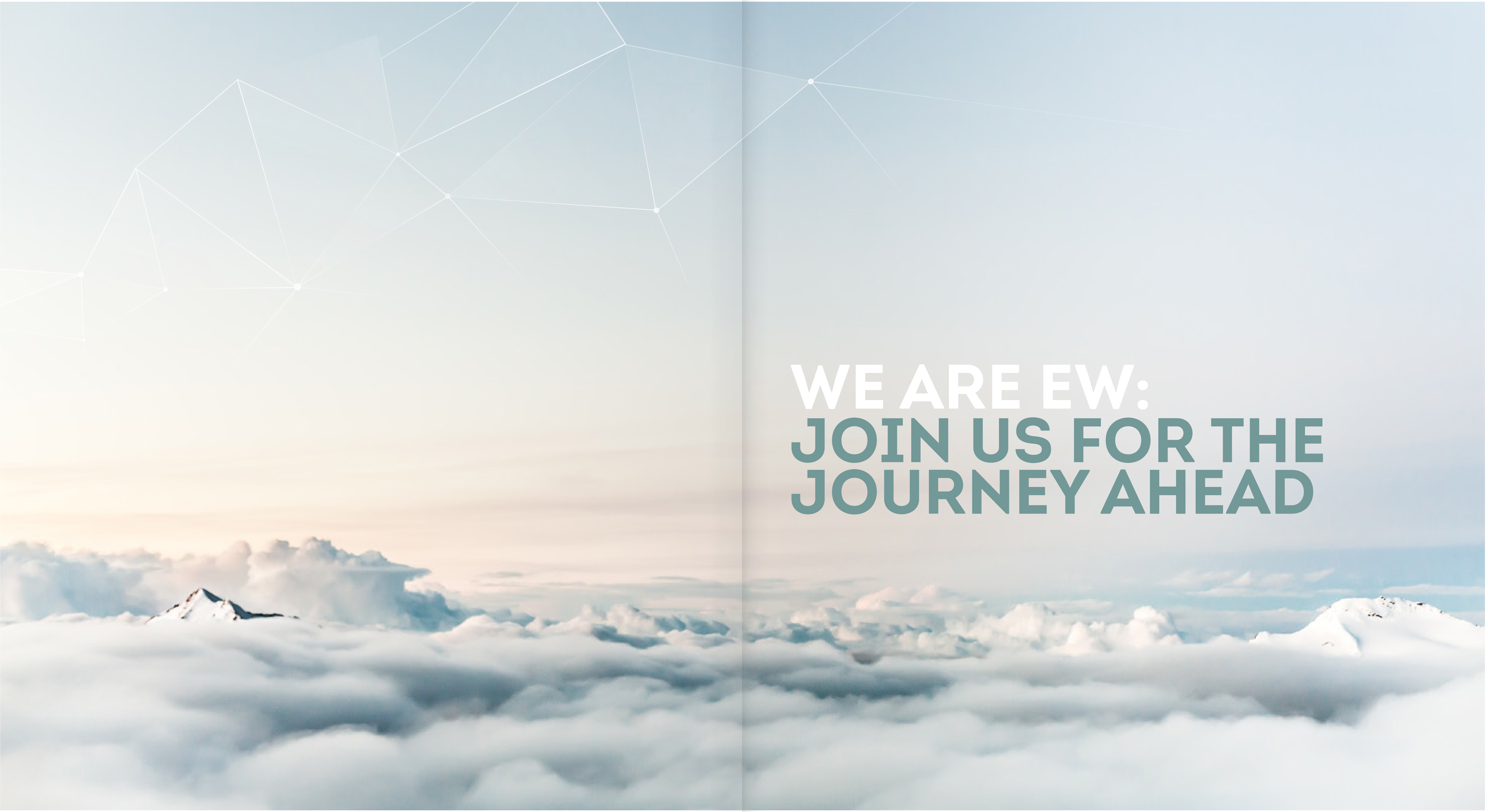
EUROWAG

ANNUAL REPORT

2019

W.A.G. PAYMENT SOLUTIONS, A.S.

CONTENT



WE ARE EW: JOIN US FOR THE JOURNEY AHEAD

CORPORATE PROFILE

WHO ARE WE?

We are one of the leading and most ambitious mobility technology companies in the World. We deliver integrated products and services that reduce cost and increase efficiency to the entire on-road mobility industry.

WE MAKE THE WORLD MOVE

Today we support the navigation of more than 10 million vehicles globally and serve around 350,000 truck vehicles in Europe, Asia, and the Middle East. Our customer´s tolled kilometers makeup more than 26 times the distance from Earth to sun and our tax refund service places us among the top 3 in Europe.

As of 2019, our turnover exceeded €2 billion and the list of industry innovations and outstanding achievements is growing rapidly.

WHAT DO WE DO?

"We are building the industry's first digital marketplace - leading business platform connecting the on-road mobility industry into one ecosystem. Our customers will be able to choose various products and services, which the EW team turns into complete solutions."
– Martin Vohánka, CEO and FOUNDER

WHERE DO WE OPERATE?

EUROWAG operates in 27 principal markets. Many of our products operate on a global scale and continue to expand, reaching audiences across the globe. We began as a diesel fuel supplier for on-road transport and agriculture and grown to pioneering mobility service provider leveraging digital technologies and new clean powertrain energy sources to transform entire industry.

EW VISION

Our vision is to democratize the on-road mobility industry through a technological revolution.

EW PURPOSE

Our purpose is to create sustainable financial & technological solutions for the benefit of our industry, society and the environment.

ARE YOU READY TO REACH NEW HORIZONS WITH US?

Dear colleagues, Business partners
and Friends of EUROWAG.

Thank you for taking the time to read EUROWAG Group's Annual report summarizing key facts and achievements our teams have accomplished during 2019. Firstly, I am very proud to share with you how unique last year was for the Group. Across the Group we delivered outstanding financials alongside structural and product line initiatives. Together the achievements of 2019 successfully laid the foundations for robust and healthy growth in the future.

We have exceeded our organic EBITDA plans. We substantially extended our footprint in the Iberian Peninsula and gained high-end location-based service capabilities as ADS group and Sygic joined our family. We have restructured our Group towards greater empowerment and autonomy. We have been improving our product development capabilities and have been intensively working on our technological platform in order to ensure we are heading towards greater scalability, product portfolio versatility and efficiency. The Group has made and continues to make

substantial investments in our people. As a Company we are highly conscious that our real key assets are our people. We work hard to ensure we gain access to sufficiently large pool of talent, nourish that talent and continue to develop our people and their talents for their benefit and the benefit of all stakeholders.

However, all this would not happen if our people did not feel strong purpose behind all those efforts. It is creation of sustainable financial and technological solutions for the benefit of our industry, society and the environment.

Only weeks before issuing this report, we have found ourselves in the middle an unprecedented global pandemic. As much as this crisis demands strong business leadership, it is a human crisis that is touching every community across the globe. As such it requires a human response. At EW we remain humble and focused on the broader role of companies within human societies. We are pleased to report that as a robust organization we have been able to preserve jobs whilst protecting the health of our people. At the same time the strength of our business allows us to continue to pursue our vision of democratizing our mobility industry through technological revolution - which is given even great meaning at this time.

Finally, let me wish to all of us to make it through these difficult times safe while gaining better sense for what really matters and keeping empathy with people around despite wrestling with our own challenges.

MARTIN VOHÁNKA
CEO AND FOUNDER

KEY INDICATORS

Building a strong base, meeting our challenges head on & delivering more progress.

'000 EUR	2015	2016	2017	2018	2019
Turnover, including toll transactions	760 164	871 776	1 143 722	1 448 641	**2 054 078**
Tolls – gross amounts of tranactions	259 225	328 989	422 589	529 454	**692 709**
Revenues from sale of goods	491 173	530 948	700 596	893 255	**1 325 483**
Revenues from sale of services	9 766	11 840	20 537	25 932	**35 886**
Value added	24 857	30 765	43 385	54 810	**86 203**
Adjusted EBT	10 812	12 982	17 044	16 707	**21 729**
Adjusted EBITDA	14 947	16 211	22 655	26 346	**46 378**

Adjusted EBT and EBITDA are net of transactions that do not occur in the normal course of business.
All figures are net of Tank and Go – further T&G transactions (non-core activity).

An exchange rate of **27.283 CZK per EUR** was applied to the translation of figures for **2015**.
An exchange rate of **27.033 CZK per EUR** was applied to the translation of figures for **2016**.
An exchange rate of **26.330 CZK per EUR** was applied to the translation of figures for **2017**.

In 2018, the Group changed its presentation currency from CZK to EUR thus the 2018 figures were translated in accordance with IAS 21.

COMPANY BUSINESS ACTIVITIES 2019

2019 was a year of many bold achievements. Whilst being busy with building our mobility platform capabilities, we have delivered strong organic growth on established markets and opened successfully new ones through acquisitions. Resulting in outstanding Net Revenue Growth of 40% and very solid foundations for further acceleration going forward.

NEW MARKETS

In 2019, EUROWAG strongly consolidated on Iberia Peninsula via ADS group acquisition, a regional fuel card leader.

REBRANDING

We recently reformulated our Company vision towards FinTech, which resulted in a natural need to share our ambitions and new qualities with the outside world. It was also an opportunity to refurbish our fuel stations during rebranding them. The result is more visible and more environment-friendly stations.

