. It is used also as a prevention against impacts of newly issued sanctions

### Trend



# Risk management

## Trend key



Increased



Decreased



Stable

## Competitors risk

The Group faces competition in each of its product lines from many companies offering similar capabilities and services, including international oil companies, single-product providers of fuel cards, and other services. Moreover, the windfall tax scheme is being used by some competitors (large wholesalers) to decrease prices in their retail businesses and, in terms of pricing, the Group cannot compete with this. In addition, markets where we operate are characterised as oligopolistic or monopolistic, and are burdened by heavy regulation and restrictions for entering or expanding. These factors could cause an adverse impact on revenues and prospects if we cannot compete or expand our business activities effectively.

The Group considers the trend of the risk as increasing due to potential impacts on the markets from geopolitical, economical, and legislative uncertainties. The current managed risk rating is in line with the Group's approved risk appetite.

### Mitigation measures

- Reducing dependency on a single economy, single market, or single revenue stream
- Geographical diversification and products or services offering diversification
- Membership in a number of industry associations and trade bodies to ensure that we are aware of market competition activity and trends
- Fast inorganic growth through M&A activities
- M&A activities in 2022 – JITpay, Webeye, and Inelo

### Trend



## External parties' dependency risk

The Group's business is dependent on several key strategic relationships with third parties, the loss of which could adversely affect our results. Key partners mainly fall into the following categories – fuel suppliers, acceptance network, toll chargers, authorisation centres, and technology service providers. In addition, the Group has also started the process of setting up an internal authorisation centre for its fuel cards transactions. This service is currently provided by an external authorisation centre – AEVI. Realising the project is significantly dependent on the current external provider and an inability to complete the set up of an internal authorisation centre of acceptable quality and in the expected timeframe would expose the Group to additional costs and potential business disruptions.

The Group considers the trend of the risk as decreasing due to positive progress having been made with setting up an internal authorisation centre. The current managed risk rating is above the Group's approved risk appetite.

### Mitigation measures

- IT vendors management policy – setting the standards for vendors selection, contracts reviews and signature and vendors monitoring
- Centralised vendors management role
- Centralised procurement team for energy supplies and logistics
- Centralised development and maintenance role for acceptance network
- Contract management rules and attestation rules
- Centralised legal counsel – aids contracts elaboration and reviews
- New IT system on orders and invoices management – Coupa
- Continuous implementation of improvements, which are result of human rights risk assessment – human rights training, Code of Conduct for Suppliers and Suppliers onboarding process
- Project on setting up an internal authorisation centre is progressing with the highest priority

### Trend



## Technology security and resilience risk

The Group's business relies on technology and data confidentiality, integrity, and availability. As with other businesses, we are subject to the risk of external security and privacy breaches, such as cyber-attacks. In the last year, these attacks have increased in number and sophistication, particularly those coming from the Russian Federation. If we cannot adequately protect our information systems, including the data we collect on customers, it could result in a liability and damage to our reputation. The Group's outsourced Internal Audit has identified deficiencies in the area of IT security and our inability to close the gaps in a timely manner in accordance with the approved mitigation plan could expose the Group to a further increase in risk. Moreover, the Group is active in its M&A activities and, where a newly acquired company does not have IT security standards at the same level as the Group, the enlarged Group is exposing itself to an increased risk. Also, if the technology we use to operate the business and interact with customers fails, does not operate to expectations, or is not available, then this could adversely affect our business and results.

Despite the risk increasing from new acquisitions, as described above, the Group considers the trend of the risk as stable due to overall improvement in the IT security level of the Group and further standardisation of post-merger integration processes. The current managed risk rating is above the Group's approved risk appetite.

### Mitigation measures

- The Group prevents itself against cyber-attacks by continuous implementation and improvement of the cyber security standards, in-line with the ISO27001
- The Group has established a central project on continuous improvement in information security that comprises key security functions from Technology and Risk departments
- The Group, as part of crisis management, which was activated as a response to the Russian invasion of Ukraine, additionally funded and assigned highest priority to the immediate improvement cyber security tools to achieve better prevention against the increasing number of cyber-attacks
- The Group has established three lines of defence system with clear responsibilities regarding cyber security
- The Group has a standardised post-mergers integration process that considers the IT security level of newly acquired companies, setting priorities, and integration milestones

### Trend



## Personnel dependency risk

The Group's success depends, in part, on its Executive Committee members and other key personnel, and our ability to secure the capabilities to achieve our strategic objectives. Lack of capability and the loss of key personnel could adversely affect our business. In October 2022, the Group announced the planned departure of its CFO. An inability to find an adequate replacement would expose the Group to additional risk. Moreover, the current economic environment and competition in the job market are increasing the risk of retaining key personnel and acquiring new talents.

We also depend on our founder and CEO. The inability to secure a ready successor could reduce our ability to achieve our strategic goals and an adverse reaction from stakeholders. The current managed risk rating is above the Group's approved risk appetite. The Group considers the trend of the risk as decreasing due to the successful hiring of a new CFO and Senior Finance expert to help with the transition.

### Mitigation measures

- The Group has hired a new CFO and secured sufficient transition plans from the current CFO
- The Group has hired a Senior Finance expert, with PLC experience to help with the transition
- Establishing and nurturing a talent pool to maintain the required skills level within the Group
- Annual salary review process in place to reflect inflation, market salary levels, and performance ratings
- Long-term retention plans for the talent pool
- Elaboration of the succession plans, providing adequate training for chosen successors
- Eurowag Group commitment to greater diversity, equity, and inclusion
- Key personnel rotation for selected functions

### Trend



## Risk management

### Trend key



Increased



Decreased



Stable

### Climate change risk

Climate change and energy transition represent both a risk and opportunity for the Group. Our reputation, operating and compliance costs, and diversification of revenue may be influenced by our pace of action, the pace of the energy transition in the CRT sector, and by our customers in the short, medium, and long term. Our business generates a significant proportion of revenue from fees through selling energy to the CRT sector, which currently uses predominantly diesel fuel. We are aware that changes in road transport policy and regulations, the cost of carbon, carbon taxation, changes in market demand for alternative fuel and clean mobility solutions, and pace of adoption of low-carbon powertrains by our customers can all influence the level of risk and opportunity for the business. We also recognise that extreme-weather events could pose a risk to business continuity for our physical assets, as well as the health, safety, and well-being of our workforce and customers. The Group already recognises the impact of weather changes in delays and the decrease in transactions linked to seasonal transport in some regions. In addition, we recognise that we are responsible for reducing our own carbon footprint, as well as contributing to solutions to help customers make the transition to a low-carbon future.

The Group considers the trend of the risk as increasing due to science predictions and upcoming actions of regulators, countries, and community leaders. The Group has a strategy in place to mitigate the risk to the risk appetite level. The current managed risk rating is above the Group's approved risk appetite.

#### Mitigation measures

- Investing in a portfolio of alternative fuels and technologies, including eMobility (investment in Last Mile Solutions), to support the transition to a low-carbon future in the CRT sector
- Investment in digitalisation and technologies to help our customers improve efficiency in CRT road transport and reduce energy intensity per-kilometre of transported goods
- Formalisation of the Group's ESG strategy, including carbon reduction targets for our operations as well as the development of targets and actions to reduce Scope 3 emissions across our value chain
- Engagement with OEM manufacturers to help with developing lower-carbon-intensive vehicles with greater tracking and monitoring of environmental impacts
- Review of business continuity plans to take into account the potential impacts of extreme weather events driven by climate change and the impact on both people and physical assets
- Increased reporting transparency of carbon emissions and related actions to reduce emissions
- Formal, structured scenario analysis to assess the physical and transition risks for Eurowag and its assets and inform ongoing risk assessment and mitigation measures as well as reporting in-line with TCFD
- M&A activities focus on non-energy businesses

#### Trend



## Physical security risk

The Group operates a number of truck parks and offices, and these are exposed to security threats. A security threat materialising as a result of insufficient protection or natural disasters would result in danger to the health of our employees and customers, and significant business disruptions. This risk increased this year with the Russian invasion of Ukraine and potential escalation of the conflict to other countries, including those where the Group has its employees and assets. Moreover, there is an increasing risk of security threats as a result of the war impacts. These are not limited to energy crisis and fuel shortages at Group's petrol stations. In addition, the recent earthquakes in Turkey and Syria have had a catastrophic impact on the lives and health of tens of thousands of people and represent an increasing risk factor for the Group in terms of protecting the lives and health of its employees and customers in these and other natural disaster-prone regions.

The Group considers the trend of the risk as increasing due to the Russian invasion of Ukraine and its potential further development.

### Mitigation measures

- Implementation of health and safety plans at the Group's truck parks to avoid security threats materialising
- Having emergency plans in place and staff trained to act in an emergency situation
- Petrol stations security rules and system for the prevention of physical security threats and their regular control and revision
- Business continuity plans in place and their regular testing and revision

### Trend



## Regulatory and licensing risk

The Group relies on numerous licences for the provision of its on-road mobility products. These include wholesale and retail permits required for the provision of fuel products, as well as fuel station operating licences for its truck parks, EETS licence and EETS certifications in a number of countries, electronic money institution licence required for the provision of financial services, and an insurance distribution licence. As a consequence of holding these licences and certifications, the Group is subject to strict regulatory requirements (Governance, Products, IT security and Operational) of regulatory bodies in respective jurisdictions. Non-compliance with these can result in fines, suspension of business or loss of licences. Key regulatory requirements are undertaken by governance and compliance with UK listing rules, anti-money laundering ("AML") and sanction laws, personal data-protection laws, Czech National Bank regulation, fuel-reselling legislation, and EETS regulation. In addition, changes in laws, regulations, and enforcement activities are accompanied with the cost of implementation and may well adversely affect our products, services and markets.

The current managed risk rating is above the Group's approved risk appetite. The Group considers the trend of the risk as increasing due to potential future legislative changes (see emerging risks) and further expansion of Group's business activities within highly regulated markets. The Group focuses on delivering the technology roadmap and has strengthened its Senior Leadership Team with the focus on technology and operations, to address the gap between risk appetite and risk rating.

### Mitigation measures

- Dedicated legal and compliance business partners for all business units, with regulation watch implied
- Continuous improvement of the risk management control framework, specifically in terms of regulatory and licensing risks mitigation
- Involving legal and compliance counsels in new-markets entry process
- Implementing Group-wide AML policy, partner screening directive, and detailed AML directive
- Regular AML re-screening of customers who use regulated financial services
- Annual AML audit with sufficient results
- Group-wide personal-data protection policy and detailed GDPR directive

### Trend



## Risk management

### Trend key



Increased



Decreased



Stable

### Clients' default risk

The Group is subject to the credit risk of its customers, many of whom are small and mid-sized CRT businesses. We are exposed to customer credit risk, particularly for customers in our payment solutions segment, who we finance through post-payment of their energy consumption and toll balances. If we fail to assess and monitor adequately the credit risks posed by counterparties, we could experience an increase in credit losses and other adverse effects.

The Group considers the trend of the risk as stable due to proven credibility and efficiency of the Group's credit risk management. The current managed risk rating is in line with the Group's approved risk appetite.

#### Mitigation measures

- Credit assessment at onboarding (scoring) – in determining the credit risk of its customers, the Group performs a credit assessment, which consists of a financial analysis of recent results and development as well as a business analysis and verification using available databases
- The Group's credit risk department conducts ongoing credit exposure monitoring, revising credit limits in regular intervals and upon utilisation of available limits, and updating collateral from customers as needed
- The ageing of receivables is regularly monitored by the Group Management to assess credit risk, based on expected loss calculations, which evaluate probability of default, exposure at default, and loss given default
- The Group has credit insurance subject to first-loss policies on both individual and aggregate bases to ensure against the risk of default from customers on its trade and other receivables
- Collateral (guarantees, pledge of receivables, pledge of physical assets) – the Group accepts cash deposits and advance payments from customers to secure credit exposure. The Group also accepts other types of security (such as pledges of assets or promissory notes) to mitigate credit risk

#### Trend



## Processes execution risk

The Group operates in a very complex and diversified environment. The Group's entities are in different stages of processes, IT systems, and governance maturity. Lower maturity of processes results in non-co-ordinated actions and unintended mistakes, as a consequence of manual controls. The outcomes of these mistakes could materialise in non-keeping of contractual obligations towards third parties (e.g. change management notification obligations towards EETS providers), late payments to third parties (fines received), mistakes in reporting creation, and lower quality of service provided to our clients.

Moreover, the Group is very active in the M&A field. Every completed M&A initiative is accompanied by an increase of the overall complexity in the Group's processes and demands on systems, data, and people. Where there is an inadequate post-mergers integration process and insufficient predispositions for a successful integration (IT systems maturity, data management maturity and processes, and their governance maturity), the Group exposes itself to an additional processes risk and a risk of unrealised M&A benefits.

Additionally, the Group is currently in the process of transforming its operational model, accompanied with the changes in the Senior Leadership Team, which may bring temporary unclarity in accountabilities.

The current managed risk rating is above the Group's approved risk appetite. The Group considers the trend of the risk to be increasing due to the increased complexity brought by recent acquisitions, which increase the demands on finance processes in particular. The Group expects to mitigate this risk in the coming periods through the integration of our acquisitions and the implementation of ERP software.

### Mitigation measures

- The Group has established post-mergers integration processes with clear governance and senior leadership
- The Group engages well-established consulting firms to assist in the post-merger integration process, when needed
- The Group has designed its processes model, which is continuously maintained and updated. Moreover, the Group has a processes design department, which in its activities focuses on improvement of the maturity of processes
- The Group has established an internal controls risk management framework. Regular reporting and testing of the internal controls ensures continuous improvement of the effectiveness of operational controls
- Operational model transformation introduces new focus and disciplines in product and technology capabilities

### Trend





## Risk management

# Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2018 (“the Code”), the Board has assessed the Company and Group’s prospects and viability, considering the business model, the Group’s current financial position, and principal risks over a period longer than the 12 months required by the Going Concern statement.

### Viability timeframe

The Board has determined that a three-year period to 31 December 2025 is the appropriate timeframe to assess viability.

The choice of this timeframe is based on the following rationale:

- This period is reviewed by the Board in the long-term planning and detailed annual budgeting process and allows financial modelling to be supported by the budget and growth factors in the business plan approved by the Board
- This time horizon is captured as the relevant period for evaluation and stress testing of principal risks (primarily those of an operational nature), which typically occur within this timeframe
- The innovative nature of the Group and the disruptive nature of the market make it difficult to predict with sufficient confidence how competition and other risks will impact the business beyond a three-year timeframe
- Considering the continuous changes of macroeconomic and political environment over a period of longer than a three-year timeframe would bring greater uncertainty to forecasting assumptions

While the Board has no reason to believe that the Company and Group will not be viable over a longer period, they consider three financial years to be an appropriate planning time horizon to assess viability and to determine the probability and impact of principal risks.

### Assessment of budget and financial forecast

The Company’s and Group’s financial forecast is assessed primarily through the financial planning process (annual operating budget) and the strategic planning (long-term strategic plan). This process is managed by the Chief Executive Officer, Chief Strategy Officer and Chief Financial Officer, in co-operation with divisional and functional management teams.

The Board participates fully in the annual process to review, challenge, and approve the annual operating budget for the new financial year. The output of the financial planning process provides a clear explanation and overview of key assumptions and risks to be considered when agreeing the annual operating budget as a detailed set of one-year financial forecasts.

The Group also has a long-term strategy in place in the form of a long-term strategic plan. The strategy is reviewed and updated on a periodic basis and is based on detailed financial forecasts.

The long-term financial forecasts are prepared with financial forecasts for the first year based on the Group’s annual operating budget and for subsequent years based on the strategic plan.

The latest updates to the strategic plan were finalised in September 2022 following the annual strategic away-days with the participation of the Board. This considered the Group’s current position and the development of the business as a whole, focusing on our path to expanding the number of active trucks whilst using our industry expertise, technology solutions, scale and data insight to help our customers prosper in the digital, low carbon future.

Thanks to digitising the way we work, becoming a data-driven company and growing organisation capabilities, we aim to build a platform business and serve “every truck”. At the same time, commitments to helping the industry become clean, fair, and efficient were made in order to contribute to a sustainable future.

Both the annual operating budget and the strategic plan are updated further through a rolling forecast process. The annual operating budget is updated on a quarterly basis and the strategic plan is reviewed on an annual basis. Should the occurrence of any risk be identified through actual trading performance or through the rolling forecast process, mitigating actions can be applied by the Senior Leadership Team.

The latest annual operating budget for the year ending 31 December 2023 was reviewed and approved by the Board in March 2023, and this budget is based on the Company and Group’s current financial position, and its prospects over the forthcoming year and in line with the Group’s stated strategy.

## Assumptions used in financial forecast

The key assumptions within the Company's and Group's financial forecasts are as follows:

- Organic net revenue development is expected to be driven by both payment and mobility solutions, growing on average at a similar pace over the projected period:
  - Organic net revenue growth, of both payment and mobility solutions, is primarily driven by increasing the number of customers, which is positively influenced by:
    - Continuous enhancement of sales channels (digital and telesales)
    - Additional penetration of the markets where the Group has an already established position
    - Cross-sell of Eurowag's core services into the Webeye customer base
    - New markets entries
    - Sustained up-sell/cross-sell activities of our products into the customer base. We expect to keep average net revenue retention at a minimum level of 110%
  - Mobility solutions are positively supported by continuous up-selling and cross-selling of products, due to:
    - Enhancement and additional automation of up-sell capabilities
    - Strong cross-selling of tax refund services into the payment solutions customer base
    - Expansion of our fleet management solution
    - Continuous growth in financial services
    - Development of smart navigation products and mobile applications (Road Lords and Eurowag App) and continuous growth in OEM cooperation
- Credit losses reflect an increase of turnover; there is no change in credit risk assumed
- The operational costs (opex) plan in both the budgeted and forecasted period is based on the following assumptions:
  - To keep costs under control, opex in the budgeted period is based on 2022 run rates increased by additional costs related to:
    - Annual salary reviews and changes in management bonus schemes
    - Planned commitment to increase charity donations
    - Expenses required for achieving synergies
    - Inelo integration expenses
    - SAP implementation expenses
- M&A investments – both budget and financial plan assume all committed transactions, including the acquisition of Inelo, investment in LMS, JITpay, KomTes, and payment for the remaining 30% stake in Sygic as well as deferred settlement component for 100% stake in Webeye
- External financing – both budget and financial plan assume the following tranches from the committed financing announced on 22 September 2022:
  - €150 million committed Facility A for the refinancing of all existing term loan indebtedness
  - €180 million committed Facility B for permitted acquisitions and capital expenditure
  - €235 million committed Revolving Credit Facility, of which €85 million may be utilised by way of revolving loans, and €150 million may be utilised by way of ancillary facilities in the form of bank guarantees, letters of credit, or an overdraft up to €25 million
- Interest costs expectations for each loan are based on margin depending on Net leverage covenant and facility type and on a floating base rate of 3.0% p.a. for the period 2023–2024 and 2.0% p.a. in 2025, while also considering existing interest rate swaps executed in 2019 in the amount of €120 million with an effective fixed rate of 0.1% p.a. and expiration in 2024
- The capital expenditure (capex) plan is based on the following assumptions:
  - Ordinary capex of high single digit % of net revenues for period 2023–2025
  - Transformational capex expected at a level of €24.5 million for the year ending 31 December 2023. There is no transformational capex planned for 2024



## Risk management

### Assessment of viability

The key assumptions within the projections were stress tested with reference to risks set out in the Risk Management section on pages 46 to 53 of this Annual Report and Accounts.

In 2022, the Board considered the application of the following risks:

- Impact of ongoing macroeconomic crisis.  
**Principal risk: Product demand decline risk**
- Impact of any form of geopolitical risk.  
**Principal risk: Product demand decline risk**
- International fuel supply crisis resulting in lower sales volume and higher fuel prices due to fuel supply shortage.  
**Principal risk: Fuel supplies risk**
- Impact of potential problems after cyberattacks on on-board units, which may cause problems with product functionality and data loss, and primarily result in penalties from toll providers.  
**Principal risk: Technology security and resilience risk**
- Impact of potential project failure, related to EETS shielding strategy.  
**Principal risk: External parties' dependency risk**
- Given the geographical location of the Spanish subsidiary, we considered the potential risk of flooding at one of our truck parks.  
**Principal risk: Physical security risk**
- Impact of climate changes which could result in an increase in: opex – we could expect increases in people costs, consultancy costs, marketing and PR, technology costs, engineering cost, and costs related to truck park management; increases of capex – additional investments in technology projects related to climate change.  
**Principal risk: Climate change risk**
- Impact of base rate increase, which may affect our expenses.  
**Principal risk: Interest rate risk**
- Impact of regulatory changes for technology requirements which may affect our existing on-board units in inventory.  
**Principal risk: Regulatory and licensing risk.**

Applied risks and their effect were stress tested via four types of downside scenarios:

**First scenario** focuses on product demand decline risk, in combination with technology and resilience risk, external parties' dependency risk, climate change risk, regulatory and licensing risk, and interest rate risk.

**Second scenario** focuses on supply risk, in combination with technology and resilience risk, external parties' dependency risk, climate change risk, regulatory and licensing risk, and interest rate risk.

The risks applied in the first and second scenario were estimated to create severe but plausible downside scenarios covered in the first and the second scenario, and considered the development of net revenues, level of opex, and levels of capex. The scenarios were also modelled to test potential occurrence of any liquidity issue of the Group; both scenarios have proven that the Group operates with sufficient level of liquidity headroom and ability to meet financial covenants. The above mentioned scenarios have been taken into account as a whole, but they were not modelled because the probability of both occurring simultaneously is very low hence they are not considered to represent a risk to our long term viability.

Specifically, neither of the two scenarios outlined above resulted in a breach of financial covenants (please refer to the Treasury management section in the Financial review), nor was the allowed spike in Net leverage and Adjusted Net leverage covenant utilised. Moreover, even during the year with the most stress on liquidity, more than 50% of committed €85 million Revolving Credit Facility remained undrawn and not committed debt (please refer to the Treasury management section in the Financial review) nor not committed factoring facilities were not considered in the assessment.

The Board also considered potential mitigating actions that the Group could take to preserve liquidity and ensure compliance with the Group's financial covenants.

### Reverse stress test scenarios

Along with this analysis, the Board has considered a reverse stress tests scenario (Third and Fourth scenario) to further assess the Company's and the Group's viability.

A reverse stress test scenario is a risk management approach used to assess the resilience of a company or financial institution to a specific event or risk. Unlike traditional stress testing, which assumes a base case scenario and evaluates the impact of adverse events on the Company's financial performance, a reverse stress test starts with a hypothetical worst-case scenario and works backwards to identify the events that could lead to that scenario.

In order to assess the resilience of the Company and the Group, the Board has performed a reverse stress test to determine the potential consequences of a liquidity crisis and to approach the threshold of covenant breach.

The Board then assessed the likelihood and severity of these risks, and evaluated whether the Company has sufficient resources and contingency plans in place to manage them.

By conducting a reverse stress test, the Board is taking a proactive approach to risk management and demonstrating a commitment to ensuring the long-term viability of the Company and the Group. The results of the test can inform strategic decision-making, help identify areas where additional risk mitigation measures may be needed, and provide stakeholders with greater confidence in the Company's ability to navigate challenging market conditions.

**Third scenario** applies risks from the First scenario with an even more severe impact on our business model.

**Fourth scenario** applies risks from the Second scenario with a severe impact on our business model, adding additional supply risks linked to the potential impact of geopolitical changes related to ongoing Russian invasion of Ukraine, which may cause oil supply disruptions in the CEE region.

The above mentioned scenarios have been considered as a whole, but they were not modelled because the probability of both occurring simultaneously is extremely very low.

The Board also considered potential mitigating actions that the Group could take to preserve liquidity and ensure compliance with the Group's financial covenants. In doing so, judgement has been applied in determining whether such actions would be reasonably possible to execute as well as the financial impact of taking such actions. In terms of mitigating actions, the Board is confident that they would be able to take similar actions to those taken during previous economic downturns.

Considering the high severity and low plausibility of the reverse stress test scenarios, the Board has no reason to believe that the Company and Group will not be viable over the long-term period.

Application of the presented risks in the above-mentioned scenarios were examined via four different effects on the Group's business. An overview of these effects and their application for the particular risk and scenario is outlined in the table below.

## Viability statement

Based on the above described assessment of the principal risks facing the Company and Group, stress testing and reverse stress testing undertaken to assess the Company's and Group's prospects, the Board has a reasonable expectation that the Company and Group will be able to continue in operation and retain sufficient available cash to meet its liabilities as they fall due over the period to 31 December 2025 and, consequently, the Group proved it will remain relevant and solvent in the medium to long term taking into consideration the technological, social, and environmental changes expected to happen in the medium to long term period.

## Going concern

The Board has considered the financial prospects of the Company and Group for the foreseeable future, which is at least the next 12 months from this date, and made an assessment of the Company's and Group's ability to continue as a going concern. The Board's assessment included consideration of the availability of the Company's and Group's credit facilities, cash flow forecasts and stress scenarios. Stress test scenarios applied in the Going Concern statement are in-line with scenarios covered in the Viability statement. The Board is satisfied that the Company and Group have the resources to continue operating the business for the foreseeable future, and furthermore are not aware of any material uncertainties that may cast significant doubt upon the Company's and Group's ability to continue as a going concern and the Board considers it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

Risk applications	Downside scenario	Effect 1	Effect 2	Effect 3	Effect 4	Effect 5
		Market decline	Data breach/ Cyber attack	Loss of business	Technological disruption	Finance costs
Product demand decline risk	1,3	>	-	>	-	-
Fuel supplies risk	2,4	>	-	>	-	-
Technology security and resilience risk	1,2,3,4	-	>	-	>	-
External parties' dependency risk	1,2,3,4	-	>	>	>	-
Physical security risk	1,2,3,4	-	-	>	>	-
Climate change risk	1,2,3,4	-	-	>	-	-
Regulatory and licensing risk	1,2,3,4	-	-	>	>	-
Interest rate risk	1,2,3,4	-	-	-	-	>

## Sustainability

We support the transition to  
a fair and low-carbon future

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# Clean Fair Efficient

## Sustainability

# Supporting a fair and low-carbon future



**The launch of our sustainability action plan indicates our clear commitment to being at the forefront of developing a low-carbon future for all our stakeholders."**

**Susan Hooper**, Independent Non-Executive Director and ESG Board Representative



### The importance of ESG – for business growth and a sustainable future

We are committed to helping the CRT industry to become clean, fair, and efficient. All of which will support our purpose to create sustainable, financial and technological solutions for the benefit of our industry, society, and the environment.

Enabling and accelerating the energy transition to a low-carbon future that will limit global warming to 1.5°C underpins our strategy. Roughly 9% of the total GHG emissions in Europe come from CRT (source: Eurostat). We aim to reach Net Zero emissions by 2050. To achieve this, we have set a combination of short-term and long-term decarbonisation targets, both for our own operations and our value chain. We have set ourselves the target of reducing GHGs from our own operations (Scope 1 and 2) by 50% in 2030, from a 2019 baseline.

Alongside this, we are in a unique position to help our customers improve efficiency and reduce emissions. Our investment in alternative low-carbon fuels, e-Mobility, and digital solutions for reducing energy intensity will help our customers transition from fossil fuels to alternative fuel solutions more easily. We have set ourselves the target of having 80,000 active alternative fuel trucks using our products and services by 2030 and aim to reduce our customers' GHG emissions intensity per tkm by 20% by 2030 from a 2019 baseline.

Another central tenet within our approach to sustainability is promoting customer success and well-being. We help SME transport companies thrive by offering benefits and services at attractive terms so that they can compete, succeed, and transition, with our support, to a low-carbon, digital future.

We know that truck drivers face significant challenges on the road, ranging from concerns about their own physical safety to loneliness. We are working to tackle these challenges by building drivers' social networks through our digital platforms, improving the quality and security of facilities at our truck parks, and introducing tech services to aid better driver behaviour and safety.

The strength of our Group's governance and culture underpins all our activities. We strive to uphold the highest ethical and responsible business and industry standards in our daily operations, including promoting transparency and financial regulatory compliance. Creating inclusive recruiting and employment opportunities is core to building an outstanding culture. We aim to achieve a top 25% employee engagement score benchmarked against EU Tech companies by 2025.

Our approach to ESG governance and accountability is set out in detail below and more information about the Company's corporate governance structure and reporting can be found on pages 120 to 124.

We are committed to making a positive impact in local communities wherever we operate. Each year, we aim to donate a minimum of 1% of our annual EBIT to charitable causes. In 2023, we have committed to donate 1.5% of our annual EBIT. We also actively encourage our employees to give their time, skills, and financial support to charitable organisations.

Our journey to supporting a new low-carbon future has started. The ESG strategy and sustainability action plan, presented in the pages ahead, reflect our commitment to and progress on this.

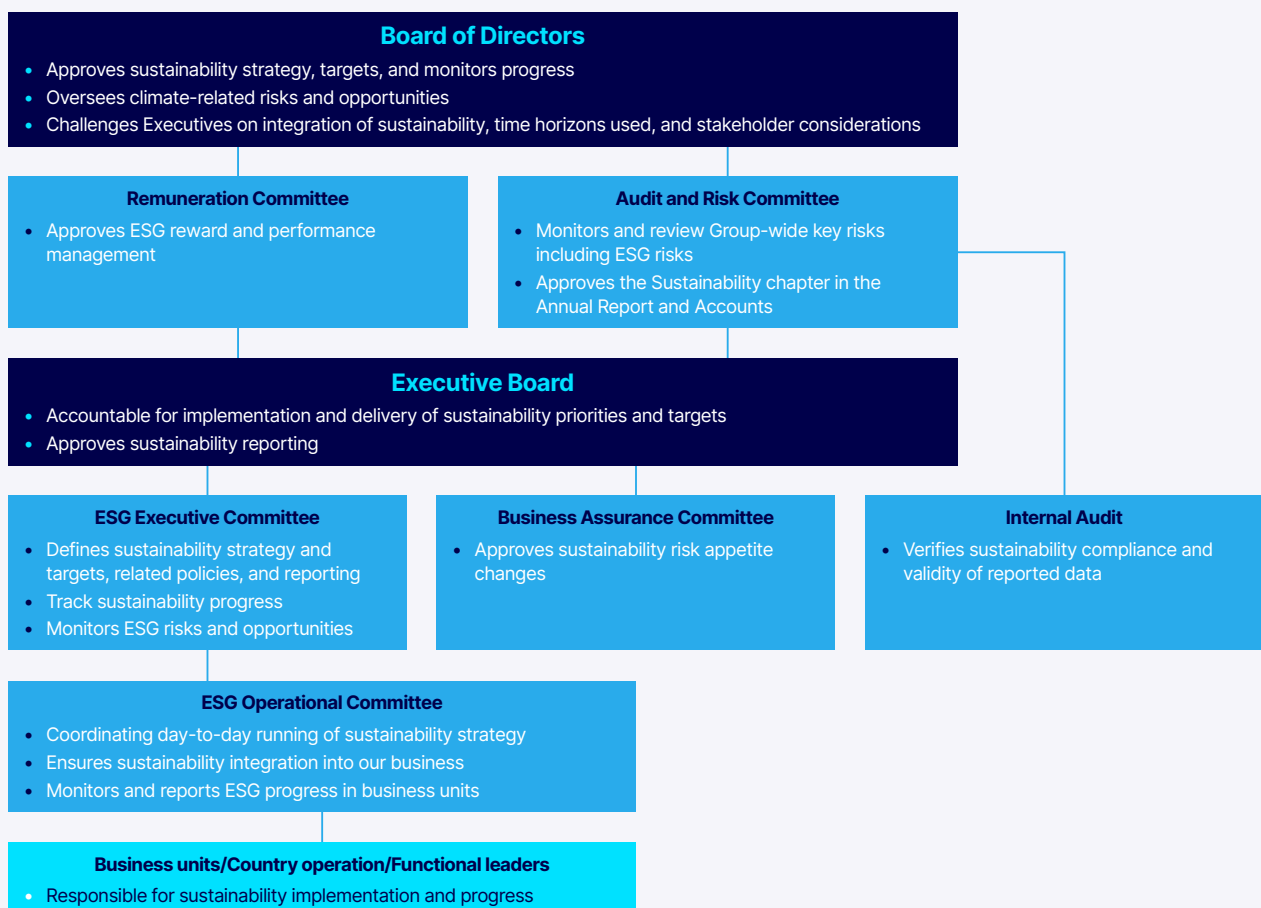
# Our ESG governance and accountability

In 2021, we established a governance structure to agree and monitor implementation of our ESG strategy. In 2022, we focused on increasing Board capability and ownership of ESG topics. As part of this, we have also delivered ESG training to cover the principles and imperatives for Board members.

The Board is ultimately responsible for ESG, but delegates accountability to the ESG Executive Committee. The Committee is facilitated by the VP of Sustainability and CSR and comprises: one independent Non-Executive Director, Susan Hooper; the CEO, Martin Vohánka; several of the Executive Committee along with members from the Senior Leadership Team, which has representatives from legal, human resources, communications, commercial, and investor relations, as well as an environmental subject matter expert.

It sets the strategic direction and tracks the progress of the ESG strategy, related policies, and reporting, as well as monitoring ESG risks and opportunities. It meets every two months. We also have an ESG Operational Committee, comprised of representatives from around the business who co-ordinate the day-to-day running of the ESG strategy, that meets every month. We have introduced a formal ESG policy that codifies and sets out our governance and approach for integrating sustainability into our business, that will also be used for monitoring and reporting on progress. Alongside this, we have a sustainability function to help ensure ESG is embedded into every part of our decision-making processes across the Group.

## ESG governance framework





## Sustainability

# Materiality

### In developing our ESG strategy, we ran an extensive materiality analysis in 2021 to identify our most material ESG topics.

This helped us prioritise issues that most concern our stakeholders, understand their level of importance, and how we can respond effectively. As well as interviewing Board members and members of the Senior Leadership Team, we surveyed a cross section of stakeholders, including investors, employees, suppliers, customers, and individual drivers.

The process was as follows:

- We defined a long list of important industry topics
- We shortened the list to relevant topics
- We conducted our survey with key stakeholders
- We drafted our initial materiality matrix
- We fine-tuned based on selective peer review and expert input

We asked those surveyed to prioritise issues according to relevance and importance. We reviewed the results in the context of ESG topics relevant to the mobility and payments sectors, peers and competitors, as well as to adjacent sectors with overlapping stakeholder interests.

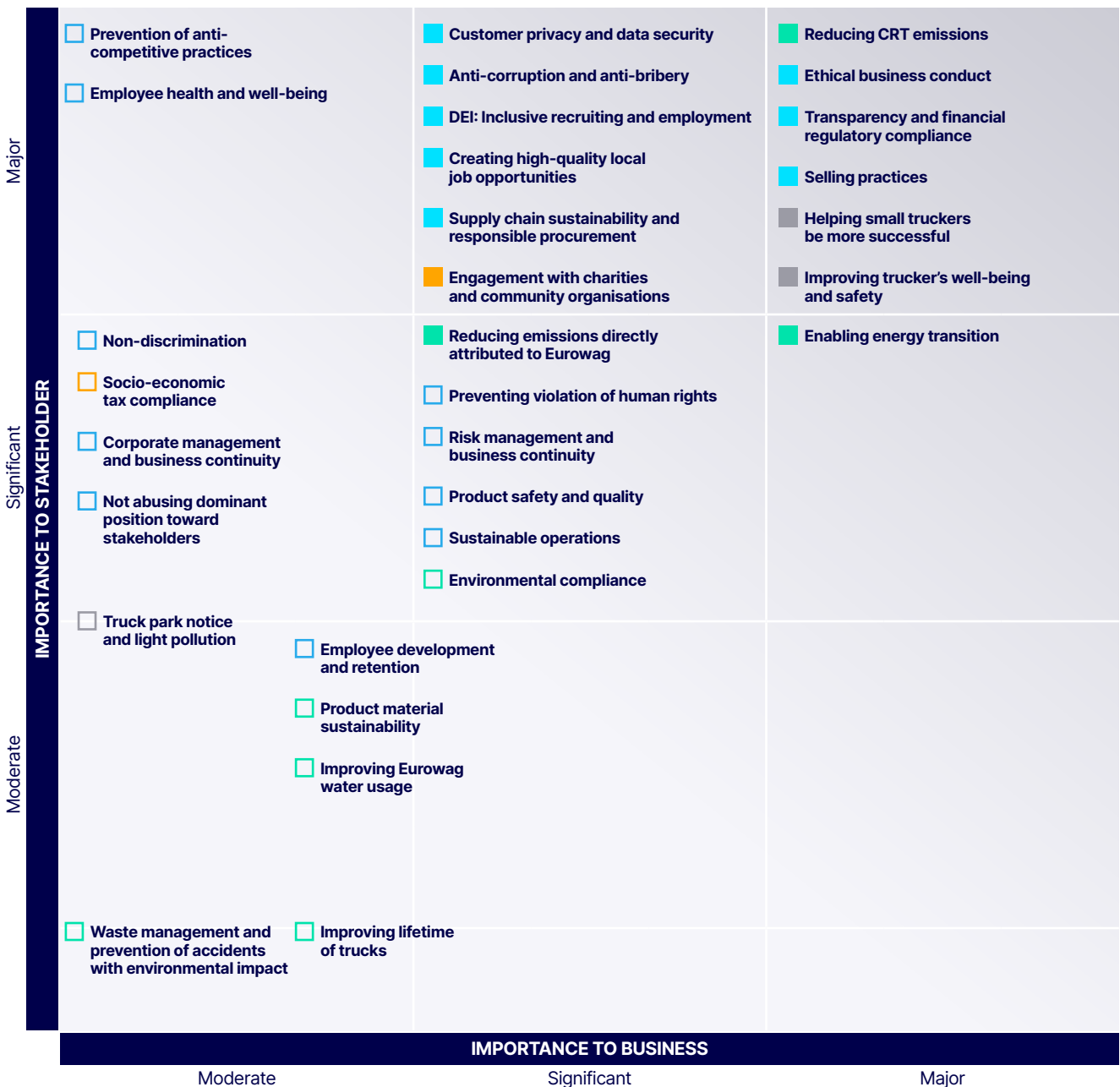
This process identified 14 material topics, which we categorised into four areas of focus that map to our strategy:

- Climate action
- Customer success and well-being
- Company governance and culture
- Community impact

Here we outline the issues our stakeholders consider important and which could have an impact on the business. We will review the materiality analysis every two years to identify any significant developments and continue to monitor emerging issues as their materiality increases. Our next review is planned for 2023.

We will supplement this by monitoring developments in the mobility and payments sectors, and the wider business landscape, as well as changes to mobility, climate-change policies and regulation in Europe. We will also conduct further stakeholder dialogue to this end.

## Materiality matrix



### How we link material issues and focus areas

Our sustainability focus areas	Climate action	Customer success and well-being	Company governance and culture	Community impact
Most material issues	■	■	■	■
Other material issues	□	□	□	□

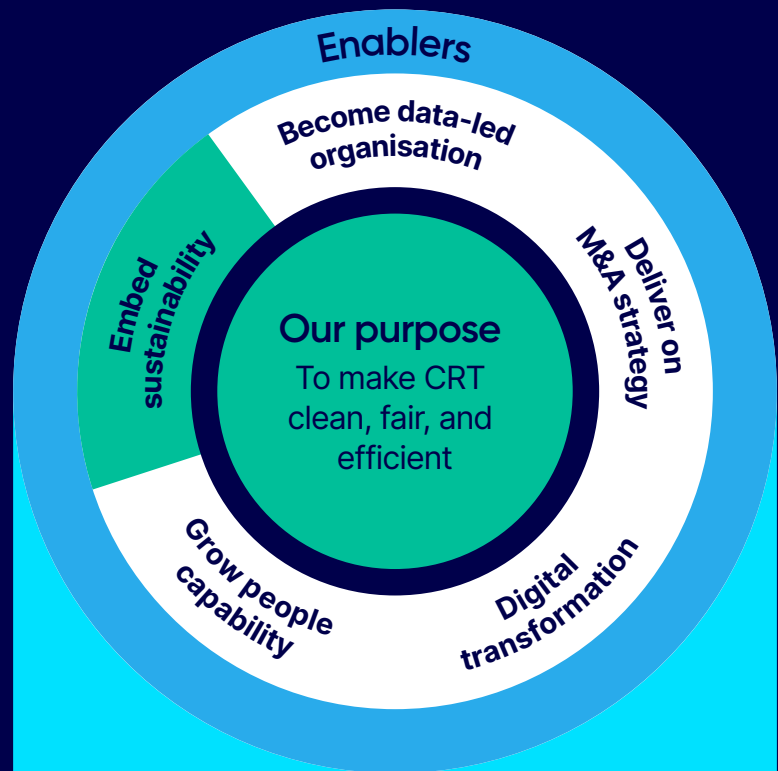
# Sustainability



# Our ESG strategy

**Our purpose is to make CRT clean, fair, and efficient.**

To achieve this, we have four enablers, one of which is embedding sustainability into our business. We do this through our sustainability actions, which contains four focus areas, from climate action to customer success and well-being, to company governance and culture, to community impact.



## Our 2023 strategic priorities

- Be in every truck**
- Drive customer-centricity**
- Grow core services**
- Expand platform capability**

## Sustainability action plan

- Climate action**  
➤ Page 101
- Customer success and well-being**  
➤ Page 104
- Company governance and culture**  
➤ Page 106
- Community impact**  
➤ Page 108

## Sustainability

# Our ESG focus areas



### Focus area 1: Climate action

## Eurowag's road map to Net Zero

Eurowag is committed to making CRT clean, fair, and efficient. First and foremost, this means helping customers make the transition from fossil fuels to alternative fuel solutions, as well as reducing our direct emissions. Our ultimate goal is to be part of the global movement to limit global warming to 1.5°C.

In last year's Annual Report and Accounts, we looked at how we could continue to help transport companies play an essential role in society, while also intensifying our action to tackle the climate crisis. We also published our first decarbonisation target aimed at reducing GHG from our own operations (Scope 1 and 2) by 50% in 2030, from a 2019 baseline.

In 2022, we continued with our efforts to build a sustainable future for our customers, industry, and the Company by reviewing and updating our current climate targets to ensure we are in-line with the most recent science. We have set a combination of short-term and long-term decarbonisation targets, both for our own operations and our value chain, to ensure that we reach Net Zero by 2050 at the latest. It is worth noting that, to identify these targets, we have taken

into account the commitments of key European truck manufacturers to deliver 100% zero-emission trucks in Europe by 2040<sup>1</sup> to make sure that our targets are both ambitious as well as realistic.

In 2022, to increase our disclosures around our climate strategy and performance, we have completed the CDP Climate Change 2022 questionnaire for the first time and received a "C" rating. CDP is a not-for-profit charity that runs the global disclosure system to manage companies' environmental impacts. We are committed to improving our rating in future years.

To start our journey to Net Zero, in 2022, we focused on building a solid understanding of our baseline figures to help us visualise and tackle the challenges and opportunities that lie ahead for us and our sector. We have also identified a clear road map to Net Zero for our business, along with key action plans to turn those commitments into concrete actions. This road map also considers our business growth ambition, which is in-line with our goal of providing a seamless offering to users across payments, financing, mobility solutions, and load and dispatch and to be in every truck through our products and services. Achieving our business goal sets us on a path of rapid growth, which will have an impact on our Scope 3 emissions; one that is essential for us to take into account in our Net Zero road map.

<sup>1</sup> Source: [Acea Auto](#)

## Our journey to Net Zero

➤ Read more on pages 68 to 71



Near-term targets to accelerate the energy transition

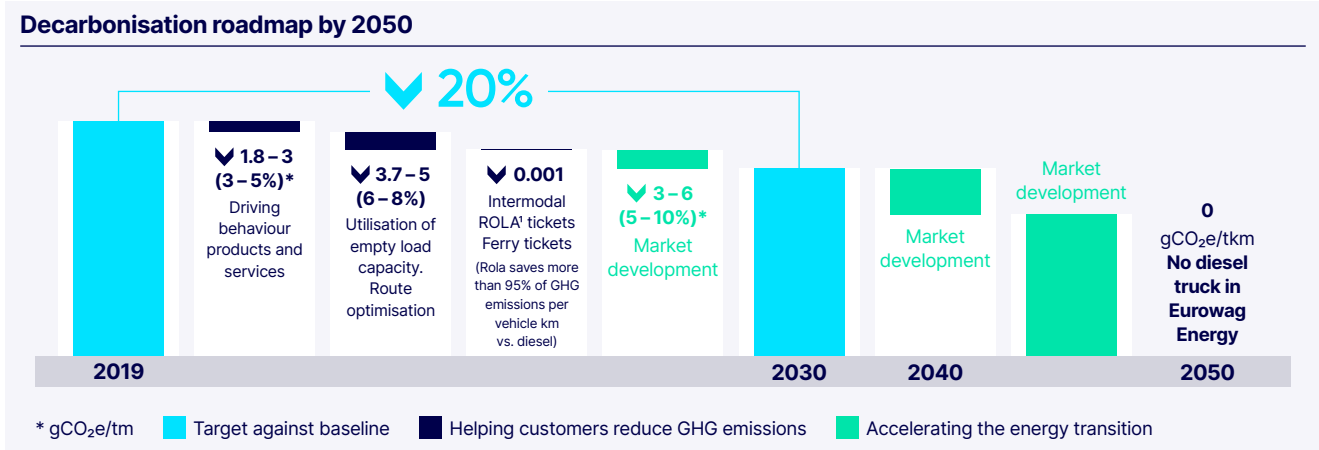
Long-term, Net Zero targets

### Our own operations targets (Scope 1 and 2)

➤ 50% reduction in emissions from our own operations by 2030 from a 2019 baseline

➤ To achieve zero direct GHG by 2040





We estimate that achieving this rapid growth will result in our absolute Scope 3 emissions peaking after 2030 to provide the vital services needed to support the existing European market. In the period up to 2030, we will focus on new business models that promote rapid uptake of cleaner technology, working hand-in-hand with vehicle manufacturers. This will ensure our leadership position in contributing to the post-fossil-fuel economy from 2030 to 2040.

Combating the global climate crisis to achieve Net Zero is the defining challenge of our generation. The transition to low-carbon economies is fast paced, with a continuous stream of new technologies and opportunities being released. We need to stay agile, collaborate, and engage with our key stakeholders to ensure that we contribute positively to this transition.

Eurowag acknowledges that biodiversity is rising on the agenda as an ESG issue that companies are expected to understand and manage.

1 ROLA: A journey on the Rolling Road (ROLA) does not simply allow companies, dispatchers and lorry drivers to enjoy various advantages; it also significantly helps to protect the environment.

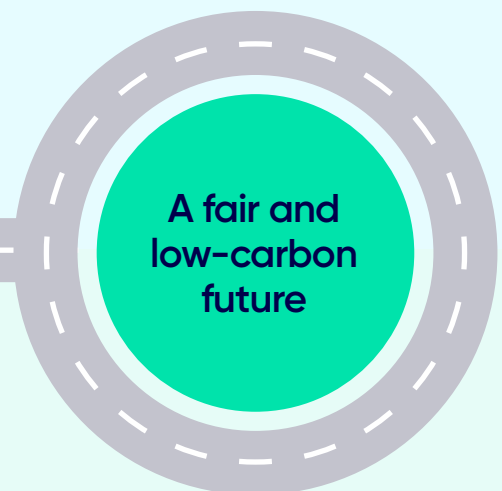
This is down to a number of factors:

- an improvement in humanity's understanding of the scale of the crisis around biodiversity and nature loss
- an increased awareness of the link between climate change and biodiversity loss, given that climate change is a major driver of biodiversity loss and that nature-based solutions can help meet climate goals
- the development of disclosure and action frameworks such as the Taskforce on Nature-related Financial Disclosures and Science-Based Targets for Nature
- developments in politics such as the recent COP15 United Nations Biodiversity Conference and the resulting global biodiversity framework, which has a target specifically around the contribution of business
- the European Sustainability Reporting Standards, which include a specific standard on biodiversity and ecosystems

Eurowag is monitoring this agenda and will continue working to better understand its own impacts on biodiversity and how it can reduce them.

### Our value chain targets (Scope 3)

- To reduce our customers' GHG emissions intensity per tkm by 20% by 2030 from a 2019 baseline
- To have 80,000 alternative fuel trucks actively using Eurowag products and services by 2030
- To become a Net Zero emissions business by 2050, and no longer offer fossil fuel energy products by 2050



## Sustainability

### Reducing our direct GHG emissions

#### Targets

Eurowag operates across 30 countries, generating more than 3,200 tonnes of GHG. Reducing our operational emissions is the first step in our decarbonisation journey.

Last year, as part of our strategy, we started to measure our carbon emissions as well as set a near-term carbon reduction target for our operations. At an operational level, our Energy payments business unit plays an instrumental role in overseeing environmental management at site and operational levels, working with retail network, country, and office management. We have made a commitment to reduce emissions from our direct operations (Scope 1 and 2) by 50% from 2019 to 2030, and to achieve Net Zero emissions by 2040.

For the purposes of our annual ESG reporting, we define direct operations as operations in which the Group has ownership of 50% or more. Within this boundary, we account for 100% of the GHG emissions from owned assets and from leased assets that are treated as wholly owned assets in financial accounting and are recorded as such on the balance sheet. We will achieve this through a combination of shifting to renewable energy for our offices and retail operations, investment in installing solar panels at our truck parks, using LED lighting to improve energy efficiency in our buildings, installing electric vehicle chargers in the headquarters garage, and using electric cars in our fleet.

After exploring a wide range of mitigation measures, we will also define our approach for purchasing carbon offsets.

The table below show GHG emissions data for the last three years.

	2020	2021	2022
Total energy consumption (kWh)	6,339,958	6,979,760	9,642,031
Scope 1 emissions (tonnes CO <sub>2</sub> e)	1,225	1,316	1,652
Scope 2 emissions (tonnes CO <sub>2</sub> e) – market-based	1,387	1,351	1,787
Scope 2 emissions (tonnes CO <sub>2</sub> e) – location-based	1,227	1,221	1,637
Total Scope 1+2 GHG emissions (tonnes CO <sub>2</sub> e) – market-based	2,612	2,667	3,439
Total Scope 1+2 GHG emissions (tonnes CO <sub>2</sub> e) – location-based	2,452	2,537	3,289
GHG intensity truck parks (tonnes CO <sub>2</sub> e/refuelling point) – market-based	6.52	6.68	6.70
GHG intensity offices (tonnes CO <sub>2</sub> e/thousand sqm) – market-based	39.52	36.51	54.19
GHG intensity truck parks (tonnes CO <sub>2</sub> e/refuelling point) – location-based	5.93	6.10	5.80
GHG intensity offices (tonnes CO <sub>2</sub> e/thousand sqm) – location-based	36.41	34.52	53.07
<b>Scope 3 emissions (tonnes CO<sub>2</sub>e)</b>			
Purchased goods and services	–	1,130,557	1,117,318
Capital goods	–	403	434
Fuel and energy-related activities	–	535	745
Upstream transportation	–	1,699	1,834
Waste generated in operations	–	55	57
Business travel	–	306	787
Employee commuting	–	628	772
Downstream transportation	–	96	114
Use of sold products	–	4,309,510	4,257,591
<b>Total Scope 3 emissions</b>	<b>–</b>	<b>5,443,789</b>	<b>5,379,651</b>

Operations in the UK	2020	2021	2022
Total energy consumption (kWh)	–	–	476
Scope 1 emissions tonnes CO <sub>2</sub> e	–	–	0
Scope 2 emissions (tonnes CO <sub>2</sub> e) – market-based	–	–	0.17
Scope 2 emissions (tonnes CO <sub>2</sub> e) – location-based	–	–	0.11
Total Scope 1+2 GHG emissions (tonnes CO <sub>2</sub> e) – market-based	–	–	0.17
Total Scope 1+2 GHG emissions (tonnes CO <sub>2</sub> e) – location-based	–	–	0.11

## Progress in 2022

We continued to measure our emissions across all our assets in 2022. Following the same methodology, we improved our data collection and reporting processes. Compared to last year, our Scope 1 and Scope 2 GHG emissions have increased by 29% on a location basis, reflecting the growth of our operations, a better availability of data, and the acquisition of Webeye, which added 16 new offices to our assets.

In 2022, we continued to switch to renewable energy sources for our energy consumption in our own assets. We have switched four offices to renewable energy and this now accounts for 9.9% of our total energy consumption. We will continue to increase the use of renewable electricity across our assets to help curb the increase in our emissions, as our business expands, and meet our 50% Scope 1 and 2 reduction target by 2030 from a 2019 baseline (currently up 32% from base year emissions).

Considering our emissions have had a significant increase due to the acquisition of Webeye and Komtes businesses since the target was set with base year 2019, we have recalculated our base-year (2019) emissions and will re-state them as follows:

- Scope 1 emissions: 1,807 tonnes CO<sub>2</sub>e
- Scope 2 emissions – market: 1,556 tonnes CO<sub>2</sub>e
- Scope 2 emissions – location: 1,372 tonnes CO<sub>2</sub>e
- Scope 1 and 2 emissions – market: 3,363 tonnes CO<sub>2</sub>e
- Scope 1 and 2 emissions – location: 3,178 tonnes CO<sub>2</sub>e

Therefore, our Scope 1 and 2 emissions have increased only by 3.5% since the base year.

Our London office opened in 2022, becoming our first asset in the UK. We have added a table with the electricity consumption of our London office.

### Case study

#### PV panels on our truck parks

We have installed photovoltaic panels with a total capacity of 150 kW in our Arraia and Figueres truck parks in Spain. These produced 15.4 MWh of renewable energy for our operations in 2022.



In the Czech Republic and Hungary, some long-distance fuel supplies were moved to local suppliers, delivering directly to Eurowag truck parks from the nearest terminal, thus reducing the distance for deliveries.

On an intensity basis, our truck parks have improved their efficiency in terms of GHG, with less tonnes of CO<sub>2</sub>e being emitted per refuelling point. However, for our offices, the intensity of emissions per thousand sqm has increased. This reflects a better grasp and granularity over the data we are reporting, being able to split assets that were previously reported as one.

Since 2021, we have included environmental criteria in our tender process for providers of transport services for telematics hardware and logistics services.

### Next steps

In 2023, we will continue to progress our initiatives to reduce our GHG footprint. This includes installing photovoltaic panels at our truck parks in Poland and continuing to increase the amount of renewable electricity procured for offices and other real estate. We will also continue to work with our suppliers on climate change and carbon reduction commitments.

## Helping our customers reduce their GHG emissions

### Targets

As part of our strategy of supporting our customers, our ambition is to help them compete and succeed in a low-carbon, digital future. As such, we are committed to reducing our customers' GHG emissions intensity per tkm by 20% by 2030 from a 2019 baseline.

The table below indicates our performance over the last three years. The customer carbon intensity figure has decreased from our 2019 baseline figure 74.3 gCO<sub>2</sub>e/t-km to 70.7 gCO<sub>2</sub>e/t-km in 2022, leading to a 4.8% reduction and putting us on track to meet our target. We also achieved our year-on-year projected reduction of 3% between 2019 and 2022.

	2019*	2020	2021	2022
Customers carbon intensity (gCO <sub>2</sub> e/t-km)	74.3	71.7	71.2	70.7
Customers carbon intensity reduction compared with base year 2019	N/A	3.5%	4.2%	4.8%

\* Baseline



## Sustainability

### Case study

### Telematics for more efficient and lower-carbon journeys

Eurowag's telematics solutions provide customers and drivers with the opportunity to improve fuel efficiency and, therefore, make lower-carbon journeys a win-win both for the environment and for finances. They can accurately assess the driving style of a driver with tips on how to improve it, with reducing vehicle wear and tear. Transport planning tools put an end to empty journeys by estimating when a vehicle will move without a load. The route optimisation function factors in minimum fuel consumption when planning routes.



### Progress

We aim to harness our mobility and payments platform services to accelerate the transition to a low-carbon future in the CRT sector.

We drive emission reduction from our customers by offering data insights and solutions through our telematics and navigation products. They aim to help them transition to lower-carbon vehicles and fuels, reduce emissions, and improve efficiency, for example, by improving the efficiency of loads or optimising routes using navigation solutions. We have seen an increase in the number of active customers using our driving behaviour products as a result.

Since May 2020, our smart routing solution, Sygic, has been offering Electric Vehicle ("EV") mode to help customers find charging points easily, plan their routes to the closest charging station, and pay for charging directly within the app. In 2022, we continued to improve the EV routing algorithm in the Sygic application. The EV routing automatically inserts suitable charging stops on a route from A to B, which is a computationally demanding calculation. This has increased by 40% over the course of this year, with calculation times now taking on average 4-8 seconds.

