24 March 2022

W.A.G payment solutions plc ("Eurowag", or the "Group")

Preliminary Results for the year ended 31 December 2021

STRONG GROWTH IN LINE WITH IPO GUIDANCE

Financial highlights

The Group achieved key financial objectives on its medium-term financial guidance.

- Net energy and services[1] sales up by 19.1% at €153.1m, with organic growth[1] of 17.1% year-on-year
- Payment solutions[1] segment up by 20.2% at €113.1m and mobility solutions[1] segment up by 15.9% at €40.0m
- Adjusted EBITDA[1] up by 18.9% at €69.7m resulting in adjusted EBITDA margin[1] at 45.5%
- Strong progress on transformational capital expenditure[1] plan with €23.3m spent
- Net cash[1] position of €61.7m as at 31 December 2021 providing for significant leverage headroom to take advantage of strategic opportunities

Growing scale and network within a high quality payments-oriented business model and highly diversified revenue base underpinned strong net energy and services sales growth.

- Average active payment solutions customers[1] up by 13.9% at 15,020
- Average active payment solutions trucks[1] up by 13.4% at 82,640
- Payment solutions transactions[1] up by 11.7% at 32.5m
- Net revenue retention[1] for 2017-2021 over 110%

Key statutory financials	2021	2020	YoY %
Revenue from contracts with customers (€m)	1 646.1	1 253.0	31.4%
Profit before tax (€m)	17.7	28.8	(38.5%)
Basic EPS (cents/share)	1.54	3.76	(59.0%)

Alternative performance measures	2021	2020	YoY %
Net energy and services sales (€m)	153.1	128.6	19.1%
Adjusted EBITDA (€m)	69.7	58.6	18.9%
Adjusted basic EPS[1] (cents/share)	5.77	4.83	19.5%

Operational and strategic highlights

- Listed on the London Stock Exchange, raised €200m in equity capital to support inorganic growth and technology transformation, and improved company profile to attract talent
- Strengthened the management team and established a Board of Directors with UK plc experience
- Completed the acquisition of ADS and commenced customer portfolio integration
- Acquired stakes in KomTeS, Drivitty and Last Mile Solutions, and announced the intended acquisition of WebEye
- Launched mobile payments pilot and enabled payments for charging stations on Sygic GPS Navigation
- Launched EETS operations in Austria and Belgium in 2021, followed by a pilot in Germany in 2022
- Expanded the acceptance network for roadside service payments
- Expanded the Road Lords application for use in the office and on the road, and introduced the Eurowag mobile application for easy access to customer account

- Deployed telematics features for fleet management to the on-board unit for toll payments, with anti-fraud protection for energy payments
- Rolled out digital onboarding and the Automated Credit Approval System
- Offered new supply-chain financing solutions via third parties and hybrid financing for tax refunds
- Introduced methodical approach to ESG, established baseline for reporting and set future goals for carbon reduction, Diversity, Equity, and Inclusion, and employee engagement
- Expanded the indirect sales channel to provide navigation systems to automotive OEMs

Paul Manduca, Independent Non-Executive Director and Chair said:

"I am pleased to be introducing Eurowag's first set of annual results as a company listed on the London Stock Exchange. Despite macro-economic challenges the Group has delivered growth in line with guidance. The Company is in a good position to continue to broaden its technological foundations and capabilities. With its accelerated growth plans, the Company is committed to its mandate from shareholders to make select strategic acquisitions and expand our market offering. Despite the volatile geopolitical situation which may have a negative impact on the European economy, Eurowag continues to be a fast growing, profitable, cash generative business. The Board will continue to monitor the humanitarian tragedy in Ukraine and our thoughts are with the Ukrainian people at this time. "

Martin Vohánka, CEO and Founder said:

"We delivered strong organic growth in 2021 and enter 2022 with clear momentum, and confidence in the business. Eurowag has built a large payments acceptance network in Europe integrated with complementary mobility services putting it at the forefront of digital transformation of the Commercial Road Transportation industry. The shocking act of unprovoked and unjustified aggression from the Russian Federation against Ukraine is unfolding as we publish this report. Following the invasion the Group took immediate steps to comply with sanctions and suspend all services we provided in Russia. Notwithstanding the uncertain operating environment, the management remains focused on strategic priorities, drawing on the strength of our business model and its resilience proven over previous economic cycles."

Outlook

In 2021 we delivered a strong performance with all key financial metrics in line with our mid-term financial guidance. As we move into 2022, we expect to continue to increase penetration in our existing markets supported by effective go-to-market strategies which will be enhanced by our digital sales channel.

Early in the current financial year the Group has delivered growth in line with management expectations, and is focused on executing our strategy investing into technology transformation. We estimate net energy and services sales for Q1 2022 of at least €39m with strong LTM growth at 19% YoY. Q1 2022 growth of 12% YoY has been affected by changing seasonality, resulting in a very strong comparator. We expect our growth rate to accelerate in H2 2022 as comparators soften.

The Group has limited exposure to Russia and Ukraine, which together accounted for less than 0.1% of group net energy and services sales in 2021. We discontinued our payments network in Russia and we continue our operations in Ukraine to the extent supplies are available. Direct impact of discontinued or disrupted operations is immaterial to the Group's revenues.

Current trading is demonstrating the resilience of our business despite headwinds such as continuing Covid-related supply chain disruptions, occasional fuel shortages in some regions of Eastern Europe caused by the war in Ukraine, and the price cap on retail fuel sales in Hungary. Eurowag has been able to respond pro-actively to emerging risks and opportunities given our strong pan-European network, long-standing relationships with suppliers, the mission-critical nature of products and services we provide to our customers, and management with experience proven throughout the cycle.

Based on current trading, and assuming no worsening of the current environment, our expectations for 2022 are unchanged, and we anticipate delivering results in line with our mid-term financial guidance. However, the economic outlook in our key regions is uncertain and the management continues to monitor and evaluate the potential impact of the Russian invasion of Ukraine on the out-turn for the full year.

A virtual presentation and Q&A session for investors and analysts will be held at 9.00am GMT on 24 March 2022. The presentation and webcast details are available on the Group's website at https://investors.eurowag.com/

Please register to attend the investor presentation (full link below).

https://www.lsegissuerservices.com/spark/WAGPAYMENTSOLUTIONS/events/a50b3cb7-49df-4992-9c74-0159557213eb

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About Eurowag

Eurowag was founded in 1995 and is a leading pan-European integrated payments & mobility platform focused on the commercial road transportation industry. Eurowag's innovative solutions makes life simpler for small and medium businesses in the Commercial Road Transportation industry across Europe through its unique combination of payments solutions, seamless technology, a data-driven digital eco-system and high-quality customer service. www.eurowag.com

Operational and strategic review

We are delighted to have achieved very strong results this year, in line with guidance we presented during our IPO on the London Stock Exchange in October 2021. We delivered strong revenue and adjusted profits growth from our two segments of payment and mobility solutions. Operating in an economic environment that is still dealing with the headwinds of the pandemic and supply-chain disruptions, this demonstrates the resilience of our business model, and the mission-critical nature of our customer value proposition. Throughout the year, we have also continued to invest in our future by building the skills within our organisation, and through strategic investments such as accelerating the development of our digital platform through Road Lords and Eurowag applications, or completing the acquisition of ADS and executing new M&A transactions.

True to our purpose, we continued to innovate the Road Transportation Industry and enable energy transition in Europe, by introducing mobile payments and enabling payments for charging stations on the Sygic GPS Navigation. To build-out the integrated nature of our offering, we deployed new telematics features for fleet management on our On Board Unit for toll payments and improved anti-fraud protection for fuel card payments through geolocation. To further expand our platform, we added payments for roadside services to the acceptance network, enabled hybrid financing of tax refunds and introduced a new solution for supply chain financing via third parties.

From a geographic perspective, core markets in our Central Cluster continue to account for nearly 50% of net energy and services sales. The Southern Cluster grew the fastest in 2021, now accounting for 30% of net energy and services sales, driven predominantly by successful market penetration in Romania. We continue to see opportunity for growth in the Western Cluster, especially in cross-sell and up-sell to ADS customers during the integration phase, supported by investment into direct, indirect and digital sales channels. To accelerate customer onboarding and complete their digital journey, we launched a pilot of the Automated Credit Approval System for small exposures in France.

The IPO was a significant milestone in the company's development enabling us to take advantage of the benefits of listing in a number of ways. First, the capital raise will enable us to accelerate the execution of our strategic objectives. Second, our status as a publicly listed company provides a clear signal of our ambitions and confidence in our prospects. And third, it will help us attract the talented people we need to maintain our growth trajectory.

Sustainability, which was already at the heart of how we run our business, has also benefitted. Strengthening our governance credentials means even greater transparency and rigour in our reporting and controls. We have further formalised our ESG strategy and made sure it involves all relevant stakeholders, collected baseline data for more detailed reporting and have set ourselves specific targets within areas where we can produce the greatest potential impact. The ESG-related KPIs commit us to a 50% reduction of Scope 1 and Scope 2 emissions from our operations by 2030, on a 2019 baseline. We have also set a target to achieve 40% female representation in leadership roles by 2025, and reach the top 25% of European technology companies for employee engagement in the same timeframe.