ACQUISITIONS

Our ambition to evolve into a leading mobility service provider requires adoption of a number of specific capabilities and strong technological team behind. Therefore we have acquired a controlling stake in Sygic, leading global player in Location Based Services. We were looking for an avenue to accelerate our Iberia market entry and we succeded by joining ADS in EUROWAG Group.

HUMAN RESOURCES

We see a well-motivated, engaged, attentive and diverse workforce as a true indicator of a prospering and functional EUROWAG organization. EUROWAG is a balanced team of professionals in terms of expertise, gender, seniority, and personality. With over 30 nationalities, while maintaining English as a company language across all company levels, we truly are an internationally diverse company and relentless generator of innovative ideas and inspiration. Last year, we welcomed 160 new colleagues with extraordinary tech-focus to our organization in which we also managed to introduce a completely new leadership team.

QUALITY / RISK MANAGEMENT

ISO certification is not just another inevitable formality for W.A.G. Group. We see it as a natural tool for sustainable management of the Company. Prestigious audit team, Lloyd's Register Quality Assurance, was selected to regularly certify our organization under the 9001 norm.

Our list of certificates is getting longer as our fuel stations and truck wash received ISO 14001:2015. It obligates us to environment-friendly-behave in every aspect of our business.

Net revenues growth of 40%

Team of over 30 nationalities

2 abroad acquisition

COMPANY VALUES

EUROWAG is an organization where performance is driven by passion and purpose rather than controls.

Therefore, our values are our superpowers and guiding principles for everything we do.

Our values inspire us to achieve success and happiness in our work and private lives.

We have distilled our beliefs and values into 4 key principles:

DELIVER YOUR BEST

EMBRACE CHANGE

BE A TRUE COLLEAGUE

BE A GOOD PERSON

Our set of values is complemented by the **EUROWAG CULTURE MANIFEST** which is practical day to day guidance for our people how to benefit from strong EUROWAG culture while pursuing our vsion and fufilling our pourpose.

EW HISTORY

"Where do we come from?
What are we?
Where are we going?"
Originally questions from the artist Paul Gauguin. Like Gauguin, we believe it is necessary to know your history, because it influences your present and your future.

1995

W.A.G. IS ESTABLISHED

The company is founded in the Czech Republic, offering wholesale fuel to a niche market.

2000

PAYMENT SERVICES LAUNCHED

New payment methods were launched to make our customers' business life much easier.

2005

OWN RETAIL NETWORK

The first truck park opens its door in Modletice, Czech Republic.
It has 5 lanes, 24/7 shop as well as parking.

2006

TOLL SERVICES LAUNCHED

EUROWAG makes the first steps towards a full-service provider by introducing payments for tolls in the Czech Republic.

2007

GEOGRAPHICAL EXPANSION

We are moving beyond our home country and rapidly expanding our acceptance network.

2008

FIRST OFFICE ABROAD

Continuing the rapid expansion, the first office outside the home country is opened in Slovakia, shortly followed by Poland, Hungary, and Romania.

2013

NEW TRUCK PARKS ACROSS EUROPE

EUROWAG opens its first owned truck park outside the home country, in Slubice, Poland, shortly followed by Krzywa, Poland in the same year and Lebeny, Hungary and Malacky, Slovakia in the following year.

2014

TAX REFUND SERVICES

As a next step towards becoming an integrated mobility solutions provider. EUROWAG starts offering in-house VAT refund services through the acquisition of a tax refund broker, Česká logistická.

2016

FLEET MANAGEMENT

EUROWAG further expands its integrated mobility solutions portfolio with fleet management solutions through the acquisition of Princip and Hi Software, enabling us to offer the market-leading WEBDISPEČINK product.

2017

EETS

By obtaining a license to be a European Electronic Toll Service (EETS) provider, EUROWAG starts developing its own proprietary on-board unit, which will work across the whole of Europe.

2018

PAYMENT SOLUTION

EUROWAG is granted a Payment Institution License by the Czech National Bank. Meanwhile, we expand our fleet management services further by acquiring Aldobec technologies.

2019

Intensive M&A activities

Consolidation of Iberian Peninsula market by acquisition of well-established fuel card issuer ADS. Followed by acquisition of Sygic which extended group competencies for Location Based Service platform.

2020+

INTEGRATED DIGITAL PLATFORM

Creation of an integrated digital mobility services platform.

ACQUISITIONS

The power of acquisitions is finding people with the same goal – and more importantly a shared attitude & values.

ADS

ADS is the **top brand among providers of fuel** cards and related services on the Iberian Peninsula. With the proven track record of stable growth, **wide acceptance network** and large and highly loyal customer base, ADS represents **perfect fit to EW story.**

SYGIC

Sygic is a **prominent technology company** based in Slovakia developing professional GPS navigation applications bundled with **Fleet & Workforce Management systems.** With over **15 years of experience,** Sygic has made **best-selling GPS navigation app covering 110+ countries** around the world, with **200 M+ downloads** and **10 M+ active users.**

Sygic is the globally-known creator of perfect navigations for cars and trucks. Their truck navigation aims to meet all of the drivers´ needs. It can plan a truck or load-specific routs with special requirements like reaching the destination on the right side of the road, low-emission zones, real-time traffic information, and much more.

Truck Navigation

Using truck-specific routing that automatically avoids roads not suitable for trucks, buses or special cargoes.

Fleet Navigation

For enhanced efficiency of delivery, field work or any other commercial fleets.

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EW VISION 2020+

In the near future we see three megatrends shaping our industry:

1| **DIGITALIZATION**
bringing large efficiency gains and increased asset utilization across mobility industry

2| **NEW POWERTRAINS**
deployment in scale as response to climate change

3| **AUTONOMOUS**
vehicles phenomena reshaping fundamentally the way we move

EW MANAGEMENT

MARTIN VOHÁNKA

CEO (founder of W.A.G., lecture at University of Economics in Prague, co-founder of the Independent Journalism Foundation and CloserTogerther Foundation)

KRISTI ANSBERG

CHIEF PEOPLE OFFICER, MEMBER

ex-Head of Global HR at Playtech, ex-Senior HR Leader in international fintech and technology companies

MAGDALENA BARTOŚ

CHIEF FINANCIAL OFFICER, MEMBER

ex-Chief Financial Officer & Board Member and ex-Financial Director in consultancy, manufacturing and fuel & energy providing companies

KLAUS BURKART

CHIEF OPERATIONS OFFICER, MEMBER

worked for transport companies in European countries as well as China, ex-Viceprezident of DKV for Eurasia region

ATTILA DSUPIN

CHIEF COMMECIAL OFFICER, MEMBER

worked a total of 18 years in international company MOL, the past years as ex-CEO of MOL in the Czech Republic

MARTIN HANNSMANN

CHIEF QUALITY OFFICER, MEMBER

ex-teacher at the University of West Bohemia in Plzeň, ex-Quality Manager for Swedish PLM, later Rexam, and Pateiner

IVAN JAKÚBEK

CHIEF CORPORATE DEVELOPMENT OFFICER, MEMBER

worked for Enterprise Investors, contributed to building strategies for AVG Technologies, Kofola, and STD Donivo

RADEK MOC

CHIEF TECHNOLOGY OFFICER, MEMBER

worked for Deutsche Telecom Group, ex-Product Development Director and ex-IT director in T-Mobile ČR and Slovak

SUPERVISORY BOARD

KETIL THORSEN
the Chairman ex-CEO of Norwegian Bravia, and Swedish Grensemat, KBA and Preem companies

AJIT NEDUNGADI
worked f.e. for Trilogy Software, Investcorp International and Credit Suisse First Boston

JOSEPH MORGAN SEIGLER
worked for American investment bank Morgan Stanley as well as Raymond James

ALEXANDER TRAUTMANN
ex-CEO at DKV Euro Service, ex-MD and SVP in Volkswagen Financial Services

PASCAL GUYOT
ex-GM of "PAN Europe Card", worked for Amadeus, World´s No.1 supplier of technology for airlines

ROBIN CREWE
ex-CTO of Finastra, and Misys

DANIEL ALARCON-RUBIO
founder of Dalarub & Ettrich, ex-CTO at Here

To reach new horizons need strong leadership. Finding the right individual with the same chemistry, values, and goals is a jackpot, no doubt. A large pool of talents is the real key asset of the company.

WHO WE STAND FOR?

OUR EMPLOYEES | Because their dedication makes us successful.

OUR CUSTOMERS AND PARTNERS | Because we know that creating value for them is what will lead us to achieving our vision.

OUR INVESTORS | Because they believe in us.

PEOPLE – 10 QUALITIES WE NOURISH

We believe that the right job for the right Person always exists. We strive to give people the right opportunities and to create a space to grow together.

1 | GET THE JOB DONE

Our mindset is to look for solutions, not excuses.

2 | LEARN FAST, LEARN CHEAP

We accept not every project will be successful. If we fail, we fail fast and cheap.

3 | SUPERB CUSTOMER EXPERIENCE

We differentiate ourselves by focusing on the supreme customer experience and offer something different or special.

4 | DIGITAL FIRST

We are geeks excited about digital, integrated and simple to use technology.

5 | SOCIAL INTELLIGENCE

We encourage diversity and differences, but we do not tolerate deviations from our values.

6 | COURAGE

We believe the only constant is change. We are not afraid of new things and we don´t fear uncertainty.

7 | LEAVING COMFORT ZONE

The magic happens outside!

8 | HUMOR

A good vibe in the workplace is essential for delivering outstanding performance.