In addition, Sygic is working with a number of companies across European markets – including Elec2Go, Plugsurfing, Greenway, eJoin, Polyfazer, Eco-Movement, Unicorn/ ChargeUp and TomTom – to ensure drivers have the best coverage of Europe's EV charging network. With the EV mode, drivers also have access to detailed information about stations, availability of chargers, and notifications of charging levels.

In 2022, we successfully launched fleet advisory analysis in the passenger cars sector. These analysis outcomes help companies operating fleets of internal combustion engine ("ICE") vehicles to identify cars with highest potential to transition into electric chargeable vehicles. Similar analyses are under development for commercial vehicles.

With the recent push from the EU for member states to comply with EETS, we took the opportunity to build a proprietary EETS toll payment solution, which integrates from the outset with our other services, such as telematics. This allows us to provide relevant geolocation data and unique insight into vehicle attributes (engine type, emission class, vehicle type, axles, etc.), which enable the calculation of load capabilities for reducing of empty journeys. Also, as a EETS tool provider, we support national governments by transposing the national tolling tariffs towards the end user. In other words, trucks operating on fossil fuels will generally be subject to higher toll rates than trucks operating on transitional or clean fuels. We regularly advise customers to review their business case and switch to more sustainable trucks.

### Next steps

In 2023, we will be integrating Webeye telematics, a leading fleet management solution provider acquired by us in 2022 into our ESG performance measurement processes; thus continuing to increase the number of active customers using our driving behaviour products, which in turn will help our customers reduce their GHG emissions.

## Accelerating the energy transition

### Targets

By using our insight into the CRT industry's needs, we are creating the technology, environment, and incentives to help customers make the transition to a Net Zero future. The pathway to a Net Zero future starts with creating a technology environment for alternative trucks.

In-line with our commitment to support the transition to cleaner mobility in the CRT sector, we are committed to increasing the share of active trucks using alternative energy and to having 80,000 alternative fuel trucks actively using our products and services by 2030. The analysis and modelling we used to produce this target assume that the EU will be the key driver for the decarbonisation of the transport sector and for alternative fuels incentives, mainly within the boundaries of EU countries. We have also estimated that, by 2030, there will be at least 570,000<sup>1</sup> alternative fuel trucks in the EU, which will be a combination of zero-emission and LNG trucks.

The table below shows the growth of over the last three years of the number of active alternative trucks we have in our portfolio. We are continuously growing the network's acceptance of transitional fuels and clean-mobility solutions. In 2022, we had 286 LNG and electric active trucks. This is expected to grow rapidly in-line with the EU market, thus ensuring we are on track to meet our 80,000 active alternative fuel trucks by 2030.

Our long-term target is to stop offering fossil fuel energy products by 2050.

Active alternative trucks in our portfolio	2020	2021	2022
LNG trucks	13	221	224
Electric trucks	0	16*	62*
<b>Total</b>	<b>13</b>	<b>237</b>	<b>286</b>

\* Including trucks and light commercial vehicles

### Progress

We are also committed to increasing the availability of alternative energy resources at Eurowag truck parks and via the Eurowag payment solution acceptance network to expand our coverage across the EU. With the Eurowag fuel card, our customers already have access to more than 50% of available LNG stations in Europe. In 2022, we added an additional 130 LNG acceptance points bringing our total LNG acceptance network to 302 stations in 13 countries.

We have started providing our customers with access to HVO100 by introducing this product into our alternative fuels portfolio. HVO100 in its pure form can reduce CO<sub>2</sub> emissions by up to 90%, when compared with diesel fuel. Our customers can refuel HVO100 at 25 stations in three countries.

By 2021, there were more than 360,000 charging points at approximately 225,000 stations in Europe. Over the course of 2022, this coverage was increased by 39% to more than 500,000 charging points. 360,000 of them are charging points with online status data and payment availability (via in-app or RFID card).

Through our intercompany carsharing ("ICS") application, we have increased the number of electric vehicles used by trucking companies in their passenger car fleet. This application is based on our in-house telematic fleet management solution and allows keyless access to the car through a vehicle reservation system with booking/approval. In total, we have installed our solution into 165 passenger cars and there are currently 78 electric cars active in ICS.

In 2022, we started to expand and enhance our fleet management solutions and began to implement new features and set ups to enable its use in hydrogen vehicles. In June 2022, we also signed a Memorandum of Understanding ("MoU") to co-operate with establishing a hydrogen mobility ecosystem between industrial partners from South Korea and the Czech Republic. This MoU aims to facilitate co-operation among public and private stakeholders, promoting collaboration in the low-carbon hydrogen sector.

#### Case study

### Eurowag-owned LNG stations launched in 2022

At the beginning of this year, we started the construction of two Eurowag owned LNG sites at Kozomin and Modletice in the Czech Republic. The stations began operating in December 2022 and will mostly serve Czech and Slovak customers but they are available to all our customers, including other international Eurowag customers.

### Next steps

In the coming year, we will continue to expand the availability and accessibility of our alternative fuels for our customers, playing our part in driving the right incentives and supporting the transition to a low-carbon economy.

<sup>1</sup> Assumption based on Alternative fuel infrastructure for heavy-duty vehicles [study](#).

## Sustainability

# Climate risk and TCFD statement

The Financial Conduct Authority issued a Policy Statement in late 2020 requiring commercial companies with a UK premium listing to include a statement in their annual financial report covering the period starting on 1 January 2021. As a FTSE-listed Company and in-line with the UK's Task Force on Climate-related Financial Disclosures ("TCFD"), we are including our second statement this year.

The disclosures made below are consistent with the TCFD recommendations and therefore, adhere to the FCA's Listing Rule 9.8.6R(8).

In the following statement, we outline our compliance with all the elements of the TCFD. For three of those, our disclosure is still in progress:

Strategy:

- 1) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Risk Management:

- 2) Describe the organisation's processes for managing climate-related risks
- 3) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

We have explained our future plans and timeline for complying in full with these elements of the TCFD disclosure.

This statement outlines the Company's approach to identifying and mitigating climate risk and is based on a robust assessment of our climate-related risks and opportunities, including the detailed risk assessment and climate scenario workshop tables below.

We also aim to continually improve our understanding and management of climate risk to further strengthen our approach and future plans for the Group.

In 2021, during the process of developing the Group's new ESG strategy, we began to identify climate risks as part of our materiality assessment. In addition, we included climate risk as part of the identification of ESG risks and as part of the Group's overall risk process and governance framework.

Climate change and energy transition represent both a risk and an opportunity for the Group. Our reputation, operating and compliance costs, and diversification of revenue may be influenced by our pace of action, the pace of the energy transition in the CRT sector, and by our customers in the short, medium, and long term.

We currently derive a significant portion of our revenue from fossil fuels payment transactions. We note that changes in road transport policy and regulations, the cost of carbon, carbon taxation, changes in market demand for alternative fuel and clean mobility solutions, and pace of adoption of low-carbon powertrains by our customers can all influence the level of risk and opportunity for the business. We also recognise that extreme weather events could pose a risk to business continuity for our physical assets and the need to monitor the impact of such events on the health, safety, and well-being of our workforce and customers. In addition, we have made a commitment to reduce our own carbon footprint, as well as to contribute to solutions to help customers make the transition to a low-carbon future.

This year, we conducted a series of workshops with different business functions to better understand the potential impacts of climate change under three different scenarios (as detailed in the section below). We also started exploring different approaches for estimating the financial impact of the climate-related risks identified. We started with physical risks, primarily the risk of flooding for our truck parks. Although we realise it may not be the most material of our risks, we decided to start by quantifying this given the available data and the possibility of modelling it in a sensible way. We also explored modelling the impact of wildfires on our assets, but the lack of high quality public data made it challenging to derive a clear figure for the impact.

In 2023, we will continue to expand the level and scope of our climate-related risk assessment, how we quantify those risks, and how we integrate them into both our strategic and financial considerations. Here we outline our progress and approach, as well as plans for 2023.

The TCFD framework consists of four core elements: governance, strategy, risk management, and metrics and targets. A summary of Eurowag's current approach against the four core elements and plans for the near future is provided in the table below, including signposts to more information.

Disclosure level  Complete  In progress

TCFD element and disclosure	Additional reference and information
<b>Governance</b>	
<b>a) Describe the Board's oversight of climate-related risks and opportunities.</b>	
<b>Current approach</b>	
<p>The Board oversees climate-related risk and opportunities as part of its overall consideration of our ESG strategy. It oversees climate risk in two ways. Firstly, through the Audit and Risk Committee, which reviews principal risks. In addition, the Board has appointed a Non-Executive Director for Sustainability. Part of her responsibility is reporting and advising the Board on climate risks and opportunities as part of the sustainability agenda. ESG is included on every Board meeting agenda through an update from the Designated ESG Director on the Activities of the ESG Committee and or as part of the CEO Strategy Report.</p>	 <ul style="list-style-type: none"> <li data-bbox="1265 719 1422 792">➤ See section on ESG governance</li> <li data-bbox="1265 819 1434 896">➤ See section on Corporate governance</li> </ul>
<b>Future plans</b>	
<p>During 2023, the Board will review the effectiveness of the current governance structure and discuss any changes to Board governance related to climate change and ESG.</p>	
<b>b) Describe management's role in assessing and managing climate-related risks and opportunities.</b>	
<b>Current approach</b>	
<p>At a management level, the ESG Executive Committee is responsible for identifying, assessing, and managing climate risks and opportunities and escalating to the Group Risk function on a monthly basis to ensure climate risks follow the risk management framework, and reports to the Board quarterly. The CEO also provides updates to the Board on sustainability and climate change risks and opportunities. The Board has overall responsibility for managing risks. Currently, transition risks are part of the control framework for the Group. Climate-related regulatory, compliance, and policy risks are captured as part of the risk process.</p>	 <b>To be refined</b> <ul style="list-style-type: none"> <li data-bbox="1265 1209 1422 1283">➤ See section on ESG governance</li> <li data-bbox="1265 1310 1434 1386">➤ See section on Corporate governance</li> </ul>
<b>Future plans</b>	
<p>We will track and monitor our performance and progress towards meeting our GHG target. This will be monitored by the ESG Executive Committee and will be part of internal management reporting as well as non-financial disclosures and annual reporting.</p>	
<p>In 2023, we will continue to enhance the quality and detail related to specific climate-related risks by improving our understanding of their financial impact.</p>	
<p>In addition, we will be running climate training sessions to improve the climate literacy of our Senior Leadership Team and the Board.</p>	
<p>Going forward, we will review the climate risks associated with M&amp;A activity as well as country level activities that could create climate-related risks or opportunities for the Group.</p>	
<p>The Sustainability and Risk functions are in the process of working with Eurowag's business units in the regions, CFO and other functions to identify, review, mitigate, and quantify physical and transitional climate risks.</p>	

# Sustainability

Disclosure level  Complete  In progress

TCFD element and disclosure	Additional reference and information
<b>Strategy</b>	
<b>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</b>	
<b>Current approach</b>	
<p>The heart of our ESG strategy is helping our customers compete and succeed in a low-carbon future. We have also made commitments to reducing our carbon footprint in our operations and supply chain. The strategy is informed by our materiality assessment.</p> <p>We have identified short, medium, and long-term climate-related physical and transitional risks and opportunities through a series of workshops with business units and functional leaders. The timeframe for these risks are as follows: less than five years for short-term; 5-10 years for medium-term; and 10+ years for long-term, compared with 2021.</p> <p>During the workshops, we assessed the resilience of our strategy in three plausible future climate scenarios (1.5°C, 2°C and 3°C) through four lenses: Assets and employees; Business model; Supply chain; and Customers. These workshops were delivered in January 2022.</p>	<p> <b>To be refined</b></p> <p><a href="#">➤ See section on ESG governance</a></p> <p><a href="#">➤ See section on Corporate strategy</a></p>
<b>Future plans</b>	
<p>In 2023, we will continue to refine and consolidate the risks and opportunities identified during these workshops by piloting new tools to better understand and identify climate risks associated with our current physical portfolio and supply.</p> <p>We will continue to engage our different business functions to improve our understanding of how these climate risks and opportunities affect our business.</p>	

Disclosure level  Complete  In progress

TCFD element and disclosure	Additional reference and information
<b>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</b>	
<b>Current approach</b>	
<p>We have started the work to identify the potential impact of climate-related risks and opportunities that we have identified during our workshops. Climate was considered as part of the preparation of the Viability statement as well as the financial statements for 2022.</p> <p>In 2022, we began quantifying climate-related risks. We started with the risk of flooding for our physical assets, primarily our truck parks. We modelled the financial impact using public data from trusted sources (e.g. EU Joint Research Centre, World Bank, WRI) and a case study of one of our truck parks in Spain.</p> <p>The Group's reputation, operating and compliance costs, and diversification of revenue may be influenced by our pace of action as well as the pace of the energy transition within broader CRT-enabling ecosystem and by customers in the short, medium and long term. The energy transition poses challenges for our small and medium-sized customers, including the availability of sufficient charging and alternative fuel networks, rapidly evolving and yet unstable regulation raising business risk significantly, uneven approach on taxation and subsidy programmes across Europe, as well as limited availability of viable battery and alternative fuel trucks for commercial road transport in the near term. All of which affect transition risks and the total cost of ownership ("TCO") as key drivers for mass adoption of sustainable alternatives. We also recognise that extreme weather events could pose a risk to business continuity, not only for our physical assets but also for the health and well-being of our workforce. The Group also recognises that it is imperative to take responsibility to reduce its own carbon footprint (see our target to reduce scope 1 and 2 emission by 2030 on page 68), as well as contribute to solutions to help its customers make the transition to a low-carbon future.</p> <p>To address these risks (and the opportunities detailed in the table below), we are:</p> <ul style="list-style-type: none"> <li>• Investing in an acceptance network to support uptake of alternative fuels (e.g. LNG) and technologies</li> <li>• Investing in eMobility solutions, including a growth investment in Last Mile Solutions to provide industry-leading eMobility services to customers throughout Europe</li> <li>• Investing in digitisation and technologies to improve efficiency within the CRT ecosystem and thus decrease energy and asset intensity per tonne of transported goods</li> <li>• Exploring how carbon reduction for our operations as well as investment in products and services to support customers with efficiency and emissions reductions will be a factor in Capex investment decisions</li> </ul>	 <ul style="list-style-type: none"> <li>➤ <a href="#">See section on Corporate strategy</a></li> <li>➤ <a href="#">See Risk management</a></li> <li>➤ <a href="#">See Viability statement</a></li> </ul>
<b>Future plans</b>	
<p>In 2023, the Sustainability function will continue to work with the Finance and Risk functions, as well as relevant business units, to assess the impact of our climate-related risks and related mitigation measures.</p> <p>This aim is to better understand likelihood and impact (and timeframes) of those climate-related risks and opportunities to ensure we have a robust prioritisation process.</p> <p>We will now focus on transitional risks, those which affect our business model in a more fundamental way.</p>	

# Sustainability

Disclosure level  Complete  In progress

TCFD element and disclosure	Additional reference and information
<p><b>c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</b></p>	
<p><b>Current approach</b></p>	
<p>We have identified various climate-related risks and opportunities following the series of workshops completed in January 2022.</p> <p>The Company utilised three scenarios to identify physical and transitional climate risks and to test the Group's resilience. This included a 1.5°C scenario, where action taken around the world has achieved the aims set out in the 2015 Paris Agreement – global temperatures growth has been limited to 1.5°C, compared with pre-industrial levels. But that does not mean everything is the same as today. There have been some physical changes and achieving this goal has required a substantial shift in policy and behaviour.</p> <p>We also explored a second scenario of a 2°C world, where change ebbs and flows in the consciousness of leaders and the general public alike. Some action has been taken, but it's very much business as usual and global temperatures continue to climb, albeit slowly. And the impact is clear to see.</p> <p>Finally, we considered a 3°C scenario where economies around the world have continued to be powered by fossil fuels and promises made by global leaders have been largely ignored. Life has continued much the same. As a result, the planet is in crisis and well past the point of no return by 2030. Global warming has accelerated. This is not doomsday, but the changes in climate are everywhere, tangible, and in some cases catastrophic.</p> <p>Please see page 54 for the Company's Viability statement and more detail on the resilience of Eurowag's business strategy.</p>	<p> <a href="#">See Viability statement</a></p>
<p><b>Future plans</b></p>	
<p>As we have recently started our journey, we will be continuing this work in 2023, ensuring that our business strategy and management approach is resilient when considering these different plausible futures.</p> <p>The Risk and Sustainability functions will review the business continuity plans for assets in order to ensure that considerations from the climate scenarios are taken into account in the plans.</p>	

Disclosure level  Complete  In progress

TCFD element and disclosure	Additional reference and information
<b>Risk management</b>	
<b>a) Describe the organisation's processes for identifying and assessing climate-related risks.</b>	
<b>Current approach</b>	
<p>The Board is responsible for overseeing climate-related risks and opportunities.</p> <p>In 2022, the Sustainability function initiated a series of workshops with the business units and functions to identify and assess climate-related risks; using scenario analysis to identify those risks. As part of the overall risk management process, climate risks are escalated to the Risk function which then prepares the risk update for the Audit and Risk Committee.</p> <p>This Committee reviews the climate-related risks and opportunities, and designates climate-change as a principal risk.</p>	 <a href="#">See Principal risk section</a>
<b>Future plans</b>	
<p>During the course of 2023, the Group will start implementing its processes for regularly identifying and assessing climate-related risks as part of the overall risk management process.</p> <p>This will include a regular review to update the climate risks in the short, medium, and long-term. This will also take into account reviews of climate risks when exploring M&amp;A opportunities and post-acquisition integration.</p>	
<b>b) Describe the organisation's processes for managing climate-related risks.</b>	
<b>Current approach</b>	
<p>Following the identification of climate-related risk and opportunities as part of the materiality analysis in early 2021, Eurowag outlined a number of initiatives to reduce its operational and supply chain emissions as well as developing products and services to help its CRT customers reduce their emissions.</p> <p>This process included the review and development of opportunities with individual business units. The business units have included prioritised plans for climate mitigation in their annual plans. This process will continue and be refined during 2023, as the Group reviews its emissions data across Scope 1, 2 and 3, as well as conducts further analysis of climate scenarios.</p>	 <a href="#">See Principal risk section</a>
<b>Future plans</b>	
<p>We started quantifying our climate-related risks in 2022. We began with the risk of flooding, but plan to also assess the more fundamental transition risks that will affect our business model. In this endeavour, we will take the first steps to establish processes to manage these risks.</p>	





# Sustainability

Disclosure level  Complete  In progress

TCFD element and disclosure	Additional reference and information
<b>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</b>	
<b>Current approach</b>	
<p>Climate change risk is a principal risk. The process for identifying, assessing, and managing climate-related risks as part of the overall risk management is as follows:</p> <p>Climate change risks are evaluated in-line with the risk management framework and following the accepted system of three lines of defence.</p> <p>As part of the overall risk process, climate risks are escalated to the Risk function, which then prepares the risk update for the Audit and Risk Committee. This Committee reviews the climate-related risks and opportunities, and designates climate change as a principal risk.</p> <p>Climate risk is treated like other risks (e.g. people, technology, etc).</p>	 <a href="#">See Principal risk section</a>
<b>Future plans</b>	
<p>During the course of 2023, the Group will further enhance the detail of specific climate risks, with greater attention to transition risks. We will also continue to develop the processes as well as training to support the business to identify and mitigate climate risk.</p> <p>We will continue the process of quantifying the financial impact of the climate-related risks identified for our business.</p>	
<b>Metrics and targets</b>	
<b>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in-line with its strategy and risk management process.</b>	
<b>Current approach</b>	
<p>For 2022, the Group discloses the following metrics related to climate risks and opportunities:</p> <p>Risk: The Group discloses the absolute and intensity of carbon emissions from Scope 1 and 2. The Group has also started disclosing the absolute emissions from Scope 3 in 2022. Scope 3 emissions were calculated retroactively from 2019.</p> <p>Opportunities: Eurowag could disclose in the future (not currently disclosed) the volumes and transactions of alternative fuels and alternative fuelling points across its network.</p>	 <b>to be expanded</b>  <a href="#">See Sustainability section</a>
<b>Future plans</b>	
<p>In 2022, we will expand the metrics used by the Company to assess climate risks and opportunities. This includes a quantitative assessment of the impact of each of the material climate-related risks and opportunities identified.</p>	

Disclosure level  Complete  In progress

TCFD element and disclosure	Additional reference and information
<b>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks.</b>	
<b>Current approach</b>	
<p>We have disclosed our Scope 1 and 2 (both location and market-based) GHG emissions for the last three years.</p> <p>Last year we also reported our 2019 baseline Scope 3 emissions. Scope 3 emissions for material categories (1, 3, 4 and 11), have been calculated in further detail and reported as part of the Company's submission to CDP for 2022 and have been included in this year's Annual Report and Accounts.</p> <p>These calculations can be found on page 68.</p>	 <a href="#">See section on Non-financial metrics</a>
<b>Future plans</b>	
<p>In 2023, we will continue refining our methodology for calculating Scope 1, 2 and 3 emissions, allowing us to better track the emissions reduction in our operations and improve our understanding of our value chain and refine our decarbonisation roadmap for it.</p>	
<b>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</b>	
<b>Current approach</b>	
<p>We have set a target to reduce our absolute Scope 1 and 2 emissions by 50% by 2030. In 2022, we also received approval of a new set of targets to drive the decarbonisation of our value chain.</p> <p>The full set of targets can be found on pages 68 to 71. These targets include a range of actions that will help us become Net Zero by 2050, while acknowledging business growth in the short, medium, and long-term.</p> <ul style="list-style-type: none"> <li>• 80,000 active alternative fuels trucks using Eurowag products and services by 2030</li> <li>• No diesel trucks in Eurowag Energy solution by 2050</li> <li>• Internal target to reduce carbon intensity of delivered energy by 5% by 2030</li> </ul>	 <a href="#">See section on Non-financial metrics</a>
<b>Future plans</b>	
<p>The ESG Executive Committee will review progress towards our Scope 1 and 2 targets and report annually through the Annual Report and Accounts.</p> <p>In 2023, we will explore further actions, projects, and measures that we can undertake to make our decarbonisation plan a reality. By next year, we want to be able to give more detail on how our targets will be achieved.</p>	

# Sustainability

## Scenario analysis

To comply with TCFD recommended disclosure on strategy, Eurowag carried out a climate scenario analysis. Through three workshops, involving 25 participants from key business units and functions, the Group aimed to identify the resilience of its strategy under three possible climate futures; identify physical and transition risks and opportunities; and identify actions to mitigate risks and capture opportunities. With the support of external experts, three scenarios were created. The three scenarios were built based on publicly available scenarios from the Intergovernmental Panel on Climate Change ("IPCC") Representative Concentration Pathways ("RCPs") and Shared Socioeconomic Pathways ("SSPs"), International Energy Agency ("IEA"), and Principles for Responsible Investment Inevitable Policy Response ("PRI IPR"). The three scenarios are summarised in the section below.

Our scenarios describe the pathway towards different temperature outcomes by 2100. Because scenarios are models, rather than precise predictions of the future, they describe changes on a decadal level. They use a mix of qualitative and quantitative information and were applied through four lenses: Assets and employees; Business model; Supply chain; and Customers. We used a number of sources, which contribute insights on different elements of climate change. The IPCC RCP scenarios are about physical changes; the SSPs are focused on wider societal changes and the IEA scenarios provide specific insights on electrification of transport. To that end, the different scenarios help inform different parts of our analysis.

	Scenario 1 A Better World (1.5°C) <a href="#">➤ Page 81</a>	Scenario 2 An Uncertain and Volatile World (2°C) <a href="#">➤ Page 83</a>	Scenario 3 An Irreversible World (3°C) <a href="#">➤ Page 86</a>
<b>Eurowag scenarios</b>			
Summary	Action taken around the world has achieved the aims set out in the 2015 Paris Agreement – global temperatures growth has been limited to 1.5°C compared with pre-industrial levels. But that does not mean everything is the same as today. There have been some physical changes and achieving this goal has required an unprecedented shift in policy and behaviour.	Not much has changed from today. Climate change ebbs and flows in the consciousness of leaders and the general public alike. Actions have been taken to meet current and expected pledges made by global leaders. Global temperatures continue to climb, albeit slowly, reaching 2°C by 2100. The impacts become clear to see for many over the next 10-20 years.	Economies around the world have continued to be powered by fossil fuels and promises made by global leaders have been largely ignored. Life has continued much the same. As a result, the planet is in crisis and well the past point of no return by 2030. Global warming has accelerated. The changes in climate are everywhere, tangible and in some cases catastrophic. They continue to worsen and become more pervasive as temperatures climb above 2°C by the 2040s.
<b>External scenarios</b>			
IPCC Scenarios	RCP2.6/SSP1	RCP4.5/SSP2	RCP6.0/SSP5
IEA Scenarios	Global EV Outlook: Sustainable Development Scenario (SDS)	Global EV Outlook: Stated & Expected Policies Scenario (STEPS) and SDS	–
Other Scenarios	PRI IPR: 1.5C Required Policy Scenario	PRI IPR: Forecast Policy Scenario	–
Other data sources	Climate Analytics, Climate Impact Explorer; Climate Central, Surging Seas: Sea Level Rise Analysis; Climate Interactive, EN-ROADS Climate Change Solutions Simulator.		

## Risks and opportunities

The risks and opportunities that were identified as part of the climate scenario analysis are summarised in the below table. We define short-term as less than five years; medium-term as 5-10 years, and long-term as 10+ years, compared with 2021.

### Scenario 1: A Better World (1.5°C)

Category	Type	Description	Impacts	Management approach
<b>Physical risks</b>				
Acute	➤ Risk	<p>Inability of employees reaching their workplace due to acute extreme weather events such as droughts or flooding.</p> <p><b>Likelihood</b></p> <p>Low Medium High</p> <p>↑</p> <p><b>Timeframe (term)</b></p> <p>Short Medium Long</p> <p>↑</p>	<p>Disruption to business operations and occasional office closures.</p> <p>Impact quantification: The risk of sites being flooded was estimated, taking into consideration the temporary closure of truck parks and potential repairs from the damage. The nominal loss of earnings for the next 30 years was estimated to be €20-25 million.</p>	<p>Eurowag has a hybrid working from home policy, which was trialled and successfully tested during the COVID-19 pandemic.</p>
<b>Transition risks and opportunities</b>				
Policy and Legal Market	➤ Risk	<p>Rapid shift in regulation and policy accelerating the phase out of fossil fuel in Europe. The impact could vary depending on the nature of the policy, the country, and impacts on different types and segments of the CRT sector.</p> <p><b>Likelihood</b></p> <p>Low Medium High</p> <p>↑</p> <p><b>Timeframe (term)</b></p> <p>Short Medium Long</p> <p>↑</p>	<p>Decline in revenue from fossil fuel payments transactions.</p>	<p>Our current payments business model and our commitment to play a role in the transition to low-carbon economies will allow us to ensure a shift in our products and services offering. Our payments business model is energy-agnostic, and we are able to process transactions for fossil fuels, alternative fuels, and electricity.</p>

## Sustainability

Category	Type	Description	Impacts	Management approach
Policy and Legal	➤ Risk	Higher price of fossil fuel increasing financial instability and indebtedness of our customers (e.g. SMEs more at risk). <b>Likelihood</b> Low Medium High 	Higher expense and credit risk.	Provide support, including tools and technology, to our customers, facilitating their transition to low carbon economies.
Policy and Legal Reputation	➤ Risk	Inability to keep the pace with rapid shift in regulation and policy requirement, thus not meeting investors expectations. <b>Likelihood</b> Low Medium High 	Decline in share prices and reputational damage.	Increase investment to comply with regulation and meet stakeholders' expectations.
Reputation	➤ Risk	Increase climate awareness means people will want to work in a value-driven business. <b>Likelihood</b> Low Medium High 	Challenges with talent retention and attraction.	Continue to transform our business model and play a key role in the energy transition.
Technology	➤ Opportunity	Incorporate energy transition into the business model ensuring we are part of the solution, offering new tools and technologies to our customers. <b>Likelihood</b> Low Medium High 	Increase revenue.	Continuing to grow our ambition and working to support the transition to cleaner mobility in the CRT sector is key to this.

Category	Type	Description	Impacts	Management approach
Market	➤ Opportunity	<p>The successful electrification of commercial road transport will in turn lead to more accessible prices for electric commercial vehicles in the future.</p> <p><b>Likelihood</b></p> <p>Low Medium High</p> <p>Timeframe (term)</p> <p>Short Medium Long</p>	Increase revenue and market share for electric commercial vehicles.	Continuously review opportunities to be part of the eMobility ecosystem for commercial vehicles. Monetise early investment in eMobility expertise, technology and acquisitions ("ROI").

## Scenario 2: An Uncertain and Volatile World (2°C)

Category	Type	Description	Impacts	Management approach
<b>Physical risks</b>				
Acute	➤ Risk	<p>Extreme weather events such as sea level rise, flooding, fires or droughts compromising the usability of routes, thus leading to business disruption. For example, the closure of truck parks.</p> <p><b>Likelihood</b></p> <p>Low Medium High</p> <p>Timeframe (term)</p> <p>Short Medium Long</p>	<p>Inability of the Group to operate during those events.</p> <p>Impact quantification: The risk of sites being flooded was estimated, taking into consideration the temporary closure of truck parks and potential repairs from the damage. The nominal loss of earnings for the next 30 years was estimated to be €20-25 million.</p>	Conduct regular reviews of our business continuity plans to factor in potential impacts of extreme weather events.
Chronic	➤ Risk	<p>Increased droughts in Southern Europe and increased flooding events in Northern Europe leading to shortage of supply and potential assets becoming inoperable (e.g. dried-out truck parks).</p> <p><b>Likelihood</b></p> <p>Low Medium High</p> <p>Timeframe (term)</p> <p>Short Medium Long</p>	Disruption to operations.	Conduct regular assessment of climate risks associated with our current physical portfolio and supply to ensure we monitor the physical climate related risks.

# Sustainability

Category	Type	Description	Impacts	Management approach
<b>Transition risks &amp; opportunities</b>				
Policy and Legal Market	➤ Risk	Eurowag's current transition plan not able to keep pace with the shift in regulation and policy accelerating the phase out of fossil fuels in Europe.	Decline in revenue from fossil fuels payment transactions.	We continuously monitor the pace of change and aim to be a key leader in the transition for the CRT sector.
<p><b>Likelihood</b></p> <p>Low Medium High</p> <p>↑</p> <p><b>Timeframe (term)</b></p> <p>Short Medium Long</p> <p>↑</p>				
Market	➤ Risk	Customer viability due to increased price of fossil fuel.	Higher expense and credit risk.	Provide mobility and payment solutions, and related tools and advisory services to support customers in their transition to low-carbon economies.
<p><b>Likelihood</b></p> <p>Low Medium High</p> <p>↑</p> <p><b>Timeframe (term)</b></p> <p>Short Medium Long</p> <p>↑</p>				
Policy and Legal Reputation	➤ Risk	Inability to keep the pace with rapid shift in regulation and policy requirement, thus not meeting investors' expectations.	Decline in share prices and reputational damage.	Increase investment to comply with regulation and meet stakeholders' expectations.
<p><b>Likelihood</b></p> <p>Low Medium High</p> <p>↑</p> <p><b>Timeframe (term)</b></p> <p>Short Medium Long</p> <p>↑</p>				

Category	Type	Description	Impacts	Management approach
Policy and Legal	➤ Risk	<p>The establishment of policies is disjointed with individual countries in Europe taking different approaches, with new policies and legislation on GHG emissions, electric vehicles, pollution, taxes, and levies. All of this leading to a complex and challenging system of compliance, increasing the challenges of operating in the region.</p> <p><b>Likelihood</b></p> <p>Low Medium High</p> <p>↑</p> <p><b>Timeframe (term)</b></p> <p>Short Medium Long</p> <p>↑</p>	<p>Disruption in operations.</p> <p>Increase in costs for the Group and its customers.</p>	<p>Establish ongoing, constructive engagement, and advocacy with policymakers to promote a unified and consistent approach to public policy measures. This includes active participation within trade bodies as well as with other like-minded stakeholders in the CRT sector.</p>
Market	➤ Opportunity	<p>With our commitment to support the CRT move to a low-carbon economy, Eurowag has the opportunity to lead that transition, in turn increasing our attractiveness compared with our peers.</p> <p><b>Likelihood</b></p> <p>Low Medium High</p> <p>↑</p> <p><b>Timeframe (term)</b></p> <p>Short Medium Long</p> <p>↑</p>	<p>Increase reputational gain and market share.</p>	<p>Invest in new tools and technologies, support our consumers and work in partnership to facilitate that transition.</p>



# Sustainability

## Scenario 3: An Irreversible World (3°C)

Category	Type	Description	Impacts	Management approach
<b>Physical risks</b>				
Acute	➤ Risk	<p>Increase in frequency and intensity of flooding events, higher temperatures, and other extreme weather events.</p> <p><b>Likelihood</b></p> <p>Low Medium High</p> <p>↑</p> <p><b>Timeframe (term)</b></p> <p>Short Medium Long</p> <p>↑</p>	<p>Temporary closure and or disruption of key assets.</p> <p>Disruption of our supply chain.</p> <p>Impact on employees' health and ability to travel to work.</p> <p>Damages to infrastructure.</p> <p>Impact quantification: The risk of sites being flooded was estimated, taking into consideration the temporary closure of truck parks and potential repairs from the damage. The nominal loss of earnings for the next 30 years was estimated to be €20-25 million.</p>	<p>Periodically review business continuity plans to ensure risks are factored into planning in the short and medium- term.</p> <p>This includes utilisation of climate tools to assess risk on assets and supply chain.</p>
Chronic	➤ Risk	<p>Extreme weather events and a rise in sea levels would lead to high investment required to keep vulnerable assets operational. This can include wind, flooding, and drought.</p> <p><b>Likelihood</b></p> <p>Low Medium High</p> <p>↑</p> <p><b>Timeframe (term)</b></p> <p>Short Medium Long</p> <p>↑</p>	<p>Higher capital investment.</p> <p>Write-off of assets.</p> <p>Disruption to operations.</p>	<p>Better understand the scale of the impact via regular climate-related physical risk assessment for both current and new assets and include future investment into financial planning.</p> <p>This includes utilisation of climate tools to assess risk on assets and supply chain.</p>
Chronic	➤ Risk	<p>Extreme weather could lead to social unrest and migration of upwards of one million people to Western and Northern Europe.</p> <p><b>Likelihood</b></p> <p>Low Medium High</p> <p>↑</p> <p><b>Timeframe (term)</b></p> <p>Short Medium Long</p> <p>↑</p>	<p>Migration of employees.</p> <p>Challenges with talent retention and attraction.</p>	<p>Regular review and assessment of strategic and people agenda.</p>

Category	Type	Description	Impacts	Management approach
<b>Transition risks and opportunities</b>				
Market	➤ Risk	Competitive disadvantage if no ROI in low-carbon solutions due to a slow transition, with economic growth still powered by fossil fuels.  <b>Likelihood</b> Low Medium High ↑ <b>Timeframe (term)</b> Short Medium Long ↑	We will see no positive return from our current business model to transition if the transition has been slow.	Monitor external developments, stay agile, and adapt our business model if need be.
Policy and Legal	➤ Risk	Social and political shift. Ideological and political perspective change. Risk that world becomes more polarised and irrational policy decisions are taken.  <b>Likelihood</b> Low Medium High ↑ <b>Timeframe (term)</b> Short Medium Long ↑	Disruption to operations.	Monitor external developments and ensure that the business is equipped to meet changing regulatory requirements.
Technology	➤ Risk	Increased criminal activities and cyber-crime impacting platforms and technology sector.  <b>Likelihood</b> Low Medium High ↑ <b>Timeframe (term)</b> Short Medium Long ↑	Loss of revenue.	Strengthen cyber security in all our platform and manage the risk.

## Sustainability



### Focus area 2: Customer Success and Well-being

## Telematics and mobile payment development

### Helping SME transport businesses thrive

#### Targets

Our customers are predominantly small and medium-sized transport businesses, many of whom struggle to compete due to their size and low access to financing. By offering benefits and services at attractive terms, we are helping them compete, succeed, and transition, with our support, to a low-carbon, digital future.

In 2021, we began to survey our customers to create a baseline understanding of their views and attitudes. Through our first customer survey in Q4 2021, 65% of respondents felt we were supporting their success. In Q4 2022, 66% of those surveyed felt we were supporting their success. We are aiming to increase this proportion year-on-year.

#### Progress

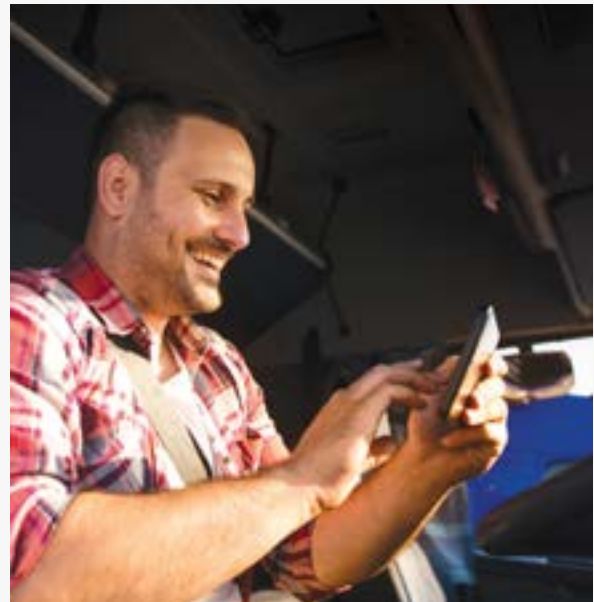
We have created sustainable technological solutions such as an integrated digital ecosystem that combines various services, resulting in real-time, holistic data analytics for efficiency. In 2022, we introduced a new generation of the Eurowag app as the first step towards providing our customers with a seamless and efficient digital tool for organising their business. They can plan routes with professional truck routing, manage their finances, or follow their transport live on map using our mobile telematics feature. Drivers can use the app for mobile payments to refuel faster, more easily, and more securely without the need to carry a plastic card.

As part of the integrated service offering, we aim to provide affordable financial services. Such services may include invoice discounting, factoring, foreign exchange and cash flow management.

#### Case study

### Road Lords Dispatcher

We have developed Road Lords Dispatcher to plan and manage transport easily in an all-in-one online tool. The Road Lords Dispatcher solution saves time, cost, and reduces the need for communication with drivers. It is a free alternative to a fleet management solution for very small businesses. Road Lords Driver has 632,000 active devices in total, with 100,000 weekly users, and 220,000 monthly users.



Source: <https://roadlords.com/dispatcher>

In 2022, as part of supporting and facilitating our CRT clients' digital journey by making it easier to use and more secure, Eurowag activated mobile payments on all our truck parks and also in the acceptance network in first merchant countries. We now have 424 POS ready for mobile payment in 2022 with further roll-out of the mobile payment service planned during 2023.

With our proprietary EETS toll payment solution, which integrates with our other services such as telematics, fraud prevention, and fuel payments, we use our EVA units (our proprietary OBU) that can manage toll payments in multiple countries with just one device. One invoice and one device, through the EETS solution for tolling services, makes matching toll costs to trips and trucks easier and improves the drivers' experience.

In 2022, we introduced new flexible financing options for handling our clients' VAT refund applications. Prior to this, our clients only had access to net invoicing, which gradually finances VAT refund applications after each invoicing run. While this is the fastest option, it is also the most expensive. We are now able to offer more flexibility and options that are more tailored to our clients' needs.

As an example: smaller companies might prefer less frequent financing, which will help them improve their cash flow as well as being less burdensome and cheaper. We now offer clients four new flexi-financing options:

- After the end of the submission period (e.g. if the submission period of application is quarterly, after the end of a particular calendar quarter)
- After submission of an application to the tax authority
- Based on a set-up limit – an application is only financed once it reaches a specified amount
- Based on client selection – the customer selects the type of service through the client portal and the application is only financed by this direct request

## Next steps

In 2023, we will continue to expand our EETS certification in Slovakia and Slovenia. We were recently awarded with certification in Czech Republic. We will also further our work on digitalisation to improve the efficiency of customer processes.

# Customers well-being and safety

## Improving well-being and safety for truck drivers

### Targets

Truck drivers face significant challenges on the road, from loneliness to physical safety. That is why we are committed to ultimately improving the well-being and safety of truck drivers across our entire network. Through our different products and services offering, we ensure that truck drivers are able to create a stronger community bond with each other, as well as continuously making sure that the quality and security of our facilities, such as our truck parks, are of the best standard possible to keep our customers safe.

### Progress

In 2022, we continued to strengthen our road services by both extending the reach and accessibility of our offer to more truck drivers via our Eurowag card, which allows truck drivers to pay for other services in addition to energy, making it more accessible. We currently offer five different services, which can be booked and paid for using our Eurowag card – parking, truck washing, tank cleaning, truck repairs, and ferry booking – across more than 1,800 locations in 18 countries. We have a network of 330 parking sites across Europe that are easy to find. We offer washing and tank-cleaning services at our truck park in the Czech Republic and at acceptance networks or partner co-operation at a total of 1,050 sites across Europe. We also offer truck-repair services at 440 sites across Europe via partner co-operation. In 2022, we had 1,087 ferry booking transactions via our Eurowag solutions, with the most commonly use route being the Channel and Germany-Denmark-Sweden.

As previously mentioned, our Driver Score and Perfect Drive products aim to improve driver well-being and safety by providing customers with solutions that measure various aspects of driving style. In addition to this, Perfect Drive also offers opportunities to improve the energy efficiency of drivers, which contributes to the reduction of GHG emissions.

## Sustainability

### Case study

#### Saving lives through technology

Safety behind the wheel is crucial for drivers and we have integrated a free feature – Wrong-way driver – into our Sygic GPS Navigation app. This will both flag up a warning to drivers on their navigation screen if they are travelling the wrong way down a road and also alert them to someone else nearby who is driving on the highway in the opposite direction. This will help keep drivers safe, avoid crashes, and save lives.



Source: <https://www.sygic.com/what-is/wrong-way-warning>

The Driver Score app is a feature within our Sygic application, which we launched last year, and is a solution that aids insurance and road safety. By combining information from GPS, accelerometer, pedometer, gyroscope, and an underlying map, fleet managers can recognise signs of distracted driving. They can also measure aspects of driving style such as acceleration, speeding, braking, cornering, and pothole detection. This allows them to create a customisable driver-scoring system and train drivers through in-app coaching that provides warning notifications. In 2022, we extended access to the Driver Score with a new web portal. Using this combination, fleet managers can motivate their drivers to drive more safely and reduce energy consumption and insurance claims.

Perfect Drive allows customers to monitor and evaluate the driving style of commercial-vehicle drivers. It monitors parameters such as engine and vehicle speed, brake use, driver foresight, coasting, cruise control, and use of the accelerator. It evaluates a truck driver's driving style in a report for fleet managers, as well as producing fleet reports. Fleet managers can then address with their drivers the negative effects of driving style on fuel consumption, wear and tear, and road safety, and identify the need for further training.

Together with our partner, Institut prevence a řešení předlužení (<https://www.institut-predluzeni.cz/>), we offer Eurowag clients in the Czech Republic a debt resolution service, which enables them to help and support employees with financial difficulties. A proportion of the population faces debts and insolvency, heightened by the current energy crisis. Many of those people are drivers. Not only do employees receive professional consulting and legal assistance to resolve their debt issues, but our customers also benefit from lower administration costs and employees who are more motivated with increased loyalty and productivity. Launched towards the end of 2021, we have had multiple promotion campaigns during 2022 and we will be monitoring the numbers taking up this offer to see if there has been any increase in uptake.

### Next steps

We are in the process of updating the module within Sygic applications that collects statistics on the use of navigation. This will then provide more precise information on the number of kilometres and hours driven for different user groups of our navigation systems. As well as giving us a better insight into how our applications are used, this will also help pinpoint where we can influence driver behaviour and optimise the impact on emissions.



## Focus area 3: Company governance and culture

# Inclusive recruiting and employment

## Culture and values

Our culture and values are the guiding principles for everything we do, from bringing in new team members to making commercial and people decisions.

We launched a culture manifesto in 2020, which set out to define our culture for our employees, guiding their decision-making and aligning behaviours across the organisation as we grow. This was further embedded when, in 2021, we introduced a new leadership development programme. The programme included a series of talks about our values and values-based behaviour, and Culture Champion Awards in recognition of those employees who best exhibit our values.

At Eurowag, our success is based on the success of our people and their teamwork. We nurture a culture that values feedback, embraces flexible ways of working – including remote working and job sharing – and aims to create a respectful and inclusive workplace where positive teamwork is key. It is important that our employees feel fulfilled, satisfied with their work environment, and proud to work for Eurowag. We also aim to increase diversity in the workplace through our hiring and promotion practices. We are creating a learning environment, where employees have access to a wide range of opportunities to develop personal and professional skills.

## Human capital development

Providing leadership and growth opportunities are an important part of our culture and commitment to our people.

### Training

We continuously support the development and growth of our people, ensuring they have the right support and tools to succeed in their careers.

The pandemic prompted us to move quickly from providing in-person induction and development programmes to running a virtual programme, Journey2GROW, for all employees. This programme features four pillars: Leadership, Well-being, Professional Self-Study, and Eurowag Internal. The Leadership pillar was launched in 2021 for our leaders of people, with the aim of imparting the most relevant leadership fundamentals. It was introduced at a particularly crucial time, given the impacts of the pandemic, since it is designed to help leaders thrive in today's uncertain and dynamic environment. The workshops and coaching sessions include our values, leadership principles, and strategic ways of working.



In 2021, we launched inspired talks called Journey Ahead. We also offer employees eLearning and online language tutoring through easily accessible learning platforms, as well as self-study opportunities on Coursera – a self-study module platform.

## Sustainability

Employees who completed training	New Leadership Academy	Professional Psychology - Mojra	Professional self-study – Coursera	Professional self-study – Preply	Professional self-study – Eurowag new hires induction programme
2021	100	15	400	201	301
2022	30	19	140	260	284

In 2022, we strengthened the content provided within each pillar of our Journey2GROW programme as well as delivered multiple workshops. We continued to run our Welcome @ Eurowag induction training for new joiners. It is designed to ensure we bring newcomers on board smoothly, with sessions hosted by business leaders on people, functions, processes, and the Eurowag story.

Next year, we will be looking at culture through a diversity and inclusion lens, with a particular focus on Women in Leadership. We are planning a review of our vision and values as part of a post-integration cultural alignment. We will also be running the Culture Champions Awards again.

### Workplace well-being

Our well-being programme, which runs on a platform called Mojra, has two main components:

- Educational broadcasts, where guest speakers from the Board and Senior Leadership Team provide tips and advice on topics such as mindfulness, resilience, and stress management
- Psychological consultancy, which offers all employees the opportunity to choose and book personal online sessions with a psychologist; these are available in seven different languages

### Engaging our people

We make listening to, and engaging with, our employees a key priority. We want to be an employer of choice in the markets where we operate and have set a specific goal to create high-quality local jobs.

We measure the level of employee engagement through an annual survey as well as pulse surveys throughout the year. These formal survey tools help us understand the concerns and issues that are top of employees' minds and enable us to respond quickly as part of enhancing the employee experience – including through internal communication, professional and leadership development, and employee benefits.

We engage with our people through a number of different channels including regular all-employee Town Halls, Culture AMP feedback and eNPS, newsletters, and intranet announcements. These keep employees up to date about the Company's performance, employee annual performance and evaluation processes, remuneration policy, and annual bonus schemes. Employees are encouraged to contact the Chief HR Officer and/or a designated HR colleague in order to ask questions and/or provide feedback on these topics. We also have Susan Hooper, Non-Executive Director, as the Board champion on ESG, and the specific Board member designated for workforce engagement.

In 2021, in order to improve the employee experience, we have digitised employee processes, accessed through a new central self-service information system called Bob. A unique element of the system, Kudos, encourages employees to recognise good work undertaken by their colleagues. We have also introduced an application called Culture AMP, a performance and development management system, which also enables 360-degree feedback processes. In 2022, we introduced Concur for travel and expenses to improve employee experience.

We aim to build a collaborative environment where employees can thrive. We use a number of formal survey tools to better understand how we can continuously improve the employee experience and address issues of concern to our workforce. In 2021, we piloted a new methodology and tool for this purpose. In 2022, we re-ran the pulse survey: 82% of our employees participated in the survey and our engagement score was 66%. In the future, we plan to introduce more frequent, short mood surveys to promptly address any feedback.

Another data point that we assess is turnover and retention. Total turnover decreased by 1.75% percentage points in the year ended 31 December 2022, compared with the previous year (from 19.7% in 2021 to 17.97% in 2022). Voluntary turnover was 15.28% by the end of 2022. Our retention rate was 78.5% as of 31 December 2022.

## Diversity, equity and inclusion

As we develop our culture, we are keen to ensure that we access a broader and more diverse pool of talent. We employ people from more than 30 different nationalities, aged from 20 to 70, and have flexible working options to enhance employees' work/life balance. The majority of our employees are aged between 20 and 50. We have also focused on building a diverse leadership team to help bring together a broad range of business experience and thinking and have formalised our target to increase female representation at leadership levels.

### Progress

In 2021, we began to develop a new DEI strategy to strengthen and enhance our approach to DEI. Since then, we have continued to implement this strategy throughout the business and appointed a new Chief HR Officer.

The Board has also approved a new Board Diversity and Inclusion Policy in December 2022. The purpose of the policy is to ensure a diverse and inclusive membership within the Board of Directors, which will result in better decision-making and enhance the success of the Company. The Board is committed to having a Board comprised of at least 50% women and one Director from an ethnic minority, with the aim of accomplishing this by December 2024. The Board also aspires to represent a broad spectrum of nationalities to reflect the international nature of the Company.

As part of our Group Equal Opportunities, Anti-Bullying and Anti-Harassment Policy, we explicitly prohibit discrimination of people with disabilities and outline guidance for managers as well as employees who may have a disability. Our policy covers direct and indirect discrimination, unjustified and less favourable treatment because of the effects of a disability, and failure to make reasonable adjustments to alleviate disadvantages caused by a disability. In addition, in the Czech Republic and Slovakia, we are proudly partnering with suppliers where more than 50% of their workforce are people with disabilities.

## DEI performance data and targets

At the 2022 year-end, the Group's gender breakdown was 59% male and 41% female, with 86% of the senior managers identifying as male and 14% as female. As of the date of this document, 62.5% of the Group's Board members identified as female. The senior manager population encompasses members of the Executive Committee and Vice Presidents (excluding CEO and CFO).

As part of our ESG strategy, we have set out a target to increase female representation to 40% by 2025 against a 2021 baseline among our 'all people leaders' group. This population consists of the Senior Leadership Team (including the CEO and CFO), as well as all people leaders with at least one direct report. In 2022, this was 291 people in total. Of these, 91 identified as female (31%, compared with 28% in 2021).

The following table provides an overview of additional 2022 data points.

	2021	2022
Number of employees	1,047	1,329
% male (total employee number)	59%	59%
% female (total employee number)	41%	41%
Number of senior managers	21	22
% male (senior management)*	86%	86%
% female (senior management)*	14%	14%
Number of 'all people leaders' group	208	291
% male (all people leaders)**	72%	69%
% female (all people leaders)**	28%	31%
Number of Directors	8	8
% male (Board level)	38%	38%
% female (Board level)	63%	63%

\* Senior Management defined as Senior Leadership Team (SLT) except CFO and CEO.

\*\* All people leaders defined as SLT, including CFO and CEO as well as all managers with at least one direct report.

### Next steps

In 2023, to support the implementation of our new strategy, all HR professional roles will work closely with business leaders and managers to develop approaches that will ensure that diversity and inclusion are a core part of our recruitment plans and talent management. One of our main areas of focus will be to build our employees capabilities and offer all our employees equal opportunities to succeed, grow, and take on more responsibility within the business.



## Sustainability

### Health, safety and well-being of our employees

We take the health and well-being of our employees seriously, as seen by our response to the pandemic situation in the last couple of years. We have moved to a hybrid-working model and published a policy to outline our approach. We also continue to run a series of initiatives, such as remote working webinars, to help employees adjust to working from home in-line with government restrictions. Given the pandemic remains on many risks radars, this will also help us with future risk management to ensure we continue to have resilience built in to our processes. We maintain strict procedures to provide a safe working environment, as well as monitoring developments and rules from governments, ensuring compliance across our offices.

In many ways, employees have been affected by the war in Ukraine. We have provided employees with support in the form of emergency preparedness and awareness information, as well as through our philanthropic activities. Our donations have supported people in need and NGOs, and we have also matched the donations from 69 of our employees (see Community Impact section on page 99).

Last year, the Group approved a Group Health and Safety Policy that outlines our approach to safeguarding our people and promoting a healthy workplace. The HR function, country managers, and truck park managers are responsible for implementing the policy and ensuring compliance with relevant statutory frameworks. There is an additional health and safety policy for the retail network.

We reported two work-related incidences in 2022, compared with no work-related incidence over the previous three years. These were route accidents that led to a total of 13 days lost.

During 2022, we delivered a range of health and safety training modules for our employees, alongside a range of well-being programmes, including workshops and access to mental-health support. The table below provides an overview of the modules and attendee numbers for the training sessions.

Employees who completed training	Driving in the Czech Republic	Fire protection for managers	Fire protection	Occupational safety for managers	Occupational safety
2020	132	13	256	16	259
2021	166	23	409	17	425
2022	211	51	521	49	507

# Responsible business practices

## Business ethics

In 2021, we formalised our ESG governance structure and function, which supplements the existing legal, compliance, and assurance governing customer privacy and data security, anti-corruption and anti-bribery, ethical business conduct, transparency, and financial regulatory compliance and selling practises.

We maintain a comprehensive compliance framework aligned with globally recognised standards and consistent with international sanctions regimes. We have adopted a number of key policies, including:

- Anti-harassment, Anti-Bullying
- Modern Slavery and Human Trafficking
- Personal data Protection
- Gifts and Anti-bribery
- Anti-money Laundering
- Conflicts of Interest
- Our code of ethics outlines our standards and guides the way we do business across our operations

The Group is currently in the process of transforming its operational model and will be refreshing its policies and code of conduct to reflect the new lines of accountabilities.

We have a well-established quality assurance function, led by the VP Legal and Compliance/General Counsel, which is responsible for our quality processes covering product, services, and processes. The function oversees the quality management system ("QMS"). Our truck parks are certified ISO 14001:2015, which defines the minimum operating standards for our Czech fuel stations and car washes and, since 2022, also includes our Polish truck parks. We are in the process of securing certification in other countries.

### Case study

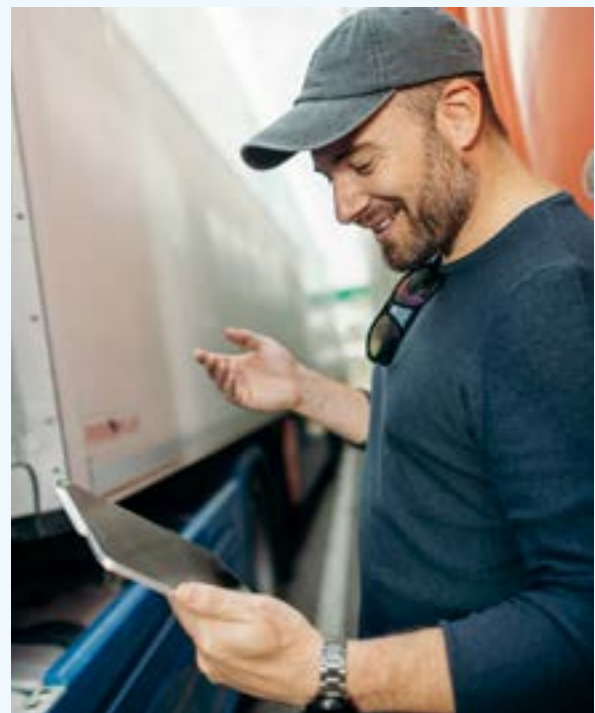
## Digitalisation and tax refund

In the tax refund business unit, we process many invoices including those from third-party suppliers. In the past, most of these were delivered via the post with the following consequences:

- Additional costs for both our clients and Eurowag for postal charges (from customers to us and then from us back to customers)
- Increased administration for customers (involving both time and cost)
- Larger carbon footprint (necessity of transport for shipping post)
- Impact of printing invoices on the environment (that could otherwise be delivered electronically)
- Increased time needed for processing of invoices by Eurowag (electronic invoice processing is much faster)

We are currently working on automation and digitalisation in order to reduce the number of invoices received in paper form and enable us to process the majority of invoices in an electronic format. Between January and October 2021, we processed 228,968 third-party invoices for VAT refunds, of which 106,533 (46.53%) were delivered to us in paper form. In comparison, between January and October 2022, we significantly increased the processing of third-party invoices to 288,901, of which 107,150 (37.09%) were delivered in paper form.