We can now state three distinctive ambitions for our business each benefiting broader society. The first is to help predominantly small and medium commercial road transport companies prosper and improve the wellbeing of their people. The second is to contribute to making our industry cleaner by promoting decarbonisation and enabling efficiency gains, such as truck utilisation, better routing and driver performance. The third is to grow the value of our business for investors, while helping our employees develop as professionals with fulfilling roles, ensuring both groups benefit from a productive journey with Eurowag.

The Culture Manifesto we presented in 2020 contains four fundamental values that inspire us to achieve success, happiness and personal growth in our work and private lives. We encourage employees at every step of their journey with us, from the interview process through to day-to-day operations. We are also investing to ensure our culture becomes the ‘tone from the top’, and have appointed a new Board of Directors and strengthened the Executive Committee. We have introduced programmes to make Eurowag a great place to work and have accordingly been able to recruit very talented people.

We are set up to succeed by supporting many current industry trends and aligning to new regulations. The most notable of these is the transition to clean mobility, promoted by the Renewables Energy Directive II and Alternative-Fuels Infrastructure Regulation among others. This stimulates better industry cooperation with greater potential for alliances and partnerships, with substantial funding being channelled into new low-carbon powertrain solutions and the related infrastructure. The accelerating digitalisation of payments is extending the transformation from cash-to-card to card-to-virtual and increasing the penetration of alternative payment methods. Implementation of the European Electronic Toll Service (EETS) also progressed with pilot launches in Austria and Belgium in 2021, and Germany launching in 2022. Finally, we are expanding and developing our relationships with vehicle manufacturers as they shift their business models towards the concept of Transportation-as-a-Service.

Our strategy remains focused on five key areas:

1. **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 solve their evolving needs.
2. **Geographic expansion and penetration.** We apply our scalable business model to new markets serving both existing and new customers, thus expanding market share.

3. **Go-to-market channel expansion.** We continue to acquire new customers through a marketing strategy based on geographic clusters and three sales channels - digital, telesales and field - with an increasing focus on digital sales.
4. **Digital platform development.** We continue to develop our end-to-end platform to be a conduit for intermediating payments and data exchange between all parties, thereby connecting digital services and physical assets. This allows us to expand our client base to include shippers and freight forwarders, and to integrate third-party providers and financiers seamlessly into our platform, thereby facilitating frictionless interactions among industry participants to create a fully connected marketplace.
5. **Accretive M&A.** We continue to seek acquisition targets that will create cross-sell and up-sell opportunities, generate cost and revenue synergies, and develop our product and technology capabilities.

At the outset of 2021, we acquired the remaining minority stake in ADS, allowing for the full migration of the ADS portfolio onto our platform. This means ADS customers now have access to our broader portfolio of services. We have also strengthened our critical skillset by acquiring a minority stake in the Lithuanian firm Drivitty. This brings in-house expertise of digital payments, allowing customers to execute transactions using mobile devices and On Board Units and accelerates our progress towards providing fully integrated payments and mobility solutions. With Last Mile Solutions, the rapidly growing leader in e-mobility, we are expanding our platform by offering EV charging and smart energy management services for e-mobility businesses in Europe. We also announced the intended acquisition of WebEye, a leading provider of fleet management solutions in Hungary and Romania. Although the transaction was not approved by the Hungarian Ministry of Interior in March 2022, we are looking for ways how to facilitate the acquisition to expand our customer base, generate cross-sell and up-sell opportunities, and obtain data from the connected trucks which will provide more insights for optimising the development of new and improved solutions.

Response to the war in Ukraine

The shocking act of unprovoked and unjustified aggression from the Russian Federation against Ukraine is unfolding as we publish this report. Following the invasion the Group took immediate steps to comply with sanctions and suspend all services we provided in Russia. Our response to the humanitarian aspect of this crisis benefited from strong support of all our employees. We offered help to colleagues with origins or family members from the affected regions and have created a Ukraine Aid fund on their behalf. The Group is matching charitable donations made by our employees, over and above our ongoing commitment to distribute 1% of EBIT each year to charitable causes. We are also providing fuelling for humanitarian convoys.

Although the Group has limited exposure to Russia and Ukraine, which together account for less than 0.1% of Group net revenue, the economic outlook in our key regions is uncertain and we continue to monitor and evaluate the potential impacts as the situation evolves. Should the conflict escalate and materially affect European economies, we may observe lower demand for our products and services. The impacts of recent events on global supply chain disruptions are not yet over, and the Group could be affected by energy-supply shortages in the region hindering industrial production and mobility. Additional risks to the business include a potential shortage of drivers and regulatory measures such as retail fuel price caps that may have an impact on margins.

We therefore continue to diligently monitor the areas we can control and mitigate. Primarily, this is by further diversifying energy-supply partnerships, while acknowledging the dependency on Russian-originated sources across central and Eastern Europe and the Balkan region. To mitigate the impacts of a potential economic downturn, we can apply cost-saving measures and implement actions to stimulate revenue growth learnt and used during the last two global economic crises. These include actions to promote customer loyalty, readiness of our customers to pay a premium for mission-critical products and services, and increased interest of our customers in efficiency gains and cost-saving solutions which the Group provides.

Financial review

It has been a year of rapid growth and change for Eurowag. We are proud of the way the business has dealt with the challenges arising from continued Covid pandemic restrictions and its agility in responding to the opportunities presented. We have delivered a strong set of results in a truly exceptional year, listed the Group on the London Stock Exchange, completed several business acquisitions and are delivering on our technology transformation plans.

Throughout the year, the business executed at pace against the strategy that we set out at the time of the IPO. We delivered strong performance with all key financial metrics on a positive trajectory, reflecting the resilience and strength of our business. Group Net energy and services sales growth of 19.1% year-on-year was delivered through further expanding our customer base in the payment solutions segment (average number of active customers up by 13.9%), enhanced by effective cross selling of our mobility solutions. Resilience and strength of our business is supported by average number of services per customer of 2.83 (2020: 2.82)[2]. Our growth through these turbulent times is a testimony to the essential nature of the CRT industry, the efficiencies that our products and services deliver to our customers, the strength of our revenue retention and the geographic and product revenue diversity of our business enhanced by strong customer relationships.

Adjusted EBITDA increased 18.9% year-on-year to €69.7m (2020: €58.6m). Adjusted EBITDA margin was unchanged year on year at 45.5% (2020: 45.6%) in line with our mid-term guidance. Adjusted EBITDA performance reflects strong operating leverage inherent in the business while we continue to invest in the organisation focusing on priority hires, upskilling the organisation and technology related spend. Adjusted basic EPS increased 19.5% year-on year to 5.77 (2020: 4.83) cents per share in line with adjusted EBITDA growth.

On a statutory basis, profit before tax decreased by 38.5% to €17.7m (2020: €28.8m) and basic EPS decreased by 59.0% to 1.54 (2020: 3.76) cents per share due to a significant amount of adjusting items including non-recurring IPO-related expenses, pre-IPO share-based compensation schemes and strategic transformation costs. Basic EPS has reduced more than profit before tax due to a higher effective tax rate in 2021 which is further discussed in Taxation section.

Due to our IPO equity raise and supported by our underlying highly cash generative business model, our overall financial position has significantly strengthened, and we closed the year with a net cash position of €61.7m. Our absolute focus on credit risk management and cash collection contributed to improvement in credit losses ratio from 0.2% to 0.1%[3]. Against the backdrop of business performance and strong cash generation we continued to invest into our digital transformation (with transformational capital expenditure reaching €23.3m) and inorganic growth (with investments in subsidiaries, associates and acquisition of non-controlling interests reaching €38.9m).

As we embark on the next year of implementing the Group's strategy, our robust financial position and disciplined approach to capital allocation will ensure that the business is well positioned to leverage the benefits of industry digital disruption and many opportunities that lie ahead. We have strong conviction around our purpose to create sustainable financial and technological solutions for the benefit of our industry, society and the environment.

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

	2021 (€m)	2020 (€m)	YoY (€m)	YoY %
Segment revenue total	1 646.1	1 253.0	393.1	31.4%
Payment solutions	1 606.1	1 218.5	387.6	31.8%
Mobility solutions	40.0	34.5	5.5	15.9%
Net energy and services sales total	153.1	128.6	24.5	19.1%
Payment solutions	113.1	94.1	19.0	20.2%
Mobility solutions	40.0	34.5	5.5	15.9%
Expenses included in Contribution[1]	(24.6)	(23.8)	(0.8)	3.4%
Contribution total	128.5	104.8	23.7	22.6%
Payment solutions	99.6	79.8	19.8	24.8%
Mobility solutions	28.9	25.0	3.9	15.6%

Contribution margin[1] total	84%	81%	2.5 pp	n/a
Payment solutions	88%	85%	3.3 pp	n/a
Mobility solutions	72%	73%	(0.3 pp)	n/a
Corporate overhead and indirect costs before adjusting items	(58.8)	(46.2)	(12.6)	27.3%
Adjusted EBITDA	69.7	58.6	11.1	18.9%
Adjusting items affecting Adjusted EBITDA	(22.8)	(3.2)	(19.6)	612.5%
EBITDA[1]	46.9	55.4	(8.5)	(15.3%)
Depreciation and amortisation	(21.9)	(18.2)	(3.7)	20.3%
Operating profit	25.1	37.2	(12.1)	(32.5%)

The Group's total revenues increased by 31.4% year-on-year to €1 646.1m driven by growing scale of our payment solutions complemented by higher energy prices (a corresponding growth was reported for costs of energy sold).