9 | TEAMWORK

We communicate openly to each other because only a well and crossfunctioning team can be successful.

10 | CURIOSITY

Curiosity is the vitamin of learning. We remain curious, keep learning and improving oourselves.

BENEFITS

Our benefit policies reflect the latest trends in rewarding exceptional teams. At the heart of our benefits policy is a focus on the entire employee experience and wellbeing.

- **MEAL VOUCHERS**
- **OWN RESTAURANT BY FRESHERIE** (healthy meals subsidised by the company)
- **DAILY SUPPLY OF FRUIT** in the workplace
- **EMPLOYEE FUEL CARD** with advantageous refuelling prices
- **Open spaces including relax zones** (with PS4, musical instruments etc.)
- **CONTRIBUTION TO PENSION/LIFE INSURANCE**
- **SICK DAYS**
- **5 WEEKS HOLIDAY**
- **HOME-OFFICE, FLEXIBLE HOURS**
- **MULTISPORT CARD** (financial support of employees in sport activities)
- **SABBATICAL LEAVES**
- **DOG FRIENDLY OFFICES** in the Czech Republic and Slovak Republic

- **REFERRAL BONUS** for bringing new colleagues
- **BEBETTER DAY AND PHILANTROPY & YOU BUDGET**
- **MOBILE PHONE + NOTEBOOK**
- **10 DIFFERENT LANGUAGE COURSES** with native speakers to choose from
- **FINANCIAL SUPPORT FOR EMPLOYEES ORGANIZED SPORTS CONTESTS** (in EUROWAG jerseys)
- **SUNDOWNER** (informal after-work company networking with food and beverages where people, who wouldn´t normally meet, can get to know each other)
- **EUROWAG ACTIVE DAY** dedicated to the families of our employees. During the day the family members take part in a game at our headquarters finding out what we exactly do
- **MANAGERIAL ACADEMY** (for middle and senior management)
- **OTHER COUNTRIES RELOCATION SUPPORT**
- **UNEXPECTED SMALL GIFTS** (like fresh juice on working desks during hot summer days)
- **OWN THEATRE ENSEMBLE AND MUSICAL BAND** (all talents can join)

CORPORATE SOCIAL RESPONSIBILITY

A truly successful enterprise is the one acknowledging its broader role in human society and its multi-stakeholder commitment to create sustainable value.

PHILANTHROPY & YOU

Is EUROWAG's own strategic charitable programme. Philanthropy & You harnesses our own well-defined key requirements: even split of proceeds across markets where EUROWAG operates its offices inclusion and empowerment of every single employee longstanding commitment to distribute 1% of group Earnings Before Tax annually finally to not compromise charity with corporate marketing intentions.

As a result, every year each employee gets an equal amount to distribute. Employees have to decide the recipient of the donation on the bases of their conviction about where the money will do the most good.

BE BETTTER DAY

To complement Philanthropy & You, we encourage our colleagues to volunteer for any non-profit organization for one day a year. Employees can work manually or using their field expertise so that both sides end-up enriched.

TRUCK-HELP FOUNDATION

We support on a long-term basis a foundation assisting families who have lost a father during his work as a professional driver.

CORPORATE ENVIROMENTAL RESPONSIBILITY

WE ONLY HAVE ONE PLANET, AND THERE IS NO PLAN "B".

EUROWAG group is committed to the clean mobility agenda, for the good of society and the generations to. We are re-designing the mobility industry by deploying the latest technologies and advanced solutions that consume fewer resources and create less emissions.

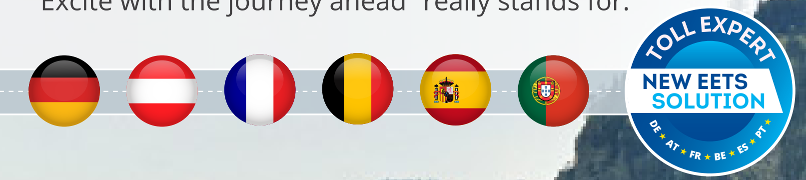
EUROWAG IS ENERGY SOURCE AGNOSTIC AND ACTIVE PROMOTER OF ANY NEW VIABLE ENERGY SOURCE.

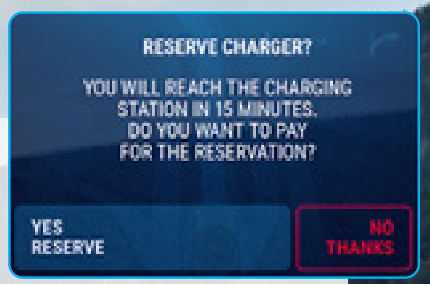
EW invests substantially in Alternative Fuels such as LNG, CNG, Hydrogen and synthetic Fuels as well as Products and Services to promote and enable Electromobility for our customers worldwide.

EUROWAG is ISO 14001: 2015 certified, which defines our minimum operating standards related to our premises, Truckparks and car washes.

EETS OBU

Our in house developed EETS (European Electronic Toll System) Box combines Europe wide payments for road toll, bridges and other services with advanced Fleet management functions. Such a solution contribute substantially to free flow of commercial vehicles on the European roads and dematerialize more than dozen of black boxes in the car into just one. "Excite with the journey ahead" really stands for.





EW PIONEERING WITHIN E-MOBILITY SPACE

Our e-Mobility team is about to launch worldwide first navigation App with integrated charging stations and payments.

EW ON ALTERNATIVE FUELS

EUROWAG was one of the first to introduce in the region diesel engine pollution reducing additive "AdBlue", as well as high grade biofuels of first generation. We relentlessly continue in this quest and in 2Q 2020 we are about to launch pan European network of LNG/CNG partner sites while extension of this product across EW trucksite will follow. As soon as other clean alternatives will be available. EUROWAG is ready and committed to embrace those among first.

W.A.G. PAYMENT SOLUTIONS, A.S.

Consolidated Financial Statements

for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR '000)
FOR THE YEAR ENDED 31 DECEMBER

	Notes	2019	2018
CONTINUING OPERATIONS			
Revenue	10	1,361,369	919,187
Other operating income	11	2,420	1,151
Costs of goods sold		(1,248,643)	(847,370)
Raw materials and energy consumed		(3,135)	(2,304)
Employee expenses	12	(36,963)	(24,683)
Depreciation and amortization	15	(18,708)	(7,767)
Impairment losses of financial assets		(6,798)	(4,042)
Other operating expenses	16	(26,123)	(18,785)
Operating profit		**23,419**	**15,387**
Finance income	17	4,035	2,468
Finance costs	18	(7,488)	(2,639)
Profit before tax from continuing operations		**19,966**	**15,216**
Income tax expense	19	(5 648)	(4,329)
PROFIT FOR THE YEAR		**14,318**	**10,887**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Change in fair value of cash flow hedge recognized in equity		545	(1,352)
Exchange differences on translation of foreign operations		(279)	(177)
Deffered tax related to other comprehensive income		(136)	267
COMPREHENSIVE INCOME FOR THE YEAR		**14,448**	**9,625**
Total profit for the financial year attributable to equity holders of the parent		12,655	10,887
Total profit for the financial year attributable to non-controlling interests		1,663	-
Total comprehensive income for the financial year attributable to equity holders of the parent		12,775	9,625
Total comprehensive income for the financial year attributable to non-controlling interests		1,673	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR '000)

	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Intangible assets	20	172,469	42,165
Property, plant and equipment	21	35,889	28,344
Right-of-use assets	22	10,591	9,417
Financial assets		125	1,243
Deferred tax assets	19	1,447	1,378
Derivative assets	9, 26	445	-
Other non-current assets	23	2,784	1,547
Total non-current assets		**223,750**	**84,094**
Current assets			
Inventories	24	7,373	4,229
Trade and other receivables	25	247,703	165,205
Income tax receivables		2,383	-
Derivative assets	9, 26	1,748	24
Cash and cash equivalents	27	59,783	40,805
Total current assets		**318,990**	**210,263**
TOTAL ASSETS		**542,740**	**294,357**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	28	4,158	4,132
Share premium	28	2,927	2,679
Foreign currency translation reserve	28	1,070	1,359
Reserve fund	28	428	428
Cash flow hedge reserve	28	1	(408)
Business combinations equity adjustment	28	(9,175)	-
Retained earnings	28	50,451	42,850
Equity attributable to equity holders of the parent		**49,860**	**51,040**
Non-controlling interests and other equity	28	-	-
Total equity		**49,860**	**51,040**
Non-current liabilities			
Interest-bearing loans and borrowings	29	130,838	23,057
Lease liabilities	22	9,114	8,338
Provisions	30	-	3
Deferred tax liabilities	19	7,644	350
Derivative liabilities	9,33	1,239	559
Other non-current liabilities	31	43,445	1,187
Total non-current liabilities		**192,280**	**33,494**
Current liabilities			
Trade and other payables	31	248,668	168,630
Interest-bearing loans and borrowings	29	42,990	33,673
Lease liabilities	22	2,183	1,448
Provisions	30	3,486	4,327
Income tax liabilities		1,870	1,256
Derivative liabilities	9,33	1,403	489
Total current liabilities		**300,600**	**209,823**
TOTAL EQUITY AND LIABILITIES		**542,740**	**294,357**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(EUR '000)