This focus on digitalisation of our work will continue during year 2023.



## Sustainability

### Human rights and modern slavery

We are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply or customer chains.

We respect human rights in our operations and have created a work environment where we treat everyone with dignity and respect, and ensure they are free from harassment, bullying, and discriminatory or intimidating behaviour of any kind. Our policy aligns to the UN Guiding Principles on Business and Human Rights, and the International Bill of Human Rights, which consists of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.

We state this commitment in our [Code of Conduct](#), Group Modern Slavery and Human Trafficking Policy as well as our Equal Opportunities, Anti-bullying and Anti-harassment policies. Our Modern Slavery and Human Trafficking Policy, approved in 2021, explicitly states how we uphold human rights and tackle modern slavery throughout our supply chains.

Our contracting processes with third parties include specific prohibition of the use of forced, compulsory, or trafficked labour, or of anyone held in slavery or servitude, whether adults or children. We expect our suppliers to hold their suppliers to the same high standards.

The Board has overall accountability for ensuring that the Group complies with its legal and ethical commitments to uphold and respect human rights and prevent incidents of modern slavery and human trafficking from occurring. The ESG Executive Committee has delegated responsibility from the Board for directing and overseeing the sustainability strategy, and ensuring that the related policies, including human rights and modern slavery, comply with our legal and ethical obligations, and that those under our control comply with it. The Sustainability function has primary and day-to-day responsibility for overseeing the implementation of the Company's Modern Slavery and Human Trafficking Policy, as well as monitoring its use and effectiveness, and auditing internal control systems and procedures to ensure that they are effective in countering modern slavery and respecting human rights. Management is responsible for ensuring everyone understands and complies with this policy and is given adequate and regular training about it.

We maintain an Employee Grievance Policy and Whistleblowing Policy, and a related speak-up channel, which enables employees to raise concerns about human and labour rights.

### Progress

In 2022, we undertook a human rights risk assessment across our operations and our supply chain. We identified five key business areas where human rights and labour risks issues are the most relevant. These relate to employment, procurement of goods and services, the use (or misuse) of technology such as telematics, some of our operations e.g., truck parks, and the ethical and fair treatment of drivers by our customers. We carried out a deep dive into these five areas, including interviews with key stakeholders within the business to review the policies and systems that are currently in place. The risk assessment is designed to further strengthen our internal processes and procedures to ensure that we are fulfilling our duty to mitigate and/or remediate any human rights issues. As a result of this, we are in the process of reviewing the [Code of Conduct](#) to reflect our new operating model. We have also cascaded our current whistleblowing process down into our supply chains, so that in future it can be used by our suppliers and/or customers.

We have established a risk assessment tool to map our suppliers, based on both sectoral and geographical human rights and labour risks. Using a risk matrix, we then prioritised our engagement with suppliers flagged with a potentially higher likelihood of human rights risks. We have reviewed 11 sectoral categories and identified seven priority categories: "Fuel", "Transport", "Telematics hardware", "Toll hardware", "Construction", "IT hardware", and "Logistics". The suppliers in these sectoral categories were then prioritised based on their geographical location. The geographical risk assessment is based on robust international external indicators that measure country risks for modern slavery and human rights incidents, including UN Human Development Index, Freedom House's Freedom in the World Index (Civil Liberties), UNICEF Child Rights Atlas, ITUC Global Rights Index, the US State Department Trafficking in Persons Report, the Global Slavery Vulnerability Index, and the World Bank Worldwide Governance Indicators – Regulatory Quality.

During 2022, we also finalised the content of our new human rights training module, which has been incorporated into our learning portal and was trialled in Q4 2022 with a group of employees.

## Next steps

In terms of next steps and priorities for 2023, we will roll out the human rights training, which will be mandatory for all of our employees, with targeted training for employees in key roles to follow. We will also share our human rights training with key associates, who are not directly hired, to help improve the understanding of human rights risks beyond our direct operations. In addition, we will develop a plan to strengthen our human rights due diligence processes and liaise with suppliers identified as being potentially risky to confirm that they will continue to uphold the same standards as the Company. We will share our updated Code of Conduct with both our customers and suppliers, and investigate the possibility of implementing a third-party independent grievance mechanism and whistleblowing hotline, which will be available to all our employees, our suppliers, and our customers, going above and beyond our existing mechanism. We will be working to centralise our procurement system to make future due diligence standardised and easier.

## Sustainable supply chains and responsible procurement

As mentioned in the human rights section, we engage with our supply chain to promote sustainable and responsible business practices. When onboarding suppliers, the procurement teams conduct due diligence and checks, and can escalate cases to the Compliance function, if necessary. In addition, the Group has begun to engage with suppliers on climate, compliance, and human rights to better understand and mitigate risks in the procurement process.

The Group is exploring opportunities to work with suppliers, particularly fuel suppliers, who can help us meet our carbon-reduction goals.

Over the last couple of years, we have begun to procure green energy for our operations and included environmental criteria into our tender process for logistics services for offices and telematics in the Czech Republic. Alongside this, we have measured our Scope 3 emissions for 2019, 2021 and 2022 in order to understand the source of GHG emissions in our supply chain, develop an action plan and set targets for reducing these.

## Compliance training

Each year, the Compliance function runs mandatory training for employees across Europe. During 2022, Eurowag continued to strengthen its training programme by expanding the scope and quality as well as uptake and completion rates for training courses. To achieve this, the courses were translated into five languages: Czech, Polish, Romanian, Spanish, and Hungarian. In addition, the programme now includes additional reminders and an escalation process for those who have not completed their training within the allocated time frame. The Group also introduced a suite of new compliance training modules, covering the following topics: enhanced anti-money laundering training, business ethics, anti-harassment, whistleblowing, as well as human rights and modern slavery.

The following table provides an overview of the number of employees completing mandatory compliance training modules in 2021 and 2022.

Employees who completed training	Anti-bribery and conflict of interest	Insider trading	Anti-money laundering	GDPR – personal data protection	Information and cyber security
2021	583	601	33	600	899
2022	1,283	1,244	211	1,048	1,045

## Data protection and information security

Safeguarding data and privacy is important for building and maintaining trust with our employees, customers, regulators, and business partners. Our Compliance team oversees our data protection programme, reporting to the Audit and Risk Committee at a Board level and the Business Assurance Committee at an operating level. In 2021, we approved a new Data Protection Policy, which outlines our processes for complying with GDPR. During 2022, the Compliance team implemented training, refreshed risk assessments, and ensured that GDPR and privacy-by-design principles are part of both legacy and new systems.

## Sustainability

### Speak up (whistleblowing)

We ensure current and former employees, as well as third parties, have a confidential and easily accessible mechanism for raising concerns about unlawful or unethical conduct so that we can identify and tackle any problems quickly. We have set up a channel for stakeholders to raise concerns confidentially with the Compliance department through various routes such as e-mail, phone lines, physical mailbox, etc. We have also established an alternative route directly to the Chair of the Audit and Risk Committee. The Audit Committee Chair acts as an external escalation point for any items, which employees may not feel comfortable raising directly with Management. No items had been notified to the Committee Chair prior to this report.

During 2022, we had 11 issues raised through this channel, compared with 18 raised in the previous year. These were all investigated and addressed by the Compliance and Legal team.

We have also cascaded our current whistleblowing process down into our supply chains, so it can be used by our suppliers and/or customers in the future.

For more information on Corporate Governance, please refer to page 120.

### Partnering for success – engaging with our stakeholders

We work with a wide range of external stakeholders at EU level, as well as in the countries where we operate. We believe constructive collaboration is key to helping us learn and innovate.

Both before and since our listing on the London Stock Exchange in October 2021, the investor relations team, CFO, and CEO led our engagement with prospective and current investors.

Our Sales and Marketing teams lead our engagement with customers. To better understand and respond to their needs, they engage with customers through surveys that provide formal, quantitative insight into customer needs and interests. The teams also secure unique insight into the needs of truck drivers through the Road Lords app, a truck navigation GPS app for Android users. In addition to providing specialised routes for trucks and other large vehicles, it serves as a social platform, linking drivers to other drivers. We also monitor the level and types of customer complaints so that we can address customer concerns.

We also engage peers in related and influential industries, such as OEMs through our Automotive division. We work both with industry peers and policymakers through our membership and participation in a number of trade bodies. This helps us understand and monitor regulatory developments as well as the impact of current and future policy and regulations at EU and member-state level.

Our people engagement programme is detailed in the Human Capital Development section above and within Stakeholder Engagement on page 22.

#### Case study

### The Czech presidency of the EU

The Czech Republic assumed the Presidency of the Council of the EU on 1 July 2022 and the government immediately prioritised a number of issues of importance to the CRT industry. These included progressing the revision of the Alternative Fuels Infrastructure Directive and reaching agreement on a new Emissions Trading Scheme to cover road transport. Both these proposals were put forward before the Russian invasion of Ukraine, but the war has created an even greater need for the resolution of these issues.

The Czech Presidency has given Eurowag an opportunity to leverage its profile in the Czech Republic and connections with political leaders in Prague. This has enabled us to play an ever more active role in the EU policy debate: as an example, at a meeting of EU ministers responsible for competitiveness held in Prague in July 2022, Martin Vohánka presented his views on how strengthening the EU's Single Market could enhance the competitiveness of SMEs in the sector and accelerate the decarbonisation of our industry. We have also proactively represented our customers' concerns and needs for successful energy transition within the truck industry and called for fair support for CRT companies across all EU countries. We remain actively engaged with the Czech government over its plans, supported by EU funds, to develop a network of e-charging stations and other alternative fuels infrastructure for HDVs.



## Focus area 4: Community impact

# Giving back to our community

We aim to make a positive social impact in the communities where we operate. Each year, we aim to donate a minimum of 1% of our annual EBIT to charitable causes in Europe and we also encourage our employees to give their time, skills, and financial support to charitable organisations and causes. We maintain a policy and guidelines governing the process for donations and volunteering.

Our charitable giving and volunteering programme has three elements:

## Philanthropy and You

Every year, employees receive an equal amount of money to donate to a charity of their choice through this charitable-giving programme. We run this through a partnership with Foundation Via. The Foundation has an online-giving platform that enables employees to choose and donate to charitable causes important to them. In 2022, we expanded our programme to include employees from Komtes, Araia, Trofa, and Salamanca offices. Much of this year's employee support was for children and families affected by illness.

## BeBetter Days

Each year, we offer Czech-based employees (and other employees visiting in the Czech Republic) the opportunity to volunteer their working time and skills for a non-profit organisation. This is a well-established programme in the Czech Republic and, in 2022, we provided support to 46 people with financial difficulties caused by the war in Ukraine. 69 employees participated in a matched fundraising campaign to support People in Need's humanitarian efforts in Ukraine and in neighbouring countries. We are exploring expansion in other markets starting in 2023.

## Support for Truck HELP Foundation

As a leading payments and mobility platform company, we recognise the importance of road safety. Through the Truck HELP Foundation, we support families who have lost loved ones during their work as professional drivers and, in 2022, we supported their mission in helping 41 children. We donated €6,069 to support the Foundation's programmes, which included a summer camp.

Philanthropy and You	2020	2021	2022
Employee participation	76.40%	80.70%	83.70% (750 employees)
Number of projects supported	190	246	227 (187 organisations)
Total amount allocated (€000)	93.6	238.7	150
Number of countries where projects were allocated	13	14	14

### Case study

## Our charitable response to the war in Ukraine

We are continuing to support employees and communities affected by the war in Ukraine. During 2022, we organised an employee donation drive for a NGO called 'People in Need', which supports Ukrainian nationals (both those in the country and those who have relocated). Eurowag matched the funds raised by 69 employees and donated €25,000 in total. We also provided direct financial support to 46 people and to 16 NGOs through Ukraine Aid and Philanthropy and You, along with a further donation of over €55,000 to support people in need.

## Sustainability

# Our sustainability action plan

Our sustainability action plan has four focus areas and, in each, we define short-medium and long-term targets and priorities, and we measure our progress and impact. Collectively, our work across all focus areas drives our progress to Net Zero and ensures that we achieve our positive impact goals for all our stakeholders.

## Our focus areas



### Climate action

- Accelerating the energy transition  
Page 101
- Helping customers reduce GHG emissions  
Page 102
- Reducing our direct GHG emissions  
Page 103



### Customer success and well-being

- Helping SME transport businesses to thrive  
Page 104
- Improving well-being and safety for truck drivers  
Page 105



### Company governance and culture

- Responsible business practices  
Page 106
- Inclusive recruiting and employment  
Page 107



### Community impact

- Making a positive impact in our local communities  
Page 108



## Focus area 1: Climate action

### Accelerating the energy transition

We are using our insight into the CRT industry's need to create the technology infrastructure and incentives for a Net Zero future.

#### Priorities

- **Alternative fuel technologies**
  - Growing our alternative fuel charging and payment acceptance network
  - Integrating alternative fuel offerings into all of our products and services
- **Customer education and advocacy**
  - Promoting alternative fuels to our customers
  - Partnering with alternative fuel alliances
  - Advocating for a fair deal for SME customers
- **Customer service and incentives**
  - Developing new customer advisory tools to support customers' energy transition
  - Creating incentive packages to accelerate customer adoption of alternative fuels

#### Targets

**80,000 active alternative fuels trucks using Eurowag products and services by 2030**

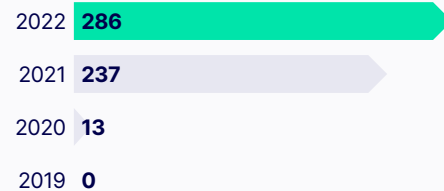
##### Customers using alternative fuel services



#### Progress

##### Active alternative fuels trucks

**286** ▲ 21%\*



\* Percentage change 2021–2022

##### ➤ Growing LNG

In 2022, we opened two Eurowag-owned LNG sites and grew our LNG acceptance network to 302 stations in 13 countries

##### ➤ Introducing HVO100

Our customers can now refuel with HVO100 at 25 stations in three countries

##### ➤ New services for electric vehicles

- **Sygic EV mode:** Drivers can access 260,000+ EV stations via the Sygic app
- **Electric car sharing:** We launched an app for inter-company car sharing, featuring a booking system and keyless access to vehicles

##### ➤ Developing hydrogen

Our telematics now support hydrogen vehicles. Also, in 2022, we joined with partners in South Korea and the Czech Republic to innovate in the hydrogen sector



## Sustainability



### Focus area 1: Climate action

## Helping customers reduce GHG emissions

To reduce GHG across the CRT sector, we are increasing the energy efficiency of our customers' trucks and helping customers transition to zero-emissions vehicles.

### Priorities

- Improving our customers' driving style through analysis, advice, and incentives
- Reducing empty journeys with planning tools
- Route optimisation services to minimise fuel consumption
- Consultancy services in the field of energy efficiency. Analysis of the possibility of replacing part of the fleet with alternative fuel vehicles
- Support for intermodal distribution

### Targets

**20% carbon intensity reduction per t-km by 2030 (baseline year 2019)**

GHG emissions per t-km across Eurowag customer fleet

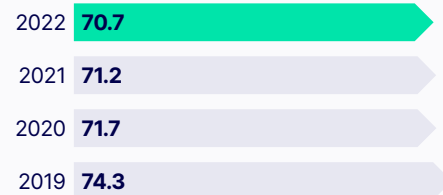


**Net Zero by 2050**

### Progress

Customers GHG emissions (per t-km)

**70.7** ▼ **0.7%\***



\* Percentage change 2021–2022

#### ➤ Improving driving behaviour

Our driving behaviour tools and telematics data enables our customers to become safer and more efficient drivers

#### ➤ Converting vehicles to EV

Our new advisory service helps fleets identify fossil fuel vehicles that can be converted to run on electric power

#### ➤ Faster EV routing

In 2022, the Sygic app was 40% faster at revealing EV charging stations



Focus area 1: Climate action

Reducing our direct GHG emissions

Eurowag operates across 30 countries, generating more than 3,200 tonnes of GHG per year. Decarbonising our operations is a vital step on our path to Net Zero.

Priorities

- > Investing in renewable technologies across our operating assets
- > Switching to renewable electricity for our operations
- > Implementing Net Zero technologies



Targets

50% reduction in emissions from our own operations by 2030 (baseline year 2019)

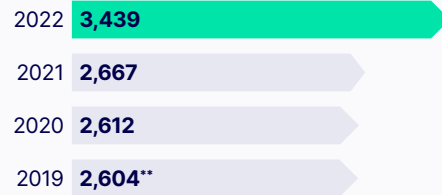
Reducing our Scope 1+2 GHG emissions



Progress

GHG emissions from Eurowag group operation (t CO<sub>2</sub>e)

3,439 ▲ 29%\*



\* Percentage change 2021 – 2022.  
 \*\* This is the original figure reported in previous year, excluding the emissions from the recently acquired WebEye and Sygic businesses. The re-calculated figure can be found on page 69.

- > **Solar energy**  
 In 2022 we installed photovoltaic panels on two truck parks in Spain
- > **Switching to renewables**  
 We continue to increase the proportion of energy we purchase from renewable sources for our own assets

## Sustainability



### Focus area 2: Customer success and well-being

#### Helping SME transport businesses to thrive

The majority of our customers are small or medium-sized businesses. Many of them struggle to compete due to their size and access to financing. By offering benefits and services at attractive terms, we help them compete, grow, and expand into new segments.

#### Priorities

- **Creating sustainable technological solutions**
- **Providing affordable financial services to support customers' energy transition**
- **Becoming the ultimate on-road mobility platform, creating better business opportunities across the industry**
- **Connecting trucking companies with merchants, shippers, and regulators, and providing vital information to help grow their businesses**



#### Progress

##### Customers survey results on business success (NPS score)

**66%** ▲ **1%\***



\* Percentage change 2021 – 2022

- **Road Lords Dispatcher launched**  
The Road Lords Dispatcher helps dispatchers and drivers to save time and increase fuel efficiency
- **Eurowag app updated**  
The latest iteration of the Eurowag app helps customers to plan routes, manage finances, and follow transport live
- **Mobile payments**  
In 2022 we launched the mobile Eurowag Pay solution across a total of 424 sites, both at Eurowag truck parks and across acceptance network sites – making life easier and safer for customers



## Focus area 2: Customer success and well-being

### Improving well-being and safety for truck drivers

Truck drivers face significant challenges on the road, ranging from physical safety to loneliness. Through our products and services, we are creating stronger community bonds among truck drivers as well as improving the quality of customer experience at our truck parks and across our entire network.

#### Priorities

- **Building drivers' social network through our digital platforms**
- **Improving the quality and security of facilities for customers at truck parks**
- **Increasing the efficiency of business processes e.g. mobile payment, digital office in mobile app**
- **Introducing tech services to improve driver behaviour and safety**



#### Progress

##### Customers survey results on well-being and safety (NPS score)

**70%** ▼ **3%\***



\* Percentage change 2021 – 2022

##### ➤ **Expanding road services**

Drivers can now use the Eurowag card to pay for roadside services and book ferry crossings at 1,800 locations in 18 countries

##### ➤ **Wrong-way warnings**

Our Sygic GPS Navigation warns drivers going in the wrong direction on highways and if there is a car driving toward them

##### ➤ **Driver scoring**

The Sygic app now allows drivers and dispatchers to monitor driving scores – improving driver safety and reducing fuel consumption

## Sustainability



### Focus area 3: Company governance and culture

#### Responsible business practices

We strive to uphold the highest ethical and responsible business and industry standards in our daily operations.

#### Priorities

- Promoting sustainable supply-chain practices and responsible procurement
- Operating ethically and with integrity, including anti-corruption
- Promoting transparency and financial regulatory compliance
- Upholding customer privacy and data security



#### Progress

- **Human rights**  
We have undertaken a human rights risk assessment across our operations and our supply chain
- **Code of conduct**  
We have implemented a Code of Conduct for Suppliers, featuring social standards including human rights
- **Employee training**  
We have introduced training in areas of anti-bribery, anti-money laundering and partner screening, antitrust, whistleblowing, and human rights
- **Screening tools**  
We have implemented a new tool and automated process for partner and international sanctions screening



## Focus area 3: Company governance and culture

### Inclusive recruiting and employment

We are building an outstanding culture that reflects and includes the diverse communities we serve. We are also developing an ambitious diversity, equity, and inclusion strategy to make Eurowag an even better place to grow skills and careers. Our ultimate aim is to achieve a top 25% of employee engagement score benchmarked against EU Tech companies by 2025.

#### Priorities

- Engaging international talent by providing competitive job offerings in all Eurowag's locations around Europe
- Minimising language barriers by providing the opportunity to improve different language skills (i.e. English, Spanish, German)
- Boosting employee engagement by addressing two-way communication improvement and systems and processes alignment
- To be a preferred employer in the markets where we operate, providing an inclusive, open culture with high-quality professional development opportunities and benefits

#### Target

**40% of women in leadership roles by 2025**

Growing share of women in leadership

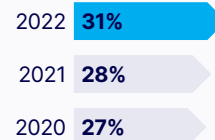


**Achievement of a top 25% of employee engagement score benchmarked against EU Tech companies by 2025**

#### Progress

##### Women in leadership

**31%** **3%\***



\* Percentage change 2021 – 2022

##### ➤ Attracting new talent

We participated in the job fairs at Czech and Slovak universities

##### ➤ Supporting Ukraine

We have supported the Ukraine Aid Committee: hiring Ukrainians, supporting employees who hosted Ukrainians

##### ➤ Celebrating women's achievement

Our leaders took part in International Women's Day and 'Women @ Webeye' panels to help drive gender parity

## Sustainability



### Focus area 4: Community impact

## Making a positive impact in our local communities

Eurowag serves a diverse community across Europe's patchwork of countries – many of whom face considerable challenges. We strive to make a positive impact everywhere we operate.

### Priorities

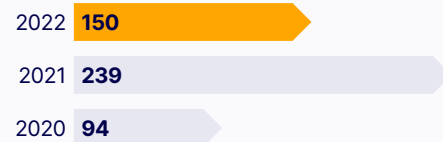
- Employee-led philanthropy to donate at minimum 1% of earnings before interest and taxes
- Enabling our employees to volunteer at local charities via volunteering days
- Supporting customers' families who have lost loved ones during their work as professional drivers



### Progress

#### Donation via Philanthropy and You programme (k€)

150 ▼ 37%\*



\* Percentage change 2021–2022

#### ➤ Eurowag colleagues giving back

In 2022 we donated €150,000 to charities via employee-led philanthropy

#### ➤ Helping children in need

Eurowag donated €6,069 to support the Truck HELP Foundation, helping children who have lost a family member on the road

#### ➤ Volunteering

In 2022, 74 Eurowag employees gave 450+ hours to support non-profit-making organisations

#### ➤ Support for Ukraine

We provided financial support to 46 people impacted by the war in Ukraine. 69 employees participated in matched fundraising to support People in Need's humanitarian efforts in Ukraine and in neighbouring countries

# Non-Financial Reporting Statement

The table below constitutes the Eurowag Non-Financial Reporting Statement, produced in compliance with the non-financial reporting requirements set out in Sections 414CA and 414CB of the Companies Act 2006. Information relating to each section of the non-financial reporting requirements have been incorporated via cross reference.

Reporting Requirement	Policies and standards	Additional information related to our policies and standards
<b>ESG governance</b>	<ul style="list-style-type: none"> <li>• <b>ESG policy</b></li> </ul>	Sustainability <a href="#">➤ page 60</a>
<b>Environmental matters</b>	<ul style="list-style-type: none"> <li>• <b>Environmental policy</b></li> <li>• <b>ESG strategy</b></li> <li>• <b>ESG policy</b></li> </ul>	Environment <a href="#">➤ page 66</a>
		Sustainability <a href="#">➤ page 60</a>
		ESG governance and accountability <a href="#">➤ page 61</a>
		TCFD statement <a href="#">➤ page 72</a>
		Main activities undertaken during the financial year <a href="#">➤ page 120</a>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• <b>Eurowag values</b></li> <li>• <b>Code of conduct</b></li> <li>• <b>Whistleblowing policy</b></li> <li>• <b>Health and safety policy</b></li> <li>• <b>Grievance policy</b></li> <li>• <b>Anti-harassment and anti-bullying policy</b></li> </ul>	S172 statement <a href="#">➤ page 20</a>
		Main activities undertaken during the financial year <a href="#">➤ page 120</a>
		Engagement with the workforce <a href="#">➤ page 22</a>
		Developing our culture <a href="#">➤ page 121</a>
		Diversity, equity, and inclusion <a href="#">➤ page 93</a>
<b>Social matters</b>	<ul style="list-style-type: none"> <li>• <b>Modern slavery and human trafficking policy</b></li> </ul>	Sustainability <a href="#">➤ page 60</a>
		Diversity, equity, and inclusion <a href="#">➤ page 93</a>
<b>Human rights</b>	<ul style="list-style-type: none"> <li>• <b>Modern slavery and human trafficking policy</b></li> <li>• <b>Anti-bullying and anti-harassment policy</b></li> <li>• <b>Personal data protection policy</b></li> <li>• <b>Personal data directive</b></li> </ul>	Human rights and combatting modern slavery <a href="#">➤ page 96</a>



## Non-Financial Reporting Statement

Reporting Requirement	Policies and standards	Additional information related to our policies and standards	
<b>Anti-corruption and anti-bribery matters</b>	<ul style="list-style-type: none"> <li>• <b>Anti-bribery and corruption policy</b></li> <li>• <b>Anti-money laundering policy (AML)</b></li> <li>• <b>System of internal principles Partner screening directive</b></li> <li>• <b>Conflicts of interest policy</b></li> <li>• <b>Market Abuse Regulation procedures manual</b></li> <li>• <b>Related Parties Transactions policy</b></li> <li>• <b>Significant Transactions policy</b></li> </ul>	Responsible business practices	<a href="#">▶ page 95</a>
<b>Principal risks relating to requirements</b>	<ul style="list-style-type: none"> <li>• n/a</li> </ul>	Risk management	<a href="#">▶ page 44</a>
<b>Business Model</b>	<ul style="list-style-type: none"> <li>• n/a</li> </ul>	Business model	<a href="#">▶ page 18</a>
<b>Non-Financial KPIs</b>	<ul style="list-style-type: none"> <li>• n/a</li> </ul>	Key Performance Indicators	<a href="#">▶ page 32</a>

This Strategic report was approved by and signed by order of the Board by:



For and on behalf of Computershare Company Secretarial Services Limited.

15 March 2023



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## Governance

Corporate Governance  
remains the highest of  
priorities for Eurowag

Clean  
Fair  
Efficient

**Governance**

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## Corporate Governance Report

# Letter from the Chairman



**Corporate Governance remains the highest of priorities, with the Code and duty owed to stakeholders at the forefront of our decision-making."**

**Paul Manduca**, Chairman

### Dear Shareholders

During 2022, our first full year as a Board since Eurowag's Admission to the London Stock Exchange, we ensured that we have a Board that is both effective and integrated. We recognise the diverse set of skills and experiences that each Director brings to the Boardroom, while we also challenge ourselves to identify gaps and areas for improvement to best serve our shareholders and all our stakeholders.

I have been encouraged by the healthy debate and constructive challenge during our meetings, and the integral role that the Board has played in guiding the Senior Leadership Team as we transitioned from a private company to where we are today. My role as Chairman is to seek continuous improvement and ensure that the Board has sufficient capacity to deliver in-line with stakeholder expectations. It is important that the Boardroom dynamics comprise an appropriate mix of skills with the necessary talent to help Eurowag achieve its aims and ambitions.

Corporate governance remains the highest of priorities, with the 2018 UK Corporate Governance Code (the "Code") and duty owed to stakeholders at the forefront of our processes and decision-making as a Board. For more details on how the Board has implemented the Code, please see page 120.

### Board changes

In April 2023, we will be saying goodbye to Magdalena Bartoś, who has served as Chief Financial Officer since September 2019. Magdalena has been critical to Eurowag's transition, playing a key role in the IPO and being a catalyst in driving our ambitious growth strategy. On behalf of the entire Board and all of Eurowag's people, I would like to thank Magdalena for her dedication and perseverance. We wish her the very best in her future endeavours.

Following a rigorous selection process, Oskar Zahn will succeed Magdalena Bartoś as Chief Financial Officer in April 2023. Oskar brings extensive experience and has a proven track record of delivery, having worked across multiple sectors and geographies. On behalf of the Board, I am delighted to welcome Oskar to Eurowag and I look forward continuing our work with him.

Looking forward, the Board will continue to access the necessary skills and experience to deliver on its ambition to create a clean, fair, and efficient CRT industry. We will also continue to ensure that existing members of the Board have sufficient capacity to meet their responsibilities.

The Board and the wider business continue to place emphasis on diversity and inclusivity at all levels. With 62.5% female representation on the Board, I am pleased that we continue to benefit from diversity of thought and exceed the targets set out in the FTSE Women Leaders Review. We also place an emphasis on the benefits of Board members' diverse cultural backgrounds with an array of cognitive and personal strengths. The Board believes that it should both be representative of our people and our stakeholders, and reflective of the international nature of the Company.

As part of our diversity objectives, we have set a target to increase female representation to 40% amongst 'all people leaders'. In addition, we have set a target to increase the representation of under-represented groups in Senior Leadership Team roles in-line with the FTSE Women Leaders Review and Parker Review recommendations. This illustrates our ambition and commitment to promote and support diversity of all kinds across our business.

These core beliefs will continue to be a part of our recruitment strategy for the Board and the Group as a whole.

### Board evaluation

The Board undertook its first formal evaluation in 2022 through an externally facilitated questionnaire and informal one-to-one session between myself and each of the Non-Executive Directors. I was pleased with the constructive and honest manner in which these were approached. The outcomes of the evaluation were positive, and areas of improvements were identified. From the feedback, the Board has agreed several key actions and will be monitoring these in the year ahead. In-line with the Code, we will be undertaking a full external evaluation in 2023 and using the result from the 2022 survey as an impetus to our continued improvement as an effective and entrepreneurial Board.

I would invite you to read more on our 2022 evaluation and the agreed action plan on page 128.

### Purpose, values and culture

One of the first Board tasks in 2021 was to define our purpose, to help the CRT industry to become clean, fair, and efficient. In 2022, the Board tasked itself with ensuring that this purpose, together with our values and strategy, were aligned with our culture. Our platform allows us to create trust and enable efficient and fair transactions with our customers. The Group's values reflect the behaviours through which our people help deliver our strategy. Results from our 2022 workforce engagement survey indicated that 87% of our people know how their job contributes to the Company's goals and that 77% believe in Eurowag's commitment to Sustainability. The Board believes this, and other feedback, is a strong indicator that the purpose, values, strategy and culture are aligned.

### Engagement with stakeholders

Wide-ranging stakeholder engagement enables the Board to make better judgements when undertaking principal decisions and for individual Directors to fulfil their statutory duties. Further details can be found in our s172 statement on pages 20 to 23, including the considerations the Board gave as part of its decision-making process.

During 2021, COVID-19 travel restrictions made it difficult for the Board to engage fully with the workforce, although we were able to benefit from some virtual sessions. However, in 2022, we were very pleased that the Board was able to visit Prague and also to host many of our colleagues at our new registered office in London.

I would like to once again thank shareholders for their support earlier this year for the Class 1 acquisition of Inelo at our General Meeting. It is important that we take shareholders with us on our journey, and this support provides a renewed mandate for the strategic direction set by the Board and the Executive Committee.

We look forward to engaging with shareholders again at this year's AGM. Our second AGM as a listed company is scheduled for 11 May 2023 at 4pm at our registered office: Third Floor (East), Albemarle House, 1 Albemarle Street, London W1S 4HA.

### Conclusion

Thank you to my fellow Directors for their commitment in 2022 for helping to put in place a strong governance framework. The Company, like many, will continue to face strong economic headwinds due to the impacts of high inflation, but I am encouraged by the opportunities for growth in Eurowag's market and look forward to the Company making good progress in 2023.



**Paul Manduca**  
Chairman

## Board of Directors

# Our Board of Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:



**Paul Manduca**



**Martin Vohánka**



**Magdalena Bartos**



**Mirjana Blume**



**Sharon Baylay-Bell**



**Caroline Brown**



**Susan Hooper**



**Joseph Morgan Seigler**

## Paul Manduca

### Independent Non-Executive Director and Chairman

**N**

Appointed	Nationality
7 September 2021	British/Maltese

#### Other commitments

Paul is the Chair of St James Place plc and Templeton Emerging Markets Investment Trust plc.

#### Skills and experience

Paul has over 40 years' experience in executive and non-executive roles in the financial and business services sectors. From 2012 to 2020, Paul was Chairman of Prudential plc, having previously been appointed to the board as Senior Independent Director in 2010. Other prominent positions include roles as Senior Independent Director of WM Morrison Supermarkets plc from 2005 to 2011, during which he served as chair of the Audit Committee and the Remuneration Committee. Prior to this, he was appointed global Chief Executive Officer of Rothschild Asset Management in 1999 and European Chief Executive Officer of Deutsche Asset Management from 2002 to 2005. Earlier in his career, Paul served as Chair of the Association of Investment Companies, as Chair of The City UK's Leadership Council and as founding CEO of Threadneedle Asset Management Limited.

Other previous appointments include Chairman of Aon UK Limited from 2008 to 2012, having served as a Non-Executive Director since 2006, JPM European Smaller Companies Investment Trust plc and Bridgewell Group plc; Director of Henderson Smaller Companies Investment Trust plc, Eagle Star Insurance Company and Allied Dunbar.

Paul holds an MA in Modern Languages from the University of Oxford, where he is also an Honorary Fellow of Hertford College. In 2018, Paul was awarded a Maltese Order of Merit.

## Martin Vohánka

### Chief Executive Officer

Appointed	Nationality
3 August 2021	Czech

#### Other commitments

In his personal life, Martin is a devoted philanthropist, passionate about the development of civil society. In 2016, he co-founded the Nadační fond nezávislé žurnalistiky (Independent Journalism Foundation) and the Nadace BLÍŽKSOBĚ (Closer Together Foundation), a non-profit organisation that aims to support people in need. Martin is a Director of Couverina Business s.r.o.

#### Skills and experience

Martin Vohánka founded Eurowag Group in 1995, shortly after graduating from high school. Over the years, Martin has successfully developed and scaled the business from an energy payments solution to an integrated payments and mobility platform for the CRT industry, which includes toll payments, on-board telematics, route optimisation, and much more.

Martin is devoted to providing every CRT company with the benefits of digitalisation at scale. He has grown up with these businesses, spending time in their vehicles and with the families that own and operate them, to understand what they need in order to improve efficiencies. His vision is to build a seamless integrated digital ecosystem to revolutionise what is known as "the middle mile", to benefit customers, partners, and the environment.

Martin holds an MBA from the University of Pittsburgh and also lectures at the University of Economics, Prague.

## Magdalena Bartoś

### Chief Financial Officer

Appointed	Nationality
3 August 2021	Polish

#### Other commitments

N/A

#### Skills and experience

Magdalena has a proven record as a successful CFO, responsible for strategic growth and financial performance, and with vast experience in M&A. Before joining Eurowag in September 2019, Magdalena led finance functions at renowned businesses in the energy, fuels, and manufacturing industries, including as CFO and member of the board at Paged SA, MD-Economic and Financial Affairs at PGE Group SA, Chief Financial Officer and Finance Director at Zelmer SA, and Finance Director of NIKE Poland.

Magdalena holds a postgraduate degree in Business (Africa Business and Beyond) from SWPS University in Warsaw, and a master's degree in Management, Capital Investments and Corporate Financial Strategies from the University of Economics and Business in Poznań.

**■** Chair

**A** Audit & Risk Committee

**R** Remuneration Committee

**N** Nomination Committee



## Board of Directors

### Mirjana Blume

Senior Independent Non-Executive Director

**A R N**

Appointed	Nationality
7 September 2021	Swiss

#### Other commitments

Mirjana is a member of the Board and the Audit Committee of SIX-listed Orell Fuessli Ltd, Chair of EWE Ltd, and Member of the Board of Eniso Partners Ltd, Chief Financial Officer of Synhelion Ltd, Vice-Chair of the Board and Chair of the Audit Committee at IWB Industrielle Werke Basel Ltd, and Secretary of the Board of Qnective Ltd.

#### Skills and experience

Mirjana has more than 20 years' experience in the areas of corporate finance, structuring of companies and management of complex corporate transactions. She was appointed to the Eurowag Supervisory Board in December 2020 to provide vision and expertise to guide Eurowag on its mission to become the leading on-road mobility platform.

Mirjana held the role of Chief Financial Officer at Qnective Ltd until 2018 and, earlier in her career, was Chief Executive and Financial Officer of Edisun Power Europe Ltd, Chief Financial Officer of MediService Ltd, and Chief Financial Officer for Novartis Oncology Switzerland.

Mirjana holds an undergraduate degree from the University of Applied Sciences Zurich and an MBA from the University of St Gallen.

### Sharon Baylay-Bell

Independent Non-Executive Director

**A R N**

Appointed	Nationality
7 September 2021	British

#### Other commitments

Sharon is currently Chair of the Board of AIM-listed Restore plc. Sharon is an independent technology consultant and Chair of DriveWorks Ltd, an independent design automation company.

#### Skills and experience

Sharon has had a successful career in technology, media and digital companies, and has extensive corporate governance experience. Sharon is a former Non-Executive Director of Ted Baker plc and served as acting Chair from December 2019 to July 2020. She has previously held roles as Marketing Director and main Board Director of the BBC, and spent 16 years at Microsoft, where she was a Board Director of Microsoft UK and Regional General Manager of MSN International.

Sharon holds a graduate Diploma in Marketing from the Chartered Institute of Marketing, is a Fellow of the Chartered Institute of Marketing, as well as a Member of Women in Advertising and Communications Leadership.

### Caroline Brown

Independent Non-Executive Director

**A R N**

Appointed	Nationality
7 September 2021	British/Irish

#### Other commitments

Caroline is a Non-Executive Director of London-listed IP Group plc, where she Chairs the Audit and Risk Committee, and Luceco plc. She is also a Non-Executive Director of Crown Agents Bank Limited and an external member of the global Partnership Council of Clifford Chance.

#### Skills and experience

Caroline has extensive executive and non-executive experience across the technology, financial services, and industrials sectors. She has over 20 years' experience sitting on the boards of listed companies and has also chaired audit committees of listed companies for the past 20 years. Her early career was spent in corporate finance with BAML (New York), UBS and HSBC.

Caroline holds a first-class degree and PhD in Natural Sciences from the University of Cambridge, an MBA and MA from the City Business School, University of London. She is a Fellow of the Chartered Institute of Management Accountants and a qualified Chartered Financial Analyst and Chartered Director.

 Chair

 Audit & Risk Committee

 Remuneration Committee

 Nomination Committee

## Susan Hooper

Independent Non-Executive Director



**Appointed**  
7 September 2021

**Nationality**  
British

### Other commitments

Susan is a Non-Executive Director of Moonpig Group plc and was appointed Chair of the Remuneration Committee, ESG lead, and designated representative for workforce engagement. Susan is a Non-Executive Director at Uber UK and has been Chair of the Board of Tangle Teezer Limited since January 2022. She is Chair and a Trustee of Carbon Gap, Chair Designate of Inter.Earth, and a founding Director of ChapterZero, an organisation dedicated to providing education, insight and support on climate change to Non-Executive Board Directors and Chairs. She is involved in several start-ups in carbon capture and sustainability and is also an Ambassador for the World Travel & Tourism Council.

### Skills and experience

Susan has extensive experience within a broad range of large consumer-facing businesses, both in executive and non-executive roles. These include: a Non-Executive Director of Wizz Air plc and a Non-Executive Director The Rank Group plc, where she was Chair of the ESG and Safer Gambling Committee, and a Non-Executive Director of Affinity Water, where she was Chair of the Remuneration Committee. She was also a Non-Executive Director for the Department for Exiting the European Union. Prior to this she was Managing Director of British Gas Residential Services and Chief Executive of Acromas Group's travel division (including the brands Saga and the AA). She held senior roles at Royal Caribbean International, Avis Europe, PepsiCo International, McKinsey & Co, and Saatchi & Saatchi. Susan holds bachelor's and master's degrees in International Politics and Economics from the Johns Hopkins University and the Johns Hopkins University School of Advanced International Studies.

## Joseph Morgan Seigler

Non-Executive Director

**Appointed**  
7 September 2021

**Nationality**  
American

### Other commitments

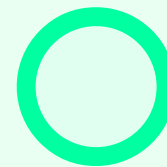
Morgan is Managing Director at TA Associates and co-head of its European Technology Group. Morgan currently sits on the following boards as a representative of TA Associates: The Access Group, Adcubum, Auction Technology Group, Flashtalking, ITRS, Netrisk Group, Sovos, thinkproject and Unit4.

### Skills and experience

Morgan has over 16 years of private-equity experience and has led investments in software, financial technology, online and e-commerce, and semiconductor companies. He is deeply involved in creating both organic growth and complementary acquisitions for all his portfolio companies. Prior to joining TA Associates in 2002, Morgan worked for Morgan Stanley and Raymond James. Morgan holds an MBA from the Stanford Graduate School of Business and a bachelor's degree in Economics from Yale University.

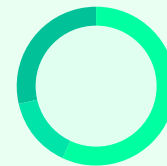
## Diversity of the Board

### Tenure



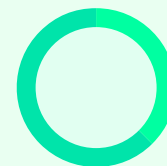
- 0 – 3 years (8)
- 4 – 6 years (0)
- 7 – 10 years (0)

### Age



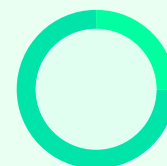
- 40 – 49 years (4)
- 50 – 59 years (1)
- 60 – 69 years (2)

### Gender



- Male (3)
- Female (5)

### Director composition



- Executive (2)
- Non-Executive (6)

## Corporate Governance Report

# Governance overview

### Implementation of the 2018 UK Corporate Governance Code

W.A.G payment solutions plc (“the Company”) adopts the 2018 UK Corporate Governance Code (the “Code”). Throughout the year ended 31 December 2022, the Group has fully complied with the provisions of the Code.

Further information on the Company’s application of the principles and provisions of the Code can be found in the Corporate Governance Report on pages 120 to 124. The Code is publicly available at <https://www.frc.org.uk/>.

### Board activities undertaken during 2022

Topic	Key activities and discussion in 2022	Key achievements	Key priorities for 2023
Strategy and management	<ul style="list-style-type: none"> <li>M&amp;A opportunities</li> <li>Review of the Group’s branding</li> <li>Continued investment in organic and inorganic growth opportunities</li> <li>Further technological transformation</li> <li>Embedding of culture conducive to the strategic direction of the Group</li> <li>Establishment of practices and procedures required of Senior Leadership Team and its workforce</li> <li>Further development of an end-to-end digital platform and product technology</li> <li>Board Strategy Day held in September 2022</li> </ul>	<ul style="list-style-type: none"> <li>Completion of the acquisition of Webeye, a leading fleet-management solution provider</li> <li>Acquisition of Sygic, one of the global leaders in mobile navigation and location-based services.</li> <li>Completion of the partnership with JITpay, an advanced invoice factoring and supply chain finance provider</li> <li>Admission to the FTSE 250 Index</li> <li>Signed a Multicurrency Term and Revolving Facilities Agreement to refinance and expand the Group’s existing credit facilities</li> <li>Acquisition of 100% of the share capital of Inelo, a leading fleet-management solution provider</li> </ul>	<ul style="list-style-type: none"> <li>Integration of acquired businesses</li> <li>Development and execution of transformational investments</li> <li>Continued delivery of organic growth</li> <li>Focus on recruitment and retention of employees</li> <li>Review of further M&amp;A opportunities for the business</li> </ul>
Stakeholder engagement	<ul style="list-style-type: none"> <li>Discussion of the Company’s purpose, values and vulture</li> <li>Review of Culture Manifesto</li> <li>Appointed new external public relations agency, Instinctif</li> <li>Investor relations meetings</li> </ul>	<ul style="list-style-type: none"> <li>Chairman met with employees through a town hall meeting</li> <li>Meetings with key shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Support the Senior Leadership Team with initiatives to further improve NPS and eNPS</li> <li>Capital Markets Day to be held in 2023</li> </ul>
Risk management and internal controls	<ul style="list-style-type: none"> <li>Review of the Company’s risk appetite</li> <li>Review of the Company’s principal risks and uncertainties</li> <li>Review of the design and effectiveness of the risk management framework and internal control systems</li> <li>Review of the Company’s risk register</li> <li>Review and approval of the internal audit plan</li> </ul>	<ul style="list-style-type: none"> <li>Review of the FPP actions</li> <li>Review of the findings from the outsourced Internal Auditor</li> <li>Review of the performance of outsourced Internal Auditor</li> </ul>	<ul style="list-style-type: none"> <li>Continuous review of the Company’s risk management framework, risk appetite and risk register</li> <li>Review of the Company’s climate risk and management strategies</li> </ul>

Topic	Key activities and discussion in 2022	Key achievements	Key priorities for 2023
Financial reporting and controls	<ul style="list-style-type: none"> <li>Review of the external audit workplan</li> <li>Finalising the Company's commitment, targets and implementation of KPIs</li> <li>Review of the performance of External Auditor</li> </ul>	<ul style="list-style-type: none"> <li>Re-appointment of External Auditor</li> <li>Review of interim consolidated financial statements for the six months ended on 30 June 2022</li> <li>Review of full year consolidated financial statements</li> </ul>	<ul style="list-style-type: none"> <li>Continued implementation of the new generation ERP to support financial reporting</li> <li>Monitoring the integration of Inelo</li> <li>Implementation of Group reporting systems for consolidation</li> <li>Continued enhancements to financial reporting capabilities and control environment</li> </ul>
Environmental, social and governance	<ul style="list-style-type: none"> <li>Discussion of the Group's ESG strategy for 2022</li> <li>Discussion of the Company's purpose, values and culture</li> <li>Review of ESG Strategy and considerations for Climate Change and TCFD Reporting</li> </ul>	<ul style="list-style-type: none"> <li>Approval of the Company's purpose, values and culture</li> <li>Development and approval of the Company's ESG Strategy</li> <li>Assessment of the Company's positions against TCFD recommendations</li> <li>The appointment of a Non-Executive ESG Board representative</li> </ul>	<ul style="list-style-type: none"> <li>Continued implementation of the Group's ESG Strategy</li> <li>Continued evolution of the Company's purpose, values and culture</li> <li>Implementation of the Company's Diversity and Inclusion Policy</li> </ul>
Board composition and effectiveness	<ul style="list-style-type: none"> <li>Review of the Board's composition and skills' matrix</li> <li>Review of Board succession planning and time commitments</li> <li>Review of the Board Diversity and Inclusion Policy</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of Susan Hooper as the Non-Executive ESG Board representative with effect from 1 January 2022</li> <li>Completion of the Company's inaugural Board evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Externally facilitated Board evaluation</li> <li>Develop succession plans for the Board and the Executive Committee</li> </ul>

## Developing our culture

### Defining our purpose, values and culture

The Board has ultimate responsibility for establishing our purpose, values and culture. Our purpose is to make the CRT industry clean, fair, and efficient. This is underpinned by our four values, which guide our workforce: (1) deliver your best; (2) embrace change; (3) be a true colleague; and (4) be a good person.

### Engagement with our Employees

The Senior Leadership Team, with support from the Board, has built a collaborative environment where its employees thrive, as evidenced by the Group's high employee engagement. The strength of our employee engagement was reflected in our 2021 eNPS. The 2022 annual employee engagement survey is underway. eNPS is designed to help employers measure employee satisfaction based on how likely they are to recommend their employer as a place of work.

We have set out an ambition to be in the top 25% amongst EU Technology companies for employee engagement by 2025. As of 31 December 2022, employee retention rate was 78.5%. Engagement with our employees is a priority and

leads to a work environment where everyone is able to work to their true potential. Susan Hooper was appointed as the Non-Executive ESG Board representative, with designation to represent in matters of workforce engagement, in January 2022. Members of the Senior Leadership Team regularly present to the Board on specific areas of Group activities to ensure that the Board has a thorough understanding of the key operations of the business.

### Aligning purpose, values, strategy and culture

Performance comes from passion and purpose. Our values are our guiding principles for everything we do. Our values inspire us to achieve success and happiness in our work and private lives. Ultimately, this leads to achieving our strategy effectively; our purpose is clearly defined and our values are established throughout our workforce to create alignment between Company, team, and individual goals and interests. We ensure that whoever we recruit, promote, and reward demonstrates these values, and we retain those who share our values. This safeguards and perpetuates the culture we have built, which in turn enables us to keep achieving our strategy year-on-year.

# Corporate Governance Report

## Division of responsibilities

### Decisions and matters reserved for the Board

There is a formal schedule of matters reserved for the Board, as well as a delegated authority matrix, which assists with Board planning and provides clarity of responsibility for decision-making. The formal schedule of matters reserved for Board decision-making is available on the Company's website and includes the following areas:

### Strategy and management

The Board is responsible for managing and overseeing the Group's operations, ensuring competent, prudent and effective management; sound planning; an adequate system of internal control; adequate accounting and other records; and compliance with statutory and regulatory obligations. The Board considers and reviews the Group's strategic aims and business plan and reviews the Group's performance in light of these aims. The Board determines the Company's purpose and values, and the Group's aims, long-term objectives and commercial strategy. Extension of the Group's activities into new business or geographic areas, the decision to cease all or any material part of the Group's business, or the restructuring or re-organisation of the Group shall be decided by the Board.

### Board composition and effectiveness

The Board is committed to holding an annual Board evaluation of its own performance, that of its Committees and individual Directors. The independence and appropriateness of the skills, experience, knowledge, and commitment of the Directors are assessed annually during the evaluation process. Details of the Board evaluation undertaken for the year ended 31 December 2022 can be found on page 128 of the Nomination Committee Report.

### Remuneration

The Board oversees the Remuneration Committee, which is responsible for determining the policy for Executive Director remuneration and setting remuneration for the Chairman, the Non-Executive Directors and the Senior Leadership Team. The Board is responsible for considering and approving the remuneration policy for the Board and Senior Leadership Team, and determines the remuneration of the Non-Executive Directors within the limits set in the Articles of Association ("Articles"). For further details of the Company's approach to remuneration, see page 138.

### Financial and annual reporting

The Board is responsible for approving the Group's Annual Report and Accounts, the Interim Accounts and Half-Yearly Report, trading statements, and the preliminary announcement of the final results, following recommendation from the Audit and Risk Committee.

## Capital expenditure and financing

The Board is responsible for approving investments and capital projects exceeding £6 million and overseeing the project's completion. Any unbudgeted investments and capital projects exceeding £2 million, and oversight over the project's execution and delivery shall be approved by the Board. Any borrowings by the Group in excess of £5 million shall be approved by the Board. The Board shall approve entering into of any indemnities or guarantees where the maximum amounts payable could exceed £5 million, other than indemnities and guarantees given in respect of the Group's products or services or any banking facilities (including any indemnities, guarantees or facilities in substitution for or renewal of existing arrangements). The Board shall approve the creation of any mortgage, charge (fixed or floating), pledge, hypothecation or other encumbrance of a similar nature over all or any part of the undertaking, property and assets (both present and future) and uncalled capital of the Company. Additionally, the Board shall approve an issue by any member of the Group of any debt instruments for amounts in excess of £5 million, including bond issues, debenture issues and loan stock instruments (but excluding intragroup debt instruments).

## Engagement with shareholders and wider stakeholder groups

The Board ensures effective engagement with, and encouragement of participation from, the Group's shareholders and stakeholders, including the workforce. It will undertake regular reviews of engagement mechanisms in place to ensure that they remain effective. The Company has developed an engagement strategy based on those issues that are most important to its long-term success. Further shareholder engagement has been undertaken by the Chairman, to understand the shareholder views on governance and performance against the strategy. Further information on how the Company engages with shareholders and wider stakeholder groups can be found on pages 20 to 23.

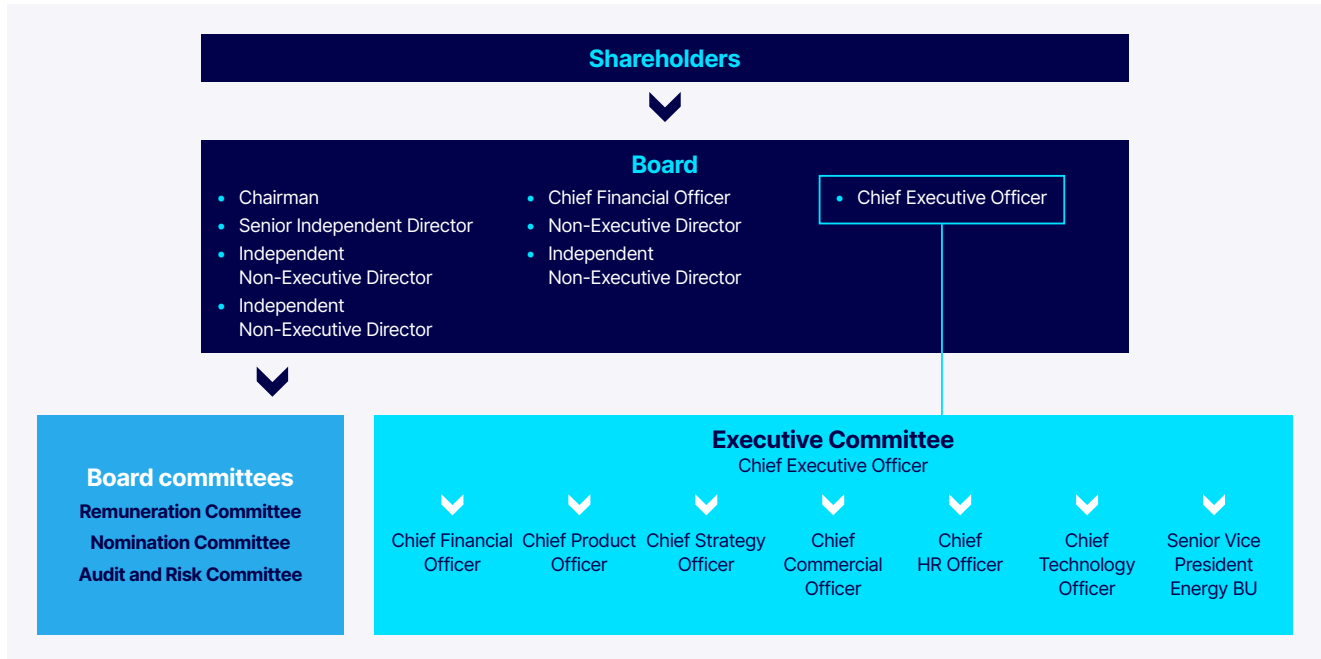
## Environmental, Social and Governance

The Board considers the impact of the Group's operations on the community and the environment and reviews and recommends amendments to the Group's ESG Strategy. Susan Hooper was appointed as the designated Non-Executive ESG Board representative, with effect from 1 January 2022. Susan is planning to undertake several site visits during 2023 to meet the workforce and discuss a variety of topics. For further details of the Company's approach to ESG, see page 60.

## Internal controls

The Board is responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the aggregate level and types of risks that the Group is willing to take in achieving its strategic objectives. The Company's outsourced Internal Audit function provides independent assurance to the CEO, the Audit and Risk Committee, and Board as to whether the Group's system of internal control is adequately designed and operating effectively to respond appropriately to risks significant to the Company. Further information on the Company's internal controls framework can be found on page 136.

## Board governance framework



## Board independence

All Directors are expected to exercise independent judgement in their duty to promote the success of the Company for the benefit of its members as a whole. Directors should exercise their judgement to this end free from material interference and must disclose any and all business or other relationships to the Board. It is an essential aspect of good governance that the Independent Non-Executive Directors constructively challenge the Senior Leadership Team at Board meetings. The Board aims to provide support and guidance to promote meaningful discussion and, ultimately, informed and effective decision-making. The CEO welcomes and encourages the Board to test proposals and provide strategic guidance in light of their wider experience outside the Company, particularly in listed environments.

Morgan Seigler is a Non-Independent Non-Executive Director, nominated to the Board by major shareholder, Bock Capital EU Luxembourg WAG SARRL. Morgan is expected to exercise the same duties as fellow Board members in exercising independent judgement and avoiding conflicts of interest. Shareholding agreements, relationship agreements, and appropriate processes and procedures safeguard against undue influence affecting Board decision-making. Measures have been introduced to ensure that confidentiality is maintained, in particular on price-sensitive matters. The composition of the Board ensures that no one individual or small group of individuals dominates the Board's decision-making.