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 17.1% and overall Net energy and services sales were up by 19.1%.

Payment solutions Net energy and services sales grew by 20.2% year-on-year, driven by strong new customer and truck acquisitions complemented by Net revenue retention.

The Group saw growth in new customer acquisition across all geographic clusters, as the strength of the Group's payments network and effectiveness of the go-to-market strategy enabled us to increase market penetration. The Group also expanded into new sales channels including digital and enabled fully online customers onboarding.

Mobility solutions Net energy and services sales grew by 15.9% year-on-year, driven by effective cross sell supported by inorganic growth of telematics Net energy and services sales.

On 1 January 2021, the Group acquired 51% of the share capital in KomTeS, a value-added reseller of the Group's telematics solutions. The transaction will ensure the highest level of support, service, and value to the Group and KomTeS customers in the Czech Republic and Slovakia.

Corporate expenses

	2021 (€m)	2020 (€m)	YoY (€m)	YoY %
Expenses included in Contribution	(24.6)	(23.8)	(0.8)	3.4%
Corporate overhead and indirect costs before adjusting items	(58.8)	(46.2)	(12.6)	27.3%
Adjusting items affecting Adjusted EBITDA	(22.8)	(3.2)	(19.6)	612.5%
Depreciation and amortisation	(21.9)	(18.2)	(3.7)	20.3%
Total	(128.1)	(91.4)	(36.7)	40.2%

The above table is relevant for segmental review while below table summarises corporate expenses based on statutory financials categories:

	2021 (€m)	2020 (€m)	YoY (€m)	YoY %
Employee expenses	(55.7)	(41.4)	(14.3)	34.5%
Impairment losses of financial assets	(3.1)	(4.1)	1.0	(24.4%)
Technology expenses	(6.8)	(4.0)	(2.8)	70.0%
Other operating income	0.7	0.9	(0.2)	(22.2%)
Other operating expenses	(41.3)	(24.6)	(16.7)	67.9%
Depreciation and amortisation	(21.9)	(18.2)	(3.7)	20.3%
Total	(128.1)	(91.4)	(36.7)	40.2%

Employee expenses increased by 34.5% to €55.7m as the Group focused on priority hires, talent retention, strengthening the structure and remuneration schemes appropriate for a listed company. Adjusting items included in employee expenses amounted to €8.6m in 2021.

Impairment losses of financial assets decreased by 24.4% to €3.1m thanks to a focus on credit risk management and cash collection.

Technology expenses increased by 70.0% to €6.8m as a consequence of the Group's focus on cloud transition and expenses related to the new generation ERP system. Adjusting items included in technology expenses amounted to €0.6m in 2021.

Other operating expenses increased by 67.9% to €41.3m mainly due to non-recurring IPO costs.

Depreciation and amortisation increased by 20.3% to €21.9m primarily as a result of increased transformational technology being put into production. Adjusting items included in depreciation and amortisation amounted to €7.1m in 2021.

Net finance expense

Net finance expense in 2021 was €6.7m (2020: €8.3m). The decrease in 2021 reflects the lower interest charge on Senior Facilities Agreement (weighted average interest rate in 2021 2.4% compared to 3.3% in 2020) and improved result on revaluation of derivatives partially offset by higher factoring fees related to higher average factoring limits utilization throughout the year.

Taxation

The Group tax charge of €8.0m (2020: €5.9m) represents an effective tax rate of 45.4% in 2021 (2020: 20.4%). Corporate income tax for companies in the Czech Republic and United Kingdom for the years 2020 and 2021 was 19%, corporate income tax in Spain for the years 2020 and 2021 was 24%. They represent the major tax regimes in which the Group operates.

The Group's effective tax rate is 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[1] before tax for the year increased to 24.8% (2020: 20.2%) largely due to the fact that 2020 effective tax rate was influenced by newly recognized deferred tax assets in the year.
- The effective tax rate for Adjusting items was 12.7% (2020: 20.4%) and was driven mainly by non-deductible IPO-related expenses and share-based payments.

We adopt a prudent approach to our tax affairs, aligned to 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 except for France.

EPS

Basic EPS for 2021 was 1.54 cents per share (a decrease of 59.0% relative to 2020) due to a significant amount of Adjusting items including non-recurring IPO-related expenses and pre-IPO share-based compensations.

Adjusted basic EPS[1] for 2021 was 5.77 cents per share (an increase of 19.5% relative to 2020) based on the weighted average number of ordinary shares in issue during the year of 595,582,785. After accounting for the impact of PSP, adjusted diluted earnings per share was 5.76 cents per share. Adjusting items are as described above.

Investments in associates

In 2021, the Group acquired 28% interest in Threeforce BV (Last Mile Solutions) and 20% interest in UAB „Tankita“ (Drivitty).

Last Mile Solutions is a fast growing eMobility platform in Europe and the investment supports the Group's position in the eMobility market and confirms our focus on sustainable transportation solutions. Key financials for 2021 were as follows:

Threeforce B.V.	2021 (€m)

(Last Mile Solutions)	
Net assets	11.3
Revenue	29.6
Total comprehensive income	(2.2)
Impact on Group profit for the year	(0.6)

Drivitty is 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 experience to its customers. Drivitty financials are currently immaterial to the Group.

Balance sheet

Net assets of the Group increased by 344.2% to €284.7m mainly reflecting the IPO proceeds of €196.1m, retained earnings increase of €12.3m, other comprehensive income increase of €5.1m and exercised share options impact of €3.8m.

Intangible assets of the Group excluding goodwill increased by €20.7m to €88.3m in 2021 predominantly due to investments into the strategic IT transformation.

Goodwill comprises mainly CGU[1] Energy of €40.2m, CGU Navigation of €34.6m and CGU Telematics of €26.0m. Goodwill is tested for impairment on an annual basis, no impairment loss was identified in 2021.

Trade and other receivables increased by €64.2m to €300.6m mainly due to changes to phasing of tax refund receivables collection (year-on-year impact of €29.9m), higher volume of transactions and increased energy prices in 2021.

Trade and other payables increased by €8.6m to €314.5m mainly due to higher volume of transactions and increased energy prices in 2021.

Cash performance

	2021 (€m)	2020 (€m)	YoY (€m)	YoY %
Net cash (used in)/generated from operating activities	(9.6)	86.7	(96.3)	(111.1%)
Net cash used in investing activities	(43.1)	(23.2)	(19.9)	85.8%
Net cash generated from financing activities	187.8	5.4	182.4	3377.8%
Net increase in cash and cash equivalents	**135.1**	**68.9**	**66.2**	**96.1%**
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.2)	0.3	(150.0%)
Cash and cash equivalents at beginning of period	89.0	20.3	68.7	338.4%
Cash and cash equivalents at end of period (presented in statement of cash flows)	**224.2**	**89.0**	**135.2**	**151.9%**
Bank overdrafts	-	29.1	(29.1)	(100.0%)
Cash and cash equivalents at end of period (presented in statement of financial position)	**224.2**	**118.1**	**106.1**	**89.8%**
Interest-bearing loans and borrowings	(162.5)	(171.2)	8.7	(5.1%)
Net cash/(debt)	**61.7**	**(53.1)**	**114.8**	**(216.2%)**

At 31 December 2021, the Group had net cash of €61.7m compared to net debt of €53.1m as of 31 December 2020.

The increase in the level of cash is due to the proceeds from new shares issued and strong underlying cash generation offset by IPO related expenses, acquisition of subsidiaries and associates and transformational capital expenditure.

Net cash flows from operating activities decreased from €86.7m in 2020 to €(9.6)m primarily due to adverse working capital movements related to phasing of tax refund receivables collection €(29.9)m and overall higher volume of transactions and increased fuel prices affecting 2021 receivables, there was further impact of €15.4m related to Adjusting items in 2021.

Interest paid decreased to €4.5m reflecting lower cost of debt.

Tax paid increased by €2.9m due to higher tax advances paid.

Net cash used in investing activities increased by €19.9m in 2021 to €43.1m largely due to the outflows in connection with capital expenditure related to investment in the development of technology (increase of €6.3m) and outflows related to investments in subsidiaries and associates (increase of €11.9m).

Net cash from financing activities amounted to an inflow of €187.8m in 2021 (2020: €5.4m), largely driven by the proceeds from new shares issued and the net movement in borrowings offset by an outflow related to the acquisition of the remaining minority interest of ADS (€27.0m).

The cash impact of Adjusting items was €7.6m for IPO-related expenses, €0.8m for M&A-related expenses and €2.7m for strategic transformation expenses.

Capital expenditure

Capital expenditure in the year amounted to €33.8m compared with €22.0m for the year ended 31 December 2020. The marked increase reflects the transformational investment into our technology platform.