FOR THE YEAR ENDED 31 DECEMBER

	Share capital	Share premium	Foreign currency translation reserve	Reserve fund	Business combinations equity adjustment	Retained earnings	Cash flow hedge reserve	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
At 1 January 2018	**4,120**	**2,249**	**1,536**	**428**	**-**	**32,338**	**677**	**41,348**	**-**	**41,348**
First adoption of IFRS 9	-	-	-	-	-	(375)	-	(375)	-	(375)
Restated total equity at 1 January 2018	**4,120**	**2,249**	**1,536**	**428**	**-**	**31,963**	**677**	**40,973**	**-**	**40,973**
Profit for the year	-	-	-	-	-	10,887	-	10,887	-	10,887
Other comprehensive income	-	-	(177)	-	-	-	(1,085)	(1,262)	-	(1,262)
Total comprehensive income	**-**	**-**	**(177)**	**-**	**-**	**10,887**	**(1,085)**	**9,625**	**-**	**9,625**
Transactions with owners in their capacity as owners:										
Issue of share capital	12	430	-	-	-	-	-	442	-	442
At 31 December 2018	**4,132**	**2,679**	**1,359**	**428**	**-**	**42,850**	**(408)**	**51,040**	**-**	**51,040**
Profit for the year	-	-	-	-	-	12,655	-	12,655	1,663	14,318
Other comprehensive income	-	-	(289)	-	-	-	409	120	10	130
Total comprehensive income	**-**	**-**	**(289)**	**-**	**-**	**12,655**	**409**	**12,775**	**1,673**	**14,448**
Transactions with owners in their capacity as owners:										
Issue of share capital	26	248	-	-	-	-	-	274	-	274
Dividends paid	-	-	-	-	-	(5,038)	-	(5,038)	-	(5,038)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	30,901	30,901
Put options held by non-controlling interests	-	-	-	-	(9,175)	-	-	(9,175)	(32,570)	(41,745)
Transaction costs	-	-	-	-	-	(16)	-	(16)	-	(16)
Roundings	-	-	-	-	-	-	-	-	(4)	(4)
	26	**248**	**-**	**-**	**(9,175)**	**(5,054)**	**-**	**(13,955)**	**(1,673)**	**(15,628)**
At 31 December 2019	**4,158**	**2,927**	**1,070**	**428**	**(9,175)**	**50,451**	**1**	**49,860**	**-**	**49,860**

CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR '000)

FOR THE YEAR ENDED 31 DECEMBER

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		**19,966**	**15,216**
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortization	15	18,708	7,767
Gain on disposal of non-current assets	11	(39)	(11)
Interest income	17	(39)	(17)
Interest expense	18	3,417	781
Movements in provisions	30	(1,003)	421
Movements in allowances for receivables	25	6,798	4,048
Movements in allowances inventories	24	-	(36)
Foreign currency exchange rate differences		(214)	(128)
Fair value revaluation of derivatives		(30)	106
Write-off of receivables	16	545	559
Other non-cash items		1,238	489
Working capital adjustments:			
Increase in trade and other receivables and prepayments		(10,054)	(41,604)
Increase/decrease in inventories		(1,761)	(1,180)
Increase in trade and other payables		31,894	32,579
Interest received		39	17
Interest paid		(5,861)	(711)
Income tax paid		(9,572)	(5,028)
Net cash flows from operating activities		**54,032**	**13,268**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		116	69
Purchase of property, plant and equipment		(8,136)	(7,155)
Purchase of intangible assets		(21,043)	(8,754)
Purchase of financial instruments		(139)	(1,802)
Investment in subsidiaries, net of cash acquired		(100,235)	(678)
Net cash used in investing activities		**(129,437)**	**(18,320)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(1,877)	(1,258)
Proceeds from borrowings		235,646	3,156
Repayment of borrowings		(126,176)	(4,812)
Paid our dividend		(24,436)	-
Proceeds from issued share capital		279	442
Net cash used in financing activities		**83,436**	**(2,472)**
Net increase in cash and cash equivalents		8,031	(7,524)
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		4	73
Cash and cash equivalents at beginning of period	27	12,254	19,705
Cash and cash equivalents at end of period	**27**	**20,289**	**12,254**

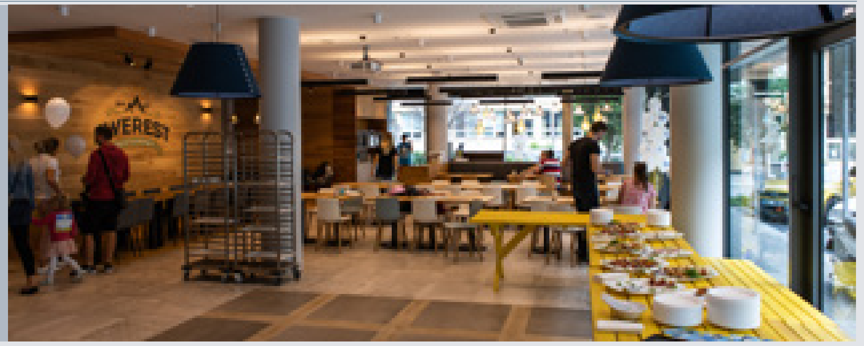
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1/ CORPORATE INFORMATION

W.A.G. payments solutions, a.s. (the Company or the parent) is a joint stock company incorporated and domiciled in the Czech Republic and whose shares are not publicly traded. The parent and its subsidiaries (the Group) are principally engaged in the sale of fuel to the fleet of its customers, providing unified way of electronic toll payments, provision of taxes (mainly value added tax and excise tax) reimbursement, telematics and fleet management systems, and navigation systems. A list of subsidiaries is included in Note 7.

REGISTERED OFFICE

W.A.G. PAYMENT SOLUTIONS, A.S.
NA VÍTĚZNÉ PLÁNI 1719/4
140 00 PRAGUE 4
CZECH REPUBLIC
IDENTIFICATION NUMBER
264 15 623



Shareholders holding a 10% or greater interest in the Company´s basic capital as at 31 December 2019 and 2018 are as follows:

SHAREHOLDER	INTEREST IN BASIC CAPITAL 31 DECEMBER 2019	31 DECEMBER 2018
MARTIN VOHÁNKA	59,07%	59,16%
TA ASSOCIATES (UK), LLP	32,67%	32,72%

Members of the statutory bodies as at 31 December 2019 were as follows:

BOARD OF DIRECTORS

CHAIR:	MARTIN VOHÁNKA
MEMBER:	ATTILA DSUPIN
MEMBER:	KLAUS JÜRGEN BURKART
MEMBER:	MAGDALENA BARTOŚ
MEMBER:	MARTIN HANNSMANN
MEMBER:	IVAN JAKÚBEK
MEMBER:	RADEK MOC

Changes during 2019 in Board Of Directors:
As of 1 January 2019 Radek Moc was appointed as Member in Board of Directors.
As of 30 September 2019 Tomáš Michek was dismissed from position of Member in Board of Directors.
As of 1 October 2019 Magdalena Bartoś was appointed as Member in Board of Directors.

Members of Supervisory Board as at 31 December 2019 were as follows:

SUPERVISORY BOARD

CHAIR:	KETIL THORSEN
MEMBER:	ALEXANDER JOACHIM HEINRICH TRAUTMANN
MEMBER:	PASCAL GUYOT
MEMBER:	AJIT NEDUNGADI
MEMBER:	DAVID HOLÝ
MEMBER:	PETR BARTOŇ
MEMBER:	JOSEPH MORGAN SEIGLER

Changes during 2019 in Supervisory Board:
As of 12 December 2019 David Holý was dismissed from position of Member in Supervisory Board, effective from 31 December 2019.
As of 12 December 2019 Petr Bartoň was dismissed from position of Member in Supervisory Board, effective from 31 December 2019.
As of 12 December 2019 Robin John Crewe was appointed as Member in Supervisory Board, effective from 1 January 2020.
As of 12 December 2019 Daniel Alarcón-Rubio was appointed as Member in Supervisory Board, effective from 1 January 2020.

2/ BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

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 consolidated financial statements were prepared on going concern basis. The Group's fiscal year begins on 1 January and ends on 31 December.

INFORMATION ON INDEPENDENT AUDITOR

EUR '000	2019	2018
The statutory audit of the financial statements, including the audit of consolidated financial statements	202	66
Tax advices	-	33
Other non-audit services	880	335
Total	**1,082**	**434**

The consolidated financial statements of W.A.G. payments solutions, a.s. for 2019 were audited by PricewaterhouseCoopers Audit, s.r.o. and for 2018 – by Ernst & Young Audit, s.r.o.

3/ BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the parent and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee,
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

4/ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the consolidated financial statements are set out below. These accounting policies have been consistently applied in all material respects to all periods presented.

4/1 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

There also can be situation that non-controlling interest in the acquiree are granted put options that convey to those shareholders the right to sell their shares in that acquiree for an exercise price specified in the option agreement. From the perspective of the Group, such written put options meet the definition of a financial liability in IAS 32 if the Group has an obligation to settle in cash or in another financial asset if the non-controlling shareholders exercise the option. If the terms affecting the exercisability of the option are genuine, then a liability for the put option exercise price should be recognized. This is the case even if the put option is exercisable only on the occurrence of uncertain future events that are outside of control of both parties to the contract. The Group's accounting policy applied for put options is disclosed in Note 28.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

4/2 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.
An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period,
- Or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,
- Or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4/3 FAIR VALUE MEASUREMENT

The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (Notes 9 and 33),
- Quantitative disclosures of fair value measurement hierarchy (Note 9 and 33),
- Financial instruments carried at fair value (Note 26 and 33).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability,
- Or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act
in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4/4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenues are recognized, when the Group has satisfied a performance obligation and the amount of revenue can be reliably measured. The Group will recognize revenue at an amount that reflects the consideration to which the Group expects to be entitled (after reduction for expected discounts) in exchange for transferring goods or services to a customer.