The Board reviews the independence of its Independent Non-Executive Directors at each meeting, as advised by the Company Secretary, and takes action to identify and manage conflicts of interests to ensure that third-party influence does not override or compromise independent judgement. Directors are required to provide requisite information to allow the Board, aided by the Nomination Committee, to evaluate their independence at appointment and throughout their engagement with the Company. The Board is satisfied that there are no matters that give rise to conflict of interests which could compromise the independence of the Independent Non-Executive Directors.

## Time commitment

The Chairman, Independent Non-Executive Directors and Non-Independent Non-Executive Director each have letters of appointment. They are not employed in an executive capacity by the Company. These letters set out the main terms of their appointments to the Board and cover an initial term of three years. However, in-line with the Code, all Directors are put forward for initial election and thereafter annual re-election by shareholders.

The letters contain information in relation to the time commitment expected of each Director in their role. Independent Non-Executive Directors can expect a typical time commitment of 26 days a year on average, whilst Morgan Seigler, being a Non-Independent Non-Executive Director, is expected to commit, on average, 16 days per year. Given the nature of the role of Chairman, the expected

## Corporate Governance Report

time commitment of Paul Manduca is circa one day per week. While the time commitments outlined are guidance, not targets, the time required of Directors can fluctuate and all Directors are expected to devote sufficient time to discharge their responsibilities effectively, particularly at times of high activity or demand on the business.

The Board has undertaken, as part of their action plan from the 2022 Board evaluation, to review the role profiles of each Director and the level of commitment required to meet those requirements to act in the best interest of stakeholders. Directors' external time commitments are regularly reviewed by the Nomination Committee to ensure

that they are able to allocate the necessary time to the Company. This process is continually managed by the Company Secretary and the Chairman, and takes into consideration external appointments and commitments, including relevant factors such as the complexity of each company and industry, in particular highly regulated sectors, and issues affecting these other companies. Any changes to Directors' external appointments are reviewed by the Nomination Committee. The Board has concluded that, notwithstanding Directors' other appointments, they are each able to dedicate sufficient time to fulfil their duties and obligation to the Company.

### Directors' attendance at Board and Committee meetings for the year ended 31 December 2022

Committee member	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Paul Manduca	8/8	n/a	n/a	3
Martin Vohánka	8/8	n/a	n/a	n/a
Magdalena Bartoš	8/8	n/a	n/a	n/a
Sharon Baylay-Bell	8/8	3	4	3
Mirjana Blume	8/8	3	4	3
Caroline Brown	8/8	3	4	3
Susan Hooper	7/8 <sup>1</sup>	3	4	3
Joseph Morgan Seigler	8/8	n/a	n/a	n/a

1. An ad hoc meeting was called at short notice due to M&A activity. Susan Hooper had a pre-existing commitment and was unable to attend.

### Board roles and their responsibilities

#### Chairman

- Facilitate the effective contribution of Non-Executive Directors through engagement in open and honest discussions
- Oversee the effectiveness and suitability of the Company's governance processes, with support from the Company Secretary
- Ensure the Board receives accurate and timely information in order to fulfil its duties
- Review the long-term development of the Group and ensure that effective strategic planning is undertaken

#### Chief Executive Officer

- Devise the strategy and long-term objectives of the Group in-line with the agreed risk appetite
- Oversee the operational performance and report accurately to the Board and its Committees
- Ensure the Boards' strategies, objectives and decisions are implemented in a timely and effective manner

#### Chief Financial Officer

- Oversee the day-to-day financial running of the Group.
- Provide strategic financial leadership by developing all necessary policies and procedures to ensure sound financial management

- Ensuring the accuracy, integrity and timeliness of financial reporting and compliance with any relevant reporting and accounting standards

#### Senior Independent Non-Executive Director

- Provide a sounding board for the Chairman
- Serve as an intermediary for other Directors
- Be available to shareholders where other channels of communication are inappropriate
- Lead the annual evaluation of the performance of the Chairman

#### Company Secretary

- Support the Board and its committees on all corporate governance matters

#### Non-Executive Directors

- Provide constructive challenge to the Executive Directors and other members of the Senior Leadership Team
- Contribute to the development of strategy and provide oversight to ensure its execution
- Apply independent and impartial experience and expertise
- Oversee the effectiveness and integrity of the Company's financial reporting and risk-management systems

# Nomination Committee Report

The Nomination Committee has continued to promote diversity and inclusion throughout the Group."

Paul Manduca, Nomination Committee Chairman



## Committee overview

- The Committee comprises the Board Chairman and four Independent Non-Executive Directors
- All members have relevant experience
- Meetings are attended by the CEO and other relevant attendees, by invitation of the Chairman

## Key responsibilities

- Monitor the governance framework, including the structure, size and composition of the Board and its committees, to ensure a balance of skills, knowledge, experience and diversity
- Lead a rigorous and transparent process for identifying and selecting candidates to serve as Directors on the Board and its Committees and making recommendations to the Board for their appointment
- Develop and implement effective succession plans for the Board, its committees, and the Senior Leadership Team, having regard to the skills and expertise needed to ensure the long-term sustainable success of the Company and wider Group

- Oversee the development of a diverse talent pipeline and monitor the Company's diversity policies and initiatives, and their effectiveness
- Review the external directorships and commitments of the Non-Executive Directors
- Assist the Chairman in ensuring that there is a rigorous annual evaluation of the performance of the Board, its Committees, the Chairman, and individual Directors
- Ensure that appropriate procedures are in place for training and developing Directors

The Committee's terms of reference, which are reviewed and approved annually, are available on the Company's website at [investors.eurowag.com](https://investors.eurowag.com)

## Activities during 2022

- Considered and recommended to the Board the election/re-election of each continuing Director ahead of their election/re-election by shareholders at the Company's 2022 AGM
- Reviewed Board and Senior Leadership Team succession planning
- Reviewed the external appointments and time commitments of the Non-Executive Directors

- Completed the Company's first annual Board evaluation, which included a review of the Board's skill matrix and the composition of the Board and its Committees
- Approved the first Board Diversity and Inclusion Policy
- Committed to meet the Parker Review target of at least one person from a non-white ethnic group by 2024
- Continued to meet the Hampton-Alexander target for 33% female Board representation

## Focus areas for 2023

- Succession planning for the Board and Senior Leadership Team
- Further training programmes to be organised for the Board
- The onboarding of the new CFO
- The appointment of a new Non-Executive Director in line with the Committee's commitment to comply with the Parker Review and the FTSE Women Leaders Review
- Continued focus on diversity in all aspects within the Group



# Nomination Committee Report

## Membership

Committee member		Meetings attended
Paul Manduca	Independent Non-Executive Chairman and Committee Chairman	3
Sharon Baylay-Bell	Independent Non-Executive Director	3
Mirjana Blume	Senior Independent Non-Executive Director	3
Caroline Brown	Independent Non-Executive Director	3
Susan Hooper	Independent Non-Executive Director	3

## Dear Shareholders

I am pleased to present the Nomination Committee Report, for the year ended 31 December 2022. The Nomination Committee comprises four independent Non-Executive Directors: Sharon Baylay-Bell, Mirjana Blume, Caroline Brown, and Susan Hooper and myself (Independent Non-Executive Chairman of the Board and of the Committee). The biographies of each member of the Committee are set out on page 116. The Committee met three times in 2022, during which we reviewed and updated the Directors' induction plan and the continuing training regime for existing Directors, reviewed the skills of the Board as a whole, and reviewed succession planning for both the Board and the Senior Leadership Team.

As Nomination Committee Chairman, I led my fellow Committee members in assessing the Board's effectiveness, considering the Company's strategic priorities and planning, and ensuring that the corresponding balance of skills, experience, and challenge are present in the Boardroom.

With our first Board evaluation since Admission to the London Stock Exchange, the Nomination Committee felt it important to assess the performance of the Board and its Committees in a manner appropriate not only to highlight strengths and areas for improvement, but also to enable the Committee to measure the Board's performance against its peers. After discussions on the most suitable approach for the Company, the Committee agreed to conduct an internal evaluation with a questionnaire facilitated by an external provider. This would afford the Committee the opportunity to assess its overall performance and identify specific areas for improvement, benchmarked against its peers.

The results of the questionnaire were presented to the Committee in December 2022. Following which, the Committee proposed an action plan to address certain findings within the report; in my role as Board Chairman, I also held one-to-one feedback sessions with each Director in early 2023.

The Committee engaged Lintstock, specialists in governance reviews, to help facilitate the questionnaire. Lintstock has no affiliations with any Director of the Board and is considered to be independent.

## Diversity and Inclusion Policy

The Board implemented the Board Diversity and Inclusion Policy in December 2022. The purpose of the policy is to ensure a diverse and inclusive membership within the Board, which will result in better decision-making and enhance the success of Company. The Committee recognises the benefits of diversity of thought and, when considering Board appointments and hiring or promoting to Senior Leadership Team roles, diversity will be taken into account. The policy seeks to ensure that each role is offered on merit to the best available candidate, against objective criteria. The Board aspires to commit to no less than 50% of women on the Board and at least one Director from an ethnic minority, by December 2024. The Board also aspires to represent a broad spectrum of nationalities to reflect the international nature of the Group.

During the period, the Committee reviewed the composition of the Board and its committees and is pleased that the current gender composition of the Board exceeds the target set in the Hampton-Alexander Review. The Board is committed to fulfilling the requirements set out in the FTSE Women Leaders Review and the Parker Review.

The Committee acknowledged the recognition the Company received in the FTSE Women Leaders Review published in February 2023, placing in the Top Ten Best Performer's list for women on the Board. It also recognised that the Company placed in the Ten Poorest Performer's for women holding roles in the Executive Committee and direct reports. The Committee will continue to challenge the Senior Leadership Team to promote diversity and inclusion throughout the Group.

## Director appointment process

There were no Director appointments made during 2022. On 25 October 2022, it was announced that Magdalena Bartoś would be stepping down as Chief Financial Officer in spring 2023.

On 28 February 2023, it was announced that Oskar Zahn would succeed Magdalena Bartoś as Chief Financial Officer in April 2023. It is intended that Oskar will be appointed as a Director of the Company in May 2023.

The search process was supported by external consultants Odgers Berndtson who assessed candidates and provided a shortlist for further review. During the interview process Oskar met with the Chairman of the Company, the Chair of the Audit and Risk Committee and members of the Senior Leadership Team. Following the interview process, Oskar was assessed against the Kornferry Leadership Assessment criteria which has been created for the purpose of leadership selection.

During the review of the candidate, members of the Committee considered factors including feedback from the interview and assessment processes; relevant skills, experience, and background; and alignment to the Company's purpose, values, culture and strategy. The Nomination Committee recommended that Oskar be appointed to position of Chief Financial Officer, which was approved by the Board in February 2023.

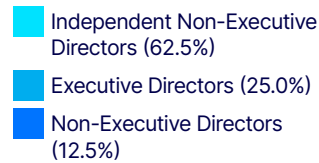
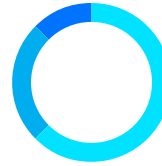
To support a smooth transition and onboarding process Oskar will be supported by David Forth, a senior financial professional, who joined the business on 1 February 2023.

The Committee values diversity of thought and believes that the Board and Senior Leadership Team should reflect the international nature of the Company. Given the industry and the geographic presence of the Group, the Committee will continue to emphasise the value of a broad range of skills, experiences, and backgrounds that are representative and strategically aligned to the Company's purpose and has affirmed its commitment to the Parker Review targets as part of its recruitment process.

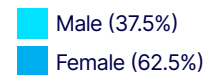
The Nomination Committee will lead the appointment process of new Directors, as and when vacancies arise, in accordance with the Directors' ongoing succession planning. The Board will follow a formal process for the selection and appointment of new Directors. New Director appointments shall be made on the basis of merit against objective criteria as identified by the Board as desirable in order to complement the skills and experience of the existing Directors, while having regard to all diversity factors.

## Board composition statistics

### Independence<sup>1</sup>



### Gender



<sup>1</sup> The composition of the Board is shown as at 31 December 2022. There have been no changes to the compositions of the Board since the year end.

## Succession planning

During the period, the Committee reviewed the appointment profile of each Director and considered succession planning from the three time horizons: contingency planning, medium-term planning, and long-term planning. The Committee is committed to developing and implementing effective succession plans for the Board and its Committees, taking into consideration the skills and expertise needed to ensure the long-term sustainable success of the Company and the wider Group. The Committee and Board will continue to consider such matters as: time commitment and the benefits of diversity of gender, social, and ethnic backgrounds, cognitive and personal strengths.

During the year, the Committee reviewed the Board skills matrix and concluded that the existing composition of skills and expertise within the Board is appropriate to meet the current leadership needs of the business. The Committee oversees the succession and development of the Group's Senior Leadership Team and talent pipeline. During the period, the Committee reviewed the succession planning for the Senior Leadership Team and identified the key roles that will form part of the Company's succession planning focus for 2023.

# Nomination Committee Report

## Training and ongoing development of skills

The Committee has established a formal induction programme for future Director appointments. Recently appointed Directors also undergo further induction training with the objective of enhancing their understanding of the Group, its culture, and the industry in which it operates during the year. The Board reviewed a number of training sessions which focused on technology, the Company's payment cloud, ESG and sustainability. During 2023, specific review sessions have been scheduled for the Board and its committees on topics including, but not limited to, platform and pricing, corporate governance, TCFD reporting, climate change, diversity and inclusion, and boardroom dynamics.

## Board evaluation

The Board evaluates its own performance annually and that of its Committees, as well as the individual performance of the Chairman and each Director. For the Company's first Board evaluation, the Committee recommended a combination of interviews with the Chairman and an online survey, facilitated by Lintstock Limited, an advisory firm specialising in board performance evaluations.

The Chairman led the evaluation, which covered the functioning and dynamics of the Board as a whole, composition and diversity of the Board, stakeholder oversight, the effectiveness of the Committees, risk management and internal control, and the contribution made by each Director. Each Director completed a self-evaluation questionnaire reflecting on their personal commitment and contributions during the period. The results were reviewed by the Chairman and discussed with the Board.

Lintstock provided detailed analysis with metric ranking comparators against the Lintstock Governance Index. The feedback focused on 11 key categories: Board Composition; Stakeholder Oversight; Board Dynamics; Chairman Performance; Management and Focus of Meetings; Board Support; Board Committees; Strategy Day; Wider Strategic Oversight; Risk Management and Internal Controls; Succession Planning and People Oversight.

In addition, the report recommended priorities for change. The top priorities included ensuring that a strong executive team was in place to support the CEO in the delivery of strategic objectives and enhancing the focus on M&A, particularly integration and monitoring execution.

While the Committee felt that the overall report was positive, it recognised a number of matters requiring further attention to enhance the Board's performance. The constructive feedback formed part of the Committee's proposed continuous improvement action plan.

The Board has agreed to a set of measurable objectives for 2023, with the primary focus on:

- understanding stakeholders
- ensuring appropriate capacity for Directors to fulfil their duties
- competitor oversight
- clarity of Board packs
- M&A activity and integration
- audit activities
- Executive succession planning

A separate evaluation of the Chairman was led by the Senior Independent Non-executive Director. The Directors completed a questionnaire to support the evaluation of the Chairman, the responses of which were reviewed by the Senior Independent Director, who then met with the Chairman to discuss and address any points of action.

## Annual re-election of Directors

In accordance with the Code, all Directors will offer themselves for re-election by shareholders at the 2023 AGM. Both the Committee and the Board are satisfied that all Directors continue to be effective in, and demonstrate commitment to, their respective roles on the Board. The Committee believes each Director makes a valuable contribution to the leadership of the Company. The Board, therefore, recommends that shareholders approve the resolutions the re-election of the Directors to be proposed at the 2023 AGM.



**Paul Manduca**

Chairman of the Nomination Committee

15 March 2023

# Audit and Risk Committee Report

The Committee has diligently reviewed and robustly challenged management to ensure the quality and effectiveness of financial reporting, risk management, and related controls."

Dr Caroline Brown, Audit and Risk Committee Chair



## Committee overview

- Comprises four Independent Non-Executive Directors
- Caroline Brown and Mirjana Blume are considered by the Board to have recent and relevant accounting experience. All members have relevant commercial and operating experience
- Three meetings have been held during the year ended 31 December 2022
- Meetings are attended by the Chairman of the Board, the CFO, other members of the Senior Leadership Team, the partially-outsourced Internal Auditor and the External Auditor, by invitation of the Committee Chair

## Key responsibilities

The Committee's main responsibilities, as outlined in its terms of reference, are:

- Recommending the half and full-year financial results to the Board
- Maintaining the integrity of all financial and non-financial reporting, including review of significant judgements and estimates
- Monitoring the effectiveness of the Company's internal financial controls and risk management systems
- Reviewing updates on the Company's principal risks and risk appetite
- Overseeing the relationship with the Internal and External Auditors and reporting the findings and recommendations of the Auditors to the Board

The Committee's Terms of Reference, which are reviewed and approved annually, are available on the Company's website at <https://investors.eurowag.com>

## Focus areas for 2023

- Review and scrutinise the preparation of the Annual Report and Accounts for the year ended 31 December 2022, including significant financial reporting issues and judgements
- Monitor the implementation of financial position and prospects procedures
- Oversee the continued implementation of the new generation ERP system

- Assist the Board in its review of the design and effectiveness of the Company's systems of internal control and risk management
- Review and advise the Board on the effectiveness of the Group's whistleblowing procedures
- Review the performance of the External Auditors and the partially-outsourced Internal Auditors
- Undertake an externally facilitated review of the Committee's performance, composition and Terms of Reference

# Audit and Risk Committee Report

## Membership

Committee member		Meetings attended
Caroline Brown	Independent Non-Executive Director and Committee Chair	3
Sharon Baylay-Bell	Independent Non-Executive Director	3
Mirjana Blume	Senior Independent Non-Executive Director	3
Susan Hooper	Independent Non-Executive Director	3

## Dear Shareholder

As Chair of the Audit and Risk Committee, I am pleased to present the Committee's report summarising its activities and its work related to the financial year ended 31 December 2022 during 2022 and early 2023.

In our first full year as a Committee since the Company's Admission, the major focus for the Committee has been to ensure that adequate procedures are being implemented in a timely fashion across the areas of: financial reporting; IT general controls and system transformation; compliance and AML. In addition, the Committee has reviewed financial performance, reporting on controls, internal audit reports, and the risk management framework. Our review of key accounting policies, and accounting judgements and estimates has included: impairment of non-financial assets, valuation of put options, refinancing of the group's debt, uncertainties in the macro-economic outlook, IT transformation, and the presentation and disclosure of alternative performance measures.

Since the year end, the Committee has reviewed and scrutinised the preparation of the Company's listed entity Annual Report and Accounts for the year ended 31 December 2022.

The Committee is comprised entirely of Independent Non-Executive Directors, whose biographies are set out on page 116. The Committee has recent and relevant experience and competence in accounting, internal and external auditing experience, and has the relevant business experience necessary to fulfil its duties. The Committee meetings are routinely attended by the Chairman of the Board, the Chief Financial Officer, the Group's External Auditors, PwC LLP (PwC), the partially-outsourced Internal Auditor, KPMG Česká republika, s.r.o. (KPMG), and other members of management. PwC and KPMG have attended all Committee meetings held during the year ended 31 December 2022 and will be invited to attend future meetings.

The Committee has reviewed the content of the Annual Report and Accounts and considers that it provides the information necessary to assess the Group's performance, business model, and strategy and, taken as a whole, is fair, balanced, and understandable. This Committee report should be read in conjunction with the Financial review on pages 34 to 43, the risk management section on pages 44 to 53, the External Auditors' report on pages 170 to 178 and, the Group financial statements on pages 180 to 257.

As Chair of the Committee, I would like to take this opportunity to thank the finance, risk, compliance, and legal team members, together with our external assurance providers, for their dedication and work since Admission, under difficult and challenging conditions.

I look forward to attending the AGM to respond to any questions from shareholders that may be raised on the Committee's activities.



**Dr Caroline A Brown**

Chair of the Audit & Risk Committee

15 March 2023

## Activities of the Committee

The Committee has had an extensive number of items on the agenda focusing on the audit, assurance, and risk and compliance processes within the business. The Committee has worked closely with the Senior Leadership Team, the partially-outsourced Internal Auditor, the External Auditor, and the financial reporting team to ensure the appropriate design and effectiveness of the Group's internal control and risk management frameworks, and to publish the Annual Report and Accounts of the Company.

The Committee's role is to ensure that disclosures reflect the supporting detail provided to the Committee or challenge the Senior Leadership Team to explain and justify their interpretation and, if necessary, re-present the information. The Committee reports its findings and makes recommendations to the Board accordingly. There were three meetings of the Committee held during the year, and two meetings in 2023 that reviewed matters related to the 2022 financial year. Due to the increasing responsibilities of the Committee, we are planning to hold five meetings in 2023. Items of business considered by the Committee, including as part of the Annual Report and Accounts process, are set out below:

Actions	Outcomes	Cross-reference
<b>Annual reporting</b>		
Review of outstanding items from the Financial Position and Prospects Procedures (FPPP) report	The Committee reviewed and monitored the progress of outstanding items from the FPPP following the IPO of the Company in March 2022 and December 2022.	n/a
External audit planning and key accounting matters	The Committee received and approved the external audit plan for 2023 and audit fee proposal for PwC in December 2022.	➤ <a href="#">page 137</a>
Review of significant financial reporting issues and key judgements	The Committee approved a review of significant accounting judgements and estimates, with respect to the 2021 financial statements in March 2022, and with respect to the 2022 financial statements in March 2023.	➤ <a href="#">page 133</a>
Review of Going Concern and Viability statements	The Committee received and approved the Going Concern and Viability review, with respect to the 2021 financial statements in March 2022, and with respect to the 2022 financial statements in March 2023.	➤ <a href="#">page 134</a>
Review of Annual Report	The Committee recommended the 2022 Annual Report and Accounts to the Board in March 2023.	n/a
<b>Risk management and internal control</b>		
Risk management framework and risk registers	The Committee received an internal audit report on the design effectiveness of the risk management framework in August 2022. The Committee reviewed reports on the effectiveness of design and implementation of the risk management framework. The Committee reviewed the risk register and evaluated the risk appetite for the top 30 items in the risk register in December 2022.	➤ <a href="#">page 134</a>
Review of principal and emerging risks	The Committee and the Board undertook a robust assessment of the Company's emerging and principal risks, including a description of its principal risks, the procedures in place to identify emerging risks, and an explanation of how these are being managed and mitigated. Details of the risks approved by the Board can be found in the Risk Section of this report.	➤ <a href="#">page 134</a>
Review of internal controls	The Committee reviewed the internal controls reporting for 2022 and reviewed the design and effectiveness of the internal controls in December 2022.	➤ <a href="#">page 137</a>

## Audit and Risk Committee Report

Actions	Outcomes	Cross-reference
Approved internal audit plan	The Committee approved the internal audit plan from the partially-outsourced Internal Auditor for 2023, in December 2022.	<a href="#">➤ page 136</a>
Review of compliance controls	The Committee received regular reports from the Business Assurance Committee relating to compliance with policies and incident reporting. The effectiveness of the Whistleblowing procedures was reviewed in August 2022.	<a href="#">➤ page 137</a>
Monitoring of recommendations following Internal Auditor reports	The Committee reviewed the reports from the partially-outsourced Internal Auditor including the outcomes of their reviews. The Committee received reports from the first and second lines of defence, detailing management actions and improvements. At the Committee's request, expert external assurance has also been committed to the monitoring of management actions.	<a href="#">➤ page 136</a>
<b>Governance</b>		
Internal Auditor appointment	During the year the Committee evaluated the effectiveness of the partially-outsourced Internal Audit function and agreed it was appropriate to continue the partially-outsourced arrangement and to re-appoint KPMG. KPMG have a direct reporting line into the Committee. The Committee will continue to monitor the effectiveness of the partially-outsourced Internal Audit function during 2023.	<a href="#">➤ page 136</a>
External Auditor appointment	PwC was re-appointed as External Auditor for the Company at the 2022 AGM.  The Committee recognises the importance of continuity of knowledge of the accounting and internal infrastructure of the Company, whilst maintaining independence as External Auditor. During the year the Committee reviewed the independence, objectivity and effectiveness of the External Auditor and recommended to the Board continued engagement with PwC.	<a href="#">➤ page 135</a>
Non-Audit Services Policy	The Committee reviewed and approved the Non-Audit Services Policy for the Company.	<a href="#">➤ page 136</a>
Committee Terms of Reference	The Committee reviewed and agreed the Terms of Reference for the Committee in December 2022.	<a href="https://investors.eurowag.com">https://investors.eurowag.com</a>
Financial Reporting Procedures	The Committee reviewed financial reporting procedures and controls in March 2022 and December 2022. The Committee received progress updates on the new ERP system from the CFO and the CTO in February 2023 and reviewed controls for finance and financial reporting in March 2023.	<a href="#">➤ page 134</a>
KPIs and Metrics	The Committee continued to review, challenge, and recommend metrics and indicators to enhance the Company's control environment. In particular, the Committee reviewed the externally reported environmental metrics and recommended them to the Board for approval in December 2022.	<a href="#">➤ page 60</a>
Mergers & Acquisitions	The Committee reviewed and challenged reports from external assurance providers and integration plans for the Company's acquisitions in December 2022.	<a href="#">➤ page 53</a>

## Key accounting issues and significant judgements

In the preparation of the Group's 2022 financial statements, the Committee assessed the accounting principles and policies adopted, and whether the Senior Leadership Team had made appropriate estimates and judgements. In doing so, the Committee discussed management reports and enquired into judgements made and discussed key matters with the External Auditors.

The significant issues considered by the Committee in relation to the financial statements include:

Significant issue	Summary
Impairment of non-financial assets	<p>Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and forecasts for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount of Fleet management solutions CGU is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill. The key assumptions used to determine the recoverable amount of the CGUs are disclosed and further explained in Note 17 of the consolidated financial statements on page 223.</p>
Principal versus agent consideration	<p>The Group has considered whether it acts as a principal or an agent in acceptance business model (see explanation of the business models used in sales of energy in Note 4.3 of the consolidated financial statements on page 188) in sale of energy. The Group's products include the energy, as well as an integrated web-based solution, comprising advice on where to buy energy, offering discounted energy prices that are independent of pricing of the Group's suppliers, use of payment cards, extended payment terms and administration of the energy sales transaction. The Group sells energy to its customers under one contract covering sales transactions realised under the two business models used by the Group and described in Note 4.3. In the case of the acceptance business model the principal versus agent assessment involves significant judgement. In applying the judgement, management concluded that the Group is the principal mainly because it is the primary obligor in respect of delivery of energy and related services to its customers. The following control indicators were also considered:</p> <ol style="list-style-type: none"> <li>1. The Group has discretion in establishing the price for the specified energy independent from the prices of petrol stations under the acceptance model</li> <li>2. The Group has the right to choose its suppliers</li> <li>3. The Group is responsible for damages caused by the product quality</li> </ol>
Put options granted to non-controlling interests	<p>Following the new agreement related to the acquisition of the remaining 30% share in Sygic (see Note 8 of the consolidated financial statements on page 206), the Company concluded that it, in substance, acquired present access to economic benefits of the acquired subsidiary. The put option redemption liability will be settled with a transfer of the non-controlling interest's shares for a fixed price which is not expected to change in the future. Therefore, as of 31 December 2022, the controlling shareholders have all the risks and rewards associated with ownership.</p>
Adjusting items	<p>In determining whether an item should be presented as an adjusting item to IFRS measures, the Company considers items which must initially meet at least one of the following criteria:</p> <ol style="list-style-type: none"> <li>1. It is a significant item, which may cross more than one accounting period</li> <li>2. It has been directly incurred as a result of either an acquisition or relates to Group's strategic transformation programme</li> <li>3. It is unusual in nature, e.g. outside the normal course of business</li> </ol> <p>If an item meets at least one of the criteria, the Committee exercises judgement as to whether the item should be classified as an adjusting item to IFRS performance measures (see the list of items in Note 11 of the consolidated financial statements on page 216).</p>



## Audit and Risk Committee Report

Significant issue	Summary
Modification of bank borrowings	The Group concluded that 2022 refinancing of its existing loan (see Note 29) represented non-substantial modification of a financial liability. The conclusion was based on the assessment of qualitative (currency, key roles of financing banks, interest benchmark and non-cash nature of the refinancing) and quantitative factors. At first, the Group evaluated that the net present value of the cash flows under the new terms (including any fees paid net of any fees received) discounted at the original effective interest rate is not more than 10% different from the discounted present value of the remaining cash flows of the initial loan at date of the loan modification. Subsequently, qualitative factors were compared with the original financing and most of them were concluded to be either the same or very similar.

► Further information is available within the External Auditor's report on pages 170 to 178

### Fair, balanced and understandable

The Committee carried out a thorough review of the Group's Annual Report and Accounts. As part of the review, the Committee gave particular consideration to whether the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable, concluding it was.

To make this assessment, the Committee received copies of the Annual Report and Accounts during the drafting process, ensuring the key messages aligned with the Company's position, performance and strategy. The Committee ensured that the narrative sections of the Annual Report and Accounts were consistent with the financial statements. After consideration of all of this information, the Committee was satisfied that, when taken as a whole, the 2022 Annual Report and Accounts are fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model, and strategy. The Committee also considered other information concerning the Group's performance and business presented to the Board during the period by management, the external and internal auditors.

### Going Concern and Viability review

The Committee reviewed the approach to the Going Concern and Viability statement prior to the year end and agreed that a three-year horizon was appropriate for viability reporting. After the year end, the Committee reviewed reports setting out its view of the Company's viability including a description of the factors considered in forming an assessment of the Company's prospects. The viability review was based on a three-year strategic plan and an analysis of the impact of the Company's principal risks which have been set out on page 46 to 53.

Following thorough review, the Committee approved the Going Concern statement set out on page 57 and the Viability statement set out on pages 54 to 57.

### Risk and internal controls

The key elements of the Group's internal control framework and procedures are set out on pages 44 to 45. The principal risks the Group faces are set out on pages 46 to 53. The Committee devoted part of each meeting to items concerning risk and its management. In the course of its review, the Committee challenged management on the design and effectiveness of the Company's risk management and internal control frameworks. During 2022, the Committee reviewed the findings of the partially-outsourced Internal Audit review conducted on the design of the risk management framework which was deemed effective. The Committee will continue to challenge management to strengthen and enhance the Company's internal control and risk management frameworks during 2023.

The Executive Committee has established a sub-committee, the Business Assurance Committee, the reporting structure can be found on page 136. The sub-committee reports to the Executive Committee and also has a separate reporting line directly to the Audit and Risk Committee, where the Chairman of the Business Assurance Committee presents updates. The executive sub-committee coordinates the management of risk, and controls before reporting to the Committee and the Board.

The Committee reviewed an internal audit report on the design effectiveness of the risk management framework and monitored Business Assurance Committee reports on management's implementation of recommended improvements.

During the year, the Committee reviewed management's updated assessment of the principal and emerging risks, the risk register, as well as risk appetite statements. In the process, the Committee challenged management's approach and assessment to the principal risk and risk appetite statements, ahead of the Board's consideration and approval. The Committee and the Board will continue to review the Group's principal risks and risk appetite statements during 2023.

## Compliance

The Committee reviewed its assurance arrangements covering legal, financial, tax, risk, IT and cybersecurity, and employment policies, identified areas where additional assurance on Group compliance with these policies and procedures was required and agreed actions with management to obtain the desired level of assurance.

## Effectiveness of the External Audit

The Committee, on behalf of the Board, is responsible for the relationship with the External Auditor, and part of that role is to examine the effectiveness of the statutory audit process. Audit quality is regarded by the Committee as the principal requirement of the annual audit process.

The effectiveness of the external audit process depends on appropriate risk identification. In August 2022, and again in December 2022, the Committee discussed enhancements and plans for the 2022 external audit. This included a summary of the proposed audit scope and a summary of what the External Auditor considered to be the most significant financial reporting risks facing the Company, together with the External Auditors proposed audit approach to these significant risks. In March 2023, the External Auditor reported against their audit scope, providing an opportunity for the Committee to monitor progress and raise questions, and challenge both the External Auditor and management.

The External Auditor meets with management at regular intervals during the annual audit process. The Committee reviewed lessons learnt from the Company's first audit as a listed entity. Improvements to the annual audit process were agreed by the Committee, relevant management and the External Auditors. During 2022, the Committee met separately with the External Auditor and formally reviewed the effectiveness of the 2021 external audit. The Committee will continue to monitor the effectiveness of the External Auditor during 2023.

## Auditor independence

The Committee keeps under review the cost-effectiveness, independence, and objectivity of the External Auditor. The Committee has put in place a policy on the engagement of the External Auditor to supply non-audit services and a review of the effectiveness of the External Auditor.

In assessing the independence of the External Auditor from the Group, the Committee takes into account the information and assurances provided by the External Auditor, confirming that all its partners and staff involved with the external audit are independent of any links to the Group. PwC confirmed that all its partners and staff complied with their ethics and independence policies and procedures, which are fully consistent with the FRC's Ethical Standard, including that none of its employees working on the audit hold any shares in the Company.

In addition, the lead audit partner rotates every five years to assure independence.

The Committee is satisfied that PwC continues to be independent, and free from any conflicting interest with the Company or the wider Group.

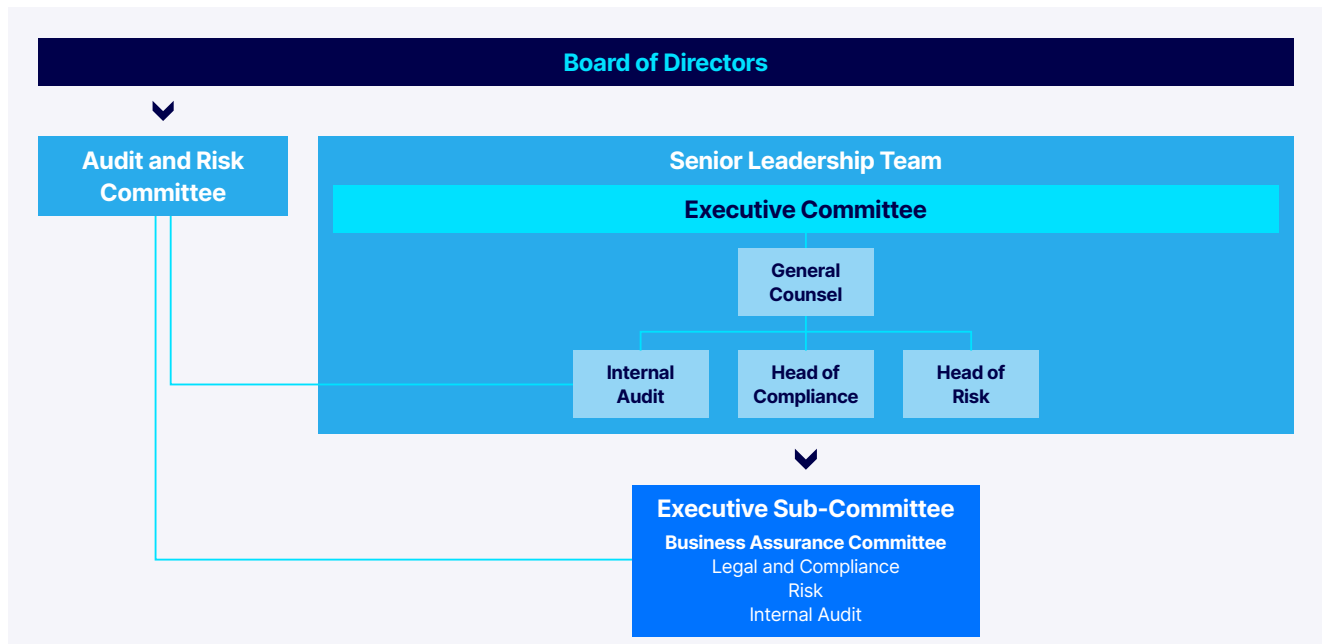
## Audit Tenure

PwC was appointed as the Company's External Auditor in 2019 following an audit tender process in which PwC, Deloitte, and former external auditor EY participated in. PwC and EY were shortlisted, and PwC was later selected as an External Auditor for the Group.

Mr Mark Skedgel became lead partner in late 2021, responsible for the statutory audit for the 2021 year-end onwards. The Committee has no current plans to re-tender the audit during 2023.

The Committee is satisfied that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority on 26 September 2014. In recognition of underlying audit rotation requirements, the Committee currently intends that a tender process will be undertaken during the year to 31 December 2029 to cover the financial year ending 31 December 2029 onwards. The Committee will continue to review the Auditor's appointment each year to ensure that the Company is receiving an optimal level of service.

## Audit and Risk Committee Report



### Non-audit services policy

The External Auditors are primarily engaged to carry out statutory audit work. There may be other services where the External Auditors are considered to be the most suitable supplier by reference to their skills and experience. A policy is in place for the provision of non-audit services by the External Auditors, to ensure that the provision of these services does not impair the External Auditors' independence or objectivity, in accordance with the FRC Ethical and Auditing Standards.

Service	Policy
<p><b>Audit-related services</b></p> <p>May include the provision of services subject to approval by the Committee, including capital markets services, review of interim financial statements, compliance certificates and reports to regulators.</p>	<p>The half-year review, an assurance-related non-audit service, would be approved as part of the Committee approval of the external audit plan.</p> <p>All permitted non-audit services require approval in advance by the Committee or the Committee Chair, subject to the cap of 70% of the fees paid for the audit in the last three consecutive financial years (the cap does not apply until 3 years of audit fees have been accumulated).</p>
<p><b>Permissible services</b></p> <p>Permissible services are detailed in the FRC's white-list of permitted audit-related and non-audit services. Any audit-related service or non-audit-related service, which is not on the list, cannot be provided by the External Auditor.</p>	<p>Permissible in accordance with the FRC Revised Ethical Standard 2019.</p>

### Non-audit services

Fees for non-audit services paid to PwC in 2022 include the cost of reporting accountant work related to the acquisition of Inelo. Reporting accountant work is based on listing requirements and is often performed by the existing external audit firm due to the nature of the work and the continuity of knowledge. The Committee reviewed and confirmed the independence of the External Auditor.

### Internal Audit

The Committee reviewed five reports from the partially-outsourced Internal Auditor reviews completed in 2022. KPMG was appointed as the partially-outsourced Internal Auditor by the Company in October 2021. The Committee reviewed the effectiveness of the partially-outsourced Internal Audit function in 2022 and also approved the Internal Audit plan for 2023 in December. The Committee will formally review the effectiveness of the partially-outsourced Internal Audit function again during 2023.

## Annual review of effectiveness of risk management system and internal controls

Following listing in 2021, the Board established governance structures (see Business Assurance Committee on page 136) for monitoring the system of risk management and internal controls. During 2022, the Audit and Risk Committee has monitored the reports from risk management and the partially-outsourced Internal Auditor and conducted an annual review of the effectiveness of the risk management framework and internal controls.

In 2021 the Group established an Internal Audit function which has been partially-outsourced to KPMG concerning the audits delivery. The Group's internal control systems were upgraded during 2022, with full implementation of the Internal Controls Framework due to be completed by the end of 2023. During 2022, KPMG conducted a review of the design effectiveness of the system of risk management. No significant weaknesses were found.

During 2022, the Board continued ongoing monitoring of the internal control environment and conducted an annual review of effectiveness of the performance and testing of risk management and internal controls. Factors considered in this process included:

- findings of internal audits completed during the year
- Group's risk management framework which includes activities by the first and the second line of defence
- work conducted by the partially-outsourced Internal Auditor
- management's response to internal audit findings
- reporting on finance controls
- reporting of Business Assurance Committee

The Audit and Risk Committee has identified some areas of weakness in the Group's systems of risk management and internal control. Management has actioned improvements and these are being monitored, with external expert assurance being obtained. The Group's systems continue to mature and are scheduled to be fully implemented during 2023. The Committee will continue its ongoing monitoring of the systems of risk management and internal controls as a priority for 2023.

## Audit fees for 2022

Fees paid to the External Auditor for the year were €1.77 million, of which 33.43% (€0.59 million) was for non-audit and other assurance services and €1.18 million was for the audit. The audit to non-audit fee ratio was 1:0.5.

The Committee is satisfied that this level of fee is appropriate in respect of the audit services provided within the financial year. The non-audit fees resulted from merger and acquisition activity (€0.59 million). Reporting accountant work is subject to the non-audited services cap. Non-audit services represented 50.21% of fees paid to the External Auditor in the year. The Committee will continue to review the non-audit fee ratio.

## Priorities for 2023

During the 2023, the Committee will continue to support and challenge management through the evolution of the Company's internal control framework and risk management framework. The Committee will continue to monitor, and oversee readiness plans, to changes to the regulatory regime in the UK with respect to financial controls, audit, and risk management. The Committee will focus on the efficiency and effectiveness of the Group's financial reporting function, including its resourcing as the Group's complexity increases, and will review the implementation of the new generation technologies that promise to strengthen the Group's financial reporting capabilities.

Finally, the Committee will continue to focus on the risks associated with climate change and the impacts of those risks on the Group's financial statements.

## Whistleblowing

The Committee reviewed the operation of the Group's whistleblowing procedure and agreed that the Committee Chair would act as independent escalation for any items which employees did not feel comfortable raising directly with management. No items had been notified to the Committee Chair prior to this report. Further information on the Company whistleblowing arrangements is available on page 98.

## Terms of Reference

The Committee has reviewed and approved the Terms of Reference, which are available on the Company's website. The Committee will, at least annually, review its Terms of Reference to ensure they remain appropriate and robust.

## Committee effectiveness review

The Board undertook a review of its own effectiveness which included the effectiveness of the Committee. The Board and Committee will implement actions from the review during 2023.

## Continuing education and training

The entire Board has received training on strategies and reporting for stakeholder engagement, and ESG and Sustainability, and received information and regulatory updates that could affect the work of the Committee.

# Remuneration Report



**This year, the Remuneration Committee has focused on ensuring that there is appropriate alignment between pay and the continued long-term, sustainable success of the business."**

**Sharon Baylay-Bell**, Remuneration Committee Chair



## Annual statement

I am pleased to present Eurowag's Directors' Remuneration Report, for the first full financial year since our Admission to the London Stock Exchange in October 2021.

This year, the Directors' Remuneration Report comprises the following three sections:

- This Annual Statement, where I summarise the work of the Committee during 2022 and our approach to Directors' remuneration
- A copy of the Directors' Remuneration Policy (the "Policy"), which was approved by shareholders at the May 2022 Annual General Meeting and has a three year life
- The Annual Report on Remuneration, which explains in more detail how Directors have been paid in 2022 and our intentions on Directors' pay for 2023, the second year of our Policy

We were delighted to have received very strong shareholder support at the 2022 AGM for the approval of our Directors' Remuneration Policy, which is in-line with UK good practice and takes account of institutional shareholders' views.

## 2022 Business performance

Against a challenging backdrop, disrupted by the Russian war in Ukraine and energy supply shortages, Eurowag once again showed the resilience of its business model with a strong operational and financial performance during 2022. We continued to take significant steps towards becoming the ultimate on-road mobility platform for our customers. At the start of the year, we set out our ambition to make the CRT industry clean, fair, and efficient. The targets that we have set ourselves in our sustainability action plan will be integral to helping us achieve this through our own endeavours and also by assisting our customers on their journey to a low-carbon future.

We are also delivering on our promise to our investors through growth plans that will ensure that we play a central role in the digitalisation of the CRT industry. During the year, we acquired Webeye, with a total portfolio of more than 58,000 connected trucks in Europe, that will expand the Group's overall customer base; Webeye's customers will gain access to our unrivalled range of integrated end-to-end payment solutions. We acquired a minority stake and entered into a strategic partnership with JITpay, whose suite of products includes

digitalised billing, invoice discounting, and receivables management solutions, which will help to drive the expansion of Eurowag's digital ecosystem. It will also strengthen our geographical presence in Germany, one of the largest trucking markets in Europe. We have also acquired Inelo, a leading fleet management solution and working time management software provider, adding a further 87,000 connected trucks to our network and solidifying our position in Central and Eastern Europe.

You can find more information about Eurowag's activities and performance in 2022 in the Board Chair's statement on pages 08 to 09 and in the CEO's report on pages 24 to 29.

## Remuneration outcomes for 2022

The annual bonus for 2022 was based 70% on Group adjusted EBITDA, 20% on On Road Technology Enabled Solutions net revenue, and 10% on a combination of NPS and eNPS.

- The Group delivered adjusted EBITDA of €81.6 million in 2022 which was between threshold and maximum and resulted in a payout of 39.7% of maximum opportunity for this part of the bonus
- On Road Technology Enabled Solutions net revenue (as total Group net revenue less fuel payments net revenue) was €83.9 million and was also between threshold and maximum. This level of performance has resulted in a payout of 73.6% of maximum opportunity
- Our performance against the two NPS measures has led to a payout of 27.0% of maximum opportunity

Overall, the annual bonus outcome for 2022 was 45.2% of maximum opportunity or 37.7% cash bonus as % of salary and 18.8% deferred bonus as a % of salary for the CFO. The CEO did not participate in the 2022 annual bonus.

The first three-year Performance Share Plan ("PSP") award was granted at Admission and will vest in October 2024. At the same time, as disclosed in last year's Annual Report and Accounts and in the Admission Prospectus, the CFO was granted a one-off PSP award in recognition of legacy entitlements. These awards were based on Group adjusted EBITDA/share performance measure for the year ended 31 December 2022. Actual Group adjusted EBITDA/share for the 2022 financial year was 11.84 cents, which was between the threshold and maximum targets and these awards will vest at 81.5%. Further detail of the measure, targets, and achievement is set out in the Annual Report on Remuneration.

The Remuneration Committee considered the bonus and PSP vesting outcomes and believe that they are a fair representation of performance over the relevant performance periods. No discretion was applied by the Remuneration Committee to change the formulaic outcomes. The Remuneration Policy was approved by shareholders at the 2022 AGM and it is the Committee's view that the policy has operated as intended in terms of the incentive outcomes and the total quantum delivered to executives in the context of Company performance.

## Board changes

On 25 October 2022 we announced that Magdalena Bartoś would be stepping down as Chief Financial Officer and as a Board Director of Eurowag to pursue other interests. Magdalena will work her six month notice period and it is anticipated that she will leave the business on 30 April 2023. Until cessation, Magdalena receives her base salary and benefits and, having worked her full notice period, she will not receive a payment in lieu of notice. Magdalena was instrumental in the success of our listing in 2021 and will be treated as a good leaver for incentive purposes. Having worked for the full 2022 financial year, she will receive the 2022 annual bonus in April 2023 (part of which will be deferred in shares), benefit from her one-off PSP award which vests in April 2023 and will retain an interest in her 2021 PSP award which will vest in October 2024 subject to performance and a time pro rata reduction. Magdalena Bartoś did not receive a PSP award in 2022. As Magdalena will cease employment after this report is being signed off, full details of her cessation arrangements will be provided in next year's remuneration report.

On 28 February 2023 we announced that Oskar Zahn will be joining as Chief Financial Officer on 17 April 2023 and he will subsequently join the Board on 12 May 2023. Oskar's appointment follows a rigorous selection process and he brings extensive UK PLC experience and a proven track record working across sectors and geographies. Oskar's remuneration arrangements are in line with our approved Policy. His base salary will be £430,000 per annum and he will participate in the discretionary annual bonus and PSP schemes up to the limits in the Policy. Oskar's base salary was considered carefully by the Committee and in setting this, the Committee took into account his experience, his London location, his base salary at his former employer which was agreed in 2022 and Oskar's next salary review at Eurowag, which is to be undertaken in January 2024. His pension contribution will be 8% of base salary which is in line with the rate applying to other UK employees in the Group. Mr Zahn is forfeiting remuneration from his former employer and under our recruitment policy and in line with typical and good practice, he will be compensated on a like-for-like basis in terms of time vesting, value and performance. The buyout includes a modest estimate of his 2022 annual bonus, and buyout of his share awards, some of which will vest based on time and others based on both time and Eurowag performance. Full details of the compensatory share awards will be set out in an RNS statement and details of the total buyout will be set out in next year's remuneration report.

# Remuneration Report

## Our people

During the last year we have run two salary reviews for our employees. The first was effective 1 September 2022 and increased the salaries of 222 of our lowest paid employees by an average of 8.5%.

Our annual salary review was effective 1 January 2023 and all employees were eligible. Employees received an average increase of 8.85% on their base salary. The allocated budget was set taking external factors into account such as high inflation and scarcity of talent in the markets Eurowag operates in.

All our employees participate in an annual bonus scheme and bonuses for all employees except sales teams will be paid in April 2023.

## Operation of the policy in 2023

The Committee intends to operate the Policy as follows in the current financial year.

- **Fixed pay** – The CEO's base salary will increase by 7% from €300,000 p.a. to €321,000 p.a, which is below the annual workforce increase of 8%. Martin Vohánka's base salary continues to remain significantly below typical market levels for a CEO in a company of Eurowag's size, scale and complexity. As set out earlier, Oskar Zahn's base salary as our new CFO will be £430,000 upon joining and this takes into account his significant UK PLC experience, his London location and includes a modest increase on his salary at his previous employer. The Committee has considered market rates for the role and believes Oskar's base salary is appropriate against UK PLC benchmarks.
- **Annual bonus** – The Remuneration Committee has decided that the CEO will be a participant in the 2023 annual bonus scheme. This aligns him with the financial and corporate goals set by the Remuneration Committee and which cascade down the business. In-line with the Policy, the CEO's and new CFO's bonus opportunity will be set at 150% of salary and one third of any bonus earned will be deferred.

Over the last year, we have reviewed our incentive measures with Group adjusted EBITDA remaining our key financial measure with a 70% bonus weighting (2022: 70%). On Road Technology Enabled Solutions net revenue which previously accounted for 20% of the bonus will be replaced by a strategic objective (10%) based on the number of active trucks and ESG goals (10%). Customer NPS score (5%) and employee engagement (5%) will also feature. The ESG component includes objectives relating to diversity and carbon reduction (customers' GHG and direct GHG emissions). The Committee believes the revised measures provide an appropriate focus on our key financial and non-financial priorities at the current time. The targets remain commercially sensitive and will be disclosed retrospectively in next year's remuneration report.

- **Long-term incentives** – The CEO will not participate in the 2023 PSP and it is anticipated that the new CFO will receive an award upon joining, in-line with the Policy limit. The measures will continue to be based on a mix of Group adjusted net earnings per share and relative total shareholder return. Further details of the measures and targets are set out in the Annual Report on Remuneration.

## Concluding remarks

I would like to thank shareholders for the strong support for our binding Directors' Remuneration Policy and our advisory votes at the May 2022 AGM. If you have any questions or feedback on this report or our approach to remuneration, please feel free to contact me via the Company Secretary at [Eurowag-UKCoSec@Computershare.co.uk](mailto:Eurowag-UKCoSec@Computershare.co.uk).

**Sharon Baylay-Bell**

Chair of the Remuneration Committee

15 March 2023

## Directors' remuneration policy

The Directors' Remuneration Policy was approved by shareholders at the May 2022 AGM and applies for three years. The Policy was prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended. The full Policy text is set out in the 2022 Annual Report and Accounts.

In anticipation of Admission, the Company undertook a review of the Group's Remuneration Policy for senior employees, including the Executive Directors, to ensure that it was appropriate for the listed company environment. This took into account good practice in the UK and recognised the various jurisdictions in which the Company's senior executives and employees work and reside. In undertaking this review, the Remuneration Committee sought independent, specialist advice. The members of the Committee bring their experience to bear and had the opportunity to discuss proposals without management present to ensure that decisions are reached objectively and without inappropriate influence. No person participates in decision relating to their personal remuneration. The full Policy (as disclosed in the 2021 Annual Report and Accounts) is set out below. The Illustration of the Policy chart has been updated to reflect our approach to remuneration in 2023.

The Directors' Remuneration Policy was designed with the following objectives in mind:

- to attract, retain and motivate the Executive Directors and senior employees, incorporating incentives that align with and support the Group's business strategy as it evolves, and which align Executives to the creation of long-term shareholder value
- to continue to support the Group's growth ambitions, with a significant proportion of potential total remuneration to be performance-related and delivered in awards of the Company's shares
- to ensure that pay is competitive in the various markets in which the Group operates
- to ensure an appropriate and fair transition from current remuneration arrangements (salaries and existing incentive arrangements) to post-IPO remuneration packages, while taking into account the cost impact of any changes in pay
- to encourage wider employee share ownership across the business
- to take into account good practice requirements in the UK, incorporating the necessary structural features to ensure a strong alignment to performance and delivery of strategic goals

The Remuneration Committee considered the six factors listed in Provision 40 of the UK Corporate Governance Code.

### Clarity

The Policy is designed to be simple and support long-term, sustainable performance. The Policy is in-line with standard UK-listed company practice and is well understood by participants. The Policy clearly sets out the limits in terms of quantum, an overview of the performance measures that can be used and discretions that could be applied if appropriate.

### Simplicity

The Group's arrangements are simple and include a market standard annual bonus and a single long-term incentive plan. There are no complex or artificial structures required to deliver the Policy.

### Risk

Appropriate individual limits and caps are set with appropriate weighting on long-term performance to discourage any inappropriate risk taking. The Committee retains discretions to override formulaic outturns. When considering performance measures and target ranges, the Committee will take account of the associated risks and liaise with the Audit and Risk Committee as necessary. The long-term nature of a large proportion of pay (through annual bonus deferral, post-vesting holding periods and post-cessation shareholding requirements) encourages a long-term, sustainable mindset. Clawback and malus provisions are in place across all incentive plans.

### Predictability

The Policy contains appropriate caps for each component of pay. The potential reward outcomes are easily quantifiable and are set out in the illustrations provided in the Policy. Performance can be reviewed at regular intervals to ensure there are no surprises in outcomes at the end of the performance period.

### Proportionality

Incentive outcomes are contingent on successfully meeting stretching performance targets, which are aligned to the delivery of the Company's strategy. The Committee retains discretions to override formulaic outturns.

### Alignment to culture

The Policy encourages performance delivery, which is aligned to the culture within the business. However, this performance focus is always considered within an acceptable risk profile. The measures used in the variable incentive plans reflect business priorities and are aligned across the Group.



# Remuneration Report

## Remuneration Policy for Executive Directors

The following table summarises each element of the Remuneration Policy for the Executive Directors, explaining how each element operates and links to the corporate strategy.