The Group's transformational investment programme totaling €23.3m (2020: €16.4m) continued to focus on expanding the customer and products capabilities for the Group, including the digital customer journey, new generation ERP, EETS Toll and OBU, Telematics and the integrated offering.

The Group's ordinary capital expenditure in 2021 was €10.4m (2020: €5.1m) representing reinvestment into the platform and assets base and amounted to 6.8% of Net energy and services sales compared to 4.0% in the previous year.

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.

	2021 (€m)	2020 (€m)	YoY (€m)	YoY %
Profit before tax	17.7	28.8	(11.1)	(38.5%)
Net finance expense and share of net loss of associates	7.3	8.4	(1.1)	(13.1%)
Depreciation and amortisation	21.9	18.2	3.7	20.3%
EBITDA	46.9	55.4	(8.5)	(15.3%)
M&A-related expenses	0.8	0.4	0.4	100.0%
Non-recurring IPO-related expenses	12.9	0.3	12.6	4200.0%
Strategic transformation expenses	2.7	1.2	1.5	125.0%
Share-based compensation	6.4	1.2	5.2	433.3%
Adjusting items	22.8	3.2	19.6	612.5%
Adjusted EBITDA	69.7	58.6	11.1	18.9%

	2021 (€m)	2020 (€m)	YoY (€m)	YoY %
Profit for the year	9.7	23.0	(13.3)	(57.8%)
Amortisation of acquired intangibles	5.4	5.5	(0.1)	(1.8%)

Amortisation due to transformational useful life changes	1.7	0.2	1.5	750.0%
Adjusting items affecting Adjusted EBITDA	22.8	3.2	19.6	612.5%
Tax effect	(3.8)	(1.8)	(2.0)	(111.1%)
Adjusted earnings (net profit)	35.8	30.1	5.7	18.9%

	2021	2020	YoY	YoY %
Adjusted net profit attributable to equity holders (€m)	34.4	27.3	7.1	26.0%
Basic weighted average number of shares	595,582,785	564,857,081	30,725,704	5.4%
Adjusted basic EPS (cents/share)	5.77	4.83	0.94	19.5%

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 had very limited impact on expenses in 2020 and will not have any impact on expenses in 2022.

M&A-related expenses are 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.

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 related to transformation of key IT systems. As previously announced, the strategic transformation is expected to complete in 2023.

In addition, adjustment has been made for the compensations provided to the Group's management before 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 will apply 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 non-cash element of annual remuneration package. This includes costs of €0.4m in 2021 relating to a grant in connection with the 2024 PSP.

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

Amortisation due to transformational useful life changes represents accelerated amortisation of assets being replaced by 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 advised, the Group will incur aggregated transformational capital expenditures of €50m 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 capex is firmly on track to complete in 2023, by which point we will have the most modern, complete and modular tech stack and product offering in the industry. We will continue to consider value-accretive M&A opportunities in our current and adjacent markets and in product and technology areas that will accelerate growth. We will only look to make acquisitions where the acquisition is complementary to our strategy and in line with our acquisition criteria. We will also maintain a 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 maintain a net debt to EBITDA leverage ratio of 1.5-2.5 times over the medium term.

The Group holds financial debt under the Senior Multicurrency Term and Revolving Facilities Agreement ("Syndicated Facilities Agreement"), which consists of the following tranches:

- Amortizing EUR term loan facility for a maximum amount of €47.5m
- Non-amortizing EUR term loan facility for a maximum amount of €47.5m
- Amortizing EUR term loan facility for a maximum amount of €95.0m (Acquisition/CAPEX)
- Multicurrency revolving credit facility for a maximum amount of €120.0m, split as
    - €45.0m Revolving Credit Facility
    - €15.0m Multicurrency Overdraft Facility
    - €60.0m Bank Guarantee Facilities

Subject to certain conditions, the Group can request to raise additional debt under the Syndicated Facilities Agreement up to an amount of €100.0m, of which up to €50.0m can be used to finance certain acquisitions which are specifically permitted under the Syndicated Facilities Agreement and the remaining €50.0m can be used to finance or refinance working capital of companies, businesses or undertakings acquired as a result of such permitted acquisition or utilized by way of a guarantee, documentary or stand-by letter of credit. As of 31 December 2021, €29m has been drawn to establish limits for Bank Guarantees, with the remainder of €21m to be drawn in Q1 2022 for the same purpose. The Incremental Facility is not committed.

The Syndicated Facilities Agreement contains financial covenants at the level of W.A.G. payment solutions, a.s. some of which were amended at IPO:

- Interest Cover (the ratio of Adjusted EBITDA to finance charges), which replaced the previous cashflow cover (the ratio of cashflow to debt service), is not less than 5.00:1 for each twelve-month period ending on the last day of each financial quarter. As at 31 December 2021, Interest Cover was at 11.81.
- Net Leverage (measured quarterly on the basis of Total Net Debt on the measurement date and rolling twelve months Adjusted EBITDA) does not exceed 3.75:1 for each twelve-month period ending on the last day of each financial quarter in 2021. As at 31 December 2021, Net Leverage was at 2.12.
- Adjusted Net Leverage (measured quarterly on the basis of Adjusted Total Net Debt on the measurement date and rolling twelve months Adjusted EBITDA) does not exceed 6.50:1 for each twelve-month period ending on the last day of each financial quarter. As at 31 December 2021, Adjusted Net Leverage was at 3.49.
- Borrowing Base (the ratio of the sum of outstanding amount of revolving facility less cash and cash equivalents, to trade receivables) which was amended to exclude the outstanding bank guarantees and must not exceed 1:1 in relation to any three-month period ending on the last day of each financial quarter. As at 31 December 2021, Borrowing Base was at 0.46.

During 2021 the Group repaid €18.4m of the Syndicated Facilities Agreement borrowings and drew down €39.5m to finance acquisitions and capital expenditures resulting in a notional debt of €165m outstanding under the SFA as of 31 December 2021.

The Group concentrates cash on bank accounts held with financial institutions that participate in the Syndicated Facilities Agreement. Balances may be held on bank accounts with other financial institutions to fund outgoing payments especially in countries outside of the Economic and Monetary Union.

Sustainability

In 2021, Eurowag introduced its ESG strategy to support the Group's purpose to create sustainable financial and technological solutions for the benefit of the Commercial Road Transportation Industry, society and the environment.

While ESG principles have always been at the core of Eurowag purpose, we have formalized our approach to help our customers prosper, make road transport cleaner, more efficient and safer, and help our employees and communities thrive in a healthy environment.

Highlights of progress in 2021

- Formalised a new sustainability strategy including commitments that focus on helping our customers compete and grow in a low-carbon, digital future.
- Established a sustainability function and strengthened sustainability governance, including the appointment of Susan Hooper as the Board-level champion.
- Set new targets including:
    - A carbon reduction target to reduce emissions from our own operations (Scope 1 and Scope 2) by 50% by 2030 on a 2019 baseline; with a scope 3 target under development
    - A Diversity, Equity, and Inclusion target to have 40% female representation in managerial roles by 2025 on a 2021 baseline.
    - Achievement of a top 25% of employee engagement score as compared to EU Tech companies benchmark by 2025.
- Expanded the scope of reporting in line with TCFD requirements.

We continue to embed sustainability into our core business as well as enhance and create a successful, resilient, sustainable future for the CRT industry, our customers, as well as our colleagues, communities and company.

Financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(EUR '000)

		For the year ended 31 December	
	Notes	**2021**	**2020**
Revenue from contracts with customers	**3**	**1,646,102**	**1,252,954**
Costs of energy sold		(1,492,970)	(1,124,348)
Net energy and services sales	**4**	**153,132**	**128,606**
Other operating income		655	942
Employee expenses		(55,665)	(41,407)
Impairment losses of financial assets		(3,116)	(4,061)
Technology expenses		(6,797)	(4,049)
Other operating expenses		(41,282)	(24,600)
Operating profit before depreciation and amortisation (EBITDA)		**46,927**	**55,431**
Analysed as:			
Adjusting items	4	22,793	3,168
Adjusted EBITDA	4	69,720	58,599
Depreciation and amortisation	4	(21,867)	(18,246)
Operating profit		**25,060**	**37,185**
Finance income		2,234	141
Finance costs	5	(8,943)	(8,488)
Share of net loss of associates		(682)	–
Profit before tax		**17,669**	**28,838**
Income tax expense	6	(8,019)	(5,886)
PROFIT FOR THE YEAR		**9,650**	**22,952**

OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Change in fair value of cash flow hedge recognised in equity		3,683	(4,002)
Exchange differences on translation of foreign operations		1,458	(835)
Deferred tax related to other comprehensive income		–	46
TOTAL OTHER COMPREHENSIVE INCOME		**5,141**	**(4,791)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**14,791**	**18,161**
Total profit for the financial year attributable to equity holders of the Company		9,148	21,239
Total profit for the financial year attributable to non-controlling interests		502	1,713
Total comprehensive income for the financial year attributable to equity holders of the Company		14,259	16,468
Total comprehensive income for the financial year attributable to non-controlling interests		532	1,693
Earnings per share (in cents per share):	10		
Basic earnings per share		1.54	3.76
Diluted earnings per share		1.53	3.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(EUR '000)