SALE OF FUEL

The revenue from the sale of fuel is recognized when the Group satisfied a performance obligation and the amount of revenue can be reliably measured, usually on delivery of the fuel. The Group will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled (after reduction for expected discounts and volume rebates) in exchange for transferring goods or services to a customer. Sales are recognized net of value added tax.

The Group has considered whether it acts as principal or agent in all business models in sale of fuel. The Group is not selling just the fuel but an integrated web based solution comprising advice on where to buy fuel, offering discount that is independent from pricing of the subcontractor, use of payment cards and administration of the transaction. In the case of the acceptance business model the principal vs. agent assessment required significant judgement and the Group considered the following control indicators described in IFRS 15:

1/

The Group is primarily responsible for fulfilling the promise to provide the specified good or service to the customer

2/

The Group does not bear inventory risk related to fuel. The Group chooses suppliers and petrol stations for its acceptance network to cover key transport routes and estimate sales volumes. On key routes, petrol stations are stocked several times a day and supplies are high turnover. The risk of price reductions is low. Due to the nature of the product, there is no possibility of returning the product to suppliers. The risk borne by the Group is the responsibility for damage caused by poor quality of the product to the customer. Any damages or losses occurring before the sale to the final customer are borne by the supplier.

3/

The Group has discretion in establishing the price for the specified good.

To support its judgement, the Group considered other indicators confirming that the Group is acting as a principal in acceptance model:

- The Group is primary in the transaction debtor to the fuel supplier.
- The Group does not earn a fixed or a clearly identifiable amount.
- The Group bears credit risk.
- The Group has the right to choose suppliers.
- The Group is responsible for damage caused by product quality.

Finally, The Group assessed that it is the principal in its revenue arrangements, also in the acceptance business model.

REVENUES FROM TAX REFUND

The revenues from commission fee for the tax refund is recognized over the time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognized based on assumption how much time is needed for preparation and submission a request for refund and other activities needed till reimbursed tax receipt.

PROVISION OF CREDIT

In case where the Group's customer uses 'net invoicing' service provided by the Group, the client receives its tax refund almost immediately. This method, also known as a "financed refund", ranks as one of the fastest ways to reclaiming VAT and Excise Duty paid to client in the moment of the purchase of fuel, tolls or other services associated with passenger transport or freight haulage. The revenue from provision of credit in the amount of refund tax for the period of reimbursement is classified within finance income and it is recognized over the average reimbursement period for each country in which the Group operates. The revenues from standard tax refund are recognized as described in paragraph above.

ARRANGING PAYMENTS OF TOLL

The revenues from commission for arranging payments of toll is recognized over time in the period in which the performance obligation is satisfied and the service is rendered. The amount of consideration depends on the number of trucks entering a toll gate within particular month. The Group is acting as an agent as the Group's responsibility is limited to arranging the provision of toll services.

TELEMATICS

The revenues from the sale of telematics units, assembly of units and fees for webdispatching are recognized in the period in which the performance obligation is satisfied and the services are rendered. The webdispatching system allows companies the effective administration of their vehicle fleet and 24/7 monitor the activity of the whole fleet.

LICENSES

The revenues from licenses includes mainly sale of licenses for lifetime of device (mainly navigations systems) – right to use the Group's intellectual property as it exists at the point of time in which the license is granted. Revenue is recognized at a point in time because there is no explicit or implicit obligation for the Group to undertake activities during the license period to (a) change the form or functionality of the intellectual property or (b) support or maintain the value of the intellectual property during the license period.

OTHER SERVICES

Other services include services that are immaterial from Group perspective:

- 24h assistance services – revenue recognized over period for which service is activated;
- Legal services – revenue recognized at the moment service is rendered;
- Insurance – the Group is acting as a broker offering client different insurance products on behalf of some insurance companies. Revenue is a kick-back from insurance companies recognized at the moment when contract is signed;
- Factoring services – revenue recognized at the moment service is rendered;
- Other services.

4/5 TAXES

CURRENT INCOME TAX

Current income tax assets and liabilities for an accounting period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DEFERRED TAX

Deferred tax is calculated separately for each company of the Group using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and W.A.G. payment solutions, a.s.

Consolidated Financial Statements for the year ended 31 December 2019 are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

4/6 FOREIGN CURRENCY TRANSACTIONS

The Group's consolidated financial statements are presented in EUR. The functional currencies of all Group companies are presented in the table below. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Group company	Functional currency
W.A.G. payment solutions, a.s.	CZK
W.A.G. Issuing Services, a.s.	CZK
W.A.G. payment solutions BE BVBA	EUR
W.A.G. payment solutions BG EOOD	BGN
W.A.G. payment solutions CZ, s.r.o.	CZK
W.A.G. payment solutions DE GmbH	EUR
W.A.G. payment solutions DK ApS	DKK
W.A.G. payment solutions EE OÜ	EUR
W.A.G. payment solutions Spain S.L.U.	EUR
W.A.G. payment solutions FI Oy	EUR
W.A.G. payment solutions FR SARL	EUR
W.A.G. payment solutions HR d.o.o.	HRK
W.A.G. payment solutions HU, Kft.	HUF
W.A.G. HU, Kft.	HUF
W.A.G. payment solutions CH AG	CHF
W.A.G. payment solutions IE LIMITED	EUR
W.A.G. payment solutions IT S.R.L. UNIPERSONALE	EUR
W.A.G. payment solutions LT, UAB	EUR
W.A.G. payment solutions LU S.à r.l.	EUR
SIA W.A.G. payment solutions LV	EUR
W.A.G. payment solutions NL B.V.	EUR
W.A.G. payment solutions PL, Sp. z o.o.	PLN
W.A.G. payment solutions PT Unnipessoal, LDA	EUR
W.A.G. payment solutions RO, s.r.l.	RON
W.A.G. payment solutions Sweden AB	SEK
W.A.G., plačilne rešitve SI, d.o.o.	EUR
W.A.G. payment solutions SK, s.r.o.	EUR
W.A.G. payment solutions UK LIMITED	GBP
W.A.G. payment solutions AT GmbH	EUR
Reamon Tax, a.s.	CZK
Consorzio EUROWAG - S.C. A R.L.	EUR
HI Software Development s.r.o.	CZK
Princip a.s.	CZK
Klub Investorov T&G SK, s.r.o.	EUR
W.A.G. payment solutions EL SP LTD	EUR
W.A.G. payment solutions NO AS	NOK
W.A.G. mobility solutions Iberia, S.L.	EUR
Aldobec technologies, s.r.o.	EUR
WAG Payment Solutions Turkey Ödeme Sistemleri Ticaret Limited Şirketi	TRY
Eurowag d.o.o. Beograd-Stari Grad	RSD
Arraia Autopistas, SL	EUR
Arraia-Oil, S.L.	EUR
Liserteco LDA	EUR
Liserteco 24 Horas, SL	EUR
Reivalsa Gestion, S.L.	EUR
Tax Refund Consulting SL	EUR
Trofa Gestion, S.L.	EUR
Sygic, a.s.	EUR
Tripomatic s.r.o.	CZK
Sygic Czech Republic s.r.o.	CZK
Sygic North America Inc.	CAD

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange valid at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss as finance income and expenses. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

On consolidation, the assets and liabilities of foreign operations are translated into EUR at the exchange rates prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rate for the relevant year. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

4/7 CASH DIVIDEND TO EQUITY HOLDERS OF THE PARENT

The Company recognizes a liability to make cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws of Czech Republic, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

4/8 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Items of intangibles with useful life less than one year and with a cost not exceeding EUR 400 are directly expensed.
The useful life of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite life are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite life is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Amortization of intangible assets with finite life is recorded on a straight-line basis over their estimated useful life as follows:

	Years
Clients relationships	2-10
Developments of software	3
Patents and rights	3-20
Software	2-10
Other intangible assets	2-3

Intangible assets with indefinite useful life are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

CLIENTS' RELATIONSHIPS

Clients' relationships were acquired as part of a business combination (Note 8, 20). They are recognised at their fair value at the date of acquisition, and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful life.

PATENTS AND RIGHTS, SOFTWARE

Separately acquired patents and rights, and software are shown at historical cost. Patents and rights, and software acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales.

Development includes the programming relating to internal development of externally purchased software, development of software provided to the group's customers and development of new telematics products and services which include telematics and toll units.

4/9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.
Items of property, plant and equipment with useful life of more than one year and with a cost not exceeding EUR 400 are directly expensed.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful life of an asset as follows:

	Years
Buildings and structures	8-35
Machinery and equipment	3-20
Vehicles	3-5
Fixtures and fittings	5-10
Low-value tangible fixed assets	2-10

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4/10 LEASES

IDENTIFICATION OF THE SUBJECT OF A LEASE – LEASE AGREEMENT

A lease is a contract, or part of a contract, that conveys the right to use an identifiable asset for a period of time in exchange for consideration. At the inception of the contract, the Group assesses whether the contract is a lease or contains a lease. The Group reassesses whether the contract is a lease or contains a lease only when the contractual terms are amended.