Base salary			
Purpose	Operation	Maximum potential value	Performance metrics
<ul style="list-style-type: none"> <li>To provide a base level of pay that helps us recruit, retain and engage high-calibre Executive Directors.</li> <li>Recognises the knowledge, skills and experience of the individual and reflects the scope and size of the role.</li> </ul>	<ul style="list-style-type: none"> <li>Salaries are normally reviewed, but not necessarily increased, annually with any changes usually effective from 1 January. An out of cycle review may be conducted if the Committee determines it is appropriate.</li> <li>When setting base salaries, the Committee considers a number of factors, including (but not limited to), the skills and experience of the individual, the size and scope of the role, the geography in which the role competes, salary increases across the Group, and business performance as well as salary levels for comparable roles in other similarly sized UK and comparable companies.</li> </ul>	<ul style="list-style-type: none"> <li>There is no maximum salary level.</li> <li>However, salary increases are normally considered in relation to the wider salary increases across the Group.</li> <li>Above workforce increases may be necessary in certain circumstances, for example, when there has been a change in role or responsibility or where an Executive Director has been appointed to the Board on an initial salary which is lower than the desired market positioning.</li> </ul>	<ul style="list-style-type: none"> <li>Individual performance, as well as the performance of the Group is taken into consideration as part of the annual review process.</li> </ul>
Pension			
Purpose	Operation	Maximum potential value	Performance metrics
<ul style="list-style-type: none"> <li>To provide cost-effective retirement benefits.</li> </ul>	<ul style="list-style-type: none"> <li>The Executive Directors may receive a pension contribution to a company pension scheme or in the form of a cash allowance in lieu of pension.</li> <li>Pension allowances are normally paid monthly and are not bonusable.</li> </ul>	<ul style="list-style-type: none"> <li>Pension provision is no more generous than any applicable local arrangements implemented for other employees.</li> <li>Where provided, pension contributions for Executive Directors are capped at that of the wider local workforce (which, for UK employees, is 7% of salary).</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>

Benefits			
Purpose	Operation	Maximum potential value	Performance metrics
<ul style="list-style-type: none"> <li>To provide competitive, cost-effective benefits, which helps to recruit and retain Executive Directors.</li> </ul>	<ul style="list-style-type: none"> <li>Benefits may include insurances such as life and accident insurance, private medical and dental cover, mobile telephone, use of a company car or a car allowance, fuel card, travel allowances and other market standard benefits provided across the Group from time to time.</li> <li>Other benefits, such as residency allowances, air travel where located away from home, tax return preparation costs, relocation expenses, tax equalisation, expatriate arrangements or support in meeting specific related costs incurred may be provided as necessary.</li> <li>Reasonable business-related expenses (including any tax thereon if determined to be a taxable benefit) will be reimbursed.</li> </ul>	<ul style="list-style-type: none"> <li>There is no specific maximum, although it is not expected to exceed a normal market level.</li> <li>The value of benefits will vary based on the cost to the Company of providing the benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>

## Remuneration Report

Annual bonus			
Purpose	Operation	Maximum potential value	Performance metrics
<ul style="list-style-type: none"> <li>To incentivise and reward for the delivery of annual corporate targets aligned to the business strategy.</li> <li>To align with shareholders' and wider stakeholders' interests.</li> </ul>	<ul style="list-style-type: none"> <li>The annual bonus is subject to performance measures and objectives set by the Committee for the financial year.</li> <li>At the end of the performance period, the Committee assesses the extent to which the performance targets have been achieved and approves the final outcome.</li> <li>In respect of any bonus earned for performance in 2022 and thereafter, one-third of any bonus earned will be deferred in shares, normally for 3 years under the Deferred Bonus Share Plan (DBSP) in respect of which, dividend equivalents may apply to the extent such deferred awards vest.</li> <li>Malus and clawback provisions apply as set out on page 148.</li> <li>Bonus awards are payable at the Committee's discretion.</li> </ul>	<ul style="list-style-type: none"> <li>The annual bonus policy maximum is 150% of base salary.</li> <li>The target annual bonus opportunity is normally set at 50% of the maximum.</li> <li>The amount payable for achieving threshold performance is up to 25% of the maximum. If the threshold level is not achieved, no payment will arise for the portion of bonus against that metric.</li> </ul>	<ul style="list-style-type: none"> <li>The Committee will determine the relevant measures and targets each year taking into account the key strategic objectives at that time.</li> <li>Performance measures may include financial, strategic, operational, ESG and/or personal objectives.</li> <li>The majority of the performance measures will be based on financial performance.</li> <li>The Committee sets targets that are challenging, yet realistic in the context of the business environment at the time and by reference to internal business plans and external consensus. Targets are set to ensure that there is an appropriate level associated with achieving the top end of the range but without encouraging inappropriate risk taking.</li> <li>The Remuneration Committee has the discretion to adjust formulaic outcomes if the Committee believes that such outcome is not a fair reflection of business and/or individual performance, including consideration of shareholder and broader stakeholder views.</li> </ul>

Long-term incentive			
Purpose	Operation	Maximum potential value	Performance metrics
<ul style="list-style-type: none"> <li>To incentivise and reward for the delivery of long-term performance and sustainable shareholder value creation.</li> <li>To align with shareholders' interests and to foster a long-term ownership mindset.</li> </ul>	<ul style="list-style-type: none"> <li>An annual award of performance shares under the Performance Share Plan ("PSP"), which normally vest after a period of not less than three years, and subject to continued employment and the achievement of performance conditions.</li> <li>Vested awards are subject to a further holding period applying at least until the fifth anniversary of grant, during which they may not ordinarily be sold (other than to pay relevant tax liabilities due).</li> <li>Dividend equivalents may accrue over the period from grant until the later of vesting and the expiry of any holding period.</li> <li>Malus and clawback provisions apply as set out on page 148.</li> </ul>	<ul style="list-style-type: none"> <li>The maximum annual award is 150% of salary.</li> <li>The proportion of the award, which may vest for threshold performance, will be no more than 25% of the maximum award. If the threshold level is not achieved, no vesting will arise against that metric.</li> </ul>	<ul style="list-style-type: none"> <li>Performance conditions, weightings and target ranges will be determined prior to grant each year to align with the Company's longer-term strategic priorities at that time.</li> <li>The measures, which may be considered include financial and shareholder value metrics, as well as strategic, non-financial measures. In normal circumstances, financial or shareholder value measures will make up the majority of the long-term incentive.</li> <li>The Remuneration Committee has discretion under the PSP, in-line with the UK Corporate Governance Code, to adjust the level of vesting that would otherwise result (for example, that would otherwise result by reference to formulaic outcomes alone). This discretion would only be used in exceptional circumstances and may take into account corporate and personal performance.</li> </ul>

## Remuneration Report

### All employee share plans

Purpose	Operation	Maximum potential value	Performance metrics
<ul style="list-style-type: none"> <li>To encourage wider share ownership across all employees, including the Executive Directors.</li> <li>To align with shareholders' interests and to foster a long-term mindset.</li> </ul>	<ul style="list-style-type: none"> <li>Executive Directors may participate in all employee schemes on the same basis as other eligible employees.</li> <li>While no scheme is currently in place, the Policy permits participation in a Share Incentive Plan, a Save As You Earn ("SAYE") scheme or any other all-employee share scheme if introduced during the life of this Policy.</li> </ul>	<ul style="list-style-type: none"> <li>Limits are in-line with those set by HMRC.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>

### Shareholding requirements

Purpose	Operation	Maximum potential value	Performance metrics
<ul style="list-style-type: none"> <li>To align with shareholders' interests and to foster a long-term mindset.</li> </ul>	<ul style="list-style-type: none"> <li>Executive Directors will normally be expected to retain vested shares, net of sales to settle tax, until they have met the required shareholding.</li> <li>Progress towards the guideline will be reviewed by the Committee on an annual basis.</li> <li>The shareholding requirement will continue to apply for a period of two years after termination of employment, with the obligation being to retain the lower of the shareholding requirement or those shares held towards the shareholding requirement at the date of termination. The shareholding requirement will halve upon the commencement of the second year following termination.</li> </ul>	<ul style="list-style-type: none"> <li>The shareholding requirement for Executive Directors is 200% of base salary.</li> <li>The equivalent net value of unvested Ordinary Shares subject to any awards held by an Executive Director to which only time-based vesting or a holding period applies will count towards the shareholding requirement.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>

## Fees policy for chair and non-executive directors

The following table summarises the fees policy for the Chair and the Non-Executive Directors (“NEDs”).

Fees			
Purpose	Operation	Maximum potential value	Performance metrics
<ul style="list-style-type: none"> <li>To provide a competitive fee to attract NEDs who have the requisite skills and experience to oversee the implementation of the Company’s strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Fees for the Chairman are set by the Committee.</li> <li>Fees for the other NEDs are set by the Board, excluding the NEDs.</li> <li>Fees are reviewed, but not necessarily increased, annually. Fee increases are normally effective from 1 January.</li> <li>Fee levels are determined based on an estimate of the expected time commitments of each role and by reference to comparable fee levels in other companies of a similar size and complexity.</li> <li>Additional fees are payable to the Senior Independent Director and Chairman of the Audit and Risk and Remuneration Committees (or any other Committee operated by the Board), to reflect their additional responsibilities and a fee is payable for acting as a member of one or more of such Committees.</li> <li>Additional fees may be payable for ESG-related responsibilities and being the NED designated for engagement with the workforce for the purposes of the UK Corporate Governance Code.</li> <li>Higher fees may be paid to a NED should they be required to assume executive duties on a temporary basis.</li> <li>The NEDs and the Chairman are not eligible to receive benefits and do not participate in pension or incentive plans. Business expenses incurred in respect of their duties including international travel and accommodation for meetings (including any tax thereon) are reimbursed.</li> </ul>	<ul style="list-style-type: none"> <li>There is no maximum fee level.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>

# Remuneration Report

## Notes to the policy table

### Differences between directors' remuneration and employees' pay

The key difference between senior executives' pay and that of the workforce is participation in variable pay schemes. Senior executive remuneration arrangements are more aligned to Company performance due to the level of their business influence, with high focus on business performance and shareholder alignment. For our employees, a significant factor in determining remuneration is the individual's performance with appropriate retention initiatives focusing on high and key performers. Over half of our employees participate in an annual bonus arrangement. Participation in the new share-based schemes (PSP and ESP) is limited to the most senior people and those with greater influence on Group performance outcomes and the share price. The value of each element of the package that an employee may receive will vary according to the employee's seniority and level of responsibility.

### Selection of performance measures and targets

The Remuneration Committee determines the performance measures applying to the Annual Bonus and PSP, based on the strategic priorities of the Group at the time. The measures and their weightings may change from year to year to reflect the needs of the business. Measures used may include financial (such as net revenue, adjusted EBITDA and adjusted EPS), operational, strategic, ESG or sustainability goals, total shareholder return, and personal or individual objectives. The use of such measures is intended to ensure performance is assessed on a rounded basis and is appropriately aligned to the Group's KPIs. The targets for both the Annual Bonus and PSP are set after considering internal business plans, economic forecasts and, to the extent it exists, external analyst consensus. The target range is calibrated so that it is realistic yet requires stretching outperformance to achieve the top end.

### Recoupment (malus and clawback)

The incentive pay awards made by the Company are subject to provisions that allow it to recover any value delivered (or which would otherwise be delivered) in connection with any variable award including Annual Bonus, DBSP and PSP awards in exceptional circumstances, and where it believes that the value of those variable pay awards is no longer appropriate.

The malus and clawback provisions can be used in the following circumstances:

- A material misstatement
- An error of calculation (including on account of inaccurate or misleading information)
- An action or conduct that amounts to serious misconduct;
- An instance of corporate failure (e.g. administration or liquidation)
- A significantly adverse impact on the Group's reputation

Clawback may be effected in the period of three years following the determination of a bonus or the vesting of a DBSP or PSP award.

## Discretions retained by the committee in operating the incentive plans

The Committee operates the Group's incentive plans according to their respective rules and in accordance with HMRC and Listing rules where relevant. To ensure the efficient operation and administration of these plans, the Committee may apply certain discretions. These include (but are not limited to) the following:

- Determining the participants in the plans
- Determining the timing of grants and/or payments
- Determining the size of grants and/or payments (within the limits set out in the policy table)
- Determining the appropriate choice of measures, weightings and targets for the incentive plans from year to year including any use of discretion to amend the outcome, as appropriate
- Determining 'good leaver' status and the extent of vesting and or payment under the incentive plans
- Determining the extent of vesting of awards under share-based plans in the event of a change of control.
- Making any appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends)

While performance conditions will generally remain unchanged once set, the Remuneration Committee may vary the performance conditions applying to any award after it is granted if an event occurs, which causes the Remuneration Committee to consider that it would be appropriate to amend the performance conditions, provided the Remuneration Committee acts fairly and reasonably in making the alteration and, in the case of awards to the Company's Executive Directors, the amended performance conditions are not materially more or less challenging than the original conditions would have been but for the event in question.

## Legacy arrangements

As set out in the Prospectus, the Company has various legacy share and cash arrangements, some of which remain subject to time vesting and/or performance conditions post-IPO. For the CFO (Magdalena Bartoś) this included a one-off award under the PSP in recognition of legacy entitlements foregone. The CFO also received an award of bonus shares in recognition of her contribution to the Global Offering. These were summarised in the 2021 Directors' Remuneration Report. This Policy gives authority to the Company to honour any commitments entered with current Directors prior to the Company's Admission or to internally promoted future Directors prior to their appointment. Details of any payments under the legacy arrangements will be set out in future Directors' Remuneration Reports as they arise.

## Statement of consideration of shareholder views

In considering the operation of the Policy, the Committee takes into account the published remuneration guidelines and specific views of shareholders and proxy voting agencies. The Committee will consider shareholder feedback received in relation to the AGM each year and the reports from shareholder representative bodies more generally. The Committee will consult with the Company's larger shareholders, where considered appropriate, regarding changes to the operation of the Policy and when the Policy is being reviewed and brought to shareholders for approval. Furthermore, the Committee will consider specific concerns or matters raised at any time by shareholders on remuneration.

## Statement of consideration of employment conditions elsewhere in the group

In 2022 the Committee has been provided with an update of pay and employment conditions throughout the Group. This includes details of base salary increases, bonus award levels, share scheme participation across the Group workforce as well as more information on the salaries and proposed increase for the Executive Committee and Senior Leadership Team. The Committee has reviewed and agreed all grants of share awards. The 2022 Employee Engagement scores, which included workforce feedback on executive and employee remuneration, were shared and reviewed with the designated NED for employee engagement.

## Recruitment of executive directors – approach to remuneration

The ongoing remuneration package for any new Executive Director will be set in accordance with the terms of the Policy in place at the time of appointment. The principles, which will be applied, are set out below:

- **Base salary** – will be set at an appropriate level taking into account the skills and experience of the individual, the criticality and nature of the role and the geography in which the role competes or is recruited from. If the base salary is set below market on appointment to reflect experience, there will be an expectation that subsequent increases may be above those of the wider workforce to bring this into line with the desired level as the individual develops in the role. In some cases, it may be necessary to set a new recruit's salary above his or her predecessor's salary. The Committee is mindful that the Company should avoid paying more than is necessary to recruit the desired candidate
- **Benefits** – will be in-line with those offered to other employees in the same location and take account of any local market norms. In addition, the Committee recognises that it may need to meet certain relocation expenses, expatriate benefits, temporary accommodation and travel expenses, as appropriate
- **Pension** – will be in-line with that offered to local or wider workforce norms
- **Annual Bonus** – will be operated in-line with the terms set out in the Policy table and will be pro-rated in the year of joining to reflect the period of service rendered during the financial year. Depending on the timing of the appointment, it may be necessary for the Committee to use alternative performance measures for the remainder of the initial performance period
- **PSP** – will be operated in-line with the terms set out in the Policy table. An award may be made shortly after appointment (assuming not in a closed period)
- **Buy-out awards** – the Committee may consider offering additional cash and/or share-based elements to replace remuneration forfeited by an individual on leaving their previous employment when it considers these are necessary to facilitate the appointment and in the best interests of the Company and its shareholders. Any buy-out arrangements will be made under the existing incentive plans or the relevant provision of the UKLA Listing Rules and would, as far as possible, be delivered on a like-for-like basis taking account of the nature, time horizons and any performance requirements attached to the awards forfeited



## Remuneration Report

For an internal appointment, any variable pay element or benefit awarded in respect of the prior role may be allowed to continue on its original terms. For the avoidance of doubt, this includes any remuneration arrangements in place prior to the Company's Admission. On appointment of a new Chairman of the Board or NED, the fees will be set taking into account the experience and calibre of the individual and the prevailing rates of other NEDs in similar sized companies at the time.

### Executive directors' service contracts

The CEO's and CFO's service contracts are terminable by either party on six months' notice and any contracts for newly appointed Executive Directors will provide for equal notice in the future and a maximum of 12 months. The date of each service contract is noted in the table below:

	<b>Date of service contract</b>
CEO – Martin Vohánka	7 September 2021
CFO – Magdalena Bartoś	7 September 2021

\* The CEO and CFO were appointed as Directors of W.A.G payment solutions plc on 3 August 2021

\*\* Magdalena Bartoś will step off the Board on 30 April 2023 and it is anticipated that Oskar Zahn will join the Board as CFO on 12 May 2023

Executive Directors' service agreements are kept available for inspection at the Company's Single Alternative Inspection Location.

### Executive directors' external appointments

Executive Directors may accept external appointments as Non-Executive Directors of other companies with the specific approval of the Board in each case. Any fees payable will be retained by the Executive Directors.

### Non-executive directors' terms of appointment

The NEDs do not have service contracts with the Company but instead have letters of appointment. The appointments of each of the Independent Non-Executive Directors are for an initial term of three years from the date of appointment, unless terminated earlier until the conclusion of the Company's AGM occurring approximately three years from that date. The appointment of each Independent Non-Executive Director is also subject to annual re-election at the General Meeting of the Company. The date of appointment for each NED is shown in the table below.

	<b>Date of appointment</b>
Paul Manduca	7 September 2021
Joseph Morgan Seigler	7 September 2021
Mirjana Blume	7 September 2021
Caroline Brown	7 September 2021
Sharon Baylay-Bell	7 September 2021
Susan Hooper	7 September 2021

The Chair's appointment is terminable on six months' notice or, at the Company's sole and absolute discretion, the appointment can be terminated with immediate effect in return for a payment in lieu of notice. The Company also has the ability to terminate the Chair's appointment with immediate effect without paying compensation. A NED's appointment is terminable on one months' notice or, at the Company's sole and absolute discretion, the appointment can be terminated with immediate effect in return for a payment in lieu of notice. The Company also has the ability to terminate a NED's appointment with immediate effect without paying compensation.

## Policy on payment for departure from office

On termination of an Executive Director's service contract, the Committee will take into account the departing Director's duty to mitigate their loss when determining the amount of compensation. The Committee's policy is described below and will be implemented, taking into account the contractual entitlements, the specific circumstances for the departure and the interests of shareholders:

- **Base salary, benefits and pension** – If notice is served by either party, the Executive Director can continue to receive base salary, benefits and pension for the duration of their notice period. The Executive Director may be asked to perform their normal duties during their notice period, or they may be put on garden leave. The Company may, at its sole discretion, terminate the contract immediately, at any time after notice is served, by making a payment in lieu of notice equivalent to base salary only, with any such payments being paid in monthly instalments over the remaining notice period. The Executive Director will normally have a duty to seek alternative employment and any outstanding payments will be subject to offset against earnings from any new role
- **Annual bonus** – if an Executive Director ceases to be employed or is under notice of termination for any reason prior to the date that a bonus is due to be paid, no bonus shall be payable. In certain good leaver circumstances (death, injury or disability, redundancy, retirement, their office or employment being in a company which ceases to be a Group member or for any other reason if the Committee so decides), the Committee may determine that a bonus shall continue to be paid at the normal time and the bonus will typically be subject to a time pro rata reduction. Any DBSP awards will lapse upon cessation, except in good leaver situations as set out above. In such cases, awards will normally vest on their normal vesting dates but the Committee may decide to vest awards upon cessation of employment. The Committee may apply a pro-rata reduction if it decides it is appropriate to do so

- **PSP awards** – unvested performance share awards will lapse upon cessation. In certain good leaver situations, performance shares will normally be retained by the individual for the remainder of the vesting period and remain subject to the relevant performance conditions and ordinarily subject to a pro rata reduction for time. The Committee will retain discretion to assess performance and allow awards to vest at an earlier date if considered appropriate

Any outstanding SIP and/or SAYE awards will be treated in-line with HMRC regulations. Disbursements, such as legal costs and outplacement fees, may be payable as appropriate. The Committee retains the authority to settle any legal claims against the Company, if considered to be in the best interests of shareholders.

# Remuneration Report

## Illustration of the policy

The chart below sets out the potential values of the remuneration package of the Executive Directors for 2023 under various performance scenarios.



The chart is based on the following assumptions:

The CEO is paid in EUR and the CFO (Oskar Zahn) is paid in GBP. The above chart is shown in EUR and GBP amounts have been converted into EUR based on the FX rate at 1 January 2023 of 1 EUR: 1.27 GBP.

### Minimum

Comprises the value of base salary, benefits and pension and assumes no payout under incentive schemes. Salary represents annual salary as at 1 January 2023 for Martin Vohánka and the CFO's annual base salary when he joins the Board in May 2023. The benefits values have been estimated. The CEO does not participate in a pension scheme and the new CFO's pension contribution is 8% of base salary.

### On-target

Target performance comprises an annual bonus payout of 50% and, for the CFO only, PSP vesting at 25% of maximum with no share price appreciation.

### Maximum

Maximum performance comprises annual bonus awarded at maximum level (150% of salary for the CEO and CFO) and, for the CFO only, full PSP vesting (150% of salary).

### Maximum with growth

As per the Maximum scenario, but with an assumed increase of 50% in the value of the CFO's PSP award to give an indication of value from potential share price appreciation.

## Annual report on remuneration

This section of the Directors' Remuneration Report describes the operation of the Directors' Remuneration Policy in 2022 and how we intend to operate it in 2023.

### Remuneration committee roles and responsibilities

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration and employee engagement, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of the Company's Remuneration Policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors and Senior Leadership Team.

### Remuneration Committee members and meetings

The Committee currently comprises the four Independent Non-Executive Directors and there was no change in membership during the financial year.

- Sharon Baylay-Bell (Chair)
- Mirjana Blume
- Caroline Brown
- Susan Hooper

The Board Chair, the Chief Executive Officer, the Chief Financial Officer and the Chief HR Officer attend meetings by invitation to provide valuable input. However, no Director plays any part in determining their own remuneration.

The Remuneration Committee is required to meet at least three times a year. The Terms of Reference of the Remuneration Committee covers such issues as membership and the frequency of meetings, as mentioned above, together with requirements for the quorum for and the right to attend meetings, reporting responsibilities and the authority of the Remuneration Committee to carry out its duties. Further details on the roles and responsibilities of the Committee are disclosed in the Terms of Reference, which were updated with minor changes during the year and can be found on the Company's corporate website (<https://investors.eurowag.com/>).

### Key activities during the year

The Remuneration Committee held four meetings during 2022 and all members of the Remuneration Committee were present. The Remuneration Committee undertook the following activities in this period:

- Agreed the 2022 base salaries for Executive Directors and selected Senior Leadership Team members under the Remuneration Committee's remit
- Determined the participants in the 2022 annual bonus and PSP schemes and the related measures and targets, ensuring incentives are aligned with company culture
- Approved the disclosures contained within the 2021 Directors' Remuneration Report
- Determined the appropriate treatment of new senior joiners and leavers during the year
- Received updates from the Committee's independent advisor on market practice and governance developments, including an overview of the 2022 AGM season and proxy voting agency guidelines applicable for 2023
- Received an interim update on the likely outcome of the 2022 annual bonus plan and PSP awards
- An initial consideration of performance measures to apply to the 2023 annual bonus and PSP schemes
- Undertaken a review of the remuneration of the Senior Leadership Team below Board level
- Reviewed and updated the Remuneration Committee's Terms of Reference

### Independent advisor

The Company received advice from FIT Remuneration Consultants LLP ("FIT") who were selected by the Remuneration Committee following a tender process in 2021. During the year, FIT assisted the Remuneration Committee on a range of subjects including incentive arrangements for 2022, providing an overview of pay trends and governance and remuneration report drafting. FIT is a signatory to the Remuneration Consultants' Code of Conduct and has confirmed to the Committee that it adheres in all respects to the terms of the code. The fees for the advice provided to the Remuneration Committee for the period to 31 December 2022 were £56,011 (on a time and materials basis). FIT separately provided share plan technical services to the Company during the year but provides no other services to the Company and the Committee is satisfied that it receives independent and objective advice.

# Remuneration Report

## Single total figure of remuneration (audited)

The single figure of total remuneration disclosures cover the 2022 financial year and the prior period (being the period from Incorporation to 31 December 2021).

EUR ('000s)		Salary/fees	Benefits <sup>1</sup>	Pension <sup>2</sup>
<b>Executive Directors</b>				
Martin Vohánka	2022	300	21	–
	2021	126	8	–
Magdalena Bartoš	2022	390	29	–
	2021	147	14	–
<b>Non-Executive Directors<sup>8,9</sup></b>				
Paul Manduca	2022	340	–	–
	2021	122	–	–
Sharon Baylay-Bell	2022	88	–	–
	2021	28	–	–
Caroline Brown	2022	94	–	–
	2021	30	–	–
Mirjana Blume	2022	89	–	–
	2021	28	–	–
Joseph Morgan Seigler <sup>7</sup>	2022	–	–	–
	2021	–	–	–
Susan Hooper	2022	88	–	–
	2021	24	–	–

1 Benefits for Executive Directors consisted of life insurance, private medical and dental insurance, residency allowance, air travel, reimbursement of tax return preparation costs, use of company car, fuel card and travel allowances.

2 The Executive Directors did not participate in a private pension arrangement during the period under review.

3 The CFO's 2022 annual bonus is the value of the total bonus earned for performance in respect of the 2022 financial year. Two thirds of the bonus will be paid in cash and one third will be deferred in shares for 3 years.

4 The CFO received a one-off award in respect of legacy entitlements. These awards will vest in April 2023 and were based on Group adjusted EBITDA/ share targets relating to the 2022 financial year. The value shown is based on the number of shares that will vest (557,311) due to the satisfaction of the performance targets and is based on an estimated share price using the average share price for the final 3 months of the 2022 financial year (80.5p). An estimate has been used as the actual share price on vesting is not known. The actual value of vested shares at the time of vesting will be disclosed in next year's Remuneration Report.

5 As disclosed in last year's remuneration and in the Prospectus, on Admission the CFO was awarded 226,667 ordinary shares (with a value of €400,000) in recognition of services provided in connection with the Global Offering. The net of tax number of ordinary shares (133,970) was subject to a holding period of one year.

Annual bonus <sup>3</sup>	Long Term Incentives <sup>4</sup>	Other <sup>5,6</sup>	Total remuneration	Total fixed remuneration	Total variable remuneration
-	-	-	321	321	-
-	-	-	134	134	-
147	526	-	1,092	419	673
79	-	547	787	160	627
-	-	-	340	340	-
-	-	-	122	122	-
-	-	-	88	88	-
-	-	-	28	28	-
-	-	-	94	94	-
-	-	-	30	30	-
-	-	-	89	89	-
-	-	-	28	28	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	88	88	-
-	-	-	24	24	-

6 On 10 September 2021 the CFO purchased 37,822 shares of W.A.G. payment solutions, a.s. at a 50% discount, which were exchanged for 190,181 shares of the Company on 7 October 2021. The reported amount of €147,335 represents the market value of the discount.

7 Joseph Morgan Seigler was appointed to the Board by TA Associates. He does not receive a fee for his services.

8 The Non-Executive Directors' fees for 2021 represent the period from their appointment on 7 September 2021 to the end of the 2021 financial year. Paul Manduca provided consultancy services to the Group in the period from incorporation to appointment on 7 September 2021 amounting to €13,045, which were included in the fixed pay for the period.

9 Non-Executive directors excluding Mirjana Blume are paid in GBP and their remuneration has been converted to Euros at a rate of 1.173.

## Remuneration Report

### 2022 Annual bonus outcome (audited)

The CEO did not participate in the 2022 annual bonus. The CFO's maximum opportunity for 2022 was 125% of base salary. The annual bonus was based on the achievement of Group measures split between Group adjusted EBITDA (70% weighting), On Road Technology Enabled Solutions net revenues (20% weighting) and two NPS measures relating to customers and employees (5% each).

For the financial elements, no bonus is payable for performance below threshold; 10% became payable for achieving threshold and thereafter increasing on a straight-line basis until the maximum target is achieved.

### Financial performance

Performance measure	Weighting	Threshold (10% Payable)	Max (100% Payable)	Actual 2022 achievement	Bonus outcome (% of maximum for each element)
Adjusted EBITDA	70%	€75.216m	€94.557m	€81.6m	39.7%
On Road Technology Enabled Solutions revenue	20%	€72.492m	€88.601m	€83.9m	73.6%

The bonus outcome for financial measures is 42.5% of maximum.

For the eNPS measure, the target range was set at scores of 17-21 with 1% (out of 5% payable) for achieving the threshold score of 17 and increasing by 1% for each single unit increment above this until 5% is payable for a score of 21 or higher. The 2022 eNPS was 4.0 and this resulted in a payout of 0.0% out of 5%.

The Customer NPS score was based on a range of 39 to 43 with 1% payable for 39 and 1% for each single unit increments above this until 5% is payable for a score of 43 or higher. The Customer NPS outcome for 2022 was 40.7 which resulted in a payout of 2.7% out of 5%.

Therefore the total bonus payout for the CFO was 45.2% of the maximum opportunity or 56.5% of base salary.

The Committee considered the formulaic outturn in the context of wider Company and individual performance and felt that the result was warranted. Therefore, no discretion was used to alter the outturn.

The CFO served the full 2022 financial year and will receive the bonus before she ceases as a Director. In-line with the Directors' Remuneration Policy, one-third of the 2022 bonus earned will be deferred into shares for three years. The deferred element will be released after this time and not be subject to any further conditions.

### Performance share plan awards granted in 2022 (audited)

The CFO was granted a PSP award on Admission as set out in last year's Remuneration Report. The Remuneration Committee did not grant a PSP award to the CFO in 2022. PSP awards were granted during the year to the Senior Leadership team and selected employees during 2022.

## Vesting of one-off PSP award in lieu of legacy entitlements (audited)

As explained in last year's Remuneration Report, in recognition of various legacy entitlements pre-IPO, the CFO was granted at Admission a one off PSP grant. The CFO's award was over 683,760 shares and are capable of vesting on 1 April 2023 subject to the achievement of Group adjusted EBITDA per share targets relating to the 2022 financial year.

Vesting (% of awards)	Adjusted EBITDA/ share for the year ending 31 December 2022 <sup>1</sup>	Actual performance	Vesting %
0%	< 11.29 cents	11.84 cents	81.5% vesting
25%	11.29 cents		
100%	≥ 12.02 cents		

- 1 The original profit targets were set prior to Admission based on a Group adjusted EBITDA range of €80m to €85m. In setting the targets, the Remuneration Committee included the expected budgeted financial contribution of the Webeye acquisition which was announced in November 2021 and proposed to complete in early 2022. The Webeye acquisition completed later than anticipated, in May and July 2022 due to additional unforeseen regulatory approval required from the Ministry of Interior which was outside the control of the management team. The Remuneration Committee has reflected this delay in the revised target range for the period the Webeye business was not part of the Eurowag Group (amounting to loss of expected Webeye adjusted EBITDA of €2.2m). This amendment ensures the assumptions behind the original targets remain unchanged (in that they should include Webeye's financial contribution), that targets and outcomes are based on the same underlying assumptions and to ensure the revised targets are no easier or harder to satisfy than the original ones.

Based on performance to 31 December 2022, 81.5% of the total award will vest on 1 April 2023. As the share price on vesting is not known at the time this report has been signed off, in accordance with the remuneration reporting requirements the value of the shares that will vest has been estimated in the single figure table based on a share price of 80.5 pence, being the three month average share price to 31 December 2022.

The CFO has remained in employment and as a Board Director until after the vesting date and therefore the award vests on its original terms and is not subject to any leaver treatment.



# Remuneration Report

## Share interests and incentives (audited parts highlighted)

	Audited						
	Shares owned outright as at 31 December 2022	Subject to a holding period	Awards unvested and subject to performance conditions	Options unvested and not subject to performance conditions	Options vested but not exercised	Shareholding as a percentage of salary	Shareholding requirement met (200% salary)
<b>Executive Directors</b>							
Martin Vohánka <sup>1</sup>	329,195,021	–	–	–	–	100,888%	YES
Magdalena Bartoš <sup>2</sup>	324,151	–	–	–	–	77%	NO
<b>Non-Executive Directors</b>							
Paul Manduca	150,000	–	–	–	–	–	–
Joseph Morgan Seigler	–	–	–	–	–	–	–
Mirjana Blume	13,913	–	–	–	–	–	–
Caroline Brown	–	–	–	–	–	–	–
Sharon Baylay-Bell	35,000	–	–	–	–	–	–
Susan Hooper	–	–	–	–	–	–	–

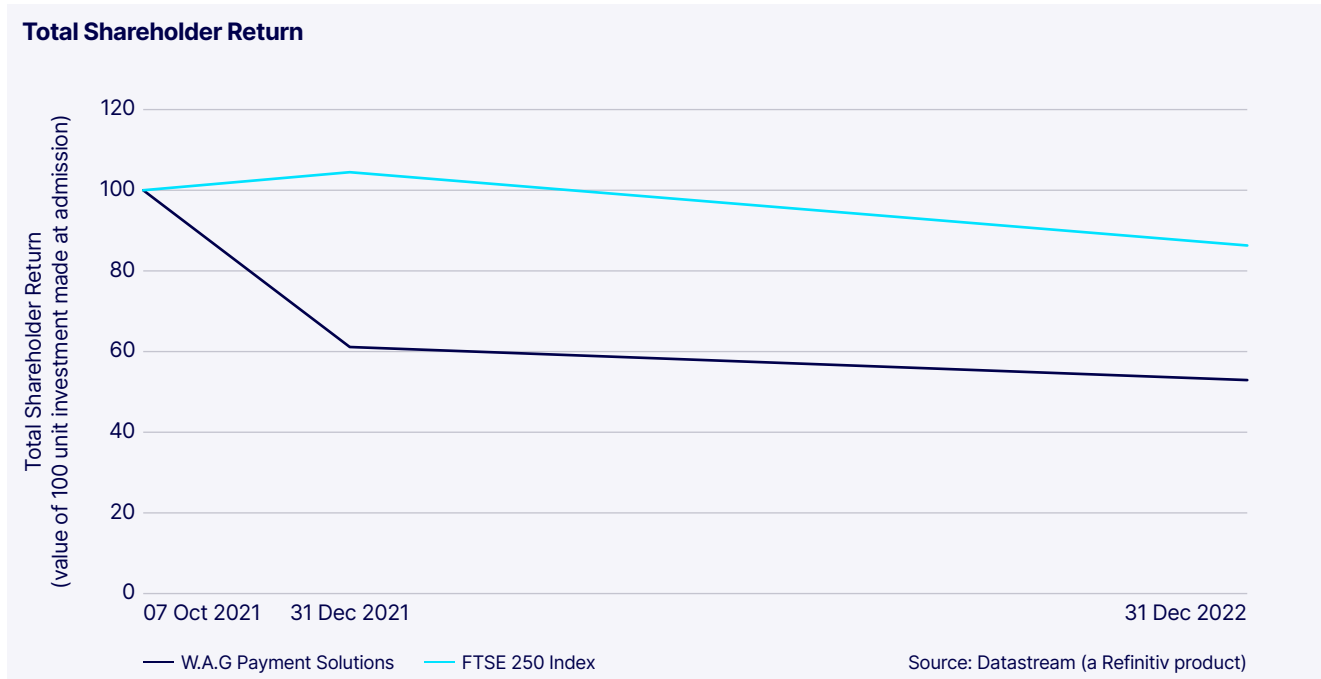
1 Comprises 135,775,918 shares held by Martin Vohánka and 193,419,103 shares held by Couverina Business, s.r.o, a business wholly owned by Martin Vohánka.

2 Comprises 190,181 pre-IPO shares subscribed by Magdalena Bartoš prior to listing and 133,970 pre-IPO bonus shares awarded on 13 October 2021, which were subject to a 12-month holding period.

The shareholding as a percentage of salary is based on shares owned outright and the net of tax number of other awards which are not subject to ongoing performance conditions. The middle market share price at the close of business on 31 December 2022 was £0.794 and the range of the middle market price from 1 January 2022 until 31 December 2022 was £1.050 to £0.698. Since the year end to the date of signing off this report there have been no changes in the shareholdings shown in the table above.

## Performance graph against FTSE250

The chart below shows the value of £100 invested in the Company on IPO compared with the value of £100 invested in the FTSE 250 Index at the same date and the movement in value until 31 December 2022. We have chosen the FTSE 250 Index as Eurowag is a constituent of the index and it provides the most appropriate and widely recognised index for benchmarking the Company's corporate performance since IPO.



## Total shareholder return

CEO single figure history	2021	2022
Total remuneration (000's)	€134	€321
Annual bonus as % of max	N/A	N/A
PSP shares vesting as % of max	N/A	N/A

The CEO did not participate in the annual bonus in 2021 or 2022 and has not received any long-term incentive awards. His total remuneration for 2022 is based on fixed pay received during the 2022 financial year. The CEO's total remuneration for 2021 is based on the period between Incorporation and 31 December 2021.

## Remuneration Report

### CEO pay ratio

The Company has fewer than 250 UK employees and, therefore, has no statutory requirement to publish a CEO pay ratio. The Committee will continue to review the appropriateness of publishing pay ratios in the future.

### Relative importance of spend on pay

The following table shows the Company's expenditure on remuneration for all employees globally as well as distributions to shareholders and adjusted EBITDA delivered, which the Committee believes is a useful additional disclosure. As the Company listed in October 2021, there are no full year comparable year-on-year changes to disclose. In next year's report we will show the year-on-year change between 2023 and 2022.

	<b>2022</b>
Overall expenditure on pay	<b>€79.3m</b>
Dividends	<b>n/a</b>
Adjusted EBITDA	<b>€81.6m</b>

### Percentage change in directors' remuneration and employee pay

The following table shows the percentage change in each Executive and Non-Executive Director's remuneration compared with the average change for all employees of the Company for the year ended 31 December 2022. In calculating the percentage change, 2021 remuneration figures have been annualised to provide a better and more meaningful comparison.

	<b>Salary/fee 2022</b>	<b>Taxable benefits 2022</b>	<b>Annual bonus 2022</b>
Martin Vohánka	0%	8.1%	n/a
Magdalena Bartoš	0%	(14.6)%	(23.3)%
Paul Manduca	0%	n/a	n/a
Joseph Morgan Seigler	0%	n/a	n/a
Mirjana Blume	0%	n/a	n/a
Caroline Brown	0%	n/a	n/a
Sharon Baylay-Bell	0%	n/a	n/a
Susan Hooper	15.3%	n/a	n/a
All employees	8.0%	(33.0)%	(1.3)%

### Payments for loss of office and/or payments to former directors (audited)

No payments for loss of office, nor payments to former Directors were made during 2022. Full details of Magdalena Bartoš's leaving arrangements will be provided in next year's Annual Report and Accounts.

### Statement of shareholding voting

At the AGM held on 26 May 2022, there were two shareholder votes on remuneration, being a binding vote on the Directors' Remuneration Policy and an advisory vote on the remainder of the Directors' Remuneration Report. The voting outcomes are set out in the table below.

	<b>Votes for</b>	<b>%</b>	<b>Votes against</b>	<b>%</b>	<b>Votes withheld</b>	<b>%</b>
Approval of the Directors' Remuneration Policy	598,900,680	100.00%	1,925	0%	0	0%
Approval of the Directors' Remuneration Report	598,883,306	100.00%	19,299	0%	0	0%

The Remuneration Committee was pleased with the high level of support received.

## Implementation of policy for FY23

Component of pay	Implementation for 2023
Base Salaries	<p>CEO: €321,000 (7% increase)</p> <p>The CEO's salary will increase by 7%. This is lower than the percentage salary increase across the workforce (8%) and his base salary remains significantly below typical market levels.</p> <p>Magdalena Bartoś is currently working her notice period and will leave the business on 30 April 2023. She did not receive an increase in 2023.</p> <p>Oskar Zahn joins the Board as CFO in May 2023 and his base salary has been set at £430,000 p.a.</p>
Benefits and pension	<p>The CEO does not receive any pension contributions or allowance in lieu. The new CFO's pension contribution rate will be set at 8% of salary. The UK pension contribution rate was reviewed during the year and increased to 8% of salary. Therefore, the CFO's pension is in-line with the UK pension contribution rate.</p> <p>There are no material changes to benefit provisions.</p>
Annual bonus	<p>As set out in the Annual Statement, the CEO and CFO will participate in the 2023 annual bonus scheme. The maximum opportunity will be 150% of base salary.</p> <p>One-third of any bonus earned will be deferred for a period of three years.</p> <p>The 2023 bonus will be subject to the following performance conditions:</p> <ul style="list-style-type: none"> <li>• 70% Group adjusted EBITDA</li> <li>• 10% strategic objectives relating to the number of active trucks</li> <li>• 10% ESG objectives relating to diversity and GHG emissions reduction</li> <li>• 5% Customer NPS</li> <li>• 5% employee engagement</li> </ul> <p>The target ranges are not disclosed prospectively as they are commercially sensitive, but will be reported in next year's Remuneration Report.</p>
PSP	<p>The CEO will not receive a PSP award in 2023 and it is anticipated that the new CFO will receive a PSP award upon joining. Consistent with last year, 60% of the award will be based on adjusted EPS relating to FY2025 and 40% based on relative TSR:</p> <ul style="list-style-type: none"> <li>• Group adjusted basic Earnings Per Share – 60% weighting – targets relating to the 2025 financial year. As a result of the Inelo acquisition the EPS target range is still being considered by the Committee and it is proposed that the agreed targets will be set out in the RNS statement accompanying the grant of awards</li> <li>• Relative TSR vs FTSE 250 Index – 40% weighting – median ranking (25% vesting), rising on a straight-line basis to upper quartile ranking (100% vesting)</li> </ul> <p>The Committee considers the prevailing share price at the time of grant and whether an adjustment is required to the award level. Given the new CFO joins in May 2023 it was felt that no adjustment is required to his proposed grant level of 150% of base salary.</p>
NED fees	<p>The Board Chair and NED fees for 2023 will be as follows:</p> <ul style="list-style-type: none"> <li>• Board Chair fee: £290,000</li> <li>• Non-Executive Director base fee: £60,000</li> <li>• Senior Independent Director fee: £11,000</li> <li>• Audit and Risk Committee Chair fee: £15,000</li> <li>• Remuneration Committee Chair fee: £10,000</li> <li>• Designated ESG Director additional fee: £10,000</li> <li>• Member of Audit, Nomination or Remuneration Committees: £5,000</li> </ul>

On behalf of the Board

**Sharon Baylay-Bell**

Chair of the Remuneration Committee

15 March 2023

## Directors' Report

# Directors' Report

The Directors present the Annual Report, together with the audited consolidated financial statements for the year ended 31 December 2022. The Directors' Report, together with the Strategic Report on pages 01 to 110, represent the management report for the purposes of compliance with The Disclosure Guidance and Transparency Rules 4.1.R.

### Corporate governance statement

The information that fulfils the requirements of the corporate governance statement for the purposes of the FCA's Disclosure Guidance and Transparency Rules can be found in the corporate governance information on pages 120 to 124 (all of which forms part of the Directors' Report), the wider Corporate Governance Report and in this Directors' Report.

### Articles of association and powers of the directors

The Company's Articles contain the rules relating to the powers of the Company's Directors and their appointment and replacement mechanisms. The Articles may only be amended by special resolution at a General Meeting of the shareholders. The Articles provide that the business of the Company shall be managed by the Board, which may exercise all the powers of the Company, subject to the Statutes, these Articles and any special resolutions of the Company. The Articles can be found at: <https://investors.eurowag.com/investors/ipo-information>.

### Directors

As at the date of this report, the Board is comprised of two Executive Directors, five Independent Non-Executive Directors and one Non-Independent Non-Executive Director (the Nominee Director; further information is provided on page 165 of this report). There have been no Director changes during the year. On 25 October 2022, it was announced that Magdalena Bartoś would be stepping down as Chief Financial Officer of the Company in spring 2023. On 28 February 2023, it was announced that Oskar Zahn would be appointed as Chief Financial Officer of the Company in spring 2023. Further details on each of the Directors appointed can be found on page 127 of this report. The Nomination Committee shall lead a formal appointment process for new Directors, as and when vacancies arise in accordance with the Directors' ongoing succession planning. Further details on the Director's skills and the Company's succession planning can be found on pages 127 to 128 of the Nomination Committee Report.

An assessment of the independence of the Chairman of the Board and each of the Independent Non-Executive Directors was carried out during the year following the relevant independence parameters provided for within the Code. The Company considers all Independent Non-Executive Directors to be independent upon appointment and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The independence of the Directors will continue to be assessed annually during the Board evaluation process. In accordance with the Code, Mirjana Blume is the Senior Independent Directors and acts as a sounding board for the Chairman, an intermediary for the other Non-Executive Directors and should lead the annual evaluation of the Chairman.

### GHG emissions

The information relevant to climate disclosures, including the Company's TCFD statement, 2030 climate target and emissions data is outlined on pages 66 to 87. This includes information about the Company's total energy consumption in our operations, scope 1 and scope 2 emissions as well as GHG intensity figures covering 2020–2022. The Company has also disclosed its 2020 baseline scope 3 emissions as well as information on the material categories for scope 3 emissions based on 2020 data. Information on climate risks is included in both the Principal Risk section as well as the TCFD disclosures.

### Disclosure of information to auditors

The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's External Auditors are unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's External Auditors are aware of that information.



## Directors' indemnities

In pursuing their duties, the Directors have the benefit of indemnity provisions contained within the Company's Articles. The Company has additionally purchased and maintained Directors' and Officers' liability insurance to provide further protections for the Directors. The Directors are able to obtain legal or other relevant advice at the expense of the Company in their capacity as Directors. The Company provided a qualifying third-party indemnity to each Director as permitted by Section 234 of the Companies Act 2006 and by the Articles for the full financial year and which remain in force at the date of this report.

## Conflicts of interests

The Directors have declared any conflict or potential conflict of interest to the Board, which has the authority to approve such situations. A conflicts of interest register is maintained on an ongoing basis and reviewed annually. The Directors advise the Board as soon as they become aware of any conflict of interest. When a Director has a relevant conflict of interest, they are recused from discussions or decisions on the matter on which they are conflicted.

## Political and charity donations

The Company's policy is that it does not, directly or through any subsidiary, make what are commonly regarded as donations to any political party. However, the Companies Act 2006 (Act) defines political donations very broadly and so it is possible that normal business activities, such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform, which might not be thought of as political expenditure in the usual sense, could be captured. Activities of this nature would not be thought of as political donations in the ordinary sense of those words. The resolution to be proposed at the 2023 AGM, authorising political donations and expenditure, is to ensure that the Group does not commit any technical breach of the Act. At the AGM of the Company held on 26 May 2022, shareholders voted to allow the Company to incur political expenditure up to a maximum aggregate amount of £100,000 in-line with market practice. That authority is due to expire at the AGM due to be held on 11 May 2023 and, therefore, the Company will seek to renew the authority in-line with the above considerations.

# Directors' Report

## Major shareholders

As at 31 December 2022, and in accordance with Rule 5 of the FCA's Disclosure and Transparency rules, the following table sets out the major shareholdings notified to the Company by holders of notifiable interests.

Name of Shareholder	As at 31 December 2022	
	Number of ordinary shares	Percentage of issued ordinary shares
Couverina Business, s.r.o. <sup>1</sup>	193,419,103	28.07%
Bock Capital EU Luxembourg WAG S.à.r.l. <sup>2</sup>	179,505,764	26.06%
Martin Vohánka	135,775,918	19.71%
FIL Investments International <sup>3</sup>	32,073,333	4.66%
Funds and accounts under the management of Select Equity Group, L.P. <sup>3</sup>	26,633,333	3.87%

1 A vehicle wholly owned by Martin Vohánka.

2 A vehicle affiliated with TA Associates (UK), LLP ("TA Associates").

3 Includes Cornerstone Commitments.

Since 31 December 2022 to the date of this report, the Company has not been informed of any notifiable changes with respect of the shares.

## Share capital structure

As at 31 December 2022 and at the date of this report, the issued share capital of the Company comprised 688,911,333 ordinary shares of £0.01 each admitted to the London Stock Exchange. The ordinary shares have attached to them full voting, dividend and capital distribution (including winding up) rights.

## Authority to purchase own shares

At the Company's AGM held on 26 May 2022, shareholders passed a resolution allowing the Company to make market purchases of ordinary shares of £0.01 each in the capital of the Company up to a maximum aggregate amount of 10% of the Company's issued share capital. No shares have been purchased under this authority as at the date of this report. This authority is due to expire at the AGM to be held on 11 May 2023. The Board will seek to renew the authority to make market purchases of the Company's ordinary shares at this year's AGM.

## Principal shareholder and relationship agreement

In connection with, and effective from, Admission, relationship agreements were entered into with Martin Vohánka, Couverina Business, s.r.o ("Couverina") and TA Associates to ensure that, following Admission, the Company was able to operate independently of the aforementioned parties for the purposes of the Listing Rules.

## Relationship agreement with Martin Vohánka and Couverina

Under the relationship agreement, Martin Vohánka and Couverina have made undertakings to (i) conduct all transactions and arrangements with any member of the Company and the Group at arm's length and on normal commercial terms; (ii) not take any action which would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and (iii) not propose or procure the proposal of any shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Subject to below, Martin Vohánka and Couverina have the right (i) to nominate for appointment up to two Non-Executive Directors to the Board, while together with their associates' shareholding in the Company are greater than or equal to 25% of the votes available to be cast at General Meetings of the Company; and (ii) to nominate for appointment one Non-Executive Director to the Board, while together with their associates' shareholding in the Company are greater than or equal to 10%. Martin Vohánka and Couverina opted not to appoint any Nominee Directors at Admission and currently have expressed that they do not intend to exercise these rights while Martin Vohánka is CEO.

Martin Vohánka shall not be considered as a Nominee Director for so long as he is an Executive Director of the Company, but that for so long as he is an Executive Director of the Company, the right of Martin Vohánka and Couverina to appoint Nominee Directors shall be reduced by one, to reflect Martin Vohánka's appointment as a Director of the Company.

The relationship agreement additionally governs information flow between the Company and Martin Vohánka and Couverina.

For so long as Martin Vohánka (or its concert parties (as defined in the City Code on Takeovers and Mergers (the “City Code”)) holds in aggregate an interest in 30% or more of the aggregate voting rights in the Company and subject, where necessary, to the prior consent of the Panel, the Company has undertaken to procure that at the first AGM of the Company and thereafter once in every calendar year, to propose to its independent shareholders a resolutions to waive, in accordance with Appendix 1 to the City Code, all obligations of the relevant shareholder (or its concert parties) to make a general offer for the ordinary shares of the Company in accordance with Rule 9 of the City Code that may otherwise arise as result of the Company purchasing or effecting any other transactions in relation to the ordinary shares or related securities.

## Disclosures in the strategic report

In accordance with section 414C(11) of the Act and the Companies (Miscellaneous Report) Regulation 2018, the Board has decided to include certain disclosures within the Strategic Report, including:

Subject matter	Page
Employee and stakeholder involvement	Our Engagement with Stakeholders on page 22 and Sustainability on page 91
The employment of disabled people	Sustainability on pages 91 to 94
The future development, performance and position of the Group	Strategic Report on pages 01 to 110
Branches outside the UK	Group Information on pages 201 to 205
Research and development activities	Notes to the Financial Statements on pages 185 to 249
Going Concern and Viability statement	Viability Statement on pages 54 to 57
Climate-related financial disclosures, greenhouse gas consumption, energy consumption and energy efficiency action	Sustainability on pages 66 to 87

## Relationship agreement with TA Associates

The TA Relationship Agreement contains substantially the same terms as the relationship agreement with Martin Vohánka and Couverina as described above, other than the appointment rights, which provides Bock Capital EU Luxembourg WAG S.à.r.l. (“Bock”) with the right to appoint one Non-Executive Director to the Board, while together with its associates’ shareholding in the Company are greater than or equal to 10% of the votes available to be cast at General Meetings of the Company.

Morgan Seigler was appointed to the Board, as Nominee Director, at Admission. Morgan Seigler additionally has the ability to share confidential information with Bock in accordance with the terms of the relationship agreement, subject to prior clearance from the rest of the Board.



# Directors' Report

## Additional disclosures

The following information can be found elsewhere in this document, as indicated in the table below and is incorporated into this report by reference.

Disclosure	Page
Directors of the Company	Board of Directors on pages 116 to 119
Dividends	Consolidated Statement of Changes In Shareholders' Equity on page 182
Financial instruments	Notes to the Financial Statements on pages 194 to 195
Important post balance sheet events since the financial year end	Notes to the Financial Statements on page 249
Statement of Directors' responsibilities	Directors' Report on pages 162 to 167

Information required to be included in the Annual Report and Accounts by LR 9.8.4 can be found in this document as indicated in the table below:

Disclosure	Page
Long-Term Incentive Plans	Directors' Remuneration Report on pages 138 to 161
Confirmations regarding entering into a relationship agreement with a Controlling Shareholder and compliance with independence provisions	Principal Shareholder and relationship agreement section on page 164
Agreements with a Controlling Shareholder	Principal Shareholder and relationship agreement section on page 164

## Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the consolidated financial statements in accordance with UK-adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the wider Group and of the consolidated profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the Going Concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Act.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Board of Directors on pages 116 to 119 confirm that, to the best of their knowledge:

- the consolidated financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company's financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report of this report includes a fair review of the development and performance of the business and the position of the Company and the wider Group, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's External Auditors are unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's External Auditors are aware of that information.

## Going Concern

In accordance with Provision 30 of the Code, the Directors consider it appropriate to continue to adopt the Going Concern basis of accounting in preparing the financial statements. The Directors, having made appropriate enquiries, are satisfied that the Company and Group as a whole has adequate resources to continue operations for a period of at least 12 months from the date of this report. The full Going Concern statement is set out on page 57.

## Viability statement

In accordance with Provision 31 of the Code, the Directors are required to provide a Viability statement that states whether the Company and Group will be able to continue in operation and meet its liabilities, taking into account its current position and the principal risks it faces. The Directors must also specify the period covered by, and the appropriateness of, this statement. The Directors' assessment of the viability of the Company is set out on pages 54 to 57.

## Fair, balanced and understandable

The Board considers the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model, and strategy. This responsibility statement was approved by the Board of Directors and is signed by order of the Board by:



For and on behalf of Computershare Company  
Secretarial Services Limited

**Company Secretary**

15 March 2023

## Financial statements

We continue to deliver  
strong and resilient growth

Clean  
Fair  
Efficient

**Financial statements**

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## Independent Auditors' Report

# Independent auditors' report to the members of W.A.G Payment Solutions plc

## Report on the audit of the financial statements

### Opinion

In our opinion:

- W.A.G Payment Solutions plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: Consolidated and Company Statement of Financial Position as at 31 December 2022; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Shareholders' Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 2 to the Consolidated Financial Statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

## Our audit approach

### Context

W.A.G Payment Solutions plc (the Company) is a public limited company incorporated and domiciled in the United Kingdom. The ordinary shares of the Company were admitted to the premium listing segment of the Official List of the UK Financial Conduct Authority and have traded on the London Stock Exchange plc's main market for listed securities since 13 October 2021. Prior to the Initial Public Offering ("IPO"), W.A.G. payments solutions, as. was the parent company of the Group for which consolidated financial statements were produced. On 7 October 2021 the shareholders of W.A.G. payments solutions, a.s. transferred all of their shares in W.A.G. payments solutions, a.s. to W.A.G Payment Solutions plc in exchange for ordinary shares of equal value in W.A.G payment solutions plc. This resulted in W.A.G Payment Solutions plc becoming the new parent company of the Group. On 8 October 2021 the IPO was completed, with 13 October 2021 being the date of admission to the London Stock Exchange. The comparative financial information for the year ended 31 December 2021 is presented as a continuation of W.A.G. payments solutions, a.s..

### Overview

#### Audit scope

- PwC component audit teams were engaged to perform two full scope audits in the Czech Republic and one in Spain. The PwC Czech Republic component team were also requested to perform specified procedures over certain balances and transactions. The Group audit team carried out audit procedures over the consolidation and the company.

#### Key audit matters

- Presentation of adjusting items (group)
- Carrying value of investment in subsidiaries (company)

#### Materiality

- Overall group materiality: EUR 5,725,000 based on 3% of net energy and services sales (2021: EUR 8,200,000 based on 0.5% of revenue from contracts with customers).
- Overall company materiality: EUR 2,778,000 (2021: EUR 3,100,000) based on 1% of total assets.
- Performance materiality: EUR 4,293,000 (2021: EUR 6,150,000) (group) and EUR 2,083,500 (2021: EUR 2,325,000) (company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Carrying value of the investment in subsidiaries is a new key audit matter this year (company). Valuation of put options (group) and Accounting for IPO restructuring (company), which were key audit matters last year, are no longer included because of the Sygic put option value now being fixed, following agreement to purchase the remaining 30% of Sygic from the previous shareholders, and the accounting for the IPO restructuring relating to 2021 only. Otherwise, the key audit matters below are consistent with last year.

# Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
<p><b>Presentation of adjusting items (group)</b></p> <p>As at 31 December 2022, costs of EUR 18.5m (2021: EUR 22.8m) have been classified as adjusting items impacting adjusted EBITDA and net costs of EUR 5.4m (2021: EUR 3.3m) have been classified as adjusting items impacting adjusted earnings (net profit) for the year.</p> <p>The adjusting items impacting adjusted EBITDA relate to: M&amp;A related expenses EUR 8.0m (2021: EUR 0.8m); strategic transformation expenses EUR 5.2m (2021: EUR 2.7m); and share based compensation EUR 5.3m (2021: EUR 6.4m).</p> <p>The adjusting items impacting adjusted earnings (net profit) relate to: amortisation of acquired intangibles EUR 6.5m (2021: EUR 5.4m); amortisation due to transformational useful life changes EUR 1.9m (2021: EUR 1.7m); offset by a tax effect of adjusting items of EUR 3.0m (2021: EUR 3.8m).</p> <p>We focused on this area as there is no definition of an adjusting item within IFRS and so judgement is required by the directors in determining whether items classified as adjusting are consistent with the group's accounting policy.</p> <p>We also focussed on this area given the potential fraud risk attached to the presentation of these items in meeting market consensus and profit based personal incentive targets.</p> <p>Refer to note 6 of the group financial statements, Significant accounting judgements, estimates and assumptions, and the Key accounting issues and significant judgements section of the Audit and Risk Committee report.</p>	<p>We have considered the nature of the balances and challenged management as to whether the items disclosed as adjusting items are consistent with the accounting policy, with the approach taken in previous reporting periods and with the FRC's guidance.</p> <p>We evaluated and understood the rationale behind each adjusting item and audited each category of adjusting items to EBITDA to a specific materiality of EUR 1.0m. This involved agreeing the sampled items to underlying supporting documentation and assessing whether the treatment of the item as adjusting was consistent with the group's accounting policy.</p> <p>For amortisation of acquired intangibles and amortisation due to transformational useful life changes, we have target tested these expenses and assessed whether the treatment of each item as adjusting was consistent with the group's accounting policy.</p> <p>We have also challenged the disclosures included in note 11 to assess whether they were clear and balanced.</p> <p>Based on the evidence obtained, the presentation and disclosure of adjusting items is consistent with the evidence obtained.</p>
<p><b>Carrying value of investment in subsidiaries (company)</b></p> <p>Investment in subsidiaries of EUR 126.3m (2021: EUR 79.4m) are accounted for in the Company balance sheet at cost less provision for impairment. Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the income statement.</p> <p>A review for indicators of impairment was performed by management, including considering the latest available forecasts and developments in the Group during the year. Management's assessment identified no impairment indicator in respect of the investments in subsidiaries.</p> <p>Refer to note 6 of the company financial statements, Investment in subsidiaries.</p>	<p>We evaluated management's determination of whether there were any other indicators of impairment. Our procedures included:</p> <ul style="list-style-type: none"> <li>• comparing the carrying value of investment with the market capitalisation of the Group at 31 December 2022; and</li> <li>• comparing the carrying value of investment with the carrying amount of investees' net assets.</li> </ul> <p>Overall, we found the assessment of the carrying value of investment in subsidiaries and associated disclosures to be consistent with the evidence obtained.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group financial statements are a consolidation of multiple reporting units across Europe, comprising the group's operating businesses and centralised functions. These reporting units maintain their own accounting records and controls and report to the head office finance team in the Czech Republic for consolidation purposes. In establishing the overall approach to the Group audit, we identified four reporting units, which, in our view, required an audit of their complete financial information both due to their size and risk characteristics: W.A.G Payment Solutions plc (the Company), W.A.G Payment Solutions a.s, W.A.G Issuing Services a.s (both incorporated in the Czech Republic) and Arraia Oil, S.L (incorporated in Spain). The Group engagement team audited W.A.G Payment Solutions plc (the company), W.A.G Payment Solutions a.s, and W.A.G Issuing Services a.s were audited by PwC Czech Republic and Arraia Oil, S.L was audited by PwC Spain. We also added three components to our scope to perform specified procedures to ensure sufficient coverage of certain balances within the group consolidation, which were all performed by PwC Czech Republic.

Where work was performed by component auditors, we determined the appropriate level of involvement we needed to have in that audit work to ensure that we could conclude that sufficient appropriate audit evidence had been obtained for the Group Financial Statements as a whole. In addition to instructing and reviewing the reporting from our component audit teams, we conducted file reviews and participated in key meetings with local management. Most of these meetings took place remotely but we were able to make two site visits to the Czech Republic in person. We also had regular dialogue with component teams throughout the audit.

The Group consolidation and financial statement disclosures included in Group audit scope were audited by the Group audit team. Based on the detailed audit work performed across the Group, we obtained coverage of 92% of revenue from contracts with customers and 91% of net energy and services sales.

### The impact of climate risk on our audit

In planning our audit, we considered the potential impacts of climate change on the group's business and its financial statements. We made enquiries of management to understand management's process for assessing climate-related risks and opportunities, the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. The Sustainability report describes and explains how climate change could have an impact on the group's business. Using our knowledge of the business we considered whether the risks identified by management are materially complete and have been appropriately estimated and disclosed. We have assessed how the group has considered the impact of climate change risk on the impairment assessment over non-current assets and in the Group's viability assessment.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.



## Independent Auditors' Report

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
<b>Overall materiality</b>	EUR 5,725,000 (2021: EUR 8,200,000).	EUR 2,778,000 (2021: EUR 3,100,000).
<b>How we determined it</b>	3% of net energy and services sales (2021: 0.5% revenue from contracts with customers)	1% of total assets
<b>Rationale for benchmark applied</b>	Net energy and services sales is a key metric used by management and external stakeholders to assess the performance of the group and it removes the impact of the significant volatility in gross revenue that has arisen in 2022 due to movements in energy prices.	Based on the nature of the Plc company, trading is not the entity's main function. The Plc company has transactions that are there to support the group in its trading and so total assets is considered appropriate and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between EUR 2,000,000 to EUR 5,386,500. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to EUR 4,293,000 (2021: EUR 6,150,000) for the group financial statements and EUR 2,083,500 (2021: EUR 2,325,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors; the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above EUR 286,000 (group audit) (2021: EUR 400,000) and EUR 138,900 (company audit) (2021: EUR 155,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and agreeing management's going concern assessment to the business's board approved plan and ensuring that the base case scenario, representing the business to September 2024 indicates that the business generates sufficient cash flows to meet its long and short term obligations while complying with covenant arrangements;
- Assessment of the historical accuracy and reasonableness of management's forecasting;
- Analysing the cash flows in the forecast models to identify unexpected trends and relationships and ensuring the mathematical accuracy of management's models;
- Evaluating management's downside scenarios of a similar extent of disruptions as seen in previous economic downturns and ensuring this is appropriately modelled through the cash flows;
- Assessing whether climate change is expected to have a significant impact during the period of the going concern assessment; and
- Review of the related disclosures in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

#### Directors' Remuneration

In our opinion, the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

# Independent Auditors' Report

## Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 (UK) 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the FCA Listing Rules and health and safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as taxation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries that credit revenue or EBITDA. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions among the engagement personnel covering the potential for material misstatements due to error or fraud, the risks associated with related parties and emphasis on the need to maintain professional scepticism throughout the engagement;
- Inquiries of management and others within the entity, including those outside of finance, as to their knowledge, awareness and concerns regarding fraud;
- Identification and testing of journal entries that hit our risk criteria, in particular any journal entries posted with unusual account combinations which resulted in a credit to revenue/EBITDA and incorporating an element of unpredictability in the nature, timing and extent of audit procedures performed;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;
- Testing accounting estimates made by management;
- Reading the minutes of the Board meetings to identify any inconsistencies with other information provided by management;
- Reviewing component teams' key working papers for all in-scope components with a particular focus on the areas involving judgement and estimates;
- Reviewing internal audit reports in so far as they related to the financial statements;
- Reviewing legal expense accounts to identify significant legal spend which may be indicative of serious breaches of laws and regulations.

## Independent Auditors' Report

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the directors on 2 December 2021 to audit the financial statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 31 December 2021 to 31 December 2022.

### Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

### Mark Skedgel (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham

16 March 2023



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## Consolidated Statement of Comprehensive Income (EUR '000)

	Notes	For the year ended 31 December	
		2022	2021
<b>Revenue from contracts with customers</b>	10	<b>2,368,252</b>	1,646,102
Costs of energy sold		<b>(2,177,395)</b>	(1,492,970)
<b>Net energy and services sales</b>	10	<b>190,857</b>	153,132
Other operating income		<b>449</b>	655
Employee expenses	12	<b>(67,212)</b>	(55,665)
Impairment losses of financial assets	24	<b>(3,912)</b>	(3,116)
Technology expenses		<b>(9,823)</b>	(6,797)
Other operating expenses		<b>(47,227)</b>	(41,282)
<b>Operating profit before depreciation and amortisation (EBITDA)</b>		<b>63,132</b>	46,927
Analysed as:			
Adjusting items	11	<b>18,461</b>	22,793
Adjusted EBITDA	11	<b>81,593</b>	69,720
Depreciation and amortisation	11	<b>(30,393)</b>	(21,867)
<b>Operating profit</b>		<b>32,739</b>	25,060
Finance income	15	<b>4,750</b>	2,234
Finance costs	14	<b>(8,802)</b>	(8,943)
Share of net loss of associates		<b>(711)</b>	(682)
<b>Profit before tax</b>		<b>27,976</b>	17,669
Income tax expense	16	<b>(10,280)</b>	(8,019)
<b>PROFIT FOR THE YEAR</b>		<b>17,696</b>	9,650
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Change in fair value of cash flow hedge recognised in equity	25	<b>7,602</b>	3,683
Exchange differences on translation of foreign operations		<b>1,303</b>	1,458
Deferred tax related to other comprehensive income		<b>-</b>	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>8,905</b>	5,141
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>26,601</b>	14,791
Total profit for the financial year attributable to equity holders of the Company		<b>16,630</b>	9,148
Total profit for the financial year attributable to non-controlling interests		<b>1,066</b>	502
Total comprehensive income for the financial year attributable to equity holders of the Company		<b>25,507</b>	14,259
Total comprehensive income for the financial year attributable to non-controlling interests		<b>1,094</b>	532
<b>Earnings per share (in cents per share):</b>	28		
Basic earnings per share		<b>2.41</b>	1.54
Diluted earnings per share		<b>2.41</b>	1.53

## Consolidated Statement of Financial Position (EUR '000)

	Notes	As at 31 December	
		2022	2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	17	268,171	193,453
Property, plant and equipment	18	39,826	34,763
Right-of-use assets	19	13,340	8,112
Investments in associates	20	12,223	12,934
Financial assets at fair value through other comprehensive income	21	14,364	–
Deferred tax assets	16	10,505	7,642
Derivative assets	9, 25	3,093	252
Other non-current assets	22	3,791	3,591
<b>Total non-current assets</b>		<b>365,313</b>	260,747
<b>Current assets</b>			
Inventories	23	20,291	9,557
Trade and other receivables	24	378,152	300,601
Income tax receivables		1,800	5,095
Derivative assets	9, 25	3,851	2,694
Cash and cash equivalents	26	146,003	224,164
<b>Total current assets</b>		<b>550,097</b>	542,111
<b>TOTAL ASSETS</b>		<b>915,410</b>	802,858
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	27	8,107	38,113
Share premium	27	2,958	194,763
Merger reserve	27	(25,963)	(25,963)
Other reserves	27	10,342	1,465
Business combinations equity adjustment		(12,526)	(17,046)
Retained earnings		329,362	84,526
<b>Equity attributable to equity holders of the Company</b>		<b>312,280</b>	275,858
Non-controlling interests	27	4,283	8,889
<b>Total equity</b>		<b>316,563</b>	284,747
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	29	121,272	143,579
Lease liabilities	19	9,510	5,973
Deferred tax liabilities	16	8,677	5,495
Derivative liabilities	9, 25	186	657
Other non-current liabilities	31	27,376	20,281
<b>Total non-current liabilities</b>		<b>167,021</b>	175,985
<b>Current liabilities</b>			
Trade and other payables	31	398,235	314,522
Interest-bearing loans and borrowings	29	21,884	18,894
Lease liabilities	19	3,917	2,601
Provisions	32	2,124	1,545
Income tax liabilities		5,649	4,208
Derivative liabilities	9, 25	17	356
<b>Total current liabilities</b>		<b>431,826</b>	342,126
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>915,410</b>	802,858

The accompanying notes form an integral part of these financial statements.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 16 March 2023. They were signed on its behalf by:



**Magdalena Bartos,**  
Chief Financial Officer

Company No. 13544823



## Consolidated Statement of Changes in Shareholders' Equity (EUR '000)

	Notes	Share capital	Share premium	Merger reserve
<b>At 31 December 2020</b>		<b>4,158</b>	<b>2,927</b>	<b>-</b>
Profit for the year		-	-	-
Other comprehensive income		-	-	-
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
Share options exercised	27	84	3,698	-
Transactions with own shares		-	-	-
Group reorganisation	27	2,582	(6,625)	4,043
Pre-IPO bonus (share-based payments)	27	7	-	-
Primary proceeds (net of expenses)	27	1,334	194,763	-
Cancellation of shares	27	(58)	-	-
Allotment of class B share	27	30,006	-	(30,006)
Dividends paid		-	-	-
Transfer of reserves		-	-	-
Share-based payments		-	-	-
Acquisition of subsidiaries	8	-	-	-
Acquisition of non-controlling interests	27	-	-	-
Put options held by non-controlling interests		-	-	-
<b>Total transactions with owners recognised directly in equity</b>		<b>33,955</b>	<b>191,836</b>	<b>(25,963)</b>
<b>At 31 December 2021</b>		<b>38,113</b>	<b>194,763</b>	<b>(25,963)</b>
Profit for the year		-	-	-
Other comprehensive income		-	-	-
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
Capital reduction	27	(30,006)	(191,805)	-
Dividends paid		-	-	-
Share-based payments	13	-	-	-
Acquisition of a non-controlling interests	27	-	-	-
Put options held by non-controlling interests	31	-	-	-
<b>Total transactions with owners recognised directly in equity</b>		<b>(30,006)</b>	<b>(191,805)</b>	<b>-</b>
<b>At 31 December 2022</b>		<b>8,107</b>	<b>2,958</b>	<b>(25,963)</b>

Other reserves	Business combinations equity adjustment	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
<b>(3,263)</b>	<b>(46,009)</b>	<b>72,177</b>	<b>29,990</b>	<b>34,115</b>	<b>64,105</b>
–	–	9,148	9,148	502	9,650
5,111	–	–	5,111	30	5,141
<b>5,111</b>	<b>–</b>	<b>9,148</b>	<b>14,259</b>	<b>532</b>	<b>14,791</b>
–	–	–	3,782	–	3,782
–	–	(10)	(10)	–	(10)
–	–	–	–	–	–
–	–	–	7	–	7
–	–	–	196,097	–	196,097
–	–	58	–	–	–
–	–	–	–	–	–
–	–	–	–	(1,980)	(1,980)
(383)	–	383	–	–	–
–	–	3,736	3,736	–	3,736
–	–	–	–	2,259	2,259
–	27,003	(966)	26,037	(26,037)	–
–	1,960	–	1,960	–	1,960
<b>(383)</b>	<b>28,963</b>	<b>3,201</b>	<b>231,609</b>	<b>(25,758)</b>	<b>205,851</b>
<b>1,465</b>	<b>(17,046)</b>	<b>84,526</b>	<b>275,858</b>	<b>8,889</b>	<b>284,747</b>
–	–	16,630	16,630	1,066	17,696
8,877	–	–	8,877	28	8,905
<b>8,877</b>	<b>–</b>	<b>16,630</b>	<b>25,507</b>	<b>1,094</b>	<b>26,601</b>
–	–	221,811	–	–	–
–	–	–	–	(56)	(56)
–	–	6,395	6,395	–	6,395
–	5,644	–	5,644	(5,644)	–
–	(1,124)	–	(1,124)	–	(1,124)
–	<b>4,520</b>	<b>228,206</b>	<b>10,915</b>	<b>(5,700)</b>	<b>5,215</b>
<b>10,342</b>	<b>(12,526)</b>	<b>329,362</b>	<b>312,280</b>	<b>4,283</b>	<b>316,563</b>

## Consolidated Statement of Cash Flows (EUR '000)

	Notes	For the year ended 31 December	
		2022	2021
<b>Cash flows from operating activities</b>			
<b>Profit before tax for the period</b>		<b>27,976</b>	17,669
Non-cash adjustments:			
Depreciation and amortisation	11	<b>30,393</b>	21,867
Gain on disposal of non-current assets		<b>(114)</b>	(29)
Interest income		<b>(234)</b>	(44)
Interest expense		<b>5,815</b>	4,913
Movements in provisions		<b>541</b>	153
Impairment losses of financial assets	24	<b>3,912</b>	3,116
Movements in allowances for inventories		<b>183</b>	(64)
Foreign currency exchange rate differences		<b>(1,838)</b>	(784)
Fair value revaluation of derivatives		<b>2,769</b>	(1,472)
Share-based payments		<b>6,395</b>	3,736
Other non-cash items		<b>709</b>	792
<b>Working capital adjustments:</b>			
(Increase)/decrease in trade and other receivables and prepayments		<b>(79,507)</b>	(69,445)
(Increase)/decrease in inventories		<b>(10,156)</b>	(4,108)
Increase in trade and other payables		<b>75,087</b>	28,774
Interest received		<b>234</b>	44
Interest paid		<b>(10,123)</b>	(4,498)
Income tax paid		<b>(7,799)</b>	(10,193)
<b>Net cash flows (used in)/generated from operating activities</b>		<b>44,243</b>	(9,573)
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		<b>289</b>	225
Proceeds from sale of financial instruments		<b>56</b>	–
Purchase of property, plant and equipment		<b>(7,271)</b>	(5,221)
Purchase of intangible assets		<b>(37,290)</b>	(26,230)
Purchase of financial instruments	21	<b>(14,364)</b>	–
Payments for acquisition of subsidiaries, net of cash acquired		<b>(42,712)</b>	(1,166)
Investment in associates		<b>(3,000)</b>	(10,685)
<b>Net cash used in investing activities</b>		<b>(104,292)</b>	(43,077)
<b>Cash flows from financing activities</b>			
Payment of principal elements of lease liabilities		<b>(3,112)</b>	(2,382)
Proceeds from borrowings		–	39,519
Repayment of borrowings		<b>(15,014)</b>	(18,773)
Acquisition of non-controlling interests		–	(27,003)
Dividend payments		<b>(56)</b>	(3,480)
Proceeds from issued share capital (net of expenses)		–	199,879
Proceeds from sale of own shares		–	20
<b>Net cash (used in)/generated from financing activities</b>		<b>(18,182)</b>	187,780
Net (decrease)/increase in cash and cash equivalents		<b>(78,231)</b>	135,130
Effect of exchange rate changes on cash and cash equivalents		<b>78</b>	63
Cash and cash equivalents at beginning of period		<b>224,154</b>	88,961
<b>Cash and cash equivalents at end of period</b>	26	<b>146,001</b>	224,154

# Notes to the Financial Statements

## 1. Corporate information

W.A.G payment solutions plc (the “Company” or the “Parent”) is a public limited company incorporated and domiciled in the United Kingdom and registered under the laws of England & Wales under company number 13544823 with its registered address at Third Floor (East), Albemarle House, 1 Albemarle Street, London W1S 4HA. The ordinary shares of the Company were admitted to the premium listing segment of the Official List of the UK Financial Conduct Authority and have traded on the London Stock Exchange plc’s main market for listed securities on 13 October 2021.

The Parent and its subsidiaries (together the “Group”) are principally engaged in:

- Providing payment solutions for fleets of professional transport and forwarding companies, as well as running a network of truck parks for commercial road transportation;
- Providing unified way of electronic toll payments on a number of European road networks for fleets of professional transport and forwarding companies;
- Recovery of VAT refunds and excise duty from European countries;
- Creating an automated journey book and optimising traffic with the use of integrated digital maps;
- Combine advanced solutions in the field of electronics, software engineering and applied mathematics;
- Sale of navigation licenses; and
- Other services.

A list of subsidiaries is included in Note 7.

Prior to the Initial Public Offering (“IPO”), W.A.G. payments solutions plc, a.s. was the parent company of the Group for which consolidated financial statements were produced. On 7 October 2021, the Shareholders of W.A.G. payments solutions, a.s. transferred all of their shares in W.A.G. payments solutions, a.s. to W.A.G payment solutions plc in exchange for ordinary shares of equal value in W.A.G payment solutions plc (“Group reorganisation”). This resulted in W.A.G payment solutions plc becoming the new Parent Company of the Group. On 8 October 2021, the IPO was completed, with 13 October 2021 representing admission to trading on the London Stock Exchange (“Admission”).

The financial information for the year ended 31 December 2021 was presented as a continuation of W.A.G. payments solutions, a.s.

## 2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards (“IFRS”) and with the requirements of the Companies Act 2006 as applicable to companies reporting under these standards.

As there was no change in control with the Group reorganisation (see Note 1) involving the Company becoming the new holding company of the Group in a share for share exchange, the financial information for the year ended 31 December 2021 was presented as a continuation of W.A.G. payment solutions, a.s. A movement in share capital, share premium and merger reserve is reflected in the statement of changes in equity at the date of Group reorganisation.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) that have been measured at fair value. The consolidated financial statements are presented in EUR and all values are rounded to the nearest thousand (EUR ‘000), except where otherwise indicated.

The Board has considered the financial prospects of the Company and Group for the foreseeable future, which is at least the next 12 months, and made an assessment of the Company’s and Group’s ability to continue as a going concern. The Board’s assessment included consideration of the availability of the Company’s and Group’s credit facilities, cash flow forecasts and stress test scenarios. Stress test scenarios applied in the Going Concern statement are in line with scenarios covered in the Viability statement. The Board is satisfied that the Company and Group have the resources to continue operating the business for the foreseeable future, and furthermore are not aware of any material uncertainties that may cast significant doubt upon the Company’s and Group’s ability to continue as a going concern and the Board considers it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group’s fiscal year begins on 1 January and ends on 31 December.

# Notes to the Financial Statements

## 2. Basis of preparation continued

### Information on Independent Auditor

The below fees represent amounts paid to PwC.

EUR '000	For the year ended 31 December	
	2022	2021
The statutory audit of consolidated and Company's financial statements	819	685
Audit of the financial statements of the Company's subsidiaries	356	281
<b>Total audit fees</b>	<b>1,175</b>	966
Other assurance services	590	2,461
Consultancy services related to product development	–	739
<b>Total non-audit fees</b>	<b>590</b>	3,200
<b>Total</b>	<b>1,765</b>	4,166

In 2022, other assurance services related to work as a reporting accounting due to Grupa Inelo acquisition disclosed in Note 37 (2021: initial public offering, including work as a reporting accountant).

## 3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## 4. Summary of significant accounting policies

The accounting policies used in preparing the consolidated financial statements are set out below. These accounting policies have been consistently applied in all material respects to all periods presented.

### 4.1. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

There can also be a situation that the holder of non-controlling interest in the acquiree are granted put options that convey to those Shareholders the right to sell their shares in that acquiree for an exercise price specified in the option agreement. From the perspective of the Group, such written put options meet the definition of a financial liability according to IAS 32 if the Group has an obligation to settle in cash or in another financial asset if the Non-controlling Shareholders exercise the option. If the terms affecting the exercisability of the option are genuine, then a liability for the put option exercise price is recognised. This is the case even if the put option is exercisable only on the occurrence of uncertain future events that are outside of control of both parties to the contract.

The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within financial liabilities with a corresponding charge directly to equity. The charge to equity is recognised separately as business combinations equity adjustment.

Any subsequent adjustments to the redemption liability are recorded in equity as business combination equity adjustment. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity. Once the put option is exercised, the amount previously recorded in equity as business combination equity adjustment is transferred into retained earnings.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

## Notes to the Financial Statements

### 4. Summary of significant accounting policies continued

#### 4.2. Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates, and assumptions (Note 9);
- Quantitative disclosures of fair value measurement hierarchy (Note 9); and
- Financial instruments carried at fair value (Note 25).

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 4.3 Revenue from contracts with customers

Revenues are recognised when the Group has satisfied a performance obligation and the amount of revenue can be reliably measured. The Group will recognise revenue at an amount that reflects the consideration to which the Group expects to be entitled (after reduction for expected discounts) in exchange for transferring goods or services to a customer.

##### Sale of energy

Energy means any source that makes a vehicle move (diesel, petrol, e-mobility, bio fuel additives and alternative fuel, such as LNG/CNG).

The Group operates two business models for the sale of energy to fleets of professional transport and forwarding companies:

- the acceptance business model – sale through acceptance partner locations (petrol stations); customers may access any petrol station, which is accepting Group's payment solutions, for price that is independent from the prices of petrol stations under pre-agreed terms; and
- the bunkering business model – owned/rented truck parks and supply partnership sites (Group supplies energy to bunkering sites located at partner sites); energy inventory is in ownership of the Group until it is purchased by the Group's customers.

The Group is acting as a principal in all business models with significant judgement made in respect of the acceptance model (see Note 6 under Principal versus agent consideration).

The revenue from the sale of energy is recognised when the Group satisfies a performance obligation (transfers control over the energy), usually on delivery of the energy. The Group recognises revenue at an amount that reflects the consideration to which the entity expects to be entitled (after reduction for expected discounts and volume rebates) in exchange for transferring goods or services to a customer. Sales are recognised net of VAT.

### Arranging payments of toll

The revenues from commission for arranging payments of toll is recognised over time in the period in which the performance obligation is satisfied and the service is rendered. The amount of consideration depends on the number of trucks entering a toll gate within a particular month. The Group is acting as an agent as the Group's responsibility is limited to arranging the provision of toll services.

### Revenues from tax refund

The revenues from commission fee for the tax refund is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised based on assumption, how much time is needed for preparation and submission of a request for refund and other activities needed till reimbursed tax receipt.

Provision of tax refund services without "net invoicing" (pre-financing) is performed on behalf of a customer and no receivable is recognised in Trade and other receivables (Note 24).

In cases where the Group's customer uses a "net invoicing" service provided by the Group, the client receives its tax refund almost immediately. This method, also known as a "financed refund", ranks as one of the fastest ways to reclaiming VAT and excise duty paid to clients in the moment of the purchase of energy, other services or arranging payments of toll associated with passenger transport or freight haulage. The revenue from provision of credit in the amount of refund tax for the period of reimbursement is recognised over the average reimbursement period for each country in which the Group operates.

### Fleet management solutions (previously Telematics)

The revenues from the sale of on-board units and recurring fees for software services are recognised in the period in which the performance obligation is satisfied, and the services are rendered. Fleet management software allows companies the effective administration of their vehicle fleet and 24/7 monitor the activity of the whole fleet.

### Navigation

Navigation revenue is generated through licensing of navigation software and digital map content to B2B and B2C customers. License of navigation software is granted as a "right to use an intellectual property" while the license of digital map content (including traffic) is granted as a "right to access to an intellectual property". Right to access provides the customer the right to access, over a certain period of time, map data that is regularly updated during the contract period. Right-to-use licenses are those that only provide the customer the right to use navigation software as it exists at the moment the control passes to the customer. This does not give the customer the right to receive future updates or upgrades other than those that can be considered as minor enhancements or bug fixing.

Revenue for "right-to-use" licenses is recognised at the moment the control passes to the customer. Revenue from "right-to-access" licenses is recognised over the (estimated) period during which the Group is obliged to provide access to the customers, based on third-party content costs plus an appropriate margin. The period for B2C lifetime "right-to-access" licenses is estimated at three years, for B2B lifetime customers, five years.

### Other services

Other services include services that are immaterial from Group perspective:

- 24hr assistance services – revenue recognised over period for which service is activated;
- Legal services – revenue recognised at the moment service is rendered;
- Insurance – the Group is acting as a broker offering clients different insurance products on behalf of some insurance companies. Revenue is a commission from insurance companies recognised at the moment when a contract is signed;
- Factoring services – revenue recognised at the moment service is rendered; and
- Other services.



# Notes to the Financial Statements

## 4. Summary of significant accounting policies continued

### 4.4. Taxes

#### Current income tax

Current income tax assets and liabilities for an accounting period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. No tax provisions were established as at 31 December 2022 and 2021.

#### Deferred tax

Deferred tax is calculated separately for each company of the Group, using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information arises and/or circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

#### 4.5. Foreign currency transactions

The Group's consolidated financial statements are presented in EUR. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange valid at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss as finance income and expenses. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

On consolidation, the assets and liabilities of foreign operations are translated into EUR at the exchange rates prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rate for the relevant year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

#### 4.6. Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws of the United Kingdom, a distribution is authorised when it is approved by the Shareholders. A corresponding amount is recognised directly in equity.

#### 4.7. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The useful life of intangible assets is assessed as either finite or indefinite (goodwill).

Intangible assets with finite life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation of intangible assets with finite life is recorded on a straight-line basis over their estimated useful life as follows:

	<b>Years</b>
Clients' relationships	7–10
Internal software developments	2–10
Patents and rights	5–20
External software	3–7
Other intangible assets	2–3

Intangible assets in progress are not amortised.

## Notes to the Financial Statements

### 4. Summary of significant accounting policies continued

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### Clients' relationships

Clients' relationships were acquired as part of a business combination (Note 8, 17). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful life.

#### Internal software development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit.

Development includes the programming relating to internal development of externally purchased software, development of software-based solutions provided to the Group's customers and development of new fleet management products and services, which include fleet management and toll units.

#### Patents and rights, external software

Separately acquired patents and rights, and software are shown at historical cost. Patents and rights, and software acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

#### 4.8. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately, based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant, and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful life of an asset as follows:

	<b>Years</b>
Buildings	10–34
Leasehold improvements	4–15
Machinery and equipment	2–20
Vehicles	4–5
Fixtures and fittings	5–7

Land and tangible assets in progress are not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful life, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 4.9. Leases

### Identification of the Subject of a Lease – Lease Agreement

A lease is a contract, or part of a contract, that conveys the right to use an identifiable asset for a period of time in exchange for consideration. At the inception of the contract, the Group assesses whether the contract is a lease or contains a lease. The Group reassesses whether the contract is a lease or contains a lease only when the contractual terms are amended.

The Group assesses whether a contract transfers the right to control the use of an identifiable asset over a period of time based on:

- The Group has the right to obtain a substantial economic benefit from the asset for the period of its use;
- The lease is agreed for the lease of a specific asset, and the lessor does not have the right to exchange it or to profit financially from the exchange;
- The Group has the right to control the use of an identifiable asset;
- The lease is longer than 12 months (short-term lease exemption allowed under IFRS 16); and
- The value of the new asset exceeds EUR 4,500 (low value exemption allowed under IFRS16).

The Group assesses whether the contract contains a lease separately for each potential lease component.

The Group does not have any external subleases outside of the Group nor any contract, where the Group is a lessor.

### Lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are payments by the lessee to the lessor for the right to use an underlying asset for the duration of the lease. These payments include:

- fixed payments (lowered by any lease incentives);
- variable lease payments that are indexed or fixed to a rate;
- call option to purchase where there is sufficient certainty that the lessee will make use of the option; and
- payment of penalties for termination of the lease where the lease period corresponds to the lessee making use of the option to terminate the lease.

After commencement date, variable lease payments not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers those payment occurs. Interest from the lease obligation is the Group's finance costs.

### Right to use an asset

The Group measures the right to use an asset on the date the lease commences on the basis of a lease agreement. These are based on:

- the value of the lease liability increased by the lease payment that the Group has paid before the day the lease commences (reduced by lease incentives – discounts);
- the initial direct costs of the lease paid by the Group;
- the estimated value of the costs for dismantling and removing an identified asset or the reclamation of the site where the asset was located; and
- an increase by the asset's modification and renovation costs required in the lease agreement, namely by the creation of a reserve in compliance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

## Notes to the Financial Statements

### 4. Summary of significant accounting policies continued

#### 4.10. Investment in associates

Associates are all entities over which the Group has significant influence, but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 4.14.

#### 4.11. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of an asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

#### 4.12. Financial instruments – IFRS 9

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

##### Classification and measurement

Financial assets are classified based on the business model of the Group and characteristic of contractual cash flows. Under IFRS 9, the financial assets are classified into the following categories: financial assets subsequently measured at amortised cost ("AC"), financial assets at fair value through other comprehensive income ("FVOCI") and financial assets at fair value through profit or loss ("FVTPL")

The Group classifies financial assets into following categories:

**(A)** Financial assets subsequently measured at amortised cost – classified if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (referred to as SPPI test).

Expected credit losses, foreign exchange rate differences, and interest revenues are recognised in the statement of profit or loss. On derecognition, losses/gains are recognised in the statement of profit or loss.

**(B)** Financial assets at fair value through other comprehensive income

- Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in finance income/(costs). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in finance income/(costs), and impairment expenses are presented as separate line item in the statement of profit or loss.
- Equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

**(C) Financial assets at fair value through profit or loss**

- This category includes the financial assets held with strategy of active trading with financial assets. Contractual cash flow collection is not the primary objective of the business model.
- Expected credit losses are not calculated and recognised. Changes in the fair value and foreign exchange rate differences are recognised in the statement of profit or loss. Changes in the fair values are included in finance income/(costs).

Trade and other receivables that do not contain a significant financing component, or for which the Group has applied the practical expedient, are measured at the transaction price determined under IFRS 15.

The Group's financial assets include cash, trade and other receivables with no significant financing component meeting criteria for classification as AC and derivatives meeting criteria for classification as FVTPL and FVTOCI.

**Trade and other receivables**

Trade and other receivables are carried at original invoice amount less an allowance for impairment of these receivables.

See next section for a description of Group's impairment policies and Note 21 for further information on Trade and other receivables.

**Impairment of financial assets carried at amortised cost**

As the Group financial statements include financial assets representing trade and other receivables, only which do not include a significant financing component, the Group applies a simplified approach in calculating expected credit loss ("ECL"). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the statement of profit or loss.

Simplified approach adopted by the Group is using elements from general approach, the main difference is that no staging of financial assets is being used.

ECL measurement is based on three components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"):

- PD is an estimate of the likelihood of default to occur over a given time period. It is calculated from combination of customers' financial position and performance, transactional data, volumes, and payment performance. Set of variables differs according to scorecards applied to customers, which is determined by their resident country.
- EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed credit limits.
- LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Impaired debts are derecognised when they are assessed as uncollectible.

# Notes to the Financial Statements

## 4. Summary of significant accounting policies continued

### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Financial liabilities

Financial liabilities are classified into two main categories (a) at amortised cost and (b) at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 29.

### Trade and other payables

Trade payables are recognised at their nominal value, which is deemed to be materially the same as the fair value.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedged item affects profit or loss.

Derivatives embedded in financial liabilities are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

The embedded derivatives are separately valued upon inception and at each balance sheet date using an appropriate valuation model, with the changes in fair value recognised in profit or loss.

#### For the purpose of hedge accounting, hedges, still in accordance with IAS39, are classified as:

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as cash flow hedges or net investment hedges.

#### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs or income. Ineffectiveness of forward currency contracts may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty.

Hedge ineffectiveness for interest rate swaps may occur due to the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan or due to differences in critical terms between the interest rate swaps and loans.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.



# Notes to the Financial Statements

## 4. Summary of significant accounting policies continued

### Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in OCI in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within finance income/ (costs). Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

### 4.13. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs are assigned to individual items on the basis of "first in, first out" ("FIFO") method (the initial price in the measurement of inventory additions is used as the initial price in the measurement of inventory disposals). Costs of purchased inventory include acquisition-related costs (freight, customs, commission, etc.).

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### 4.14. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs, to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is estimated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Intangible assets with indefinite useful life are tested for impairment annually as at 31 December, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### 4.15. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash in hand and cash at banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

## 4.16. Share-based payments

Employees of the Group receive remuneration in the form of share-based payment transactions whereby employees render service as consideration for equity instruments or cash. Information relating to these transactions is set out in Note 13.

### Equity-settled transactions

The fair value of options granted is recognised as employee expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of options granted, using the Black-Scholes model. The total amount is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues the appropriate number of shares to the employee. The proceeds received, net of any directly attributable transaction costs, are credited directly to equity.

### Cash-settled transactions

Liabilities for cash-settled share-based payments are recognised as employee expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as employee-related liabilities in the balance sheet.

## 4.17. Adjusting items

Adjusting items are items of income and expense which the Group believes should be separately presented and disclosed to provide additional information to investors and to enhance their understanding of the underlying business performance of the Group. The items were determined based on the rules disclosed under Significant judgements. Adjusting items are separately disclosed on the face of the Consolidated Statement of Comprehensive Income and in Note 11. Examples of such items include costs related to M&A activities, amortisation of acquired intangibles, IPO-related costs, pre-IPO share-based payments and expenses related to strategic transformation of the Group.

## 4.18. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# 5. Changes in accounting policies and disclosures, adoption of new and revised standards

## 5.1. Application of new IFRS – standards and interpretations effective in the reporting period

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- **Property, Plant and Equipment: Proceeds before intended use** – Amendments to IAS 16
- **Reference to the Conceptual Framework** – Amendments to IFRS 3
- **Onerous Contracts** – Cost of Fulfilling a Contract – Amendments to IAS 37
- **Annual Improvements to IFRS Standards 2018–2020** – Amendments to IFRS 9, IFRS 16, IFRS 1, and IAS 41
- **Deferred tax related to assets and liabilities arising from a single transaction** – Amendments to IAS 12
- **Amendments to IAS 1 and IFRS Practice Statement 2** – Disclosure of Accounting policies

These Amendments did not have a significant impact on the Group's consolidated financial statements.

## Notes to the Financial Statements

### 5. Changes in accounting policies and disclosures, adoption of new and revised standards continued

#### 5.2 New IFRSs and IFRICs published by the IASB that are not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These new standards, amendments and interpretations are not expected to have any significant impacts on the Group's consolidated financial statements.

### 6. Significant accounting judgments, estimates and assumptions

#### 6.1 Significant judgements

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

##### Principal versus agent consideration

The Group has considered whether it acts as a principal or an agent in the acceptance business model (see explanation of the business models used in sales of energy in Note 4.3) in sale of energy. The Group is not selling just the energy but an integrated web-based solution comprising advice on where to buy energy, offering discounted energy prices that are independent of pricing of the Group's suppliers, use of payment cards, extended payment terms and administration of the energy sales transaction. The Group sells energy to its customers under one contract covering sales transactions realised under the two business models used by the Group and described in Note 4.3. In the case of the acceptance business model, the principal versus agent assessment involves significant judgement. In applying the judgment, management concluded that the Group is the principal mainly because it is the primary obligor in respect of delivery of energy and related services to its customers. Management also considered the following additional control indicators:

1. The Group has discretion in establishing the price for the specified energy independent from the prices of petrol stations under the acceptance model.
2. The Group has the right to choose its suppliers.
3. The Group is responsible for damages caused by the product quality.

##### Put options granted to non-controlling interests

Following the new agreement related to the acquisition of remaining 30% share in Sygic (see Note 8), the Group concluded that it, in substance, acquired present access to economic benefits of acquired subsidiary. The put option redemption liability will be settled with a transfer of the non-controlling interest's shares for a fixed price which is not expected to change in the future. Therefore, as of 31 December 2022, the controlling shareholders have all the risks and rewards associated with ownership.

##### Adjusting items

In determining whether an item should be presented as an adjusting item to IFRS measures, the Group considers items that must initially meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period.
- It has been directly incurred as a result of either an acquisition, capital restructuring or relates to Group's strategic transformation programme as these are not part of the Group's underlying trading activity.
- It is unusual in nature, e.g. outside the normal course of business.

If an item meets at least one of the criteria, the Board, through the Audit and Risk Committee, then exercises judgement as to whether the item should be classified as an adjusting item to IFRS performance measures. Refer to Note 11 for list of these items including definitions and exclusion justifications.

##### Modification of bank borrowings

The Group concluded that 2022 refinancing of its existing loan (see Note 29) represented non-substantial modification of a financial liability. The conclusion was based on the assessment of qualitative (currency, key roles of financing banks, interest benchmark and non-cash nature of the refinancing) and quantitative factors. At first, the Group evaluated that the net present value of the cash flows under the new terms (including any fees paid net of any fees received) discounted at the original effective interest rate is not more than 10% different from the discounted present value of the remaining cash flows of the initial loan at date of the loan modification. Subsequently, qualitative factors were compared with the original financing and most of them were concluded to be either the same or very similar.

## 6.2. Significant estimates

The preparation of consolidated financial statements requires the use of estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in the following paragraph. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and forecasts for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount of Fleet management solutions CGU is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill. The key assumptions used to determine the recoverable amount of the CGUs are disclosed and further explained in Note 17.

## 7. Group information

The Group is organised in two operating segments:

- Payment solutions represent Group's revenues, which are based on recurring and frequent transactional payments. The segment includes Energy and Toll payments, which are typical first choice of a new customer.
- Mobility solutions represent a number of services, which are either subscription based or subsequently sold to customers using Payment solutions products. The segment includes Tax refund, Fleet management services, Navigation, and other service offerings.

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	Registered address	Effective economic interest	
				2022	2021
W.A.G. payment solutions plc	Holding company	United Kingdom	Third Floor (East), Albemarle House, 1 Albemarle Street, London W1S 4HA	<b>Company</b>	Company
W.A.G. payment solutions UK LIMITED	Payment solutions	United Kingdom	Third Floor (East), Albemarle House, 1 Albemarle Street, London W1S 4HA	<b>100%</b>	100%
W.A.G. payment solutions AT GmbH	Payment solutions	Austria	Kammer 44, 4981 Reichersberg, Austria	<b>100%</b>	100%
W.A.G. AT GmbH (in liquidation)	Payment solutions	Austria	Kammer 44, 4981 Reichersberg, Austria	<b>100%</b>	100%
W.A.G. payment solutions BE BVBA	Payment solutions	Belgium	Marcel Broodthaersplein 8, 1060 Sint-Gillis, Brussel, Belgium	<b>100%</b>	100%
W.A.G. payment solutions BG EOOD	Payment solutions	Bulgaria	18 Todor Aleksandrov blvd. 1000 Sofia, Bulgaria	<b>100%</b>	100%

# Notes to the Financial Statements

## 7. Group information continued

Name	Principal activities	Country of incorporation	Registered address	Effective economic interest	
				2022	2021
W.A.G. payment solutions HR d.o.o.	Payment solutions	Croatia	Grand Centar, Hektorovićeve ulica 2, 10000 Zagreb, Croatia	100%	100%
W.A.G. payment solutions, a.s.	Payment and mobility solutions	Czech Republic	Na Vítězné pláni 1719/4, 14000 Prague 4, Czech Republic	100%	100%
W.A.G. Issuing Services, a.s.	Payment solutions	Czech Republic	Na Vítězné pláni 1719/4, 14000 Prague 4, Czech Republic	100%	100%
W.A.G. payment solutions CZ, s.r.o.	Payment solutions	Czech Republic	Na Vítězné pláni 1719/4, 14000 Prague 4, Czech Republic	100%	100%
Reamon Tax, a.s.	Mobility solutions	Czech Republic	Göthova 149, Dačice I, 38001 Dačice, Czech Republic	100%	100%
HI Software Development s.r.o. (liquidated)	Mobility solutions	Czech Republic	Ladova 389/10, Hejčín, 77900 Olomouc, Czech Republic	–	100%
Princip a.s.	Mobility solutions	Czech Republic	Hvězdova 1689/2a, 14000 Prague 4, Czech Republic	100%	100%
W.A.G. payment solutions DK ApS	Payment solutions	Denmark	Frederiksborggade 15, 2nd and 3rd floor, 1360 Copenhagen, Denmark	100%	100%
W.A.G. payment solutions EE OÜ	Payment solutions	Estonia	Akadeemia tee 21/4-301, 12618 Tallinn Harjumaa, Estonia	100%	100%
W.A.G. payment solutions FI Oy	Payment solutions	Finland	Aalto University Campus, Metallimiehenkuja 10, 02150 Espoo, Finland	100%	100%
W.A.G. payment solutions FR SARL	Payment solutions	France	Montpellier Optimum, 450 Rue Baden Powell, 34000 Montpellier, France	100%	100%
W.A.G. payment solutions DE GmbH	Payment solutions	Germany	Torgauer Strasse 231-233, Leipzig, 04347, Germany	100%	100%
W.A.G. payment solutions EL SP LTD	Payment solutions	Greece	12A Eleftheriou Venizelou Str., GR – 151 27 Melissia, Athens, Greece	100%	100%
W.A.G. payment solutions HU, Kft.	Payment solutions	Hungary	1138 Budapest, Népfürdő utca 22. B. ép. 13. em., Hungary	100%	100%
W.A.G. HU, Kft.	Payment solutions	Hungary	1138 Budapest, Népfürdő utca 22. B. ép. 13. em., Hungary	100%	100%
W.A.G. payment solutions IE LIMITED	Payment solutions	Ireland	6th Floor, 2 Grand Canal Square, D02 A342 Dublin 2, Ireland	100%	100%
CONSORZIO EUROWAG S.C. A R.L	Payment solutions	Italy	Via Giovanni Giolitti 55, 10123 Torino, Italy	100%	100%
W.A.G. payment solutions IT S.R.L. UNIPERSONALE	Payment solutions	Italy	Via Savonarola 217, 35137 Padova, Italy	100%	100%

Name	Principal activities	Country of incorporation	Registered address	Effective economic interest	
				2022	2021
SIA W.A.G. payment solutions LV	Payment solutions	Latvia	Bauskas street 58A, Riga, LV-1004, Latvia	100%	100%
W.A.G. payment solutions LT, UAB	Payment solutions	Lithuania	J. Savickio str. 4, LT-01108 Vilnius, Lithuania	100%	100%
W.A.G. payment solutions LU S.à r.l.	Payment solutions	Luxembourg	19, rue de Bitbourg, L-1273 Luxembourg	100%	100%
W.A.G. payment solutions NL B.V.	Payment solutions	The Netherlands	Cuserstraat 93, 1081 CN Amsterdam. The Netherlands	100%	100%
W.A.G. payment solutions NO AS	Payment solutions	Norway	C.J. Hambros Plass 2 C, 0164, Oslo, Norway	100%	100%
W.A.G. payment solutions PL, Sp. zoo	Payment solutions	Poland	ul. Prosta 69, 00-838 Warsaw, Poland	100%	100%
Liserteco LDA	Mobility solutions	Portugal	Rua das Industrias, n° 236, 1°, Sala 104, Trofa, 4785 – 625, Portugal	100%	100%
W.A.G. payment solutions PT Unipessoal, LDA	Payment solutions	Portugal	Torre de Monsanto, Rua Afonso Praça, Algés, 1495-061 Lisbon, Portugal	100%	100%
W.A.G. payment solutions RO, s.r.l.	Payment solutions	Romania	Strada Intrarea Nestorei nr. 1, complex River Plaza, Corp B, et. 6, sector 4, Bucuresti, Romania	100%	100%
Eurowag d.o.o. Beograd-Stari Grad	Payment solutions	Serbia	Maksima Gorkog No 8, 1st floor, 26000 Pančevo. Serbia	100%	100%
Aldobec technologies, s.r.o.	Mobility solutions	Slovakia	Twin City C, Mlynské Nivy 16, 82109 Bratislava – mestská časť Ružinov, Slovakia	100%	100%
Klub Investorov T&G SK, s.r.o. (in liquidation)	Payment solutions	Slovakia	Hlavná 18, 90066 Vysoká pri Morave, Slovakia	100%	100%
W.A.G. payment solutions SK, s.r.o.	Payment solutions	Slovakia	Kukučínova 38/A, 83103 Bratislava, Slovakia	100%	100%
W.A.G., plačilne rešitve SI, d.o.o.	Payment solutions	Slovenia	Trg. Republike 3, 1000 Ljubljana, Slovenia	100%	100%
W.A.G. payment solutions Spain SLU.	Payment solutions	Spain	C/ Albeniz, 6, Polígono Industrial de Asparrena, San Román de San Millán, San Millán 01207 Araba/ Álava, Spain	100%	100%
W.A.G. mobility solutions Iberia SL	Payment solutions	Spain	C/ Albeniz, 6, Polígono Industrial de Asparrena, San Román de San Millán, San Millán 01207 Araba/ Álava, Spain	100%	100%
Arraia-Oil, S.L.	Payment solutions	Spain	C/ Albeniz, 6, Polígono Industrial de Asparrena, San Román de San Millán, San Millán 01207 Araba/ Álava, Spain	100%	100%

## Notes to the Financial Statements

### 7. Group information continued

Name	Principal activities	Country of incorporation	Registered address	Effective economic interest	
				2022	2021
Arraia Autopistas, SL	Payment solutions	Spain	C/ Deida 6, San Román San Millán Industrial Poligon, 01250 Araia Asparrena 01 Araba/Álava, Spain	100%	100%
Liserteco 24 Horas, SL	Mobility solutions	Spain	C/ Deida 6, San Román San Millán Industrial Poligon, 01250 Araia Asparrena 01 Araba/Álava, Spain	100%	100%
Reivalsa Gestion, S.L.	Mobility solutions	Spain	C/ Deida 6, San Román San Millán Industrial Poligon, 01250 Araia Asparrena 01 Araba/Álava, Spain	100%	100%
Tax Refund Consulting SL	Mobility solutions	Spain	Marques de Riscal 11 5a, Madrid 28010, Spain	100%	100%
Trofa Gestion, S.L.	Mobility solutions	Spain	C/ Deida 6, San Román San Millán Industrial Poligon, 01250 Araia Asparrena 01 Araba/Álava, Spain	100%	100%
W.A.G. payment solutions CH AG	Payment solutions	Switzerland	Flurstrasse 55, 8048 Zürich, Switzerland	100%	100%
W.A.G. payment solutions Sweden AB	Payment solutions	Sweden	Östermalmstorg 1, 114 42 Stockholm, Sweden	100%	100%
WAG Payment Solutions Turkey Ödeme Sistemleri Ticaret Limited Şirketi	Payment solutions	Turkey	FSM Mah. Poligon Cad. No: 8B Buyaka2 Sitesi, Kule 2 Kat 6, Daire: 25, 34771 Tepeüstü- Ümraniye-İstanbul, Turkey	100%	100%
Sygic, a.s.	Mobility solutions	Slovakia	Twin City C, Mlynské Nivy 16, 82109 Bratislava – mestská časť Ružinov, Slovakia	70%	70%
Tripomatic s.r.o.	Mobility solutions	Czech Republic	Za Parkem 631/14, Medlánky, 62100 Brno, Czech Republic	35.7%	35.7%
Sygic Czech Republic s.r.o.	Mobility solutions	Czech Republic	Běchovická 701/26, 10000 Prague 10, Czech Republic	70%	70%
Sygic Ltd. (liquidated)	Mobility solutions	United Kingdom	Suite 1, 3rd Floor 11-12 St. James's Square, SW1Y 4LB London, United Kingdom	–	70%
KomTeS Chrudim s.r.o.	Mobility solutions	Czech Republic	Malecká 273, Chrudim IV, 53705 Chrudim, Czech Republic	51%	51%
KomTeS CZ s.r.o. (merged with KomTeS Chrudim s.r.o.)	Mobility solutions	Czech Republic	Malecká 273, Chrudim IV, 53705 Chrudim, Czech Republic	–	51%
KomTeS SK s.r.o.	Mobility solutions	Slovakia	Dopravná 7, 92101 Piešťany, Slovakia	51%	51%
Threeforce BV	Mobility solutions	The Netherlands	Zeemanstraat 11, 3016 CN in Rotterdam, The Netherlands	27.75%	27.75%

Name	Principal activities	Country of incorporation	Registered address	Effective economic interest	
				2022	2021
UAB "Tankita"	Payment solutions	Lithuania	Žalgirio str. 96-103, Vilnius, Lithuania	20%	20%
WebEye International s.r.l.	Mobility solutions	Romania	Oradea, str. Nufărului nr. 28E, Județul Bihor, Romania	100%	–
Webeye Polska sp. z.o.o.	Mobility solutions	Poland	30-663 Kraków (Poland), 250 Wielicka Str., Poland	100%	–
WebEye Deutschland GmbH	Mobility solutions	Germany	Schatzbogen 33, 81829 München, Germany	100%	–
WebEye Slovakia s.r.o.	Mobility solutions	Slovakia	Sliáčska 1E, 831 02 Bratislava, Slovakia	100%	–
Webeye International d.o.o.	Mobility solutions	Slovenia	Kidričeva ulica 13D, 1236 Trzin, Slovenia	100%	–
WEBEYE Hrvatska d.o.o.	Mobility solutions	Croatia	Zagreb (Grad Zagreb) Buzinski prilaz 10, Croatia	100%	–
WEBEYE BULGARIA LTD	Mobility solutions	Bulgaria	Sofia 1528, Iskar district, 41 "Nedelcho Bonchev" Str., floor 3, apt. 16., Bulgaria	100%	–
MYWEBEYE IBÉRIA, LDA	Mobility solutions	Portugal	Rua Francisco Pinto Júnior n 5 2690-390 Santa Iria da Azóia, Portugal	100%	–
WebEye CZ s.r.o.	Mobility solutions	Czech Republic	Tuřanka 1222/115, Slatina, 627 00 Brno, Czech Republic	100%	–
E-Toll Services Hungary, Kft.	Mobility solutions	Hungary	2151 Fót, Akácos, East Gate Business park 0221/12 hrsz. D2. ép, Hungary	100%	–
RoadOn Magyarország Kereskedelmi és Szolgáltató, Kft.	Mobility solutions	Hungary	2151 Fót, Akácos, East Gate Business park 0221/12 hrsz. D2. ép, Hungary	100%	–
WebEye Magyarország Kereskedelmi és Szolgáltató, Kft.	Mobility solutions	Hungary	2151 Fót, Akácos, East Gate Business park 0221/12 hrsz. D2. ép, Hungary	100%	–
JITPay GmbH	Payment solutions	Germany	Willy-Brandt-Platz 19, 38102 Braunschweig, Germany	9.99%	–

The Company's directly held subsidiary is W.A.G. payment solutions, a.s. All other subsidiaries are indirectly held. All shares are ordinary shares unless stated otherwise.

The Company, through its subsidiary W.A.G. payment solutions, a.s., has the same percentage voting rights as effective economic interest, directly or indirectly, in all listed above subsidiaries except for Tripomatic s.r.o. W.A.G. payment solutions, a.s. possess 70% of shares in Sygic a.s., which is controlling Tripomatic s.r.o. by having 51% of voting rights.

W.A.G. payment solutions, a.s. has the following branches:

- W.A.G. payment solutions – Branch Bulgaria,
- W.A.G. payment solutions, a.s. Spółka Akcyjna Oddział w Polsce,
- W.A.G. payment solutions a.s. Merkezi Çek Cumhuriyeti İstanbul Merkez Şubesi,
- W.A.G. payment solutions, a.s. organizacná zložka.



## Notes to the Financial Statements

### 8. Business combination

The following acquisitions took place in 2022:

#### Acquisition of WebEye Group

Further to the subsequent events described in the 2021 Annual Report and Accounts, the Group signed a novated agreement on 16 May 2022 to acquire substantially all of the assets of Webeye Telematics Zrt. ("Webeye"), a leading Fleet Management Solution provider in Central and Eastern Europe. The Group paid EUR 23.3 million in cash upon the acquisition of 100% of the share capital of the non-Hungarian subsidiaries on 16 May 2022 and a further EUR 19.9 million was paid upon completion of the acquisition of the Hungarian subsidiaries on 1 July 2022. In addition, the Company will pay a deferred settlement component within three years of closing, a portion of which is contingent upon the achievement of certain KPIs. The maximum amount, including the deferred amount of the purchase price, is capped at EUR 60.6 million.

The transaction has expanded the Group's customer base, and Webeye's customers will gain access to Eurowag's unrivalled range of integrated end-to-end payment and mobility solutions leading to incremental revenue opportunities. Furthermore, data from the connected trucks will provide insights and enable the continual development of new and improved solutions to address customers' needs.

The provisionally determined fair values of identifiable assets and liabilities of subsidiaries of Webeye as at the date of acquisition were:

EUR '000	Fair value recognised on acquisition non-Hungarian Webeye subsidiaries	Fair value recognised on acquisition Hungarian Webeye subsidiaries	Total
<b>Assets</b>			
Identifiable intangible assets	16,256	11,077	27,333
Property, plant and equipment	1,411	729	2,140
Right-of-use assets	357	1,598	1,955
Inventories	263	497	760
Trade receivables	1,308	1,058	2,366
Cash and cash equivalents	395	103	498
Other assets	10	–	10
<b>Total Assets</b>	<b>20,000</b>	<b>15,062</b>	<b>35,062</b>
Deferred tax	1,810	986	2,796
Trade payables	714	883	1,597
Lease liabilities	357	1,598	1,955
<b>Total Liabilities</b>	<b>2,881</b>	<b>3,467</b>	<b>6,348</b>
<b>Total identifiable net assets at fair value</b>	<b>17,119</b>	<b>11,595</b>	<b>28,714</b>
<b>Goodwill arising on acquisition</b>	<b>19,793</b>	<b>11,512</b>	<b>31,305</b>
<b>Purchase consideration:</b>			
Cash paid	23,319	19,891	43,210
Deferred and contingent consideration (discounted)	13,593	3,216	16,809
<b>Total purchase consideration</b>	<b>36,912</b>	<b>23,107</b>	<b>60,019</b>

The goodwill is attributable to expected synergies from combining operations. It will not be deductible for tax purposes.

The gross contractual receivables acquired amounted to EUR 3,002 thousand. At acquisition date, there were EUR 636 thousand of contractual cash flows not expected to be collected.

From the date of acquisition until 31 December 2022, Webeye entities contributed EUR 8,057 thousand of revenue and EUR 887 thousand loss after tax (mainly driven by amortisation of acquired intangibles and M&A related adjusting items). Excluding amortisation of acquired intangibles and adjusting items the adjusted profit after tax would have been EUR 734 thousand.

If the acquisition had occurred on 1 January 2022, consolidated revenue and consolidated loss after tax of Webeye entities for the year ended 31 December 2022 would have been EUR 15,429 thousand and EUR 865 thousand respectively. Excluding amortisation of acquired intangibles and adjusting items the adjusted profit after tax would have been EUR 1,557 thousand.