	Notes	As at 31 December 2021	2020
ASSETS			
Non-current assets			
Intangible assets	7	193,453	171,364
Property, plant and equipment	8	34,763	32,975
Right-of-use assets	9	8,112	8,644
Investments in associates		12,934	–
Financial assets		37	258
Deferred tax assets	6	7,642	7,057
Derivative assets		252	–
Other non-current assets		3,554	4,395
Total non-current assets		**260,747**	**224,693**
Current assets			
Inventories		9,557	5,289
Trade and other receivables		300,601	236,432
Income tax receivables		5,095	1,212
Derivative assets		2,694	526
Cash and cash equivalents		224,164	118,105
Total current assets		**542,111**	**361,564**
TOTAL ASSETS		**802,858**	**586,257**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		38,113	4,158
Share premium		194,763	2,927
Merger reserve		(25,963)	–
Other reserves		1,465	(3,263)
Business combinations equity adjustment		(17,046)	(46,009)
Retained earnings		84,526	72,177
Equity attributable to equity holders of the Company		**275,858**	**29,990**
Non-controlling interests		8,889	34,115
Total equity		**284,747**	**64,105**
Non-current liabilities			
Interest-bearing loans and borrowings	11	143,579	128,965
Lease liabilities	9	5,973	7,155
Deferred tax liabilities	6	5,495	3,858
Derivative liabilities		657	2,691
Other non-current liabilities		20,281	22,273
Total non-current liabilities		**175,985**	**164,942**
Current liabilities			
Trade and other payables		314,522	305,957
Interest-bearing loans and borrowings	11	18,894	42,274
Lease liabilities	9	2,601	2,208
Provisions		1,545	1,380
Income tax liabilities		4,208	4,332
Derivative liabilities		356	1,059
Total current liabilities		**342,126**	**357,210**
TOTAL EQUITY AND LIABILITIES		**802,858**	**586,257**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(EUR '000)

	Notes	Share capital	Share premium	Other reserves	Merger reserve	Business combinations equity adjustment	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
At 31 December 2019		**4,158**	**2,927**	**1,499**	**–**	**(41,745)**	**50,258**	**17,097**	**32,487**	**49,584**
Profit for the year		–	–	–	–	–	21,239	**21,239**	1,713	**22,952**
Other comprehensive income		–	–	(4,771)	–	–	–	**(4,771)**	(20)	**(4,791)**
Total comprehensive income		**–**	**–**	**(4,771)**	**–**	**–**	**21,239**	**16,468**	**1,693**	**18,161**
Dividends paid		–	–	–	–	–	–	**–**	(65)	**(65)**
Share-based payments		–	–	–	–	–	689	**689**	–	**689**
Contribution to reserve fund		–	–	9	–	–	(9)	**–**	–	**–**
Put options held by non-controlling interests		–	–	–	–	(4,264)	–	**(4,264)**	–	**(4,264)**
At 31 December 2020		**4,158**	**2,927**	**(3,263)**	**–**	**(46,009)**	**72,177**	**29,990**	**34,115**	**64,105**
Profit for the year		–	–	–	–	–	9,148	**9,148**	502	**9,650**
Other comprehensive income		–	–	5,111	–	–	–	**5,111**	30	**5,141**
Total comprehensive income		**–**	**–**	**5,111**	**–**	**–**	**9,148**	**14,259**	**532**	**14,791**
Share options exercised		84	3,698	–	–	–	–	**3,782**	–	**3,782**
Transactions with own shares		–	–	–	–	–	(10)	**(10)**	–	**(10)**
Group reorganisation		2,582	(6,625)	–	4,043	–	–	–	–	–
Pre-IPO bonus (share-based payments)		7	–	–	–	–	–	**7**	–	**7**
Primary proceeds (net of expenses)		1,334	194,763	–	–	–	–	**196,097**	–	**196,097**
Cancellation of shares		(58)	–	–	–	–	58	–	–	–
Allotment of class B share		30,006	–	–	(30,006)	–	–	–	–	–
Dividends paid		–	–	–	–	–	–	–	(1,980)	**(1,980)**
Transfer of reserves		–	–	(383)	–	–	383	–	–	–
Share-based payments		–	–	–	–	–	3,736	**3,736**	–	**3,736**
Acquisition of subsidiaries		–	–	–	–	–	–	–	2,259	**2,259**
Acquisition of non-controlling interests		–	–	–	–	27,003	(966)	**26,037**	(26,037)	**–**
Put options held by non-controlling interests		–	–	–	–	1,960	–	**1,960**	–	**1,960**
At 31 December 2021		**38,113**	**194,763**	**1,465**	**(25,963)**	**(17,046)**	**84,526**	**275,858**	**8,889**	**284,747**

CONSOLIDATED STATEMENT OF CASH FLOWS
(EUR '000)

	Notes	For the year ended 31 December 2021	For the year ended 31 December 2020
Cash flows from operating activities			
Profit before tax for the period		17,669	28,838
Non-cash adjustments:			
Depreciation and amortisation	4	21,867	18,246
Gain on disposal of non-current assets		(29)	(48)
Interest income		(44)	(50)
Interest expense		4,913	5,469
Movements in provisions		153	1,883
Impairment losses of financial assets		3,116	4,061
Movements in allowances for inventories		(64)	89
Foreign currency exchange rate differences		(784)	1,372
Fair value revaluation of derivatives		(1,472)	(1,057)
Share-based payments		3,736	689
Other non-cash items		792	(124)
Working capital adjustments:			
(Increase)/decrease in trade and other receivables and prepayments		(69,445)	(7,279)
(Increase)/decrease in inventories		(4,108)	1,855
Increase in trade and other payables		28,774	45,024
Interest received		44	50
Interest paid		(4,498)	(5,086)
Income tax paid		(10,193)	(7,273)
Net cash flows (used in)/generated from operating activities		**(9,573)**	**86,659**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		225	89
Purchase of property, plant and equipment		(5,221)	(3,221)
Purchase of intangible assets		(26,230)	(19,954)
Purchase of financial instruments		–	(127)
Payments for acquisition of subsidiaries, net of cash acquired		(1,166)	–
Investment in associates		(10,685)	–
Net cash used in investing activities		**(43,077)**	**(23,213)**
Cash flows from financing activities			
Payment of principal elements of lease liabilities		(2,382)	(2,145)
Proceeds from borrowings		39,519	12,147
Repayment of borrowings		(18,773)	(4,494)
Acquisition of non-controlling interests		(27,003)	–
Dividend payments		(3,480)	(65)
Proceeds from issued share capital (net of expenses)		199,879	–
Proceeds from sale of own shares		20	–
Net cash generated from financing activities		**187,780**	**5,443**
Net increase in cash and cash equivalents		135,130	68,889
Effect of exchange rate changes on cash and cash equivalents		63	(217)
Cash and cash equivalents at beginning of period		88,961	20,289
Cash and cash equivalents at end of period		**224,154**	**88,961**

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 are 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 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 petrol stations 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.

Prior to the Initial Public Offering ("IPO"), W.A.G. payments solutions, 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 (and comparative information for the year ended 31 December 2020) is presented as a continuation of W.A.G. payments solutions, a.s.

2. BASIS OF PREPARATION

The annual report and financial statements for the period ended 31 December 2021 were approved by the Board of Directors on 24 March 2022 along with this preliminary announcement, but have not yet been delivered to the Registrar of Companies.

The financial information contained in this preliminary announcement does not constitute the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The auditor's report on the statutory accounts for the period ended 31 December 2021 was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

The consolidated financial statements of the Group have been prepared in accordance with UK adopted international accounting standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

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 (and comparative information for the year ended 31 December 2020) is 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 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 of Directors have considered the financial prospects of the Company and the Group for the foreseeable future, which is at least the next 12 months and made an assessment of the Company’s and the Group’s ability to continue as a going concern. The Directors’ assessment included consideration of the availability of the Company’s and the 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 of Directors are satisfied that the Company and the Group has the resources to continue business for the foreseeable future, in particular given the level of cash balances available following the IPO, and furthermore are not aware of any material uncertainties that may cast significant doubt upon the Company’s and the Group’s ability to continue as a going concern and the Board of Directors 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.

3. 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 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 the core of the 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 subsequently sold to customers using Payment solutions products. The segment includes Tax refund, Telematics, Navigation, and other service offerings.

Net energy and services sales, contribution, EBITDA, and Adjusted EBITDA are non-GAAP measures, see Note 4.

The CODM does not review assets and liabilities at segment level.