The Group assesses whether a contract transfers the right to control the use of an identifiable asset over a period of time based on:

- The Group has the right to obtain a substantial economic benefit from the asset for the period of its use,
- The lease is agreed for the lease of a specific asset, and the lessor does not have the right to exchange it or to profit financially from the exchange,
- The Group has the right to control the use of an identifiable asset,
- The lease is longer than 12 months (short-term lease exemption allowed under IFRS 16),
- The value of the new asset exceeds EUR 4,500 (low value exemption allowed under IFRS16);
- The agreement is not subject to withdrawal on the part of the lessor or the lessee; or unilateral termination is possible, but withdrawal from the lease carries a not insignificant penalty for the party withdrawing from the lease.

The Group assesses whether the contract contains a lease separately for each potential lease component.

For the application of the IFRS 16 low value exemption, the Group considers a low value of the asset to be a value under EUR 4,500. The Group does not have any external subleases outside of the Group nor any contract, where the Group is a lessor.

LEASE LIABILITY

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are payments by the lessee to the lessor for the right to use an underlying asset for the duration of the lease.

These payments include:

- fixed payments (lowered by any lease incentives),
- variable lease payments that are indexed or fixed to a rate,
- call option to purchase where there is sufficient certainty that the lessee will make use of the option,
- payment of penalties for termination of the lease where the lease period corresponds to the lessee making use of the option to terminate the lease.

The Group reports that the variable payments based on the lease (providing they are not included among the lease payments in the calculation of the lease obligation or are not included into the value of a different asset) in the expenses of the period. Interest from the lease obligation is the Group's financial expense.

RIGHT TO USE AN ASSET

The Group measures the right to use an asset on the date the lease commences on the basis of a lease agreement. These are based on:

- the value of the lease liability increased by the lease payment that the Group has paid before the day the lease commences (reduced by lease incentives – discounts),
- the initial direct costs of the lease paid by the Group,
- the estimated value of the costs for dismantling and removing an identified asset or the reclamation of the site where the asset was located,
- an increase by the asset's modification and renovation costs required in the lease agreement, namely by the creation of a reserve in compliance with IAS 37 Reserves.

4/11 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of an asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

4/12 FINANCIAL INSTRUMENTS – IFRS 9

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

FINANCIAL ASSETS

Classification and measurement

Financial assets are classified based on the business model of the Group and characteristic of contractual cash flows. Under IFRS 9, the financial assets are classified into following categories: financial assets subsequently measured at amortized cost ("AC"), financial assets at fair value through profit or loss ("FVTPL"), and financial assets at fair value through other comprehensive income ("FVOCI").
The Group classifies financial assets into following categories:

(A) FINANCIAL ASSETS SUBSEQUENTLY MEASURED AT AMORTIZED COST – CLASSIFIED IF BOTH OF THE FOLLOWING CONDITIONS ARE MET:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (referred as SPPI test).

Expected credit losses, foreign exchange rate differences and interest revenues are recognized in the income statement.
On derecognition, losses/gains are recognized in the income statement.

(B) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI.
Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and expenses are presented as separate line item in the statement of profit or loss.

Trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.
The Group's financial assets as of 31 December 2019 include cash, trade and other receivables with no significant financing component meeting criteria for classification as AC and derivatives meeting criteria for classification as FVTPL and FVTOCI.

(C) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

- This category includes the financial assets held with strategy of active trading with financial assets. Contractual cash flow collection is not the primary objective of business model.

Expected credit losses are not calculated and recognized. Changes in the fair value and foreign exchange rate differences are recognized in the income statement. Changes in the fair values are included in lines Other financial expenses or Other financial income.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are carried at original invoice amount less an allowance for impairment of these receivables. As the trade receivables and other receivables are not including significant financing component, the Group applies a simplified approach in calculating expected losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its territory and historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
Bad debts that are identified by the Group are created through the income statement.
For more information on Trade and other receivables, refer to Note 25.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at each balance sheet date whether financial assets or groups of financial assets are impaired.
The approach to impairment of financial assets under IFRS 9 is based on and expected credit loss model. This impairment model applies to financial assets subsequently measured at amortized cost or financial assets measured at fair value through other comprehensive income.

The Group recognizes either 12-months or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into).

The approach to impairment of financial assets under IFRS 9 is based on expected credit loss ("ECL") model which applies to the following financial assets:

a) debt assets at amortized cost (trade receivables, loans, debt securities),
b) debt assets at fair value through other comprehensive income,
c) lease receivables,
d) contract assets and financial guarantee contracts,
e) bank accounts and term deposits.

The Group recognizes either 12-months or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For trade receivables and lease receivables, the simplified approach are applied whereby the lifetime expected credit losses are always recognized.

For the purposes of ECL model calculation, the portfolio of financial assets is split into 3 stages. At the date of the first recognition, the financial assets are included in stage 1, with the lowest allowance which is determined using percentage of unpaid receivables in the past. Subsequent reclassification to the stages 1 and 2 is carried out according to the definition of significant increase in credit risk of a debtor. The interest revenue from receivables in the stage 3 is based on the net carrying amount.

ASSETS CARRIED AT AMORTIZED COSTS

If there is objective evidence that there has been an increase in the credit risk of a financial instrument measured at amortized cost since initial recognition, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in the income statement.
As the group financial statements include financial assets representing Trade and other receivables only which are not including significant financing component, the Group applies a simplified approach in calculating expected loss ("ECLs"). Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its territory and historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

RECOGNITION AND DERECOGNITION

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired,
- Or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

FINANCIAL LIABILITIES

Financial liabilities are classified into two main categories (a) at amortized cost and (b) at fair value through profit or loss.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

LOANS AND BORROWINGS

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 29.

TRADE AND OTHER PAYABLES

Trade payables are recognized at their nominal value which is deemed to be materially the same as the fair value.

DERECOGNITION

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments, such as forward currency contracts, currency swap contracts, currency option contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, and in case of cash flow hedges in OCI and reclassified to profit or loss when the hedged item affects profit or loss.
Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. The embedded derivatives are separately valued upon inception and at each balance sheet date using an appropriate valuation model, with the changes in fair value recognized in profit or loss.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under IFRS 9 are recognized in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedged item affects profit or loss.

FOR THE PURPOSE OF HEDGE ACCOUNTING, HEDGES, STILL IN ACCORDANCE WITH IAS39, ARE CLASSIFIED AS:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment,
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment,
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

FAIR VALUE HEDGES

The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as a finance cost. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit or loss as a finance cost.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.
If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized in finance costs and the ineffective portion relating to commodity contracts is recognized in other operating income or expenses.

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

NET INVESTMENT HEDGES

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in OCI and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses). Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

4/13 INVENTORIES

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for raw materials and goods as actual cost using the "first in, first out" (FIFO) method (the initial price in the measurement of inventory additions is used as the initial price in the measurement of inventory disposals). Costs of purchased inventory include acquisition-related costs (freight, customs, commission, etc.).

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4/14 IMPAIRMENT

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is estimated and applied to project future cash flows after the fifth year.
Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

Intangible assets with indefinite useful life are tested for impairment annually as at 31 December either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

4/15 CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the statement of financial position comprise cash in hand and cash at banks.
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

4/16 PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

TAX REFUND DAMAGE PROVISION

The provision is created for purpose of covering the damages. Provision compensate the damage caused by the lack of repayment from the tax office for our client. The provision is made up of all returns that are not closed at balance sheet day and calculated historical rate of damages.

5/ CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES, ADOPTION OF NEW AND REVISED STANDARDS

5/1 CHANGE OF PRESENTATION CURRENCY

On 1 January 2018, the Group elected to change the presentation currency from CZK to EUR, as the Group believes that the cha nge provides more relevant and reliable information about the effect of transactions, other events or conditions on the Group´s financial position, financial performance or cash flows in accordance with the standard IAS 8.

The Group applied presentation currency in EUR retrospectively with initial application date as at 1 January 2018 and adjusted the comparative information for the period beginning 1 January 2017. There was no change of presentation currency in 2019.

5/2 APPLICATION OF NEW IFRS – STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE REPORTING PERIOD

• IFRS 16 "Leases"

– issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognize: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group applied IFRS 16 for the first time as at 1 January 2018 in consolidated financial statements for the year ended 31 December 2018.

• Prepayment Features with Negative Compensation

– Amendments to IFRS 9 – issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019. The amendments enable measurement at amortized cost of certain loans and debt securities that can be prepaid at an amount below amortized cost, for example at fair value or at an amount that includes a reasonable compensation payable to the borrower equal to present value of an effect of increase in market interest rate over the remaining life of the instrument. In addition, the text added to the standard's basis for conclusion reconfirms existing guidance in IFRS 9 that modifications or exchanges of certain financial liabilities measured at amortized cost that do not result in the derecognition will result in an gain or loss in profit or loss. Reporting entities will thus in most cases not be able to revise effective interest rate for the remaining life of the loan in order to avoid an impact on profit or loss upon a loan modification.

• IFRIC 23 "Uncertainty over Income Tax Treatments"

– issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019. IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. An entity should determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. An entity should assume that a taxation authority will examine amounts as it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of uncertainty will be reflected in determining the related taxable profit or loss, tax bases, unused tax losses, unused tax credits or tax rates, by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty. An entity will reflect the effect of a change in facts and circumstances or of new information that affects the judgments or estimates required by the interpretation as a change in accounting estimate. Examples of changes in facts and circumstances or new information that can result in the reassessment of a judgment or estimate include, but are not limited to, examinations or actions by a taxation authority, changes in rules established by a taxation authority or the expiry of a taxation authority's right to examine or re-examine a tax treatment. The absence of agreement or disagreement by a taxation authority with a tax treatment, in isolation, is unlikely to constitute a change in facts and circumstances or new information that affects the judgments and estimates required by the Interpretation.