Transaction costs are disclosed at the end of this note.

As at the date of acquisition, discount rate of 2.00% was used to determine the present value of deferred and contingent consideration. As at 31 December 2022, the discount rate was increased to 3.90%. Reasonably possible change in the discount rate does not lead to a significant change in the present value of deferred and contingent consideration.

Contingent consideration is subject to achievement of integration related milestones. Reasonably possible change in milestones achievement does not lead to a significant change in the fair value of contingent consideration.

### Acquisition of 9.99% share in JITpay

On 27 September 2022, Eurowag entered into a strategic partnership with JITpay Group, a German-based payment service provider specialising in the logistics industry. The transaction expands the Group's product portfolio by adding invoice discounting, digitalised billing and receivables management solutions and strengthens its presence in Germany, one of the most strategically important trucking markets in Europe. As part of the strategic partnership, Eurowag has acquired a 9.99% stake in JITpay for an initial consideration of EUR 14.3 million, with the flexibility for a potential increase in its ownership over time subject to regulatory approvals. The investment was classified as financial asset at fair value through other comprehensive income, see Note 21 for further information. The investment is considered to be a strategic investment and is not held for trading.

The Group has call options to acquire an additional 18.01% share which can be exercised either by 3 July 2023 for a consideration of EUR 25.7 million or later by 1 January 2024 for EUR 35 million. First call option reflects original valuation, which is not expected to change during a short period.

In case neither of the call options is exercised, JITpay has the right to buy back acquired 9.99% share for EUR 1.

### Acquisition of non-controlling interest in Sygic

On 20 December 2022, the Group signed an agreement with Non-controlling Shareholders of Sygic, a.s., which will enable the Group to take full control of Sygic's resources. Consideration for the 30% equity interest of EUR 14.4 million is payable in April 2024, in line with the original option agreement. Ownership of the shares remains with Non-controlling Shareholders until April 2024, however following the agreement with fixed price they are no longer exposed to variable returns from the investment (Note 27).

Under the previous shareholders agreement, the minority shareholders had certain rights pertaining to the application of Sygic's resources within the Group. Having full control of Sygic has provided the Group with unrestricted access to Sygic's resources and allowed it to fully utilise Sygic's digital expertise and people capabilities. This, in turn, will enable the Group to accelerate its digital sales channel and integrated product initiatives by utilising Sygic's capabilities more effectively across Eurowag's whole range of mobility solutions.

### Pay-out of deferred consideration

On 31 January 2022, the Group paid deferred acquisition consideration of EUR 3 million related to acquisition of company Threeforce B.V. (Last Mile Solutions).

The following acquisitions took place in 2021:

### Acquisition of 51% share in KomTeS

On 1 January 2021, the Group acquired 51% of the share capital in KomTeS, a value-added reseller of the Group's Webdispečink product (Fleet management solutions). The transaction will ensure the highest level of support, service, and value to Group and KomTeS customers in both the Czech Republic and Slovakia.

The remaining 49% non-controlling interest is subject to put/call option rights of the parties, where the Group is entitled to exercise the call option at any time after 1 January 2022 and the minority Shareholders are entitled to exercise the put option at any time after 18 December 2023 (if the call option has not been exercised).

## Notes to the Financial Statements

### 8. Business combination continued

The fair values of identifiable assets and liabilities of KomTeS as at the date of acquisition were:

EUR '000	Fair value recognised on acquisition KomTeS Group
<b>Assets</b>	
Identifiable intangible assets	4,981
Property, plant and equipment	109
Inventories	96
Trade receivables	772
Accruals	10
Cash and cash equivalents	1,610
<b>Total Assets</b>	<b>7,578</b>
Deferred tax	946
Trade payables	1,989
Accruals	29
Total Liabilities	2,964
<b>Total identifiable net assets at fair value</b>	<b>4,614</b>
<b>Non-controlling interest measured at fair value</b>	<b>2,259</b>
<b>Goodwill arising on acquisition</b>	<b>-</b>

No adjustments were made to opening balance sheet in 2022 and the fair value of acquired asset is finalised.

The gross contractual receivables acquired amounted to EUR 772 thousand. At acquisition date, there were no contractual cash flows not expected to be collected.

#### Associate investment in Last Mile Solutions

On 16 February 2021, the Group acquired 28% non-controlling interest in Dutch-based Threeforce B.V., operating under brand Last Mile Solutions, a fast growing eMobility platform in Europe. The deal supports the Group's position in the eMobility market and confirms its focus on sustainable transportation solutions. Through this partnership, both companies will combine efforts to provide industry-leading eMobility services to their customers throughout Europe.

Additional 62% shares are subject to a put option, which may require the Group to acquire shares of Last Mile Solutions. The put option is measured as a derivative instrument and it might be exercised between February 2025 and February 2026.

Further details are disclosed in Note 20.

#### Associate investment in Drivitty

On 1 April 2021, the Group acquired a 20% non-controlling interest in the Lithuanian company Tankita UAB, operating under the brand Drivitty, a mobile services integration leader in the commercial transportation market. With this strategic partnership the Group aims to accelerate its path towards providing fully seamless mobile payments for its customers.

Although the Group has a call option to acquire the remaining shares of Drivitty, it concluded that the call option does not provide control over the entity.

#### Acquisition of 25% non-controlling interest in ADS Group

On 4 March 2021, the Group acquired the remaining 25% of shares of ADS companies, a top commercial road transport services provider in Spain and Portugal. The transaction is a key part of the Group's long-term strategy to strengthen its presence in the Iberian Peninsula and Western Europe.

As the remaining 25% non-controlling interest was subject to put/call option rights of the parties, the Group recognised a financial liability at the present value of the amount payable on exercise of the NCI put in accordance with IFRS 9 at 31 December 2020 (Note 31). The impact of the acquisition on equity is described in Note 24.

### Pay-out of deferred acquisition consideration

On 24 November 2021, the Group paid first deferred acquisition consideration of EUR 421 thousand related to acquisition of Aldobec technologies, s.r.o.

### Other disclosures

Net outflows of cash to acquire subsidiaries were as follows:

EUR '000	31 December 2022	31 December 2021
Cash consideration paid	43,210	2,776
Cash acquired	(498)	(1,610)
<b>Net outflow of cash – investing activities</b>	<b>42,712</b>	<b>1,166</b>

Cost of acquisition of subsidiaries recognised in other operating expense and cash flows from operating activities:

EUR '000	For the year ended 31 December	
	2022	2021
Acquisition costs	7,941	789

Acquisition costs incurred in 2022 mostly relate to acquisition of Grupa Inelo (Note 37).

## 9. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets and liabilities as at 31 December 2022:

EUR '000	Note	Date of valuation	Fair value measurement using			Total
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at fair value</b>						
Financial assets at fair value through other comprehensive income (FVTOCI)	21	31 December 2022	–	–	14,364	14,364
Derivative financial assets	25					
Foreign currency forwards		31 December 2022	–	1	–	1
Interest rate swaps		31 December 2022	–	6,943	–	6,943
<b>Liabilities measured at fair value</b>						
Derivative financial liabilities	25					
Foreign currency forwards		31 December 2022	–	17	–	17
Put options		31 December 2022	–	–	153	153
Interest rate swaps		31 December 2022	–	33	–	33

There have been no transfers between Level 1, Level 2 and Level 3 during the year ended 31 December 2022.

# Notes to the Financial Statements

## 9. Fair value measurement continued

Fair value measurement hierarchy for assets and liabilities as at 31 December 2021:

EUR '000	Note	Date of valuation	Fair value measurement using			Total
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Assets measured at fair value</b>						
Financial assets at fair value through other comprehensive income (FVTOCI)		31 December 2021	–	–	–	–
Derivative financial assets	25					
Foreign currency forwards		31 December 2021	–	2,694	–	2,694
Interest rate swaps		31 December 2021	–	252	–	252
<b>Liabilities measured at fair value</b>						
Derivative financial liabilities	25					
Foreign currency forwards		31 December 2021	–	356	–	356
Put options		31 December 2021	–	–	130	130
Interest rate swaps		31 December 2021	–	527	–	527

There have been no transfers between Level 1, Level 2 and Level 3 during the year ended 31 December 2021.

Specific valuation techniques used to value financial instruments include:

- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves
- for foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the balance sheet date
- for put options – option pricing models (Monte Carlo), and
- for other financial instruments – discounted cash flow analysis.

The Group engaged independent experts to perform valuation of FVTOCI based on discounted cash-flows. The main level 3 inputs used are:

- discount rate
- revenue growth rate

Reasonably possible change in the above inputs does not lead to a significant change in the fair value of the financial asset.

Management assessed that the fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximates their carrying amounts largely due to the short-term maturities of these instruments. Interest-bearing loans and borrowings are at floating rates with margin corresponding to market margins and credit rating of the Company has not significantly changed since refinancing in September 2022.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## 10. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Group considers the Executive Committee to be the CODM effective from July 2021. The Board of Directors of W.A.G. payments solutions, a.s. was considered as CODM prior to that date. The CODM reviews net energy and services sales and contribution to evaluate segment performance and allocate resources to the overall business.

For management purposes and based on internal reporting information, the Group is organised in two operating segments; Payment solutions and Mobility solutions. Payment solutions represent Group's revenues, which are based on recurring and frequent transactional payments. The segment includes Energy and Toll payments, which are a typical first choice of a new customer. Mobility solutions represent a number of services, which are either subscription based or subsequently sold to customers using Payment solutions products. The segment includes Tax refund, Fleet management solutions, Navigation, and other service offerings.

Net energy and services sales, contribution, contribution margin, EBITDA, and Adjusted EBITDA are non-GAAP measures, see Note 11.

The CODM does not review assets and liabilities at segment level.

<b>Year ended 31 December 2022</b> <b>EUR '000</b>	<b>Payment solutions</b>	<b>Mobility solutions</b>	<b>Total</b>
Segment revenue	<b>2,312,242</b>	<b>56,010</b>	<b>2,368,252</b>
Net energy and services sales	<b>134,847</b>	<b>56,010</b>	<b>190,857</b>
Contribution	<b>118,157</b>	<b>40,807</b>	<b>158,964</b>
Contribution margin	<b>88%</b>	<b>73%</b>	<b>83%</b>
Corporate overhead and indirect costs before adjusting items			<b>(77,371)</b>
Adjusting items affecting Adjusted EBITDA			<b>(18,461)</b>
Depreciation and amortisation			<b>(30,393)</b>
Net finance costs and share of net loss of associates			<b>(4,763)</b>
<b>Profit before tax</b>			<b>27,976</b>

<b>Year ended 31 December 2021</b> <b>EUR '000</b>	<b>Payment solutions</b>	<b>Mobility solutions</b>	<b>Total</b>
Segment revenue	1,606,051	40,051	1,646,102
Net energy and services sales	113,081	40,051	153,132
Contribution	99,594	28,926	128,520
Contribution margin	88%	72%	84%
Corporate overhead and indirect costs before adjusting items			(58,800)
Adjusting items affecting Adjusted EBITDA			(22,793)
Depreciation and amortisation			(21,867)
Net finance costs and share of net loss of associates			(7,391)
<b>Profit before tax</b>			<b>17,669</b>

## Notes to the Financial Statements

### 10. Segmental analysis continued

#### Geographical split – segment revenue from contracts with customers

The geographical analysis is derived from the base location of responsible sales teams, rather than reflecting the geographical location of the actual transaction.

EUR '000	For the year ended 31 December	
	2022	2021
Czech Republic ("CZ")	<b>484,055</b>	316,707
Poland ("PL")	<b>401,528</b>	290,499
Central Cluster (excluding CZ and PL)	<b>275,000</b>	189,439
Portugal ("PT")	<b>397,052</b>	334,069
Western Cluster (excluding PT)	<b>92,192</b>	36,381
Romania ("RO")	<b>317,518</b>	192,742
Southern Cluster (excluding RO)	<b>391,515</b>	278,125
Not specified	<b>9,392</b>	8,140
<b>Total</b>	<b>2,368,252</b>	1,646,102

There were no individually significant customers, which would represent 10% of revenue or more.

#### Geographical split – net energy and services sales

EUR '000	For the year ended 31 December	
	2022	2021
Czech Republic	<b>35,179</b>	26,347
Poland	<b>30,485</b>	27,037
Central Cluster (excluding CZ and PL)	<b>26,715</b>	20,566
Portugal	<b>16,362</b>	21,058
Western Cluster (excluding PT)	<b>7,787</b>	5,590
Romania	<b>28,252</b>	19,676
Southern Cluster (excluding RO)	<b>38,339</b>	26,495
Not specified	<b>7,738</b>	6,363
<b>Total</b>	<b>190,857</b>	153,132

The following table presents the Group's non-current assets, net of accumulated depreciation and amortisation, by country. Non-current assets for this purpose consist of property and equipment, right-of-use assets, intangible assets, investments in associates, financial assets and other non-current assets (excluding deferred tax assets and derivative assets).

EUR '000	For the year ended 31 December	
	2022	2021
Czech Republic	<b>152,155</b>	126,427
Spain	<b>61,898</b>	63,238
Slovakia	<b>55,799</b>	53,882
United Kingdom	<b>1,552</b>	541
Other	<b>80,311</b>	8,765
<b>Total</b>	<b>351,715</b>	252,853

Timing of revenue recognition was as follows:

EUR '000	For the year ended 31 December	
	2022	2021
<b>Payment solutions</b>		
Goods and services transferred at a point in time	<b>2,286,450</b>	1,585,701
Services transferred over time	<b>25,792</b>	20,350
	<b>2,312,242</b>	1,606,051
<b>Mobility solutions</b>		
Goods and services transferred at a point in time	<b>15,700</b>	12,753
Services transferred over time	<b>40,310</b>	27,298
	<b>56,010</b>	40,051
<b>Total segment revenue</b>	<b>2,368,252</b>	1,646,102

## 11. Alternative performance measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with IFRS, the Group uses the following non-GAAP financial measures that are not defined or recognised under IFRS: Net energy and services sales, Contribution, Contribution margin, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted earnings, Adjusted earnings per share, and Adjusted effective tax rate, Net debt/cash and Transformational capital expenditure.

The Group uses Alternative Performance Measures ("APMs") to provide additional information to investors and to enhance their understanding of its results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. Moreover, these metrics may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by the Group's peers.

### Net energy and services sales

Net energy and services sales is an alternative performance measure, which is calculated as total revenues from contracts with customers, less cost of energy sold. The Group believes this subtotal is relevant to an understanding of its financial performance on the basis that it adjusts for the volatility in underlying energy prices. The Group has discretion in establishing final energy price independent from the prices of its suppliers as explained in Note 6 under Principal versus agent considerations.

This measure also supports comparability of the Group's performance with other entities, who have concluded that they act as an agent in the sale of energy and, therefore, report revenues net of energy purchased.

### Contribution

Contribution is defined as net energy and services sales less operating costs that can be directly attributed to or controlled by the segments. Contribution does not include indirect costs and allocations of shared costs that are managed at a group level and hence shown separately under Indirect costs and corporate overhead.

The CODM reviews net energy and services sales and contribution to evaluate segment performance and allocate resources to the overall business (Note 10).

### Contribution margin

Contribution margin represents, for each of the Group's two operating segments, that segment's contribution as a proportion of that segment's Net energy and services sales.

### EBITDA

EBITDA is defined as operating profit before depreciation and amortisation.

The Group presents EBITDA because it is widely used by securities analysts, investors, and other interested parties to evaluate the profitability of companies. EBITDA eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses, against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense), the extent to which intangible assets are identifiable (affecting relative amortisation expense) and share of loss of associates.



# Notes to the Financial Statements

## 11. Alternative performance measures continued

### Adjusted EBITDA

Adjusted EBITDA is defined as EBITDA before adjusting items:

Adjusting item	Definition	Exclusion justification
M&A-related expenses	Fees and other costs relating to the Group's acquisitions activity	M&A-related expenses differ every year based on acquisition activity of the Group. Exclusion of these costs allow better result comparability.
Non-recurring IPO-related expenses	Non-recurring advisory and other expenses relating to the Admission	IPO costs are related to a one-off event, which has significant impact on 2021 profitability. IPO had no impact on expenses in 2022.
Strategic transformation expenses	Costs relating to broadening the skill bases of the Group's employees (including in respect of executive search and recruiting costs), costs related to transformation of key IT systems as well as Grupa Inelo integration costs	<p><b>Broadening the skill base</b></p> <p>IPO and IT strategic transformation requires different skill base of the Group's employees. Expenses related to these strategic events were excluded as otherwise they would not be incurred. The expenses are not expected to be adjusted in 2023.</p> <p><b>Transformation of key IT systems</b></p> <p>Transformational expenditure represents investments intended to create a new product or service, or significantly enhance an existing one, in order to increase the Group's revenue potential. This also includes systems and processes improvements to improve services provided to customers. Transformational expenditures, which cannot be capitalised as they are mainly related to research, were excluded as the Group is executing its strategic transformation programme and due to the fact that annual investments compared to Group's Net sales are significantly higher than regular investments of a technology company. Strategic transformation programme is expected to end in 2023 except for SAP implementation, which is expected to end in 2024. Anticipated IT transformation expense adjustment amounts to EUR 4.1 million in 2023 and EUR 3.3 million in 2024. The Group does not expect significant capitalisation related to SAP in 2024.</p> <p><b>Integration costs of Grupa Inelo</b></p> <p>In 2023 and 2024, the Group expects to adjust one-off costs related to transformation and integration of Grupa Inelo. While the Group did not adjust integration costs in the past, the related activities and one-off costs are expected to be significantly higher than for previously completed acquisitions. Exclusion of these costs will allow better result comparability.</p> <p>The Group currently estimates approximately EUR 2 million of integration costs in 2023. The Group is in very early stage of integration, the management will evaluate integration progress and update the expected amount in 2023 interim financial statements.</p>

Adjusting item	Definition	Exclusion justification
Share-based compensation	Equity-settled and cash-settled compensation provided to the Group's management before IPO	Share options and cash-settled compensation have been provided to management and certain employees in connection with the IPO. Total share-based payment charge to be excluded in period 2021–2024 amounts to EUR 20.7 million, from which EUR 1.3 million was a one-off in 2021 and EUR 19.4 million is amortised over three years. Although these costs will be amortised over the next three years based on accounting policies, they were excluded as they relate to a one-off event. Amortised expenses amounted to EUR 5.1 million in 2021 and 5.3 million in 2022 and anticipated expense adjustment amounts to EUR 6.5 million in 2023 and EUR 2.5 million in 2024. Share awards provided post-IPO (Performance share plan in Note 13) were not excluded as they represent non-cash element of annual remuneration package.

Management believes that Adjusted EBITDA is a useful measure for investors because it is a measure closely tracked by management to evaluate the Group's operating performance and to make financial, strategic, and operating decisions. It may help investors to understand and evaluate, in the same manner as management, the underlying trends in the Group's operational performance on a comparable basis, period on period.

#### Adjusted EBITDA reconciliation

EUR '000	For the year ended 31 December	
	2022	2021
Intangible assets amortisation (Note 17)	22,234	15,303
Tangible assets depreciation (Note 18)	4,790	4,129
Right of use depreciation (Note 19)	3,369	2,435
Depreciation and amortisation	30,393	21,867
Net finance costs and share of net loss of associates	4,763	7,391
Profit before tax	27,976	17,669
<b>EBITDA</b>	<b>63,132</b>	<b>46,927</b>
M&A-related expenses (Note 8)	7,941	789
Non-recurring IPO-related expenses	–	12,943
Strategic transformation expenses	5,209	2,688
Share-based compensation (Note 13)	5,311	6,373
<b>Adjusting items</b>	<b>18,461</b>	<b>22,793</b>
<b>Adjusted EBITDA</b>	<b>81,593</b>	<b>69,720</b>

#### Adjusted EBITDA margin

Adjusted EBITDA margin represents Adjusted EBITDA for the period divided by Net energy and services sales.

## Notes to the Financial Statements

### 11. Alternative performance measures continued

#### Adjusted earnings (net profit)

Adjusted earnings are defined as profit after tax before adjusting items:

Adjusting item	Definition	Exclusion justification
Amortisation of acquired intangibles	Amortisation of assets recognised at the time of an acquisition (primarily ADS, Sygic and Webeye)	The Group acquired a number of companies in the past and plans further acquisitions in the future. The item is prone to volatility from period to period depending on the level of M&A.
Amortisation due to transformational useful life changes	Accelerated amortisation of assets being replaced by strategic transformation of the Group	Strategic IT transformation programme of the Group is replacing selected softwares before their originally estimated useful life. This may also include early fixed asset write-offs. Amortisation of such assets has been accelerated and abnormally high difference between original and accelerated depreciation was excluded to allow period on period result comparability. The item adjusted in 2020–2022 represents assets replaced by strategic IT transformation by the end of 2022, however, decisions may be taken as the Group continues with its strategic IT transformation in 2023, which may lead to new assets being replaced and either accelerated or written-off. The Group expects this adjustment to be relevant until 2024, although, no significant costs are currently expected to be adjusted in 2023 and 2024.
Adjusting items affecting Adjusted EBITDA	Items recognised in the preceding table, which reconciles EBITDA to Adjusted EBITDA	Justifications for each item are listed in the preceding table.
Tax effect	Decrease in tax expense as a result of above adjustments	Tax effect of above adjustments is excluded to adjust the impact on after tax profit.

The Group believes this measure is relevant to an understanding of its financial performance absent the impact of abnormally high levels of amortisation resulting from acquisitions and from technology transformation programmes.

#### Adjusted earnings reconciliation

EUR '000	For the year ended 31 December	
	2022	2021
<b>Profit for the year</b>	<b>17,696</b>	9,650
Amortisation of acquired intangibles	<b>6,562</b>	5,419
Amortisation due to transformational useful life changes	<b>1,864</b>	1,717
Adjusting items affecting Adjusted EBITDA	<b>18,461</b>	22,793
Tax effect	<b>(3,029)</b>	(3,801)
<b>Adjusted earnings (net profit)</b>	<b>41,554</b>	35,778

### Adjusted earnings per share

Adjusted earnings per share is calculated by dividing the adjusted net profit for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the period. See Note 28 for further information.

### Adjusted effective tax rate

Adjusted effective tax rate is calculated by dividing the adjusted tax expense by the adjusted profit before tax. The adjustments represent adjusting items affecting adjusted earnings. See Note 16 for further information.

### Net debt/cash

Net debt/cash is calculated as cash and cash equivalents less interest-bearing loans and borrowings.

### Transformational capital expenditure

Transformational capital expenditure represents investments intended to create a new product or service, or significantly enhance an existing one, in order to increase Group's revenue potential. This also includes systems and processed improvements to improve services provided to customers.

## 12. Employee expenses

Employee expenses for the respective periods consist of the following:

EUR '000	For the year ended 31 December			
	2022		2021	
	Total personnel	Key management*	Total personnel	Key management*
Wages and salaries	58,895	5,217	43,546	2,822
Social security costs	13,930	702	12,378	389
Option plans (Note 13)	6,459	5,890	6,746	5,327
Own work capitalised	(12,072)	–	(7,006)	–
<b>Total employee expense</b>	<b>67,212</b>	<b>11,809</b>	<b>55,665</b>	<b>8,538</b>

\* Until 30 June 2021, included Chief Officers (Board of Directors) and Non-Executive Directors (Supervisory Board) of W.A.G. payment solutions, a.s. From 1 July 2021 includes the Board and Executive Committee of W.A.G. payment solutions plc.

In 2022, the Group focused on talent acquisition, retention and strengthening of remuneration schemes appropriate for a listed company. Adjusting items comprised in employee expenses amounted to EUR 7,424 thousand in 2022 (2021: EUR 8,609 thousand).

Information regarding the highest paid director is included in the Directors Remuneration Report on pages 154 to 155.

The monthly average number of employees by category during the period was as follows:

	For the year ended 31 December	
	2022	2021
Sales and marketing	248	224
General and administrative	270	186
Technology, product and operative*	705	606
<b>Total average number of employees</b>	<b>1,223</b>	<b>1,016</b>

\* Technology, product and operative category represents employees directly and indirectly related to product business units.

## Notes to the Financial Statements

### 13. Share-based payments

The Company currently operates the following share option plans:

#### Equity-settled share option plans

##### Pre-IPO option plans

In 2021 before Admission, the Group granted share options of W.A.G. payment solutions, a.s. to management, which must remain in service for a period of three years from the date of grant. Share options outstanding on Admission were converted into the performance share plan based on the same vesting value and vesting conditions following approval from the Remuneration Committee.

##### Pre-IPO bonus issue

On Admission, certain Directors, senior managers, and employees, including the Chief Financial Officer and the Chief Strategy Officer were awarded 578,000 ordinary shares in recognition of services provided in connection with the IPO. The Ordinary Shares were subject to a holding period of one year.

##### Performance share plan (post-IPO)

To provide discretionary share-based incentive awards to employees, the Company has adopted the Performance share plan ("PSP") on Admission. The operation of the plan is supervised by the Remuneration Committee. Any employee (including an Executive Director) of the Group is eligible to participate in the PSP at the discretion of the Remuneration Committee. The PSP awards granted as nominal cost options in 2021 after Admission are subject to sliding scale adjusted EBITDA performance targets, which have been re-expressed as adjusted EBITDA per share. The PSP awards granted in 2022 are subject to adjusted basic earnings per share targets (60% weighting) and relative total shareholder value vs FTSE 250 index targets (40% weighting). Standard vesting period is three years and employees must remain in service during this period.

Set out below are summaries of options granted under pre-IPO option plans and PSP:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	Average exercise price per share option (EUR)	Number of share options	Average exercise price per share option (EUR)	Number of share options
<b>Opening</b>	<b>0.01</b>	<b>3,706,790</b>	1.83	1,092,625
Granted during the period before Admission	–	–	1.67	1,651,617
Exercised during the period before Admission	–	–	1.94	(2,247,247)
Forfeited during the period before Admission	–	–	1.10	(362,026)
<b>Outstanding on Admission</b>	–	–	–	134,969
<b>Converted on Admission*</b>	–	–	0.01	1,367,520
Granted during the period after Admission	<b>0.01</b>	<b>4,979,758</b>	0.01	2,339,270
Exercised during the period after Admission	–	–	–	–
Forfeited during the period after Admission	<b>0.01</b>	<b>(1,360,864)</b>	–	–
<b>Closing</b>	<b>0.01</b>	<b>7,325,684</b>	0.01	3,706,790
<b>Vested and exercisable at the end of the period</b>	–	–	–	–

\* Awards were converted from CZK 1 shares of W.A.G payment solutions, a.s. into 1 pence shares of the Company, reflecting different number of shares issued. No change was made to total fair value of equity instruments granted.

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Exercise price (EUR)	31 December 2022		31 December 2021	
	Numbers of shares outstanding	Weighted average remaining life (years)	Numbers of shares outstanding	Weighted average remaining life (years)
0.01	7,325,684	2.07	3,706,790	2.32
<b>Total</b>	<b>7,325,684</b>		3,706,790	–

Fair value of options granted was determined using the Black-Scholes model that takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share and the risk-free interest rate for the term of the option.

The model inputs for options included:

	31 December 2022		31 December 2021	
	November 2022 grant	April 2022 grant	After Admission	Before Admission
Share price at grant date	0.81 GBP	0.94 GBP	1.5 GBP	11.49 CZK
Exercise price	0.01	0.01	0.01	defined by option contracts
Expected price volatility of Company's shares	41.7%	52.8%	50%	50%
Risk-free interest rate	2.73%	2.69%	1.04%	1.67%

#### Cash-settled share option plans (pre-IPO)

In 2021, shadow shares plan was introduced to provide long-term incentives for certain managers to deliver long-term shareholder returns. Shadow shares are granted under the plan for no consideration and carry no voting rights. Participants in the plan are entitled to equivalent dividend in case dividends are approved by Shareholders of the Company. The fair value of shadow share options granted is estimated at the date of grant on the basis of estimated EBITDA growth in the next three years and remeasured at each reporting date.

The Group recognised following liability in relation to the cash-settled option plan:

EUR '000	31 December 2022	31 December 2021
Cash-settled plans liability	765	2,342

#### Expenses arising from share-based payment transactions

EUR '000	For the year ended 31 December	
	2022	2021
Equity-settled plans (pre-IPO option plans)	5,247	2,238
Equity-settled plans (pre-IPO bonus issue)	–	1,125
Paid social security and health insurance on equity-settled plans (pre-IPO)	–	1,255
Cash-settled plans (pre-IPO)	64	1,755
<b>Total pre-IPO expenses (Note 11)</b>	<b>5,311</b>	<b>6,373</b>
Equity-settled plans (PSP)	1,148	373
<b>Total (Note 12)</b>	<b>6,459</b>	<b>6,746</b>

For the year ended 31 December 2022, expenses related to equity-settled plans recognised in equity amounts to EUR 6,395 thousand (2021: 3,736 thousand).

## Notes to the Financial Statements

### 14. Finance costs

Finance costs for the respective periods were as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Bank guarantees fee	899	616
Interest expense	5,815	5,188
Factoring fee	1,348	698
Foreign exchange loss	692	2,380
Other	48	61
<b>Total</b>	<b>8,802</b>	<b>8,943</b>

The Group manages its foreign currency risk by using foreign currency forwards and swaps (see Note 15).

### 15. Finance income

Finance income for the respective periods was as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Gains/(losses) from revaluation of interest rate swaps	3,315	(176)
Gains from revaluation of foreign currency forwards and swaps	1,179	2,298
Total gains from revaluation of derivatives	4,494	2,122
Interest income	234	52
Other	22	60
<b>Total</b>	<b>4,750</b>	<b>2,234</b>

### 16. Income tax

Corporate income tax for companies in the Czech Republic and United Kingdom for the years 2021 and 2022 was 19%.

WAG Iberia, together with all the Alava tax resident companies of ADS sub-group (Reivalsa, Trofa, Arraia Oil, Arraia Autopistas and Liserteco 24h), formed a consolidation tax group for CIT purposes beginning on 1 April 2019. Spanish corporate income tax is 24% (2021: 24%).

Structure of the income tax for the respective periods is as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Current income tax charge	12,148	7,679
Adjustments in respect of current income tax of prior years	495	112
Deferred tax	(2,363)	228
<b>Total</b>	<b>10,280</b>	<b>8,019</b>

Reconciliation of tax expense and the accounting profit multiplied by the Company domestic tax rate for the below periods:

EUR '000	For the year ended 31 December	
	2022	2021
Accounting profit before tax	27,976	17,669
At UK's statutory income tax rate of 19% (2021: 19%)	5,316	3,357
Adjustments in respect of current income tax of prior years	495	112
Effect of different tax rates in other countries of the Group	30	507
Non-deductible expenses (M&A related)	1,350	84
Non-deductible expenses (IPO related)	–	1,368
Non-deductible expenses (other)	1,857	1,314
Share-based payments	1,020	700
Net investment hedge	260	468
Effect of accumulated tax loss claimed in the current period	(68)	(36)
Effect of unrecognised deferred tax assets relating to tax losses of current period	20	145
At the effective income tax rate of	36.75%	45.38%
<b>Income tax expense reported in the statement of profit or loss</b>	<b>10,280</b>	<b>8,019</b>

Adjusted effective tax rate is as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Accounting profit before tax	27,976	17,669
Adjusting items affecting adjusted EBITDA	18,461	22,793
Amortisation of acquired intangibles	6,562	5,419
Amortisation due to transformational useful life changes	1,864	1,717
Adjusted profit before tax (A)	54,863	47,598
Accounting tax expense	10,280	8,019
Tax effect of above adjustments	3,029	3,801
Adjusted tax expense (B)	13,309	11,820
<b>Adjusted earnings (A-B)</b>	<b>41,554</b>	<b>35,778</b>
<b>Adjusted effective tax rate (B/A)</b>	<b>24.26%</b>	<b>24.83%</b>

Unused tax losses, for which no deferred tax asset has been recognised were as follows:

EUR '000	31 December 2022	31 December 2021
Unrecognised tax losses expiring by the end of:		
31 December 2022	–	210
31 December 2023	210	279
31 December 2024 and after	1,240	813
No expiry date	444	942
<b>Total unrecognised tax losses</b>	<b>1,894</b>	<b>2,244</b>
<b>Potential tax benefit</b>	<b>360</b>	<b>426</b>

The unused tax losses were incurred by dormant subsidiaries that are not likely to generate taxable income in the foreseeable future.



## Notes to the Financial Statements

### 16. Income tax continued

Deferred tax balances and movements:

EUR '000	1 January 2022	Business combinations	(Charged) credited to profit or loss	Charged to equity	Translation differences	31 December 2022
Difference between net book value of fixed assets for accounting and tax purposes	(7,522)	(2,747)	(243)	–	10	(10,502)
Allowances to receivables	1,638	–	1,273	–	65	2,976
Provisions for liabilities and charges	1,454	–	94	–	37	1,585
Tax losses	148	–	193	–	4	345
Tax benefit from pre-acquisition reserves	6,423	–	(480)	–	–	5,943
Other	6	(49)	1,526	–	(2)	1,481
<b>Net deferred tax asset/(liability)</b>	<b>2,147</b>	<b>(2,796)</b>	<b>2,363</b>	<b>–</b>	<b>114</b>	<b>1,828</b>
<b>Recognised deferred tax asset</b>	<b>7,642</b>	<b>–</b>	<b>2,757</b>	<b>–</b>	<b>106</b>	<b>10,505</b>
<b>Recognised deferred tax liability</b>	<b>(5,495)</b>	<b>(2,796)</b>	<b>(394)</b>	<b>–</b>	<b>8</b>	<b>(8,677)</b>

EUR '000	1 January 2021	Business combinations	(Charged) credited to profit or loss	Charged to equity	Translation differences	31 December 2021
Difference between net book value of fixed assets for accounting and tax purposes	(6,499)	(946)	(63)	–	(14)	(7,522)
Allowances to receivables	1,994	–	(443)	–	87	1,638
Provisions for liabilities and charges	1,276	–	119	–	59	1,454
Tax losses	157	–	(15)	–	6	148
Tax benefit from pre-acquisition reserves	6,995	–	(572)	–	–	6,423
Other	(724)	–	746	–	(16)	6
<b>Net deferred tax asset/(liability)</b>	<b>3,199</b>	<b>(946)</b>	<b>(228)</b>	<b>–</b>	<b>122</b>	<b>2,147</b>
<b>Recognised deferred tax asset</b>	<b>7,057</b>	<b>–</b>	<b>463</b>	<b>–</b>	<b>122</b>	<b>7,642</b>
<b>Recognised deferred tax liability</b>	<b>(3,858)</b>	<b>(946)</b>	<b>(691)</b>	<b>–</b>	<b>–</b>	<b>(5,495)</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Direct subsidiaries of the Company, W.A.G. payment solutions, a.s. and its subsidiaries, have undistributed earnings of EUR 195,685 thousand (2021: EUR 154,840 thousand) which, if paid out as dividends to the Company, would be subject to 5% withholding tax. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Group is able to control the timing of distributions from this subsidiary and is not expected to distribute these profits in the foreseeable future.

## 17. Intangible assets

Cost of intangible assets subject to amortisation:

EUR '000	Goodwill	Client relationships	Internal software development	Patents and rights	External software	Other intangible assets	Internal assets in progress	External assets in progress	Total
<b>1 January 2021</b>	103,788	24,167	39,853	5,460	20,612	31	10,788	1,338	206,037
Additions	-	113	18,738	-	2,077	-	7,647	-	28,575
Acquisition of a subsidiary	-	4,965	-	-	77	-	-	-	5,042
Transfer	-	-	-	-	915	-	-	(915)	-
Disposals	-	-	-	-	(155)	-	(124)	-	(279)
Translation differences	1,410	-	2,298	5	719	-	747	36	5,215
<b>31 December 2021</b>	105,198	29,245	60,889	5,465	24,245	31	19,058	459	244,590
Additions	-	-	<b>21,592</b>	-	<b>2,398</b>	-	<b>8,302</b>	<b>3,291</b>	<b>35,583</b>
Acquisition of a subsidiary	<b>31,305</b>	<b>21,080</b>	<b>5,898</b>	<b>105</b>	<b>298</b>	-	-	-	<b>58,686</b>
Transfer	-	-	<b>17,149</b>	-	-	-	<b>(16,972)</b>	<b>(177)</b>	-
Disposals	-	-	<b>(69)</b>	-	<b>(24)</b>	-	<b>(35)</b>	-	<b>(128)</b>
Translation differences	<b>712</b>	<b>(102)</b>	<b>2,579</b>	-	<b>269</b>	-	<b>430</b>	<b>(4)</b>	<b>3,884</b>
<b>31 December 2022</b>	<b>137,215</b>	<b>50,223</b>	<b>108,038</b>	<b>5,570</b>	<b>27,186</b>	<b>31</b>	<b>10,783</b>	<b>3,569</b>	<b>342,615</b>

Accumulated amortisation and impairment of intangible assets subject to amortisation:

EUR '000	Goodwill	Client relationships	Internal software development	Patents and rights	External software	Other intangible assets	Assets in progress	Total
<b>1 January 2021</b>	-	(8,837)	(13,740)	(2,729)	(9,343)	(24)	-	(34,673)
Amortisation	-	(2,850)	(9,246)	(5)	(3,200)	(2)	-	(15,303)
Acquisition of a subsidiary	-	-	-	-	(61)	-	-	(61)
Disposals	-	-	-	-	155	-	-	155
Translation differences	-	-	(981)	(3)	(271)	-	-	(1,255)
<b>31 December 2021</b>	-	(11,687)	(23,967)	(2,737)	(12,720)	(26)	-	(51,137)
Amortisation	-	<b>(4,024)</b>	<b>(14,512)</b>	<b>(28)</b>	<b>(3,668)</b>	<b>(2)</b>	-	<b>(22,234)</b>
Disposals	-	-	<b>69</b>	-	<b>10</b>	-	-	<b>79</b>
Translation differences	-	-	<b>(974)</b>	<b>(2)</b>	<b>(176)</b>	-	-	<b>(1,152)</b>
<b>31 December 2022</b>	-	<b>(15,711)</b>	<b>(39,384)</b>	<b>(2,767)</b>	<b>(16,554)</b>	<b>(28)</b>	-	<b>(74,444)</b>

Net book value:

EUR '000	Goodwill	Client relationships	Internal software development	Patents and rights	External software	Other intangible assets	Internal assets in progress	External assets in progress	Total
Net book value at 31 December 2021	105,198	17,558	36,922	2,728	11,525	5	19,058	459	193,453
<b>Net book value at 31 December 2022</b>	<b>137,215</b>	<b>34,512</b>	<b>68,654</b>	<b>2,803</b>	<b>10,632</b>	<b>3</b>	<b>10,783</b>	<b>3,569</b>	<b>268,171</b>

## Notes to the Financial Statements

### 17. Intangible assets continued

The table below presents carrying amount and remaining amortisation period of individual intangible assets that are considered material to the Group's consolidated financial statements:

Individual asset name	As at 31 December 2022		As at 31 December 2021	
	Net book value (in '000 EUR)	Remaining useful life (in months)	Net book value (in '000 EUR)	Remaining useful life (in months)
Customer relationships – ADS	7,306	60	8,767	72
Customer relationships – Webeye	19,794	113	–	–
Internal software – EETS toll platform	15,046	62	4,896	74
Internal software – SAP	6,658	83	3,780	95
Internal software – Webeye platform	6,265	55	–	–

EETS stands for European Electronic Toll Service, an initiative from the European Union to create a simpler framework for paying toll in Europe by use of single on-board unit for all toll systems within EU. The Group developed a platform enabling its EETS-certified OBUs to make toll payments in multiple countries.

Internal assets in progress consist of assets where the development phase has not yet been completed.

The Group capitalised employee expenses (Note 12) and cost of materials and services used or consumed in generating the intangible asset.

Research and development costs that were not capitalised and are, therefore, recognised expenses are as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Expensed research and development costs	3,331	5,024

#### Impairment testing

Goodwill acquired through business combinations is allocated to the respective CGUs for impairment testing.

Carrying amount of the goodwill allocated to each of the CGUs:

EUR '000	31 December 2022	31 December 2021
Energy	40,180	40,180
Navigation	34,610	34,579
Fleet management solutions	57,963	25,996
Tax refund	2,401	2,382
Toll	2,061	2,061
<b>Total</b>	<b>137,215</b>	<b>105,198</b>

The recoverable amount of CGUs has been determined based on a value-in-use calculation using cash flow projections from financial budgets and forecast approved by the Board covering a five-year period, which shows growth in revenues.

### Key assumptions used for impairment testing

Discounted cash flow model is based on the following key assumptions:

- Discount rate
- Net energy and services sales for Energy CGU; revenues for Navigation, Fleet management solutions and Tax refund CGUs
- Long-term revenue growth rate

Net energy and services sales and revenue growth were determined by management separately for each CGU. They are based on the knowledge of each particular market, taking into account the historical development of revenues, estimated macroeconomic developments in individual regions and the Group's plans regarding new products development, growth opportunities and market share expansion. Estimated net energy and services sales and revenue growth represent the best possible assumption of the Group's management considering the future development as at the end of the period.

Discount rate reflects specific risks relating to the industry in which the Group operates. The discount rate used is based on the weighted average cost of capital ("WACC") of the Group as presumed by Capital Asset Pricing Model.

The table below shows key assumptions used in the value-in-use calculations for material CGUs:

	31 December 2022	31 December 2021
<b>Energy CGU</b>		
Pre-tax discount rate	9.5%	10.0%
Net energy and services sales growth rate*	1.9%	0.1%
Long-term growth rate	1.8%	1.8%
<b>Navigation CGU</b>		
Pre-tax discount rate	12.0%	12.0%
Revenue growth rate*	20.0%	25.2%
Long-term growth rate	3.0%	2.0%
<b>Fleet management solutions CGU</b>		
Pre-tax discount rate	12.0%	11.0%
Revenue growth rate*	17.0%	18.9%
Long-term growth rate	3.0%	2.0%
<b>Tax refund CGU</b>		
Pre-tax discount rate	10.0%	10.0%
Revenue growth rate*	10.1%	2.0%
Long-term growth rate	1.8%	1.8%

\* Average over 5-year period

Toll CGU was not significant.

The Group has considered the potential impact of climate change in impairment tests. For all CGUs except Fleet management solutions, additional sensitivities of discounted cash-flows were modelled to determine break-even increase in operating and capital expenses and a combination of revenue decrease and expense increase. Reasonably possible change in operating and capital expenses does not lead to any impairment, climate change impact on recoverable amounts and useful life of non-financial assets is thus not considered to be significant for these CGUs.

Fleet management solutions recoverable amount is closer to the carrying amount than all other CGUs (Note 6). A combination of revenue decrease and operating and capital expenses increase was therefore included in Fleet management solutions CGU base model. Sensitivities of discounted cash-flows described below directly include the expected climate change impact, which would either lead to breakeven or to a significant impairment.

## Notes to the Financial Statements

### 17. Intangible assets continued

#### Energy

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2022 by EUR 28,140 thousand.

Discount rate used in the value-in-use calculation would have to increase to 12.3% for the recoverable amount to be equal to its carrying amount.

Net energy and services sales used in the value-in-use calculation would have to decrease by 26.0% for the recoverable amount to be equal to its carrying amount.

Long-term revenue growth rate would have to decrease to -4.5% for the recoverable amount to be equal to its carrying amount.

#### Navigation

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2022 by EUR 78,405 thousand.

Discount rate used in the value-in-use calculation would have to increase to 22.1% for the recoverable amount to be equal to its carrying amount.

Revenue used in the value-in-use calculation would have to decrease by 28.2% for the recoverable amount to be equal to its carrying amount.

Long-term revenue growth rate would have to decrease to -33.4% for the recoverable amount to be equal to its carrying amount.

#### Fleet management solutions

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2022 by EUR 5,845 thousand.

Discount rate used in the value-in-use calculation would have to increase to 12.4% for the recoverable amount to be equal to its carrying amount and to 12.7% for a significant impairment to occur.

Revenue used in the value-in-use calculation would have to decrease by 1.7% for the recoverable amount to be equal to its carrying amount and by 3.0% for a significant impairment to occur.

Long-term revenue growth rate would have to decrease to 2.1% for the recoverable amount to be equal to its carrying amount and to 1.3% for a significant impairment to occur.

#### Tax refund

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2022 by EUR 9,547 thousand.

Discount rate used in the value-in-use calculation would have to increase to 25.5% for the recoverable amount to be equal to its carrying amount.

Revenue used in the value-in-use calculation would have to decrease by 27.0% for the recoverable amount to be equal to its carrying amount.

Reasonably possible change in long-term revenue growth rate of 1.80% does not lead to any impairment.

## 18. Property, plant and equipment

Cost of property, plant and equipment:

EUR '000	Lands and Buildings	Leasehold improvements	Machinery and equipment	Vehicles, Furniture and fixtures	Tangibles in progress	Total
<b>1 January 2021</b>	<b>23,992</b>	<b>3,601</b>	<b>19,510</b>	<b>5,746</b>	<b>1,555</b>	<b>54,404</b>
Additions	1,768	432	2,762	213	5	5,180
Acquisition of a subsidiary	–	–	–	557	–	557
Disposals	–	(41)	(119)	(1,212)	(10)	(1,382)
Translation differences	631	173	705	291	23	1,823
<b>31 December 2021</b>	<b>26,391</b>	<b>4,165</b>	<b>22,858</b>	<b>5,595</b>	<b>1,573</b>	<b>60,582</b>
Additions	1,551	380	3,413	184	2,073	7,601
Acquisition of a subsidiary	14	–	1,998	128	–	2,140
Disposals	–	(7)	(641)	(895)	(4)	(1,547)
Translation differences	238	99	367	135	(61)	778
<b>31 December 2022</b>	<b>28,194</b>	<b>4,637</b>	<b>27,995</b>	<b>5,147</b>	<b>3,581</b>	<b>69,554</b>

Accumulated depreciation and impairment of property, plant and equipment:

EUR '000	Lands and Buildings	Leasehold improvements	Machinery and equipment	Vehicles, Furniture and fixtures	Tangibles in progress	Total
<b>1 January 2021</b>	<b>(4,282)</b>	<b>(1,417)</b>	<b>(12,215)</b>	<b>(3,515)</b>	<b>–</b>	<b>(21,429)</b>
Depreciation charge	(569)	(590)	(2,126)	(844)	–	(4,129)
Acquisition of a subsidiary	–	–	–	(448)	–	(448)
Disposals	–	10	113	1,056	–	1,179
Translation differences	(181)	(108)	(447)	(256)	–	(992)
<b>31 December 2021</b>	<b>(5,032)</b>	<b>(2,105)</b>	<b>(14,675)</b>	<b>(4,007)</b>	<b>–</b>	<b>(25,819)</b>
Depreciation charge	(834)	(724)	(2,496)	(735)	–	(4,789)
Disposals	–	2	626	729	–	1,357
Translation differences	(77)	(71)	(237)	(92)	–	(477)
<b>31 December 2022</b>	<b>(5,943)</b>	<b>(2,898)</b>	<b>(16,782)</b>	<b>(4,105)</b>	<b>–</b>	<b>(29,728)</b>

Net book value of property, plant and equipment:

EUR '000	Lands and Buildings	Leasehold improvements	Machinery and equipment	Vehicles, Furniture and fixtures	Tangibles in progress	Total
Net book value at 31 December 2021	21,359	2,060	8,183	1,588	1,573	34,763
<b>Net book value at 31 December 2022</b>	<b>22,251</b>	<b>1,739</b>	<b>11,213</b>	<b>1,042</b>	<b>3,581</b>	<b>39,826</b>

Land, buildings and machinery and equipment are subject to pledge in respect of bank loans:

EUR '000	31 December 2022	31 December 2021
Pledged property, plant and equipment	<b>39,467</b>	34,544

## Notes to the Financial Statements

### 19. Leases (Group as a lessee)

The Group leases assets including buildings, land and motor vehicles. The average lease term is four years. Leases comprise a larger number of various diversified lease contracts in different locations.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

#### Right-of-use assets

EUR '000	31 December 2022	31 December 2021
Buildings	11,404	7,005
Lands	451	486
Vehicles and machinery	1,485	621
<b>Total</b>	<b>13,340</b>	<b>8,112</b>
Additions to the right-of-use assets	8,571	1,509

#### Depreciation charge of right-of-use assets

EUR '000	For the year ended 31 December	
	2022	2021
Buildings	(2,897)	(2,244)
Lands	(50)	(53)
Vehicles and machinery	(422)	(138)
<b>Total</b>	<b>(3,369)</b>	<b>(2,435)</b>

#### Lease liabilities

EUR '000	31 December 2022	31 December 2021
Long-term lease liabilities	9,510	5,973
Short-term lease liabilities	3,917	2,601
<b>Total lease liabilities</b>	<b>13,427</b>	<b>8,574</b>

EUR '000	31 December 2022	31 December 2021
Within one year	3,917	2,601
After one year but not more than five years	7,929	4,289
More than five years	1,581	1,684
<b>Total lease liabilities</b>	<b>13,427</b>	<b>8,574</b>

Discount rate used was in the range 1.10%–3.25% (2021: 1.10%–3.25%).

## Leases in the Income statement

Leases are shown as follows in the income statement:

EUR '000	For the year ended 31 December	
	2022	2021
<b>Other operating income</b>		
Terminated rent	(1)	–
<b>Other operating expense</b>		
Short-term lease expenses	914	547
Low-value lease expenses	105	53
Other lease expenses (additional costs)	235	38
<b>Depreciation and impairment losses</b>		
Depreciation of right-of-use assets	3,369	2,435
<b>Net finance costs</b>		
Interest expense on lease liabilities	261	229
Currency translation (gains)/losses on lease liabilities	(210)	(107)

## 20. Investment in associates

Set out below are the associates of the Group acquired in 2021 (Note 8):

Name	Measurement method	Registered office	Effective economic interest	
			2022	2021
Threeforce BV (Last Mile Solutions)	Equity method	The Netherlands	27.75%	27.75%
UAB "Tankita" (Drivitty)	Equity method	Lithuania	20%	20%

Both associates are private entities and their financial year ends on 31 December. No quoted prices are available. Drivitty is immaterial to the Group.

Share of net assets was as follows:

EUR '000	2022	2021
<b>Opening balance at 1 January</b>	<b>12,934</b>	–
Acquisition	–	13,846
Share of net loss	(711)	(682)
Translation	–	(230)
<b>Closing balance at 31 December</b>	<b>12,223</b>	12,934

## Commitments and contingent liabilities in respect of associates

EUR '000	31 December 2022	31 December 2021
Deferred acquisition consideration (Note 28)	–	3,000

The remaining shares of Last Mile Solutions are subject to a put option, which may require the Group to acquire additional 62% shares of the associate. The put option is measured as a derivative instrument and it will be settled at gross margin multiple in case it is exercised. As of 31 December 2022, the fair value of the put option is EUR 153 thousand (31 December 2021: EUR 130 thousand) (Note 25).



## Notes to the Financial Statements

### 20. Investment in associates continued

#### Summarised financial information

The following tables provide summarised financial information for Last Mile Solutions, which is considered material to the Group. The information disclosed reflects the amounts presented in the financial statements of the associate and not Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments. No significant differences in accounting policy have been identified by the Group.

Summarised balance sheet EUR '000	Threeforce B.V. (Last Mile Solutions)	
	31 December 2022	31 December 2021
Current assets	30,656	13,335
Current liabilities	30,136	9,785
<b>Current net assets</b>	<b>520</b>	<b>3,550</b>
Non-current assets	9,085	8,115
Non-current liabilities	484	404
<b>Non-current net assets</b>	<b>8,601</b>	<b>7,711</b>
<b>Net assets</b>	<b>9,121</b>	<b>11,261</b>
<b>Reconciliation to carrying amounts:</b>		
Opening net assets	11,261	13,488
Loss for the period	(2,139)	(2,166)
Translation	(1)	(61)
Other comprehensive income	–	–
Dividends paid	–	–
<b>Closing net assets</b>	<b>9,121</b>	<b>11,261</b>
Group's share in %	27.75%	27.75%
Group's share in EUR '000	2,531	3,125
Goodwill	7,442	7,442
<b>Carrying amount</b>	<b>9,973</b>	<b>10,567</b>

Summarised statement of comprehensive income EUR '000	Threeforce B.V. (Last Mile Solutions)	
	For the year ended 31 December 2022	For the year ended 31 December 2021
Revenue	102,019	29,628
Loss for the period	(2,139)	(2,166)
<b>Total comprehensive income</b>	<b>(2,139)</b>	<b>(2,166)</b>

## 21. Financial assets at fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investments:

EUR '000	31 December 2022	31 December 2021
<b>Unlisted securities</b>		
JITpay GmbH	14,364	–
<b>Total</b>	<b>14,364</b>	<b>–</b>

For more information please refer to Note 8.

During the years 2022, no related gains/(losses) were recognised in profit or loss and other comprehensive income.

Information about the methods and assumptions used in determining fair value is provided in Note 4.2 and Note 9.

## 22. Other non-current assets

EUR '000	31 December 2022	31 December 2021
Prepaid expenses	1,262	1,844
Long-term advances granted	370	312
Contract assets	2,159	1,435
<b>Total</b>	<b>3,791</b>	<b>3,591</b>

## 23. Inventories

EUR '000	31 December 2022	31 December 2021
Raw materials	6,652*	136
Goods (excluding on-board units)	9,173	6,470
Finished products	197	3
On-board units	4,269	2,948
<b>Total</b>	<b>20,291</b>	<b>9,557</b>

\* Represents primarily material for On-board units.

Write-downs of inventories to net realisable value were as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Write-downs of inventories to net realisable value	183	–

Write-downs of inventories were recognised as an expense and were included in cost of energy sold in the statement of profit or loss.

Goods recognised as an expense are presented in full under cost of energy sold.

Raw materials consumed were as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Raw materials consumed (in other operating expense)	213	308

## Notes to the Financial Statements

### 24. Trade and other receivables

EUR '000	31 December 2022	31 December 2021
Trade receivables	<b>240,788</b>	201,924
Receivables from tax authorities	<b>24,528</b>	11,729
Advances granted	<b>12,059</b>	10,948
Unbilled revenue	<b>9,728</b>	5,533
Miscellaneous receivables	<b>4,798</b>	4,000
Tax refund receivables	<b>79,274</b>	60,945
Prepaid expenses and accrued income	<b>3,976</b>	3,038
Contract assets	<b>3,001</b>	2,484
<b>Total</b>	<b>378,152</b>	300,601

Pledged receivables are subject to security of bank loans, including trade and other receivables subject to pledge on W.A.G. payment solutions, a.s. shares:

EUR '000	31 December 2022	31 December 2021 (restated)
Pledged receivables	<b>377,044</b>	300,504
<b>Total</b>	<b>377,044</b>	300,504

Pledged receivables as of 31 December 2021 were restated due to pledge of W.A.G. payment solutions, a.s. shares (Note 29).

Trade receivables are non-interest bearing and are generally payable on terms below 30 days. Trade and other receivables are non-derivative financial assets carried at amortised cost.

Tax refund receivables include receivables from foreign tax authorities and from financing of tax refunds to customers until processing of the application for tax refund by tax authorities.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. Simplified approach adopted by the Group in 2020 is using elements from the general approach, the main difference is that no staging of financial assets is being used.

The carrying value of trade and other receivables approximates their fair value due to their short-term maturities.

On the basis described previously, the loss allowance was as follows:

#### 31 December 2022

EUR '000	Current	Past due 1–90 days	Past due more than 90 days	Total
Gross value of receivables*	<b>282,947</b>	<b>51,183</b>	<b>24,530</b>	<b>358,660</b>
Expected credit loss	<b>557</b>	<b>2,806</b>	<b>20,709</b>	<b>24,072</b>

#### 31 December 2021

EUR '000	Current	Past due 1–90 days	Past due more than 90 days	Total
Gross value of receivables*	237,145	34,314	20,773	292,232
Expected credit loss	523	2,623	16,684	19,830

\* Gross value of receivables excludes receivables from tax authorities, advances granted, prepaid expense and accrued income, and contract assets as these are non-financial assets.

Allowances against outstanding receivables that are considered doubtful were charged to income statement based on the analysis of their collectability.

EUR '000	Amount
<b>Allowances at 1 January 2021</b>	<b>20,851</b>
Charged	3,480
Utilised	(5,118)
Unused amounts reversed	(364)
FX differences	981
<b>Allowances at 31 December 2021</b>	<b>19,830</b>
Acquisition of subsidiary	618
Charged	4,163
Utilised	(907)
Unused amounts reversed	(252)
FX differences	620
<b>Allowances at 31 December 2022</b>	<b>24,072</b>

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a customer to engage in a repayment plan with the Group, when the customer has been placed under liquidation or has entered into bankruptcy proceedings.