Year ended 31 December 2021 EUR ’000	**Payment solutions**	**Mobility solutions**	**Total**
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)
Profit before tax			**17,669**

Year ended 31 December 2020 EUR ’000	**Payment solutions**	**Mobility solutions**	**Total**

Segment revenue	1,218,438	34,516	1,252,954
Net energy and services sales	94,090	34,516	128,606
Contribution	79,726	25,040	104,766
Contribution margin	85%	73%	81%
Corporate overhead and indirect costs before adjusting items			(46,167)
Adjusting items affecting Adjusted EBITDA			(3,168)
Depreciation and amortisation			(18,246)
Net finance costs and share of net loss of associates			(8,347)
Profit before tax			**28,838**

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	
	2021	**2020**
Czech Republic ("CZ")	316,707	253,724
Poland ("PL")	290,499	231,133
Central Cluster (excluding CZ and PL)	189,439	142,540
Portugal ("PT")	334,069	267,637
Western Cluster (excluding PT)	36,381	39,340
Romania ("RO")	192,742	109,854
Southern Cluster (excluding RO)	278,125	201,494
Not specified	8,140	7,232
Total	**1,646,102**	**1,252,954**

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	
	2021	**2020**
Czech Republic	26,347	24,863
Poland	27,037	24,130
Central Cluster (excluding CZ and PL)	20,566	14,932
Portugal	21,058	19,639
Western Cluster (excluding PT)	5,590	6,251
Romania	19,676	12,102
Southern Cluster (excluding RO)	26,495	20,769

EUR '000	For the year ended 31 December	
	2021	2020
Not specified	6,363	5,920
Total	**153,132**	**128,606**

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 and other non-current assets.

EUR '000	For the year ended 31 December	
	2021	2020
Czech Republic	126,427	88,143
Spain	63,238	65,589
Slovakia	53,882	55,200
United Kingdom	541	-
Other	8,729	8,446
Total	**252,817**	**217,378**

Timing of revenue recognition was as follows:

EUR '000	For the year ended 31 December	
	2021	2020
Payment solutions		
Goods and services transferred at a point in time	1,585,701	1,198,768
Services transferred over time	20,350	19,670
	1,606,051	**1,218,438**
Mobility solutions		
Goods and services transferred at a point in time	12,753	10,392
Services transferred over time	27,298	24,124
	40,051	**34,516**
Total segment revenue	**1,646,102**	**1,252,954**

4. 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, EBITDA, Adjusted EBITDA, Adjusted earnings, Adjusted earnings per share and Adjusted effective tax rate.

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.

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 allocation 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 3).

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) and the extent to which intangible assets are identifiable (affecting relative amortisation expense).

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 very limited impact on expenses in 2020 and will not have any 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), as well as costs related to transformation of key IT systems	Broadening the skill base 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 expected to end in 2022. Transformation of key IT systems 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, which is expected to end in 2023 and due to the fact that annual investments compared to Group's Net sales are significantly higher than regular investments of a technology company.
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 21.9 million, from which EUR 1.3 million is a one-off and EUR 20.6 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. Anticipated expense adjustment amounts to EUR 6.9 million in 2022, EUR 6.1 million in 2023 and EUR 2.6 million in 2024. Share awards provided post-IPO (Performance share plan) 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**	
	2021	**2020**
Intangible assets amortisation (Note 7)	15,303	12,005
Tangible assets depreciation (Note 8)	4,129	4,134
Right of use depreciation (Note 9)	2,435	2,107
Depreciation and amortisation	21,867	18,246
Net finance costs and share of net loss of associates	7,391	8,347
Profit before tax	17,669	28,838
EBITDA	**46,927**	**55,431**
M&A-related expenses (Note 4)	789	376

Non-recurring IPO-related expenses	12,943	330
Strategic transformation expenses	2,688	1,238
Share-based compensation	6,373	1,224
Adjusting items	**22,793**	**3,168**
Adjusted EBITDA	**69,720**	**58,599**

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 and Sygic)	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. Total expected amortisation charge to be excluded in period 2020–2022 amounts to EUR 4.1 million, from which EUR 2.1 million is expected to be excluded in 2022. The amount represents assets replaced by strategic IT transformation at the end of 2021, however, decisions may be taken as the Group continues with its strategic IT transformation in 2022 and 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.
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**

	2021	2020
Profit for the year	**9,650**	**22,952**
Amortisation of acquired intangibles	5,419	5,577
Amortisation due to transformational useful life changes	1,717	261
Adjusting items affecting Adjusted EBITDA	22,793	3,168
Tax effect	(3,801)	(1,838)
Adjusted earnings (net profit)	**35,778**	**30,120**

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 10 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 6 for further information.

5. FINANCE COSTS

Finance costs for the respective periods were as follows:

EUR '000	**For the year ended 31 December**	
	2021	**2020**
Bank guarantees fee	616	518
Interest expense	5,188	6,217
Factoring fee	698	366
Loss from the revaluation of derivatives	–	878
Foreign exchange loss	2,380	289
Other	61	220
Total	**8,943**	**8,488**

Net loss from the revaluation of derivatives relates to contracts that did not qualify for hedge accounting.

In 2021, foreign exchange loss is mostly compensated by EUR 2,122 thousand gain from the revaluation of derivatives, which is presented under finance income.

6. INCOME TAX

Corporate income tax for companies in the Czech Republic and United Kingdom for the years 2020 and 2021 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%.

Structure of the income tax for the respective periods is as follows:

EUR '000	For the year ended 31 December	
	2021	2020
Current income tax charge	7,679	7,383
Adjustments in respect of current income tax of prior years	112	873
Deferred tax	228	(2,370)
Total	**8,019**	**5,886**

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	
	2021	2020
Accounting profit before tax	17,669	28,838
At UK's statutory income tax rate of 19%	3,357	5,479
Adjustments in respect of current income tax of prior years	112	873
Effect of certain income subject to a special tax rate	–	(1)
Effect of different tax rates in other countries of the Group	507	127
Change in unrecognised deferred tax assets	–	(503)
Non-deductible expenses (non-IPO)	1,398	1,153
Non-deductible expenses (IPO related)	1,368	–
Share-based payments	700	131
Net investment hedge	468	(263)
Tax credits	–	(432)
Effect of accumulated tax loss claimed in the current period	(36)	(133)
Effect of non-taxable income	–	(675)
Effect of unrecognised deferred tax assets relating to tax losses of current period	145	130
At the effective income tax rate of	45.38%	20.41%
Income tax expense reported in the statement of profit or loss	**8,019**	**5,886**

Adjusted effective tax rate is as follows:

EUR '000	For the year ended 31 December	
	2021	2020
Accounting profit before tax	17,669	28,838
Adjusting items affecting adjusted EBITDA	22,793	3,618
Amortisation of acquired intangibles	5,419	5,577
Amortisation due to transformational useful life changes	1,717	261
Adjusted profit before tax (A)	47,598	38,294
Accounting tax expense	8,019	5,886

EUR '000	For the year ended 31 December	
	2021	2020
Tax effect of above adjustments	3,801	1,838
Adjusted tax expense (B)	11,820	7,724
Adjusted earnings (A–B)	**35,778**	**30,570**
Adjusted effective tax rate (B/A)	**24.83%**	**20.17%**

Unused tax losses, for which no deferred tax asset has been recognised were as follows:

EUR '000	31 December 2021	31 December 2020
Unrecognised tax losses expiring by the end of:		
31 December 2021	–	113
31 December 2022	210	195
31 December 2023	279	283
31 December 2024 and after	813	852
No expiry date	942	239
Total unrecognised tax losses	**2,244**	**1,683**
Potential tax benefit	**426**	**320**

The unused tax losses were incurred by dormant subsidiaries that are not likely to generate taxable income in the foreseeable future.

Deferred tax balances and movements:

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
Net deferred tax asset/(liability)	**3,199**	**(946)**	**(228)**	**–**	**122**	**2,147**
Recognised deferred tax asset	**7,057**	**–**	**463**	**–**	**122**	**7,642**
Recognised deferred tax liability	**(3,858)**	**(946)**	**(691)**	**–**	**–**	**(5,495)**

EUR '000	1 January 2020	Business combinations	(Charged) credited to profit or loss	Charged to equity	Translation differences	31 December 2020
Difference between net book value of fixed assets for accounting and tax purposes	(6,967)	–	464	–	4	(6,499)
Allowances to receivables	593	–	1,419	–	(18)	1,994
Provisions for liabilities and charges	–	–	1,298	–	(22)	1,276
Accruals tax deductible in different period	331	–	(322)	–	5	14
Tax losses	–	–	155	–	2	157
Tax benefit from pre-acquisition reserves	6,995	–	–	–	–	6,995
Other	(154)	–	(626)	46	(4)	(738)
Net deferred tax asset/(liability)	**798**	**–**	**2,388**	**46**	**(33)**	**3,199**
Recognised deferred tax asset	**5,636**	**–**	**1,408**	**46**	**(33)**	**7,057**
Recognised deferred tax liability	**(4,838)**	**–**	**980**	**–**	**–**	**(3,858)**

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 subsidiary of the Company W.A.G. payment solutions, a.s. and its subsidiaries have undistributed earnings of EUR 154,840 thousand (2020: EUR 138,635 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.