• Plan Amendment, Curtailment or Settlement – Amendments to IAS 19

– issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019. The amendments specify how to determine pension expenses when changes to a defined benefit pension plan occur. When a change to a plan – an amendment, curtailment or settlement – takes place, IAS 19 requires to remeasure net defined benefit liability or asset. The amendments require to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Before the amendments, IAS 19 did not specify how to determine these expenses for the period after the change to the plan. By requiring the use of updated assumptions, the amendments are expected to provide useful information to users of financial statements.

• Long-term Interests in Associates and Joint Ventures

– Amendments to IAS 28 – issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019.The amendments clarify that reporting entities should apply IFRS 9 to long-term loans, preference shares and similar instruments that form part of a net investment in an equity method investee before they can reduce such carrying value by a share of loss of the investee that exceeds the amount of investor's interest in ordinary shares.

• Annual Improvements to IFRSs 2015-2017 cycle

– amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 – issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019.The narrow scope amendments impact four standards. IFRS 3 was clarified that an acquirer should remeasure its previously held interest in a joint operation when it obtains control of the business. Conversely, IFRS 11 now explicitly explains that the investor should not remeasure its previously held interest when it obtains joint control of a joint operation, similarly to the existing requirements when an associate becomes a joint venture and vice versa. The amended IAS 12 explains that an entity recognises all income tax consequences of dividends where it has recognised the transactions or events that generated the related distributable profits, e.g. in profit or loss or in other comprehensive income. It is now clear that this requirement applies in all circumstances as long as payments on financial instruments classified as equity are distributions of profits, and not only in cases when the tax consequences are a result of different tax rates for distributed and undistributed profits. The revised IAS 23 now includes explicit guidance that the borrowings obtained specifically for funding a specified asset are excluded from the pool of general borrowings costs eligible for capitalisation only until the specific asset is substantially complete.

The Annual Improvements as well as the Amendments do not have any significant effect on Group's consolidated financial statements.

5/3 NEW IFRSs AND IFRICs PUBLISHED BY THE IASB THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN APPROVED BY THE EU

The Group is currently assessing the potential impacts of the new and revised standards and interpretations that will be effective or adopted by the European Union from 1 January 2020 or later.

• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

– issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

These Amendments are not expected to have significant impact on the Group's consolidated financial statements.

• FRS 17 "Insurance Contracts"

– issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021. IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

The Standard is not relevant to the Group's consolidated financial statements.

• Amendments to the Conceptual Framework for Financial Reporting

– issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020. The revised Conceptual Framework includes a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance – in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

These Amendments are not expected to have any significant impact on the Group's consolidated financial statements.

• Definition of a business – Amendments to IFRS 3

– issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020. The amendments revise definition of a business. A business must have inputs and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present, including for early stage companies that have not generated outputs. An organised workforce should be present as a condition for classification as a business if are no outputs. The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. An entity can apply a 'concentration test'. The assets acquired would not represent a business if substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets).

These Amendments are not expected to have any significant impact on the Group's consolidated financial statements.

• Definition of materiality – Amendments to IAS 1 and IAS 8

– issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements,

These Amendments are not expected to have any significant impact on the Group's consolidated financial statements.

• Classification of liabilities as current or non-current – Amendments to IAS 1

– issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022. These narrow scope amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

These Amendments are not expected to have any significant impact on the Group's consolidated financial statements.

• Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7

– issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020. The amendments were triggered by replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs'). The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by the IBOR reform. Cash flow hedge accounting under both IFRS 9 and IAS 39 requires the future hedged cash flows to be 'highly probable'. Where these cash flows depend on an IBOR, the relief provided by the amendments requires an entity to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. Both IAS 39 and IFRS 9 require a forward-looking prospective assessment in order to apply hedge accounting. While cash flows under IBOR and IBOR replacement rates are currently expected to be broadly equivalent, which minimises any ineffectiveness, this might no longer be the case as the date of the reform gets closer. Under the amendments, an entity may assume that the interest rate benchmark on which the cash flows of the hedged item, hedging instrument or hedged risk are based, is not altered by IBOR reform. IBOR reform might also cause a hedge to fall outside the 80–125% range required by retrospective test under IAS 39. IAS 39 has therefore been amended to provide an exception to the retrospective effectiveness test such that a hedge is not discontinued during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside this range. However, the other requirements for hedge accounting, including the prospective assessment, would still need to be met. In some hedges, the hedged item or hedged risk is a non-contractually specified IBOR risk component. In order for hedge accounting to be applied, both IFRS 9 and IAS 39 require the designated risk component to be separately identifiable and reliably measurable. Under the amendments, the risk component only needs to be separately identifiable at initial hedge designation and not on an ongoing basis. In the context of a macro hedge, where an entity frequently resets a hedging relationship, the relief applies from when a hedged item was initially designated within that hedging relationship. Any hedge ineffectiveness will continue to be recorded in profit or loss under both IAS 39 and IFRS 9. The amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present. The amendments require entities to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties, including the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process.

These Amendments are not expected to have any significant impact on the Group's consolidated financial statements.

6/ SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment exists when the carrying value of an asset or cash generating unit 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. 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 in Note 20.

7/ GROUP INFORMATION

The Group has following principal activities:

- Providing payment solutions for fleets of professional transport and forwarding companies as well as running a network of petrol stations for commercial road transportation ("Payment solutions, petrol stations").
- Providing payment solutions for fleets of professional transport and forwarding companies ("Payment solutions").
- Providing unified way of electronic toll payments on a number of European highways for fleets of professional transport and forwarding companies ("Toll").
- Recovery of VAT refunds and excise duty from EU countries ("Refunds").
- Creating an automated journey book and optimizing traffic with the use of integrated digital maps ("Development software").
- Combine advanced solutions in the field of electronics, software engineering and applied mathematics ("GPS/GPRS").
- Sale of licenses for lifetime of device ("Licenses").
- Other services ("Other services").

THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP INCLUDE:

		EFFECTIVE ECONOMIC INTEREST		
Name	Principal activities	Registered office	2019	2018
W.A.G. payment solutions, a.s.	Payment solutions, petrol stations	Czech Republic	Parent	Parent
W.A.G. Issuing Services, a.s.	Payment solutions	Czech Republic	100%	100%
W.A.G. payment solutions SK, s.r.o.	Payment solutions, petrol stations	Slovakia	100%	100%
W.A.G. payment solutions RO, s.r.l.	Payment solutions	Romania	100%	100%
W.A.G. payment solutions PL, Sp. zoo	Payment solutions	Poland	100%	100%
W.A.G. payment solutions HU, Kft.	Payment solutions, petrol stations	Hungary	100%	100%
W.A.G. HU, Kft.	Payment solutions	Hungary	100%	100%
W.A.G. payment solutions AT GmbH	Payment solutions, petrol stations	Austria	100%	100%
Reamon Tax, a.s.	Refunds	Czech Republic	100%	100%
CONSORZIO EUROWAG S.C. A R.L	Toll	Italy	100%	100%
W.A.G. payment solutions BE BVBA	Payment solutions	Belgium	100%	100%
W.A.G. payment solutions BG EOOD	Payment solutions	Bulgaria	100%	100%
W.A.G. payment solutions CZ, s.r.o.	Payment solutions	Czech Republic	100%	100%
W.A.G. payment solutions DE GmbH	Payment solutions	Germany	100%	100%
W.A.G. payment solutions DK ApS	Payment solutions	Denmark	100%	100%
W.A.G. payment solutions EE OÜ	Payment solutions	Estonia	100%	100%
W.A.G. payment solutions Spain SLU.	Payment solutions	Spain	100%	100%
W.A.G. payment solutions FI Oy	Payment solutions	Finland	100%	100%
W.A.G. payment solutions FR SARL	Payment solutions	France	100%	100%
W.A.G. payment solutions HR d.o.o.	Payment solutions	Croatia	100%	100%
W.A.G. payment solutions CH AG	Payment solutions	Switzerland	100%	100%
W.A.G. payment solutions IE LIMITED	Payment solutions	Ireland	100%	100%
W.A.G. payment solutions IT S.R.L. UNIPERSONALE	Payment solutions	Italy	100%	100%
W.A.G. payment solutions LT, UAB	Payment solutions	Lithuania	100%	100%
W.A.G. payment solutions LU S.à r.l.	Payment solutions	Luxembourg	100%	100%
SIA W.A.G. payment solutions LV	Payment solutions	Latvia	100%	100%
W.A.G. payment solutions NL B.V.	Payment solutions	The Netherlands	100%	100%
W.A.G. payment solutions PT Unnipessoal, LDA	Payment solutions	Portugal	100%	100%
W.A.G. payment solutions Sweden AB	Payment solutions	Sweden	100%	100%
W.A.G., plačilne rešitve SI, d.o.o.	Payment solutions	Slovenia	100%	100%
W.A.G. payment solutions UK LIMITED	Payment solutions	Great Britain	100%	100%
HI Software Development s.r.o.	Development software	Czech Republic	100%	100%
Princip a.s.	GPS/GPRS	Czech Republic	100%	100%
Klub Investorov T&G SK, s.r.o.	Payment solutions	Slovakia	100%	100%
W.A.G. payment solutions EL SP LTD	Payment solutions	Greece	100%	100%
W.A.G. payment solutions NO AS	Payment solutions	Norway	100%	100%
WAG Payment Solutions Turkey Ödeme Sistemleri Ticaret Limited Şirketi	Payment solutions	Turkey	100%	100%
W.A.G. mobility solutions Iberia SL	Payment solutions	Spain	100%	100%
Aldobec technologies, s.r.o.	Development software	Slovakia	100%	100%
Eurowag d.o.o. Beograd-Stari Grad	Payment solutions	Serbia	100%	-
Arraia Autopistas, SL	Toll	Spain	75%	-
Arraia-Oil, S.L.	Payment solutions, petrol stations	Spain	75%	-
Liserteco LDA	Other services	Portugal	75%	-
Liserteco 24 Horas, SL	Other services	Spain	75%	-
Reivalsa Gestion, S.L.	Refunds	Spain	75%	-
Tax Refund Consulting SL	Refunds	Spain	75%	-
Trofa Gestion, S.L.	Refunds	Spain	75%	-
Sygic, a.s.	Licenses	Slovakia	70%	-
Tripomatic s.r.o.	Licenses	Czech Republic	35.7%	-
Sygic Czech Republic s.r.o.	Other services	Czech Republic	70%	-
Sygic North America Inc.	Other services	Canada	70%	-
Sygic Ltd.	Licenses	United Kingdom	70%	-