## 25. Derivatives

EUR '000	31 December 2022	31 December 2021
<b>Derivative assets</b>		
Foreign currency forwards – held for trading	1	2,694
Interest rate swaps – cash flow hedges	6,943	252
<b>Total derivative assets at fair value</b>	<b>6,944</b>	2,946
Current	3,851	2,694
Non-current	3,093	252
<b>Derivative liabilities</b>		
Foreign currency forwards – held for trading	17	356
Put options related to associates	153	130
Interest rate swaps – cash flow hedges	33	527
<b>Total derivative liabilities at fair value</b>	<b>203</b>	1,013
Current	17	356
Non-current	186	657

Derivatives not designated as hedging instruments reflect positive or negative change in fair value of those foreign currency forwards, foreign currency swap contracts and interest rate swap contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk on expected sales and purchases or interest rate risk.

Put options redemption liability related to non-controlling interests is described in Note 31. Put option related to an associate, which is measured as a derivative instrument and its fair value is EUR 153 thousand as of 31 December 2022, is described in Note 20.

# Notes to the Financial Statements

## 25. Derivatives continued

### Cash flow hedges

#### Interest rate risk

The Group obtained club financing facilities (Note 29) with floating interest rate denominated in EUR. The interest rate risk management strategy of the Group requires minimisation of its exposure to changes in cash flow interest rate risk.

The Group concluded interest rate swaps, where the Group pays interest based on a fixed interest rate and receives interest based on a floating interest rate (based on 3M EURIBOR) derived from principal amount in EUR. This instrument allows the Group to reduce its interest rate cash flow risk.

EUR '000	31 December 2022	31 December 2021
Carrying amount (current and non-current asset)	6,943	252
Carrying amount (current and non-current liabilities)	(33)	(527)
Nominal amount	150,000	190,000
Maturity date	2024 and 2027	2024 and 2025
Change in fair value of outstanding hedging instruments since 1 January	7,185	2,416
Change in value of hedged item used to determine hedge effectiveness	(7,185)	(2,416)
Weighted average hedged rate for the year	0.26%	0.26%

### Hedging items

The Group used the following hedging instruments with nominal value:

EUR '000	31 December 2022	31 December 2021
Interest rate swaps	150,000	190,000
<b>Total</b>	<b>150,000</b>	<b>190,000</b>

Hedging effects to other comprehensive impact in the respective periods were the following:

EUR '000	31 December 2022	31 December 2021
Revaluation interest rate swaps (existing)	7,185	2,416
Revaluation interest rate swaps (terminated)	3,865	–
Revaluation foreign exchange forwards	–	811
Reclassification to profit or loss interest rate swaps	(3,311)	176
Reclassification to profit or loss foreign exchange forwards	–	323
Deferred tax	–	(46)
Translation	(137)	3
<b>Other comprehensive income</b>	<b>7,602</b>	<b>3,683</b>

### Net investment hedge

The investments of the Group are held by W.A.G payment solutions, a.s. Based on this fact, one of the Group's objectives in the area of currency risk management is to minimise the exposure of W.A.G payment solutions, a.s., whose functional currency is CZK, to changes in the value of its investments arising from fluctuations in exchange rates. A foreign currency exposure arises from net investments in entities whose functional currency differs from CZK. To minimise its exposure to currency risk, W.A.G payment solutions, a.s. uses loans denominated in EUR to finance acquisitions of its foreign investments.

EUR '000	31 December 2022	31 December 2021
Carrying amount (non-current borrowings)	45,112	45,112
Change in carrying amount of bank loan as a result of foreign currency movements since 1 January, recognised in OCI	(1,353)	(2,447)
Change in value of hedged item used to determine hedge effectiveness	1,401	2,462
Weighted average hedged rate for the year	24.559 CZK = 1 EUR	25.647 CZK = 1 EUR

## 26. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

EUR '000	31 December 2022	31 December 2021
Cash at banks	145,938	224,141
Cash on hand	65	23
<b>Cash and cash equivalents presented in the statement of financial position</b>	<b>146,003</b>	<b>224,164</b>
Bank overdrafts	(2)	(10)
<b>Cash and cash equivalents presented in the statement of cash flows</b>	<b>146,001</b>	<b>224,154</b>

Pledged cash at bank subject to security of bank loans:

EUR '000	31 December 2022	31 December 2021
Cash at banks pledged	144,259	128,965

The fair value of cash and cash equivalents approximates their carrying value due to their short-term maturities.

Credit quality of cash at banks and short-term deposits:

EUR '000 External rating scale	31 December 2022	31 December 2021
Aa	32	704
A	23,070	16,519
Baa	113,464	161,643
Ba	3,151	41,579
B	1,960	654
Caa	4,048	2,654
Unrated	213	388
<b>Total</b>	<b>145,938</b>	<b>224,141</b>

# Notes to the Financial Statements

## 27. Equity

Shares authorised, issued and fully paid:

	Number of shares	Share capital EUR '000	Number of shares	Share capital EUR '000	Share premium EUR '000	Merger reserve EUR '000
	Ordinary shares		Class B share			
<b>At 1 January 2021</b>	<b>2,412,532</b>	<b>4,158</b>	–	–	<b>2,927</b>	–
Issuance of share capital (share options exercised) <sup>1</sup>	2,141,868	84	–	–	3,698	–
<b>Share capital immediately prior to IPO</b>	<b>4,554,400</b>	<b>4,242</b>	–	–	<b>6,625</b>	–
<b>Converted at IPO<sup>2</sup></b>	<b>575,050,000</b>	<b>4,242</b>	–	–	<b>6,625</b>	–
Group reorganisation <sup>3</sup>	–	2,582	–	–	(6,625)	4,043
Pre-IPO bonus (share-based payments) <sup>2</sup>	578,000	7	–	–	–	–
Primary proceeds (net of expenses) <sup>4</sup>	113,333,333	1,334	–	–	194,763	–
Capital reduction <sup>5</sup>	(50,000)	(58)	–	–	–	–
Allotment of class B share <sup>6</sup>	–	–	1	30,006	–	(30,006)
<b>At 31 December 2021</b>	<b>688,911,333</b>	<b>8,107</b>	<b>1</b>	<b>30,006</b>	<b>194,763</b>	<b>(25,963)</b>
Capital reduction <sup>6</sup>	–	–	(1)	(30,006)	(191,805)	–
<b>At 31 December 2022</b>	<b>688,911,333</b>	<b>8,107</b>	–	–	<b>2,958</b>	<b>(25,963)</b>

1 Ordinary shares were issued with nominal value of CZK 1. See Note 13 for further information on share-based payments.

2 W.A.G payment solutions plc (the PLC) listed its shares on the London Stock Exchange on 8 October 2021 and was admitted to trading on 13 October 2021 ("Admission"). As part of the IPO, holders of equity instruments in W.A.G payment solutions a.s. received 575,000,000 shares in the PLC. In addition, 113,333,333 new shares were issued and 578,000 shares were awarded to certain directors, senior managers and employees in recognition of services provided in connection with the listing, bringing the total amount of shares outstanding on Admission to 688,911,333. Initial share capital was cancelled 1 day before Admission (footnote 7).

3 EUR 2.6 million was reclassified to share capital and EUR 6.6 million from share premium into merger reserve to reflect the nominal value of 1 pence per 575,000,000 shares and of GBP 1 per 50,000 initial share capital shares.

4 The increase in share capital and share premium of EUR 200.0 million represents the gross proceeds from the IPO, less direct share issue expenses of EUR 5.7 million.

5 The PLC was established on 3 August 2021 with initial share capital of GBP 50,000. The initial capital was cancelled on 12 October 2021.

6 On 13 December 2021, the PLC allotted from merger reserve 1 Class B share with no voting rights or rights to distributions or rights to the return of capital on winding up. The share has nominal value of GBP 25,500 thousand (EUR 30,006 thousand). On 14 December 2021, the High Court of Justice in England and Wales made an order confirming the reduction of the share premium account by GBP 163 million (EUR 191.8 million) and the cancellation of the Class B share. However, the capital reduction was only registered by Companies House on 8 January 2022, which is the effective date for financial reporting. The distributable reserves arising from the capital reduction and the Class B share cancellation were transferred to retained earnings in 2022.

### Merger reserve

On 7 October 2021, the Company issued its shares to shareholders of W.A.G. payment solutions, a.s. in exchange for 100% shares of equal value in W.A.G. payment solutions, a.s. (Group reorganisation, see Note 1). The Group accounted for the share for share exchange in its consolidated financial statements using capital reorganisation method. Under this method, all assets, liabilities, retained earnings and other equity reserves are presented as if the Group always existed under the Company as ultimate parent entity even though the Company was only established in August 2021.

During share for share exchange, share capital and share premium of W.A.G. payment solutions, a.s. were replaced by pre-IPO share capital of the Company with difference being recognised as a movement in the merger reserve.

### Share-based payments

The Group has a share option scheme under which options to subscribe for the Group's shares have been granted to management.

Refer to Note 13 for further details on these plans.

## Other reserves

EUR '000	Note	Foreign currency translation reserve	Reserve funds	Cash-flow hedge reserve	Total
<b>1 January 2021</b>		<b>255</b>	<b>437</b>	<b>(3,955)</b>	<b>(3,263)</b>
Change in fair value of cash flow hedge recognised in equity	25	–	–	3,683	3,683
Exchange differences on translation of foreign operations (excluding NCI)		1,428	–	–	1,428
Transfer of reserves		–	(383)	–	(383)
<b>31 December 2021</b>		<b>1,683</b>	<b>54</b>	<b>(272)</b>	<b>1,465</b>
Change in fair value of cash flow hedge recognised in equity	25	–	–	7,602	7,602
Exchange differences on translation of foreign operations (excluding NCI)		1,275	–	–	1,275
<b>31 December 2022</b>		<b>2,958</b>	<b>54</b>	<b>7,330</b>	<b>10,342</b>

Minor balances of reserve funds relate to selected subsidiaries, where the Group is obliged to make annual contributions from local profits.

### Business combinations equity adjustment

The reserve reflects corresponding charge related to present value of put options redemption amount (Note 31). Once the put option is exercised and the liability is settled the equivalent amount is transferred from the Business combinations equity adjustment reserve to Retained earnings. Refer to Non-controlling interests section for Sygic acquisition in 2022 and ADS acquisition in 2021.

### Non-controlling interests

In 2021, the Group acquired KomTes Group (Note 8). As of 31 December 2022, non-controlling interests related to KomTes Group amounts to EUR 3,605 thousand (31 December 2021: EUR 2,707 thousand).

Following the agreement with Sygic non-controlling shareholders in December 2022 (Note 8), non-controlling interest of EUR 5,644 thousand was transferred to business combination equity adjustment. As of 31 December 2022, controlling shareholders have all the risks and rewards associated with ownership.

Tripomatic, subsidiary of Sygic, a.s., has NCI of 49% as of 31 December 2022 following the agreement with Sygic non-controlling shareholders (31 December 2022: 64.3%). As of 31 December 2022, NCI related to Tripomatic amounts to EUR 678 thousand (31 December 2021: EUR 570 thousand, part of Sygic Group NCI).

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.



# Notes to the Financial Statements

## 27. Equity continued

Summarised balance sheet EUR '000	Sygic Group	
	31 December 2022	31 December 2021
Current assets	–	8,074
Current liabilities	–	4,035
<b>Current net assets</b>	–	4,039
Non-current assets	–	51,777
Non-current liabilities	–	4,298
<b>Non-current net assets</b>	–	47,479
<b>Net assets</b>	–	51,518
Accumulated NCI	–	6,182

Summarised statement of comprehensive income EUR '000	Sygic Group	
	31 December 2022	31 December 2021
Revenues	<b>16,476</b>	13,917
<b>Profit/(loss) for the period</b>	<b>228</b>	(194)
Other comprehensive income	<b>44</b>	46
<b>Total comprehensive income</b>	<b>272</b>	(148)
Profit allocated to NCI	<b>169</b>	54
Other comprehensive income allocated to NCI	<b>28</b>	30
Dividends paid to NCI	<b>56</b>	955

Summarised cash flows EUR '000	Sygic Group	
	31 December 2022	31 December 2021
Cash flows from operating activities	<b>3,812</b>	2,765
Cash flows from investing activities	<b>(3,224)</b>	(2,162)
Cash flows from financing activities	<b>(314)</b>	(3,486)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>274</b>	(2,883)

On 4 March 2021, the Group acquired the remaining 25% of shares of ADS companies (Note 8). The parties agreed that acquisition price was determined based on balances as at 31 December 2020, therefore, no NCI was allocated in 2021. In 2021, there was a dividend paid to ADS NCI of EUR 1,025 thousand.

The effect on the equity attributable to the owners of the Group is summarised as follows:

EUR '000	31 December 2022	31 December 2021
Carrying amount of non-controlling interests acquired	–	26,037
Consideration paid to non-controlling interests	–	(27,003)
<b>Excess of consideration paid recognised within retained earnings</b>	–	(966)

## 28. Earnings per share

All ordinary shares have the same rights. Class B share was excluded from earnings per share ("EPS") calculation as it had no voting rights, rights to distributions or rights to the return of capital on winding up.

Basic EPS is calculated by dividing the net profit for the period attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit for the period attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of shares that would be issued if all dilutive potential ordinary shares were converted into ordinary shares.

Adjusted basic EPS is calculated by dividing the Adjusted earnings (net profit) for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in calculating EPS:

	For the year ended 31 December	
	2022	2021
<b>Net profit attributable to equity holders (EUR '000)</b>	<b>16,630</b>	9,148
Basic weighted average number of shares	<b>688,911,333</b>	595,582,785
Effects of dilution from share options	<b>816,306</b>	1,483,248
Total number of shares used in computing dilutive earnings per share	<b>689,727,639</b>	597,066,033
<b>Basic earnings per share (cents/share)</b>	<b>2.41</b>	1.54
<b>Diluted earnings per share (cents/share)</b>	<b>2.41</b>	1.53

Adjusted earnings per share measures:

	For the year ended 31 December	
	2022	2021
Net profit attributable to equity holders (EUR '000)	<b>16,630</b>	9,148
Adjusting items affecting Adjusted EBITDA (Note 11)	<b>18,461</b>	22,793
Amortisation of acquired intangibles*	<b>5,499</b>	4,297
Amortisation due to transformational useful life changes	<b>1,864</b>	1,717
Tax impact of above adjustments*	<b>(2,813)</b>	(3,573)
<b>Adjusted net profit attributable to equity holders (EUR '000)</b>	<b>39,641</b>	34,382
Basic weighted average number of shares	<b>688,911,333</b>	595,582,785
<b>Adjusted basic earnings per share (cents/share)</b>	<b>5.75</b>	5.77
Diluted weighted average number of shares	<b>689,727,639</b>	597,066,033
<b>Adjusted dilutive earnings per share (cents/share)</b>	<b>5.75</b>	5.76

\* non-controlling interests impact was excluded

### Options

Options granted to employees under Share-based payments are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required performance criteria would have been met based on the Group's performance up to the reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share as their performance conditions have not been met. Details relating to the options are set out in Note 13.

## Notes to the Financial Statements

### 29. Interest bearing loans and borrowings

	Currency	Maturity	Interest rate	31 December 2022			31 December 2021		
				Total limit in currency	Amount in original currency	Amount in EUR '000	Total limit in currency	Amount in original currency	Amount in EUR '000
Bank loans									
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	-	-	-	47,500	30,898	30,898
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	-	-	-	47,500	46,843	46,843
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	-	-	-	95,000	84,510	84,510
Multicurrency term and revolving facilities agreement**	EUR	2027/09	3M EURIBOR + margin	<b>45,000</b>	<b>42,941</b>	<b>42,941</b>	-	-	-
Multicurrency term and revolving facilities agreement**	EUR	2027/09	3M EURIBOR + margin	<b>68,000</b>	<b>64,889</b>	<b>64,889</b>	-	-	-
Multicurrency term and revolving facilities agreement**	EUR	2027/09	3M EURIBOR + margin	<b>37,000</b>	<b>35,307</b>	<b>35,307</b>	-	-	-
Other loans	CZK		fixed rate	<b>393</b>	<b>393</b>	<b>17</b>	5,277	5,277	212
<b>Revolving facilities and overdrafts</b>				<b>-</b>	<b>2</b>	<b>2</b>	-	10	10
<b>Total</b>	EUR					<b>143,156</b>			162,473
Current	EUR					<b>21,884</b>			18,894
Non-current	EUR					<b>121,272</b>			143,579

\* On 27 May 2019, the Group signed senior multicurrency term and revolving facilities agreements ("old club financing agreement") with following banks:

- BNP Paribas S.A. acting through its branch BNP Paribas S.A., pobočka Česká republika,
- Citibank Europe plc acting through its branch Citibank Europe plc, organizační složka,
- Česká spořitelna, a.s.,
- Československá obchodní banka, a. s.,
- HSBC Bank plc acting through its branch HSBC Bank plc – pobočka Praha,
- Komerční banka, a.s.,
- Raiffeisenbank a.s.,
- UniCredit Bank Czech Republic and Slovakia, a.s.

Under this financing, up to EUR 60 million was available for the Group for revolving facilities and overdraft accounts, and up to EUR 113 million for bank guarantees.

\*\* On 22 September 2022, the Group signed new multicurrency term and revolving facilities agreement ("new club financing agreement") with following banks:

- BNP Paribas S.A. acting through its branch BNP Paribas S.A., pobočka Česká republika,
- Citibank Europe plc acting through its branch Citibank Europe plc, organizační složka,
- Česká spořitelna, a.s.,
- Československá obchodní banka, a. s.,
- Komerční banka, a.s.,
- Raiffeisenbank a.s.,
- UniCredit Bank Czech Republic and Slovakia, a.s.
- Powszechna Kasa Oszczedności Bank Polski Spolka Akcyjna acting through PKO BP S.A., Czech branch
- Česká exportní banka, a.s.

The new club financing agreement consists of four tranches:

- EUR 150 million committed facility A for the refinancing of all existing term loan indebtedness;
- EUR 180 million committed facility B for permitted acquisitions and capital expenditure;
- EUR 235 million committed auxiliary credit facility, of which EUR 85 million may be utilised by way of revolving loans, and EUR 150 million may be utilised by way of ancillary facilities in the form of bank guarantees, letters of credit, or an overdraft up to EUR 25 million; and
- EUR 150 million uncommitted incremental facility for permitted acquisitions, capital expenditure, and auxiliary credit facilities up to EUR 50 million of which not more than EUR 25 million can be utilised as revolving loans.

The applicable interest rate margin for the new club financing shall be determined according to the following margin grid:

Net leverage	Facility A and B
> 3.25	2.30% p.a.
≤ 3.25 ≥ 2.50	2.10% p.a.
< 2.50	1.90% p.a.

The Group has not drawn any loans from a non-bank entity.

The interest expense relating to bank loans and borrowings is presented in Note 14.

Interest bearing loans and borrowings are non-derivative financial liabilities carried at amortised cost.

As at 31 December 2022, the following pledges have been made as a security for aforementioned loans:

- pledge of shares (mainly W.A.G payment solution, a.s.);
- pledge of receivables (Note 24);
- pledge of bank accounts (Note 26);
- pledge of trademarks.

As at 31 December 2021, the following pledges had been made as a security for aforementioned loans:

- pledge of shares (W.A.G payment solution, a.s. shares were fully pledged after Admission);
- pledge of receivables (Note 24);
- pledge of bank accounts (Note 26);
- pledge of real estate (Note 18);
- pledge of movable assets (Note 18); and
- pledge of trademarks.

The Group complied with all financial covenants under the old and new club financing agreements as of 31 December 2022 and 31 December 2021, and forecasts compliance for the going concern period.

Financial covenant terms of the new club financing facilities were as follows:

Covenant	Calculation	Target	Actual 31 December 2022
Interest cover	the ratio of adjusted EBITDA to finance charges	Min 4.00	11.20
Net leverage	the ratio of total net debt to adjusted EBITDA	Max 4.00*	0.13
Adjusted net leverage	the ratio of the adjusted total net debt to adjusted EBITDA	Max 6.50	1.95

\* the covenant shall not exceed 3.75 in 2024 and 3.50 in 2025 and onwards

## Notes to the Financial Statements

### 29. Interest bearing loans and borrowings continued

Under the old club financing facilities, the Group was required to comply with the following financial covenants:

- interest cover (the ratio of adjusted EBITDA to interest payable) shall not be less than 5;
- net leverage (the ratio of total net debt to Adjusted EBITDA) shall not exceed 3.75 in 2021 and 3.5 in 2022;
- the borrowing base covenant (the ratio of the sum of outstanding amount of revolving facility, outstanding bank guarantees less cash and cash equivalents, to trade receivables) shall not exceed 1.00; and
- adjusted net leverage (the ratio of the adjusted total net debt to Adjusted EBITDA) shall not exceed 6.50.

For the purposes of covenants calculation, alternative performance measures are defined differently by the new club financing agreement:

- adjusted EBITDA represents full year adjusted EBITDA of companies acquired during the period;
- net debt includes lease liabilities and derivative liabilities, and
- adjusted net debt includes face amount of guarantees, bonds, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of any liability of the Group.

### 30. Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

EUR '000	Liabilities from financing activities		
	Borrowings	Lease liabilities	Total
<b>Liabilities from financing activities at 1 January 2021</b>	<b>142,095</b>	<b>9,363</b>	<b>151,458</b>
Cash inflows	39,519	–	39,519
Cash outflows	(18,773)	(2,382)	(21,155)
New leases	–	1,509	1,509
Foreign exchange adjustments	115	92	207
Other movements*	(493)	(8)	(501)
<b>Liabilities from financing activities at 31 December 2021</b>	<b>162,463</b>	<b>8,574</b>	<b>171,037</b>
Cash outflows	(15,014)	(3,112)	(18,126)
New leases	–	8,137	8,137
Foreign exchange adjustments	(159)	(32)	(191)
Other movements*	(4,134)	(140)	(4,274)
<b>Liabilities from financing activities at 31 December 2022</b>	<b>143,156</b>	<b>13,427</b>	<b>156,583</b>

\* The "Other movements" in Borrowings represent effective interest rate adjustment from transaction costs. The Group classifies interest paid as cash flows from operating activities. The "Other movements" in Lease liabilities represent cancellation of lease liability in connection with premature termination of a lease.

## 31. Trade and other payables, other liabilities

EUR '000	31 December 2022	31 December 2021
<b>Current</b>		
Trade payables	<b>332,676</b>	260,530
Employee related liabilities	<b>9,243</b>	10,656
Advances received	<b>15,325</b>	13,464
Miscellaneous payables	<b>9,790</b>	10,941
Payables to tax authorities	<b>12,734</b>	9,728
Contract liabilities	<b>4,439</b>	3,151
Refund liabilities	<b>2,822</b>	3,052
Deferred acquisition consideration	<b>11,206</b>	3,000
<b>Total Trade and other payables</b>	<b>398,235</b>	314,522
<b>Non-current</b>		
Put option redemption liability	<b>4,435</b>	17,046
Contract liabilities	<b>2,276</b>	1,742
Employee related liabilities	<b>765</b>	747
Deferred acquisition consideration	<b>19,898</b>	700
Other liabilities	<b>2</b>	46
<b>Total Other non-current liabilities</b>	<b>27,376</b>	20,281

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Miscellaneous payables include mainly payables in respect of sold receivables to factoring companies, representing cash collected from customers on behalf of factoring companies.

For explanations on the Group's liquidity risk management processes, refer to Note 34.

Employee-related liabilities include liabilities from social security and health insurance, liabilities payable to employees for salaries and accrued employee vacation to be taken or compensated for in the following accounting period and cash-settled share-based payments.

Put option redemption liability related to non-controlling interests represents present value of expected future settlement.

Trade and other payables are non-derivative financial liabilities carried at amortised cost. The fair value of current trade and other payables approximates their carrying value due to their short-term maturities.

Contract liabilities predominantly represent revenue deferred in line with Navigation revenue recognition policy (Note 4.3). The movements of contract deferred revenue during the years are as follows:

EUR '000	2022	2021
<b>Opening balance</b>	<b>4,893</b>	5,135
Additions	<b>4,988</b>	3,093
Release	<b>(3,166)</b>	(3,335)
<b>Closing balance</b>	<b>6,715</b>	4,893
Short term	<b>4,439</b>	3,151
Long term	<b>2,276</b>	1,742
<b>Total</b>	<b>6,715</b>	4,893

The total amount of deferred revenue is expected to be released in the statement of profit or loss with the following pattern:

Release to income statement	1 year	2 years	3-5 years	Total
<b>31 December 2022</b>	<b>4,439</b>	<b>1,280</b>	<b>996</b>	<b>6,715</b>
31 December 2021	3,151	1,144	598	4,893

## Notes to the Financial Statements

### 32. Provisions

EUR '000	Other provisions
<b>1 January 2021</b>	<b>1,380</b>
Additions	176
Utilised	–
Unused amounts reversed	(11)
<b>31 December 2021</b>	<b>1,545</b>
Additions	541
Utilised	(21)
FX difference	59
<b>31 December 2022</b>	<b>2,124</b>

The provisions mostly relate to unfunded customer credit limits disclosed in Note 33.

### 33. Contingent assets and liabilities

Off-balance sheet commitments are following:

EUR '000	31 December 2022	31 December 2021
Unfunded customer credit limits	<b>411,859</b>	342,668

Credit limits are further described in credit risk section of Note 34.

### 34. Financial risk management

The Group's classes of financial instruments correspond with the line items presented in the Consolidated Statement of Financial Position.

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, leases and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and investments. The Group's principal financial assets include trade and other receivables, cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The management of the Group identifies the financial risks that may have adverse impact on the business objectives and through active risk management reduces these risks to an acceptable level.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analyses in the following sections relate to the position as at 31 December 2022 and 31 December 2021.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on: provisions, and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2022 and 31 December 2021.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans and borrowings with floating interest rates.

The Group manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2022 and 31 December 2021, after taking into account the effect of interest rate swaps, total amount of Group's borrowings is at a fixed rate of interest. Average fixed rate of interest rate swaps is 0.62% at 31 December 2022 (31 December 2021: 0.13%).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

EUR '000	31 December 2022	31 December 2021
Increase by 50 basis points	-	-
Decrease by 50 basis points	-	-

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group invoices mainly in EUR. However, there are transactional currency exposures that arise from sales and purchases also in other currencies, in particular CZK, PLN, and HUF.

Financial assets and liabilities include cash and cash equivalents, trade and other receivables and interest-bearing loans and borrowings and trade and other payables. All remaining assets and liabilities in foreign currencies are immaterial or not subject to exchange rate exposure (such as property, plant and equipment).

The table below presents the sensitivity of the profit before tax to a hypothetical change in EUR, CZK, PLN, and other currencies and the impact on financial assets and liabilities of the Group. The sensitivity analysis is prepared under the assumption that the other variables are constant.

Effect of the change in exchange rates between functional currency of each entity and EUR, CZK, PLN and other currencies on profit before tax:

EUR '000	% change in rate	31 December 2022	31 December 2021
EUR	+/- 10%	<b>+/- 7,022</b>	+/- 4,680
PLN	+/- 10%	<b>+/- 429</b>	+/- 131
CZK	+/- 10%	<b>+/- 379</b>	+/- 310
Others	+/- 10%	<b>+/- 2,157</b>	+/- 870

The Group manages its foreign currency risk by using foreign currency forwards and swaps, impact of which is as disclosed in Note 15. Above effect on profit before tax is not adjusted for the impact of derivatives.



## Notes to the Financial Statements

### 34. Financial risk management continued

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). The risk is managed on a Group basis and individual customer credit risk limits are set based on internal ratings. Refer to Note 33 for unfunded customer credit limits.

The outstanding balances of trade receivables and compliance with credit limits are monitored on a regular basis. The aim of the Group management is to minimise exposure of credit risk to single counterparty or group of similar counterparties. As at 31 December 2022 and 31 December 2021, there is no significant concentration of credit risk as there were no individually significant customers.

The Group insures eligible receivables and accepts bank guarantees and collateral pledges to mitigate credit risk.

The Group does not use credit derivatives to mitigate credit risk.

The ageing of receivables is regularly monitored by the Group management.

Refer to Note 24 for further details.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. The Group performs regular monitoring of its liquidity position to keep sufficient financial resources to settle its liabilities and commitments.

The Group's current ratio (current assets divided by current liabilities) was:

	31 December 2022	31 December 2021
Current ratio	1.27	1.58

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (EUR '000):

31 December 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>						
Interest-bearing loans and borrowings	–	7,550	22,789	142,411	–	172,750
Lease liabilities	–	1,179	2,969	7,959	2,020	14,127
Trade and other payables*	–	354,545	10,911	26,197	–	391,653
<b>Total non-derivatives</b>	–	363,274	36,669	176,567	2,020	578,530
<b>Derivatives</b>						
Trading derivatives	–	17	–	–	–	17
<b>Total derivatives</b>	–	17	–	–	–	17

31 December 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>						
Interest-bearing loans and borrowings	–	5,802	17,142	151,019	–	173,963
Lease liabilities	–	705	2,067	4,605	1,911	9,288
Trade and other payables*	–	287,914	265	18,539	–	306,718
<b>Total non-derivatives</b>	–	294,421	19,474	174,163	1,911	489,969
<b>Derivatives</b>						
Trading derivatives	–	97	259	–	–	356
<b>Total derivatives</b>	–	97	259	–	–	356

\* Trade and other payables exclude tax payables, advances received and contract liabilities as these are non-financial liabilities.

## 35. Capital management

The primary objective of the Group's capital management is to ensure that it has the capital required to operate and grow the business at a reasonable cost of capital without incurring undue financial risks. For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Company. In addition, the Board considers the management of debt to be an important element in controlling the capital structure of the Group. The Group utilises long-term debt to fund investments and acquisitions and has arranged debt facilities to allow for fluctuations in working capital requirements.

The primary objective of the Group's capital management is to maximise the Shareholder value. The Group's capital allocation principles include:

- Investment in technology and capabilities for organic growth
- Investment in value accretive strategic acquisitions
- Maintaining robust balance sheet and financial strength providing strategic flexibility
- Prioritising growth over dividends with no intention to declare dividends in the near term.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. The Group monitors capital using the gearing ratio:

EUR '000	31 December 2022	31 December 2021
Interest bearing loans and lease liabilities	156,583	171,047
Cash and cash equivalents	(146,003)	(224,164)
<b>Net indebtedness</b>	<b>10,580</b>	<b>(53,117)</b>
Total equity attributable to Company	312,280	275,858
<b>Gearing ratio</b>	<b>3.39%</b>	<b>(19.26%)</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. The Group has secured an allowed net leverage spike of half a turn of total net debt to adjusted EBITDA for two consecutive reporting periods in the new club financing agreement. Further details are disclosed in Note 29.

No changes were made in the objectives, policies or processes for managing capital during the above period.

# Notes to the Financial Statements

## 36. Related party disclosures

### Company

The Company controlling the Group is disclosed in Note 1.

### Subsidiaries

Interests in subsidiaries are set out in Note 7.

### Key management personnel compensation

Key management personnel compensation is disclosed in Note 12.

### Paid dividends

Paid dividends are disclosed in Consolidated Statement of Changes in Shareholders' Equity.

### Transactions with other related parties

EUR '000	For the year ended 31 December	
	2022	2021
Sale of goods to key management personnel	1	1
Sale of fixed assets (vehicles) to key management personnel	29	–
Purchases of various goods and services from key management personnel	3	42
Purchases of various goods and services from entities controlled by the Company's Shareholders	11	1
Purchases of various goods and services from entities controlled by key management personnel*	16	19
Purchases of various goods and services from associates	–	8
Payment made to Company's shareholders in relation to share capital	58	–
Sale of W.A.G payments solutions, a.s. shares to key management personnel	–	20
Paid deferred acquisition consideration (Note 8)	–	421

\* The Group acquired the following goods and services from entities that are controlled by members of the Group's key management personnel: marketing research, consultancy, taxi services

### Outstanding balances arising from sales/purchases of goods and services

EUR '000	31 December 2022	31 December 2021
Trade payables to entities controlled by key management personnel	–	–

During 2022, an agreement for purchasing of the remaining 30% interest in Sygic was entered into with various minority shareholders including QQ Capital SE (investors including Michal Stencel), Pasanote Capital (investors including Jan Sameliak) and others. As Michal Stencel and Jan Sameliak were both Directors of Sygic during 2022, the transaction is considered a related party transaction. After signing of the agreement, Michal Stencel and Jan Sameliak were replaced in their positions of Sygic's Directors. For more information on the transaction, please refer to Note 8.

As at 31 December 2022 and 2021, the Group had no outstanding loans, credit, security or other benefits in either monetary or in-kind form to persons who are the governing body or to members of governing or other management and supervisory bodies, including former officers and members of those bodies.

Two loans were provided in 2021 to key management personnel of EUR 800 thousand each. The first loan contract was signed on 27 July 2021 and the second contract on 31 August 2021. They were both repaid on 13 October 2021.

Selected employees benefit from the private use of the Group cars.

### Terms and conditions

Transactions relating to dividends were on the same terms and conditions that applied to other Shareholders. Goods were sold during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

## 37. Subsequent events

### Grupa Inelo acquisition

On 24 October 2022, the Group through its subsidiary W.A.G. payment solutions, a.s., entered into an agreement to acquire 100% of the share capital of Grupa Inelo S.A. ("Grupa Inelo"), a leading Fleet Management Solutions ("FMS") and Work Time Management ("WTM") provider in Poland and Slovenia.

The consideration for the acquisition is based on an enterprise value for Grupa Inelo of up to EUR 306 million, made up of an agreed equity cash consideration of approximately EUR 224 million and adjusted net debt of approximately EUR 70 million, of which up to EUR 58 million of debt will be repaid (subject to certain closing adjustments) on or around completion of the transaction. There is also a deferred consideration, based on Inelo's EBITDA performance in the year to 31 December 2022, capped at EUR 12.5 million, which will (if applicable) become payable in 2023 following approval of the audited consolidated financial statements of Inelo for the financial year ending 31 December 2022. The acquisition will be financed by existing cash and debt resources following the new club financing agreement of the Group announced on 22 September 2022.

The Group has already obtained all approvals needed to execute the acquisition, ie. approval of the shareholder circular by the FCA, PLC shareholder approval and approval from relevant foreign direct investment regulatory bodies and antitrust authorities in Poland, Slovenia and North Macedonia.

The acquisition was completed on 15 March 2023 and the initial acquisition accounting is in very early stages. The fair value of goodwill, software, customer relationships and other assets and liabilities will be reported in the Group's half-yearly financial statements for the six months ending 30 June 2023 and in the 2023 Annual Report.

### Facility B drawdown

On 10 March 2023, the Group received EUR 180 million through facility B of the new club financing (see Note 29). The new loan was used to finance Grupa Inelo acquisition above. Interest rate risk was managed by entering into new interest rate swaps.

## Company Statement of Financial Position (EUR '000)

	Notes	As at 31 December 2022	As at 31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		359	–
Right-of-use assets		741	–
Investments in subsidiaries	6	126,306	79,398
Deferred tax assets		236	–
Other non-current assets		511	599
<b>Total non-current assets</b>		<b>128,153</b>	<b>79,997</b>
<b>Current assets</b>			
Trade and other receivables	8	147,999	139,363
Cash and cash equivalents	9	1,744	89,901
<b>Total current assets</b>		<b>149,743</b>	<b>229,264</b>
<b>TOTAL ASSETS</b>		<b>277,896</b>	<b>309,261</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Share capital	10	8,107	38,113
Share premium	10	2,958	194,763
Merger reserve	10	42,035	42,035
Retained earnings		217,856	(1,398)
<b>Total equity</b>		<b>270,956</b>	<b>273,513</b>
<b>Non-current liabilities</b>			
Lease liabilities		613	–
<b>Total non-current liabilities</b>		<b>613</b>	<b>–</b>
<b>Current liabilities</b>			
Trade and other payables	11	6,124	35,748
Lease liabilities		203	–
<b>Total current liabilities</b>		<b>6,327</b>	<b>35,748</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>277,896</b>	<b>309,261</b>

As permitted by section 408 of Companies Act 2006, a separate Statement of Comprehensive Income for W.A.G. payment solutions plc has not been included in these financial statements. Total comprehensive loss for the year amounted to EUR 3.5 million (period ended 31 December 2021: EUR 2.0 million).

The notes on pages 252 to 257 are an integral part of these financial statements.

The financial statements on pages 250 to 251 were approved by the Board of Directors and authorised for issue on 16 March 2023. They were signed on its behalf by:



**Paul Manduca**  
Chairman  
Company No. 13544823



**Magdalena Bartoś**  
Chief Financial Officer

## Company Statement of Changes in Shareholders' Equity (EUR '000)

	Notes	Share capital	Share premium	Merger reserves	Retained earnings	Total equity
<b>At 3 August 2021</b>	10	58	–	–	–	58
Loss for the period		–	–	–	(2,047)	(2,047)
<b>Total comprehensive income</b>		–	–	–	(2,047)	(2,047)
<b>Transactions with owners in their capacity as owners:</b>						
Group reorganisation	10	6,766	–	72,041	–	78,807
Pre-IPO bonus (share-based payments)	10	7	–	–	–	7
Primary proceeds (net of expenses)	10	1,334	194,763	–	–	196,097
Cancellation of shares	10	(58)	–	–	58	–
Allotment of class B share	10	30,006	–	(30,006)	–	–
Share-based payments		–	–	–	591	591
<b>At 31 December 2021</b>		<b>38,113</b>	<b>194,763</b>	<b>42,035</b>	<b>(1,398)</b>	<b>273,513</b>
Loss for the period		–	–	–	(3,506)	(3,506)
<b>Total comprehensive income</b>		–	–	–	<b>(3,506)</b>	<b>(3,506)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Capital reduction	10	(30,006)	(191,805)	–	221,811	–
Share-based payments		–	–	–	949	949
<b>At 31 December 2022</b>		<b>8,107</b>	<b>2,958</b>	<b>42,035</b>	<b>217,856</b>	<b>270,956</b>

# Notes to the Financial Statements

## 1. Corporate information

W.A.G payment solutions plc (the "Company") is a public limited company incorporated and domiciled in the United Kingdom and registered under the laws of England & Wales under company number 13544823 with its registered address at Third Floor (East), Albemarle House, 1 Albemarle Street, London W1S 4HA. The ordinary shares of the Company were admitted to the premium listing segment of the Official List of the UK Financial Conduct Authority and trade on the London Stock Exchange plc's main market for listed securities on 13 October 2021.

The Company was incorporated on 3 August 2021.

## 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The financial statements are presented in EUR and all values are rounded to the nearest thousand (EUR '000), except where otherwise indicated.

The Company's fiscal year begins on 1 January and ends on 31 December. The Company has presented a comparative period from incorporation on 3 August 2021 to 31 December 2021.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

### Going concern

The Board has considered the financial prospects of the Company and Group for the foreseeable future, which is at least the next 12 months, and made an assessment of the Company's and Group's ability to continue as a going concern. The Board's assessment included consideration of the availability of the Company's and Group's credit facilities, cash flow forecasts and stress scenarios. Stress test scenarios applied in the Going Concern statement are in line with scenarios covered in the Viability statement. The Board is satisfied that the Company and Group have the resources to continue operating the business for the foreseeable future, and furthermore are not aware of any material uncertainties that may cast significant doubt upon the Company's and Group's ability to continue as a going concern and the Board considers it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

### 3. Summary of significant accounting policies

The accounting policies used in preparing the Company financial statements are set out below. These accounting policies have been consistently applied in all material respects to all periods presented.

#### 3.1. Investment in subsidiaries

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid. Refer to Note 3.6 Share for share exchange accounting policy used in determining the value of the investment to be recognised as a result of the share for share exchange in the shares of W.A.G payment solutions, a.s. on 7 October 2021.

The cost related to the subsidiaries' employees service is treated as investment value in subsidiaries. The awards represent capital contribution to the subsidiaries as no payment is expected for the equity-settled share-based payment awarded to their employees.

Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Investments that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### 3.2. Share-based payments

The Company operates an equity-settled share-based compensation plan ("PSP"), under which subsidiaries receive services from employees as consideration for equity instruments (options) of the Company. The cost related to the subsidiaries' employees service is treated as investment value in subsidiaries. The awards represent capital contribution to the subsidiaries as no payment (except nominal value of ordinary shares) is expected for the equity-settled share-based payment awarded to their employees.

#### 3.3. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Trade and other receivables

Trade and other receivables are carried at original invoice amount less an allowance for impairment of these receivables.

For intercompany loans repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. The borrower situation is assessed whether it has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date or, if the borrower could not repay the loan if demanded at the reporting date, the Company considers expected manner of recovery to measure expected credit losses.

##### Trade and other payables

Trade payables are recognised at their nominal value, which is deemed to be materially the same as the fair value.

#### 3.4. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks.

#### 3.5. Foreign currency transactions

The functional currency of the Company is EUR.

Transactions in foreign currencies are initially recorded by the Company at its functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange valid at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the profit or loss account as finance income and expenses. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.



## Notes to the Financial Statements

### 3.6. Share for share exchange

The Company was incorporated on 3 August 2021 and became the parent entity of the Group on 7 October 2021, when the share for share exchange between W.A.G payment solutions, a.s. and the Company was completed. Management treated this as a capital reorganisation.

IAS 27.13 specifies additional requirements to measure investments in subsidiaries in cases of reorganisations. When a parent reorganises the structure of its group by establishing a new entity as its parent in a manner that satisfies the following criteria:

- the new parent obtains control of the original parent by issuing equity instruments in exchange for existing equity instruments of the original parent;
- the assets and liabilities of the new group and the original group are the same immediately before and after the reorganisation; and
- the owners of the original parent before the reorganisation have the same absolute and relative interests in the net assets of the original group and the new group immediately before and after the reorganisation, and the new parent accounts for its investment in the original parent at cost in its separate financial statements, the new parent shall measure cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the date of the reorganisation.

Management believes all of the criteria above was satisfied and, therefore, investment in W.A.G payment solutions, a.s. was measured at the equity carrying amount of W.A.G payment solutions, a.s. as at 7 October 2021.

## 4. Changes in accounting policies and disclosures, adoption of new and revised standards

### 4.1. Application of new IFRS – standards and interpretations effective in the reporting period

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- **Property, Plant and Equipment: Proceeds before intended use** – Amendments to IAS 16
- **Reference to the Conceptual Framework** – Amendments to IFRS 3
- **Onerous Contracts – Cost of Fulfilling a Contract** – Amendments to IAS 37
- **Annual Improvements to IFRS Standards 2018–2020** – Amendments to IFRS 9, IFRS 16, IFRS 1, and IAS 41
- **Deferred tax related to assets and liabilities arising from a single transaction** – Amendments to IAS 12
- **Amendments to IAS 1 and IFRS Practice Statement 2** – Disclosure of Accounting policies

These Amendments did not have significant impact on the Company's financial statements.

### 4.2. New IFRSs and IFRICs published by the IASB that are not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 5. Significant accounting judgments, estimates and assumptions

There are no significant accounting judgments or estimates applicable to Company's financial statements.

## 6. Investment in subsidiaries

EUR '000	2022	2021
<b>Opening value</b>	<b>79,398</b>	–
Share for share exchange with W.A.G payment solutions, a.s.	–	78,807
Capital contribution to W.A.G payment solutions, a.s.	<b>45,959</b>	–
Share-based payments	<b>949</b>	591
<b>As at 31 December</b>	<b>126,306</b>	79,398

On 7 October 2021, the Company acquired 100% of the issued share capital of W.A.G payment solutions, a.s. through a share for share exchange agreement. The value of the investment at the transaction date represents the carrying value at that date.

On 1 July 2022 the Company signed an agreement on voluntary surcharge outside of register capital with its subsidiary W.A.G payment solutions, a.s amounting to EUR 45,959 thousand. The surcharge was set-off against part of the intercompany loan in Note 8.

The capital contribution relating to share-based payments relates to share-based payments issued to employees of subsidiary undertakings in the Group. For full details of the Group's share-based payments, refer to Note 13 to the consolidated financial statements. In 2021, the amount reflects share-based payment expense of outstanding awards since the Admission.

## 7. Share-based payments

Certain Group employees have been granted options over the shares in the Company. Refer to the accounting of the investment for details on the awards granted and the related accounting (Note 3).

Share options outstanding at the end of the year are the same as per the consolidated financial statements. Therefore, we refer to the disclosure in the consolidated financial statements (Note 13).

## 8. Trade and other receivables

EUR '000	31 December 2022	31 December 2021
Intercompany receivables	<b>147,127</b>	139,266
Receivables from tax authorities	<b>395</b>	–
Advances granted	<b>358</b>	–
Prepaid expenses	<b>119</b>	97
<b>Total</b>	<b>147,999</b>	139,363

As of 3 December 2021, the Company entered into loan agreement with W.A.G. payment solutions, a.s. Under the agreement, the Company provided loan facility up to EUR 190 million repayable on demand, but no later than 30 November 2026. Interest rate up to 30 June 2022 was 1.02 % p.a. On 1 July 2022 following subordination of the intercompany loan to club financing banks in the consolidated financial statements (Note 29), the interest rate was amended to 12M EURIBOR + margin.

Trade and other receivables are non-derivative financial assets carried at amortised cost. The carrying value of trade and other receivables approximates their fair value due to their short-term maturities.

# Notes to the Financial Statements

## 9. Cash and cash equivalents

EUR '000	31 December 2022	31 December 2021
Cash at banks	1,744	89,901
<b>Cash and cash equivalents</b>	<b>1,744</b>	<b>89,901</b>

The fair value of cash and cash equivalents approximates their carrying value due to their short-term maturities.

## 10. Equity

Shares authorised, issued and fully paid:

	Number of shares	Share capital EUR '000	Number of shares	Share capital EUR '000	Share premium EUR '000	Merger reserve EUR '000
	Ordinary shares		Class B share			
<b>As at 3 August 2021</b>	<b>50,000</b>	<b>58</b>	–	–	–	–
Group re-organisation <sup>1</sup>	575,000,000	6,766	–	–	–	72,041
Pre-IPO bonus (share-based payments) <sup>1</sup>	578,000	7	–	–	–	–
Primary proceeds (net of expenses) <sup>2</sup>	113,333,333	1,334	–	–	194,763	–
Capital reduction <sup>3</sup>	(50,000)	(58)	–	–	–	–
Allotment of class B share <sup>4</sup>	–	–	1	30,006	–	(30,006)
<b>At 31 December 2021</b>	<b>688,911,333</b>	<b>8,107</b>	<b>1</b>	<b>30,006</b>	<b>194,763</b>	<b>42,035</b>
Capital reduction <sup>4</sup>	–	–	(1)	(30,006)	(191,805)	–
<b>At 31 December 2022</b>	<b>688,911,333</b>	<b>8,107</b>	–	–	<b>2,958</b>	<b>42,035</b>

1 The Company listed its shares on the London Stock Exchange on 8 October 2021 and was admitted to trading on 13 October 2021 ("Admission"). As part of the IPO, holders of equity instruments in W.A.G payment solutions a.s. received 575,000,000 shares in the Company. In addition, 113,333,333 new shares were issued and 578,000 shares were awarded to certain directors, senior managers and employees in recognition of services provided in connection with the listing, bringing the total amount of shares outstanding on Admission to 688,911,333. Initial share capital was cancelled one day before Admission (footnote 4 below).

2 The increase in share capital and share premium of EUR 200.0 million represents the gross proceeds from the IPO, stabilisation profit of EUR 1.7 million less direct share issue expenses of EUR 5.7 million.

Under stabilisation arrangement in connection with the IPO, the Company made an agreement that any profit or loss from the stabilisation phase would belong to the Company. The profit is directly linked to the IPO process, therefore, it was treated in the same way as proceeds from the IPO and was recognised against share premium.

3 The Company was established on 3 August 2021 with initial share capital of GBP 50,000 (EUR 58,000). The initial capital was cancelled on 12 October 2021.

4 On 13 December 2021, the Company allotted from merger reserve 1 Class B share with no voting rights or rights to distributions or rights to the return of capital on winding up. The share has nominal value of GBP 25,500 thousand (EUR 30,006 thousand). On 14 December 2021, the High Court of Justice in England and Wales made an order confirming the reduction of the share premium account by GBP 163 million (EUR 191.8 million) and the cancellation of the Class B share. However, the capital reduction was only registered by Companies House on 8 January 2022, which is the effective date for financial reporting. The distributable reserves arising from the capital reduction and the Class B share cancellation were transferred to retained earnings in 2022.

### Merger reserve

Merger reserve includes a reserve for the share for share exchange transaction that qualified for merger relief in accordance with section 612. Difference between investment in W.A.G payment solutions, a.s. and share capital issued during Group reorganisation was recognised as a merger reserve. The merger reserve is non-distributable.

## 11. Trade and other payables

EUR '000	31 December 2022	31 December 2021
Trade payables	5,004	2,557
Employee related liabilities	168	27
Intercompany payable	952	33,164
<b>Total</b>	<b>6,124</b>	<b>35,748</b>

Trade payables are non-interest bearing and are normally settled on 30-day terms. As at 31 December 2022, trade payables were mostly related to acquisition of Grupa Inelo S.A. As at 31 December 2021, trade payables were mostly IPO related.

Intercompany payable as of 31 December 2021 was repaid on 12 January 2022.

Trade and other payables are non-derivative financial liabilities carried at amortised cost. The fair value of current trade and other payables approximates their carrying value due to their short-term maturities.

## 12. Employee expenses

Employee expenses of the Company consist of the following:

EUR '000	For the period ended 31 December	
	2022	2021
Wages and salaries	1,264	334
Social security and health insurance	186	37
<b>Total employee expense</b>	<b>1,450</b>	<b>371</b>

The monthly average number of employees by category during the period was as follows:

	For the period ended 31 December 2022	For the period ended 31 December 2021
General and administrative	9	9
<b>Total average number of employees</b>	<b>9</b>	<b>9</b>

## 13. Contingent liabilities

The Company has guaranteed Webeye acquisition disclosed in Note 8 to the consolidated financial statements. The Company has assessed the probability of loss under this guarantee as remote.

## 14. Information included in the notes to consolidated financial statements

Some of the information included in the Notes to the Consolidated Financial Statements is directly relevant to the financial statements of the Company.

Please refer to the following:

- Note 2 – Auditors' remuneration
- Note 7 – Subsidiaries
- Note 12 – Key management personnel
- Note 13 – Share-based payments
- Note 36 – Related parties
- Note 37 – Subsequent events



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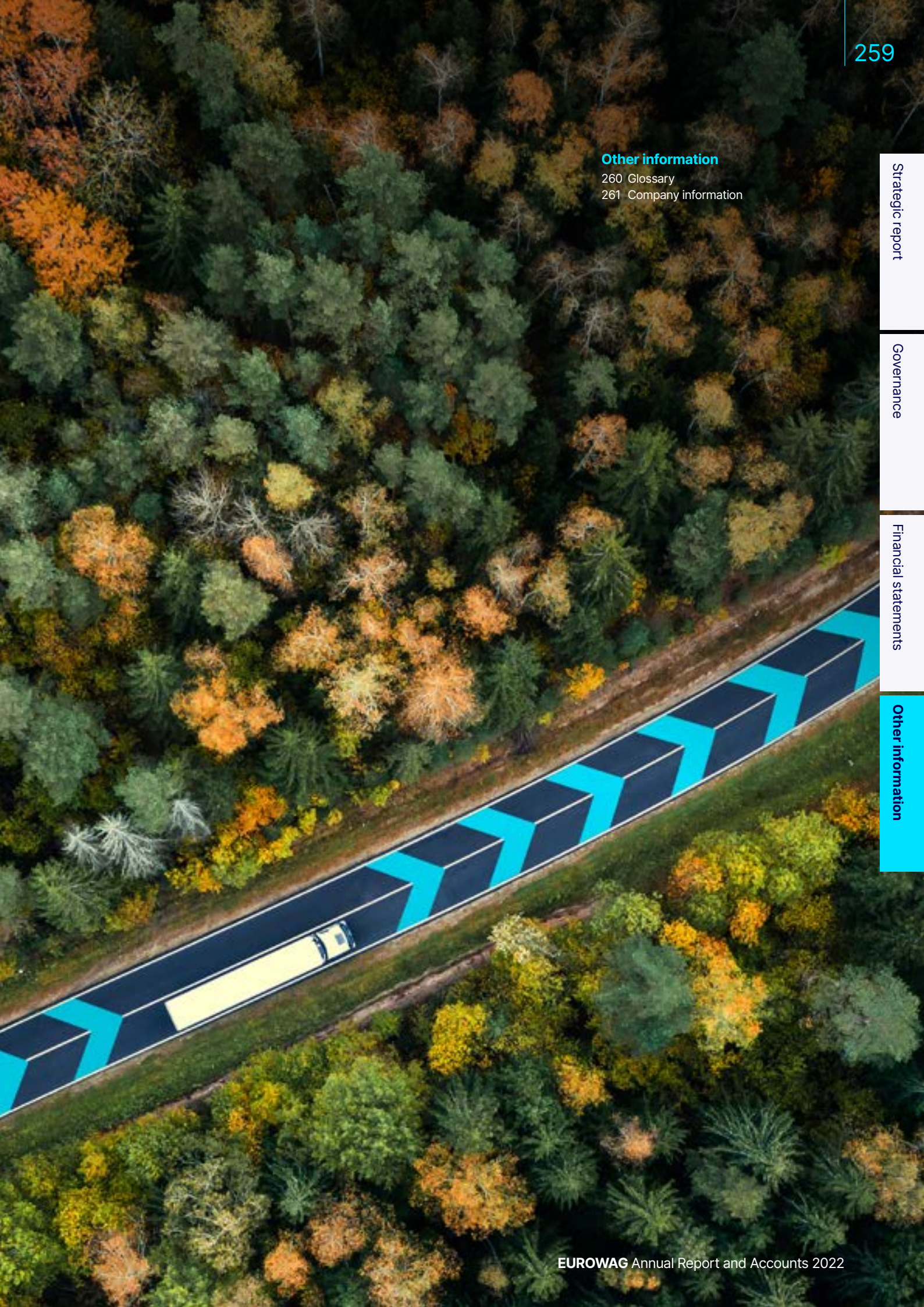
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# Glossary

Term	Definition
<b>AdBlue</b>	Diesel exhaust fluid (DEF; also known as AUS 32 and marketed as AdBlue) is a liquid used to reduce the amount of air pollution created by a diesel engine.
<b>6th sanctions package</b>	<a href="https://ec.europa.eu/commission/presscorner/detail/en/ip_22_2802">https://ec.europa.eu/commission/presscorner/detail/en/ip_22_2802</a> .
<b>TEN-T</b>	Trans-European Transport Network is a network of roads, railways, airports and water infrastructure in the European Union. The TEN-T network is part of a wider system of Trans-European Networks (TENs), including a telecommunications network (eTEN) and a proposed energy network (TEN-E or Ten-Energy).
<b>EETS</b>	The European Electronic Toll Service is designed to enable the payment of tolls through a single contract, a single EETS provider and a single vehicle device throughout the EU.
<b>LNG</b>	Liquefied natural gas is natural gas that has been cooled down to liquid form for ease and safety of non-pressurised storage or transport. Natural gas burns significantly cleaner; produces lower emissions of sulfur, nitrogen and carbon dioxide into the atmosphere; and lacks the strong, distinguishing diesel odour.
<b>HVO100</b>	hydrotreated vegetable oil fuel is made from 100% renewable items and is free from any fossil fuels. It cuts carbon emissions by up to 90%.
<b>Windfall tax</b>	Windfall tax in the Czech Republic applies from 1 January 2023 for a period of three years (i.e. 2023–2025) for exceptionally profitable companies in the energy production and trading sector, banking sector and petroleum and fossil fuel extraction and processing sector. It works as a 60% tax surcharge applied to the excess profits of these companies determined as the difference between the tax base in 2023–2025 and the average of the tax bases for the last four years (i.e. 2018–2021) plus 20%.
<b>The Vega case</b>	Based on several decisions by the European court of justice (for example C 235/18, Vega International Car Transport and Logistic from 15.9.2019 or C-185/01, Auto Lease Holland BV from 6.2.2003) the Directorate General for Taxation and Customs Union is preparing in cooperation with the dedicated working group the guidelines regarding the treatment of the fuel cards and the fuel card transactions from the VAT perspective. The most important question is whether the fuel card issuer acquired the right to dispose of tangible property as owner or not and based on this assessment it will be decided, if it shall be treated from the VAT perspective as commission or supply of goods.

# Company information

## Registered office

W.A.G Payment Solutions plc  
Third Floor (East),  
Albemarle House,  
1 Albemarle Street,  
London, W1S 4HA  
United Kingdom

Registered in England and Wales  
No. 13544823

## Registrar

Computershare Investor Services plc  
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## Company secretary

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