7. 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
1 January 2020	**104,654**	**23,657**	**22,437**	**5,460**	**20,488**	**155**	**10,765**	**933**	**188,549**
Additions	–	510	18,120	2	52	–	365	409	19,458
Transfer	–	–	–	–	119	(119)	–	–	–
Disposals	–	–	–	–	(8)	–	–	–	(8)
Translation differences	(866)	–	(704)	(2)	(39)	(5)	(342)	(4)	(1,962)
31 December 2020	**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
31 December 2021	**105,198**	**29,245**	**60,889**	**5,465**	**24,245**	**31**	**19,058**	**459**	**244,590**

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
1 January 2020	**–**	**(7,675)**	**(8,207)**	**(1,511)**	**(5,641)**	**(41)**	**–**	**(23,075)**
Amortisation	–	(1,236)	(5,791)	(1,221)	(3,757)	–	–	(12,005)
Transfer	–	–	–	–	(14)	14	–	–
Disposals	–	–	–	–	6	–	–	6
Translation differences	–	74	258	3	63	3	–	401
31 December 2020	**–**	**(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)
31 December 2021	**–**	**(11,687)**	**(23,967)**	**(2,737)**	**(12,720)**	**(26)**	**–**	**(51,137)**

Net book value:

EUR '000	Goodwill	Client relationships	Internal software development	Patents and rights	External software	Other intangible assets	Assets in progress	Total
Net book value at 31 December 2020	103,788	15,330	26,113	2,731	11,269	7	12,126	171,364
Net book value at 31 December 2021	**105,198**	**17,558**	**36,922**	**2,728**	**11,525**	**5**	**19,517**	**193,453**

Internal assets in progress consist of assets where the development phase has not yet been completed.

The Group capitalised employee expenses 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	
	2021	2020
Expensed research and development costs	5,024	5,003

Impairment testing

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 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. Climate change impact on recoverable amounts and useful life of non-financial assets is not considered to be significant in the next five years. The recoverable amount 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 for the different CGUs are disclosed and further explained below.

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 2021	31 December 2020
Energy	40,180	40,180
Navigation	34,579	34,527
Telematics	25,996	24,673
Tax refund	2,382	2,347
Toll	2,061	2,061
Total	**105,198**	**103,788**

The recoverable amount of CGUs has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management 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 and Telematics CGUs
- Revenue growth

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. Used discount rate 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 2021	31 December 2020
Energy CGU		
Pre-tax discount rate	10.0%	10.5%
Long-term growth rate	1.8%	1.8%
Navigation CGU		
Pre-tax discount rate	12.0%	12.0%
Long-term growth rate	2.0%	2.0%
Telematics CGU		
Pre-tax discount rate	11.0%	11.0%
Long-term growth rate	2.0%	2.0%

Tax refund and Toll CGUs were not significant.

The Group has considered the potential impact of climate change in impairment tests. 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.

Energy

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2021 by EUR 39,162 thousand.

Discount rate used in the value-in-use calculation would have to increase to 15.56% 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 34.74% 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.

Reasonably possible change in operating and capital expenses does not lead to any impairment.

Reasonably possible change in revenue decrease and expenses increase does not lead to any impairment.

Navigation

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2021 by EUR 44,375 thousand.

Discount rate used in the value-in-use calculation would have to increase to 19.88% for the recoverable amount to be equal to its carrying amount.

Revenue used in the value-in-use calculation would have to decrease by 23.43% for the recoverable amount to be equal to its carrying amount.

Reasonably possible change in long-term revenue growth rate of 2.00% does not lead to any impairment.

Reasonably possible change in operating and capital expenses does not lead to any impairment.

Reasonably possible change in revenue decrease and expenses increase does not lead to any impairment.

Telematics

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2021 by EUR 36,504 thousand.

Discount rate used in the value-in-use calculation would have to increase to 19.32% for the recoverable amount to be equal to its carrying amount.

Revenue used in the value-in-use calculation would have to decrease by 16.74% for the recoverable amount to be equal to its carrying amount.

Reasonably possible change in long-term revenue growth rate of 2.00% does not lead to any impairment.

Reasonably possible change in operating and capital expenses does not lead to any impairment.

Reasonably possible change in revenue decrease and expenses increase does not lead to any impairment.

8. 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
1 January 2020	**23,178**	**3,207**	**18,575**	**5,798**	**3,713**	**54,471**
Additions	–	–	493	9	2,049	2,551
Transfer	1,499	457	1,373	483	(3,812)	–
Disposals	–	–	(476)	(340)	(268)	(1,084)
Translation differences	(685)	(63)	(455)	(204)	(127)	(1,534)
31 December 2020	**23,992**	**3,601**	**19,510**	**5,746**	**1,555**	**54,404**
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
31 December 2021	**26,391**	**4,165**	**22,858**	**5,595**	**1,573**	**60,582**

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
1 January 2020	**(3,885)**	**(1,009)**	**(10,668)**	**(3,020)**	**–**	**(18,582)**
Depreciation charge	(514)	(435)	(2,247)	(938)	–	(4,134)
Disposals	–	–	433	350	–	783
Translation differences	117	27	267	93	–	504
31 December 2020	**(4,282)**	**(1,417)**	**(12,215)**	**(3,515)**	**–**	**(21,429)**
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)
31 December 2021	**(5,032)**	**(2,105)**	**(14,675)**	**(4,007)**	**–**	**(25,819)**

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 2020	19,710	2,184	7,295	2,231	1,555	32,975
Net book value at 31 December 2021	**21,359**	**2,060**	**8,183**	**1,588**	**1,573**	**34,763**

Land, buildings and machinery and equipment are subject to pledge in respect of bank loans:

EUR '000	**31 December 2021**	**31 December 2020**
Pledged property, plant and equipment	34,544	24,440

Increase in pledged assets is mainly driven by fully pledged shares of W.A.G payment solutions, a.s. after the Admission and Group reorganisation.

9. LEASES (GROUP AS A LEASEE)

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.

Right-of-use assets

EUR '000	31 December 2021	31 December 2020
Buildings	7,005	8,002
Lands	486	513
Vehicles and machinery	621	129
Total	**8,112**	**8,644**
Additions to the right-of-use assets	1,509	498

Depreciation charge of right-of-use assets

EUR '000	For the year ended 31 December	
	2021	2020
Buildings	(2,244)	(2,021)
Lands	(53)	(52)
Vehicles and machinery	(138)	(34)
Total	**(2,435)**	**(2,107)**

Lease liabilities

EUR '000	31 December 2021	31 December 2020
Long-term lease liabilities	5,973	7,155
Short-term lease liabilities	2,601	2,208
Total lease liabilities	**8,574**	**9,363**

EUR '000	31 December 2021	31 December 2020
Within one year	2,601	2,208
After one year but not more than five years	4,289	5,369
More than five years	1,684	1,786
Total lease liabilities	**8,574**	**9,363**

Discount rate used was in the range 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	
	2021	2020
Other operating expense		
Short-term lease expenses	547	981
Low-value lease expenses	53	27
Other lease expenses (additional costs)	38	34
Depreciation and impairment losses		
Depreciation of right-of-use assets	2,435	2,107
Net finance costs		
Interest expense on lease liabilities	229	229
Currency translation (gains)/losses on lease liabilities	(107)	5

10. EARNINGS PER SHARE

All ordinary shares have the same rights. Class B share was excluded from earnings per share ("EPS") calculation as it has 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 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	
	2021	2020
Net profit attributable to equity holders (EUR '000)	**9,148**	**21,239**
Basic weighted average number of shares	595,582,785	564,857,081
Effects of dilution from share options	1,483,248	4,852,427
Total number of shares used in computing dilutive earnings per share	597,066,033	569,709,508
Basic earnings per share (cents/share)	**1.54**	**3.76**
Diluted earnings per share (cents/share)	**1.53**	**3.73**

The weighted average number of shares for the year ended 31 December 2020 of 564,857,081 has been determined based on the number of shares of W.A.G. payment solutions, a.s. multiplied by the ratio at which these shares were exchanged for shares in the Company on 7 October 2021.

Adjusted earnings per share measures:

	For the year ended 31 December	
	2021	**2020**
Net profit attributable to equity holders (EUR '000)	**9,148**	**21,239**
Adjusting items affecting Adjusted EBITDA (Note 4)	22,793	3,168
Amortisation of acquired intangibles*	4,297	4,107
Amortisation due to transformational useful life changes	1,717	261
Tax impact of above adjustments*	(3,573)	(1,514)
Adjusted net profit attributable to equity holders (EUR '000)	**34,382**	**27,261**
Basic weighted average number of shares	595,582,785	564,857,081
Adjusted basic earnings per share (cents/share)	**5.77**	**4.83**
Diluted weighted average number of shares	597,066,033	569,709,508
Adjusted dilutive earnings per share (cents/share)	**5.76**	**4.79**

*non-controlling interests impact was excluded

Options

Options granted to employees under Share-based Option Plans 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.

11. INTEREST BEARING LOANS AND BORROWINGS

				31 December 2021			31 December 2020		
	Currency	**Maturity**	**Interest rate**	**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	47,500	38,815	38,815
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	47,500	46,843	46,843	47,500	46,702	46,702
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	95,000	84,510	84,510	95,000	55,967	55,967

Other loans	CZK	fixed rate	5,277	5,277	212	16,037	16,037	611
Revolving facilities and overdrafts				10	10		29,144	29,144
Total	**EUR**				**162,473**			**171,239**
Current	EUR				18,894			42,274
Non-current	EUR				143,579			128,965

**On 27 May 2019, the Group signed senior multicurrency term and revolving facilities agreements ("club financing facilities") with following banks:*

a. BNP Paribas S.A. acting through its branch BNP Paribas S.A., pobočka Česká republika,
b. Citibank Europe plc acting through its branch Citibank Europe plc, organizační složka,
c. Česká spořitelna, a.s.,
d. Československá obchodní banka, a. s.,
e. HSBC Bank plc acting through its branch HSBC Bank plc – pobočka Praha,
f. Komerční banka, a.s.,
g. Raiffeisenbank a.s.,
h. UniCredit Bank Czech Republic and Slovakia, a.s.

Under this club financing, up to EUR 60 million is available for the Group for revolving facilities and overdraft accounts, and up to EUR 92 million for bank guarantees.

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 5.

Interest bearing loans and borrowings are non-derivative financial liabilities carried at amortised cost.

As at 31 December 2021 and 31 December 2020, the following pledges have 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;
- pledge of bank accounts;
- pledge of real estate (Note 8);
- pledge of movable assets (Note 8); and
- pledge of trademarks.

Under the old terms of the club financing facilities (until 27 August 2021), the Group was required to comply with the following financial covenants:

- cashflow cover (the ratio of cashflow to debt service) shall not be less than 1.10;
- net leverage (the ratio of total net debt to Adjusted EBITDA) shall not exceed 4.25;
- 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 0.90; and
- adjusted net leverage (the ratio of the adjusted total net debt to Adjusted EBITDA) shall not exceed 6.50.

The Group complied with all financial covenants under the Senior Facilities Agreement as of 31 December 2021 and 31 December 2020, and forecasts compliance for the going concern period. The Group did not comply with the cashflow cover covenant as of 31 March 2020 and 30 June 2020 due to adverse changes in working capital related to lockdown restrictions during the COVID-19 pandemic. The Group received waivers from the banks on both covenant breaches and complied with all financial covenants as of 30 September 2020 and 31 December 2020. The Group replaced the cashflow cover covenant with a less sensitive interest cover covenant in an amendment to the Senior Facilities Agreement dated 27 August 2021.

After 27 August 2021, new financial covenant terms of the club financing facilities were as follows:

Covenant	**Calculation**	**Target**	**Actual 31 December 2021**
Interest cover	the ratio of adjusted EBITDA to interest payable	Min 5.00	11.81
Net leverage	the ratio of total net debt to adjusted EBITDA	Max 3.75*	2.12
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	Max 1.00	0.46
Adjusted net leverage	the ratio of the adjusted total net debt to adjusted EBITDA	Max 6.50	3.49

*the covenant shall not exceed 3.5 in 2022, 3.25 in 2023 and 3.00 from 2024 onwards

Principal risks

1 Product demand decline risk

Our operating results are materially affected by general conditions in the economy. The volume of customer payment transactions we process, and customer demand for the products and services we provide, correlates with general economic conditions. Economic downturns are generally characterised by reduced commercial activity and trade, resulting in reduced demand and use of our products and services by customers. Decline in general economic conditions thus could result in a decline in demand for fuel and toll payments, tax-refund services, telematics, or other adjacent services we provide. Decline in demand would adversely affect the Group’s business, financial condition, results of operation and prospects.

2 Growth strategy implementation risk

Our growth strategy is to build an integrated end-to-end digital platform around the needs of our customers in the CRT industry. Its implementation relies significantly on technology development and increased power to analyse and utilise data. Inability to successfully achieve the necessary technology developments, or not completing strategic acquisition targets (as a result of unavailability of targets or insufficient funding), would expose the Group to an inability to achieve its growth objectives. This would result in a decline in revenue and more difficult position to recover from.

3 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. 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.

4 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. Furthermore, the Group has also initialized an internalization of the authorization centre. The project is significantly dependent on the current external provider of the authorization centre and an inability to complete the internalization in an expected quality and time-frame, would expose Group to additional costs and potential business disruptions.

5 Technology security and resilience risk

The Group's business is reliant on technology and data confidentiality, integrity and availability. Compared to other businesses the Group is subject to the risk of external security and privacy breaches, such as cyberattacks. If the Group is not be able to adequately protect its information systems, including the data it collects on its customers, it could result to a liability and a damage to its reputation. Moreover, if the technology the Group uses in operating its business and interacting with its customers fails, does not operate to expectations or is not available, then its business and results of operations could be adversely impacted.

6 Personal dependency risk

The Group's success depends, in part, on its executive officers 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 addition, we depend on our founder and CEO. Inability to secure a ready successor could reduce our ability to achieve our strategic goals and an adverse reaction from stakeholders.

7 Climate change risk

Climate change and the 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. We currently derive a significant portion of our revenues from fees for fossil fuels 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, as well as the health, safety and wellbeing of our workforce and customers. In addition, we recognise we are responsible for reducing our own carbon footprint, as well as for contributing to solutions to help customers make the transition to a low-carbon future.

8 Physical security risk

The Group operates a number of truck parks and these are exposed to security threats. A security threat materialising as a result of insufficient protection would result in danger to the health of our employees and customers, and significant business disruptions.

9 Regulatory and licensing risk

The Group relies on numerous of 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 number of countries, Electronic money institution license required for the provision of financial services and insurance distribution licenses. As a consequence of holding the licenses and certifications, the Group is subject to strict regulatory requirements (Governance, Products, IT security, Operational) of regulatory bodies in respective jurisdictions. Non-compliance with these can result in fines, suspension of business or loss of licenses. Key regulatory requirements are operationalised by governance and compliance with UK plc 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 may adversely affect our products, services and markets.

10 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, for particularly customers in our payment solutions segment who we finance through post-payment of their energy consumption and toll balances and also for customers with invoices on 30- day payment terms. 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 following risks are emerging due to the war in Ukraine:

1 Product demand decline risk – the volume of customer payment transactions we process, and customer demand for the products and services we provide, correlates with general economic conditions, which may deteriorate due to the ongoing conflict.

5 Technology security and resilience risk – the Group is subject to the risk of external security and privacy breaches, such as cyberattacks. Increase of the risk is caused by an increased frequency and severity of cyber-attacks due to the ongoing conflict that is expected to impact countries where the Group operates.

8 Physical security risk – the Group’s truck parks, office buildings and employees are exposed to higher security threats, especially if the conflict escalates.

Explanation of Alternative Performance Measures

Category	**Name**	**Definition**
Financial	Adjusted EBITDA	Adjusted EBITDA represents profit before tax, finance income and costs, depreciation, amortisation, M&A-related expenses, non-recurring IPO-related expenses, strategic transformation expenses and pre-IPO share-based compensation.
Financial	Adjusted EBITDA margin	Adjusted EBITDA margin represents Adjusted EBITDA for the period divided by Net energy and services sales
Financial	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.
Financial	Adjusted earnings	Adjusted earnings represents profit for the year, before adjusting items affecting adjusted EBITDA, amortisation of acquired intangibles and amortisation due to transformational useful life changes and related tax effects
Financial	Adjusted basic earnings per share	Adjusted basic EPS is calculated by dividing the adjusted earnings by the weighted average number of ordinary shares during the period.
Financial	CGU	CGU (Cash generating unit) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Financial	Contribution	Contribution represents 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 allocation of shared costs that are managed at group level and hence shown separately under Indirect costs and Corporate overhead. Contribution is before Adjusting items.
Financial	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.
Financial	EBITDA	EBITDA is calculated as profit before tax, finance income and costs, depreciation and amortisation.
Financial	Net cash / Net debt	Net debt / Net cash is calculated as Cash and cash equivalents less Interest-bearing loans and borrowings.
Financial	Net energy and services sales	Net energy and services sales represents revenues from contracts with customers, less cost of energy resold to customers. 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 some discretion in establishing final energy price independent from the prices of its suppliers.
Financial	Organic Net energy and services sales growth	Growth in Net energy and services sales excluding the net sales of the Group’s acquisitions in the current period. In 2021, organic growth includes an adjustment related to KomTeS acquisition to enhance year-on-year comparability, Group net sales to KomTeS are included as if KomTeS was an external party in 2021 because there were external sales to them in prior period. Remaining net sales of KomTeS are excluded in the calculation.
Financial	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 the Group’s revenue potential. This also includes systems and processes improvements to improve services provided to customers.
Operational	Average active payment solutions customers	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.
Operational	Average active payment solutions trucks	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.
Operational	Payment solutions transactions	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 stand-alone 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).
Operational	Mobility solutions segment	Mobility solutions segment represents number of services, which are subsequently sold to customers using Payment solutions products. The segment includes Tax refund, Telematics, Navigation and other service offerings.
Operational	Payment solutions segment	Payment solutions segment represents core of Group's revenues, which are based on re-occurring and frequent transactional payments. The segment includes Energy and Toll payments, which are typical first choice of a new customer.
Operational	Net revenue retention	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.

Notes:

1) Please refer to section Explanation of Alternative Performance Measures for a definition.
2) Presented measure excludes telematics and includes post-paid as a separate service
3) Calculated as impairment losses of financial assets to total revenue increased by toll payment solutions turnover