The Parent has the same percentage voting rights as effective economic interest, directly or indirectly, in all listed above subsidiaries except for Tripomatic s.r.o. The Parent is possessing 70% of shares in Sygic a.s., which is controlling Tripomatic s.r.o. by having 51% of voting rights.

THE PARENT HAS FOLLOWING BRANCHES:

- **W.A.G. payment solutions – Branch Bulgaria,**
- **W.A.G. payment solutions, a.s. Spółka Akcyjna Oddział W Polsce,**
- **W.A.G. payment solutions a.s Merkezi Çek Cumhuriyeti İstanbul Merkez Şubesi,**
- **W.A.G. payment solutions, a.s. organizacná zložka.**

8/ BUSINESS COMBINATION

ACQUISITION OF ADS GROUP

On 24 January 2019 the Group acquired 75% of shares of ADS companies (Arraia Autopistas, SL, Arraia-Oil, S.L., Liserteco LDA, Liserteco 24 Horas, SL, Reivalsa Gestion, S.L., Tax Refund Consulting SL, Trofa Gestion, S.L.), a top road haulage fuel card operator in Spain and Portugal. ADS brand was formed by companies owned by two groups of individuals from Alava region and Salamanca. Alava's part was founded in 2001 while Salamanca's part – in 1988, both closely cooperated since 2004 and together managed to create a top fuel card brand with a line of complimentary services for their road haulage clients. The transaction is part of Group's long-term strategy to strengthen its presence in the Western European market. Both Eurowag and ADS customers will appreciate the wide range of integrated mobility services that cover the whole of Europe.

The remaining 25% minority interest is subject to put / call option rights of the parties, while the Group is entitled to exercise the call option at any time after closing date and the minority shareholders are entitled to exercise the put option at any time after the second anniversary of the closing date (if the call option has not been exercised).

Assets acquired and liabilities assumed

EUR '000	Fair value recognized on acquisition of ADS Group
Assets	
Property, plant and equipment (Note 21)	4 294
Identifiable intangible assets (Note 20)	15,995
Right-of-use assets (Note 22)	558
Financial investments	225
Cash and cash equivalents	18,527
Trade receivables	78,397
Inventories	1,377
Accruals	114
Total Assets	**119,487**
Trade payables	46,820
Interest-bearing loans and borrowings	10,877
Deferred tax	4,011
Accruals	14,734
Total Liabilities	**76,442**
Total identifiable net assets at fair value	**43,045**
Non-controlling interest measured at fair value	**24,029**
Goodwill arising on acquisition (Note 20)	**50,407**

The gross contractual acquired receivables amounted to EUR 78,397 thousand, there were no estimated at the acquisition date any contractual cash flows not expected to be collected.

The residual goodwill is associated with further cash flows and yet undeveloped intangibles. The goodwill is composed of a number of elements including: the unique network location of the ADS's fuel stations, a significant and growing road transportation market in Iberia, the unique bundle of services offered to the clients, potential synergies arising from specific integration of efficient processes implemented from the Group and an assembled and trained workforce as an indivisible part of goodwill. From the date of acquisition, ADS contributed EUR 304,504 thousand of revenue and EUR 1,843 profit.

ACQUISITION OF SYGIC GROUP

On 15 April 2019 the Group acquired 70% of shares of Sygic a.s. (parent company for: Tripomatic s.r.o., Sygic Czech Republic s.r.o., Sygic North America Inc., Sygic Ltd.). Sygic Group is a global leading developer and provider of mobile navigation solutions with strong position in professional drivers segment. Sygic a.s. is headquartered in Bratislava. Acquisition of majority of Sygic's shares is a part of the Group's long-term strategy to become the leading mobility solution provider. By combining the know-how, technologies and big data, the move is designed to create large cost savings to customers and bring innovation to the transportation industry.

The remaining 30% minority interest is subject to put / call option mechanism of the parties.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities as at the date of acquisition were:

EUR '000	Fair value recognized on acquisition of Sygic Group
Assets	
Property, plant and equipment (Note 21)	191
Identifiable intangible assets (Note 20)	20,112
Cash and cash equivalents	6,117
Trade and other receivables	2,379
Inventories	8
Total Assets	**28,807**
Trade payables	6,635
Provisions	212
Deferred tax	4,131
Total Liabilities	**10,978**
Total identifiable net assets at fair value	**17,829**
Non-controlling interest measured at fair value	**6,872**
Goodwill arising on acquisition (Note 20)	**34,543**

The gross contractual acquired receivables amounted to EUR 1,609 thousand and estimated at the acquisition date any contractual cash flows not expected to be collected amounted to EUR 19 thousand.

The residual goodwill is associated with further cash flows and yet undeveloped intangibles. The goodwill is composed of a number of elements including: potential synergies arising from specific integration, know-how and an assembled and trained workforce as an indivisible part of goodwill.

From the date of acquisition, Sygic contributed EUR 13,465 thousand of revenue and EUR 1,684 thousand of profit.

ACQUISITION OF ALDOBEC TECHNOLOGIES, S.R.O.

On 15 January 2018 the Group acquired 100% of the voting shares of Aldobec technologies, s.r.o., an unlisted company based in Slovak Republic. Aldobec technologies, s.r.o. is a leading provider of web services for fleet monitoring, management and optimization in Slovakia, specializing in the road freight segment.

The combination had taken place at the date of 1 January 2018.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities as at the date of acquisition were:

EUR '000	Fair value recognized on acquisition Aldobec technologies, s.r.o.
Assets	
Property, plant and equipment (Note 21)	13
Intangible assets (Note 20)	-
Identifiable intangible assets (Note 20)	628
Cash and cash equivalents	22
Trade receivables	76
Inventories	46
Accruals	4
Total Assets	**789**
Trade payables	104
Interest-bearing loans and borrowings	-
Provisions	2
Deferred tax	132
Accruals	-
Total Liabilities	**238**
Total identifiable net assets at fair value	**551**
Non-controlling interest measured at fair value / at the proportionate share of its interest in the acquiree's identifiable net assets	-
Goodwill arising on acquisition (Note 20)	910
Deferred consideration (discounted)	**761**
Purchase price paid on acquisition	**700**
Total consideration	**1,461**

Purchase price allocation of Aldobec technologies, s.r.o. is final and the consideration was EUR 700 thousand in cash and discounted consideration liability will be EUR 761 thousand (there were no changes during 2019).

9/ FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets and liabilities as at 31 December 2019:

		Fair value measurement using			
EUR '000	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value					
Derivative financial assets					
Foreign exchange forward contracts	31 December 2019	-	779	-	779
Interest rate swaps	31 December 2019	-	76	-	76
Liabilities measured at fair value					
Derivative financial liabilities					
Foreign exchange forward contracts	31 December 2019	-	12	-	12
Foreign exchange option contracts	31 December 2019	-	-		
Interest rate swaps	31 December 2019	-	935	-	935

There have been no transfers between Level 1, Level 2 and Level 3 during the year ended 31 December 2019.

Fair value measurement hierarchy for assets and liabilities as at 31 December 2018:

		Fair value measurement using			
EUR '000	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value					
Derivative financial assets					
Foreign exchange forward contracts	31 December 2018	-	22	-	22
Foreign exchange option contracts	31 December 2018	-	-	-	-
Currency rate swaps	31 December 2018	-	2	-	2
Interest rate swaps	31 December 2018	-	-	-	-
Liabilities measured at fair value					
Derivative financial liabilities					
Foreign exchange forward contracts	31 December 2018	-	768	-	768
Foreign exchange option contracts	31 December 2018	-	-	-	-
Currency rate swaps	31 December 2018	-	19	-	19
Interest rate swaps	31 December 2018	-	261	-	261

There have been no transfers between Level 1, Level 2 and Level 3 during the ended 31 December 2018. The Group adjusted only disclosure for 2018 as derivative financial assets and liabilities were wrongly classified on Level 1.

The management assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing loans and borrowings approximates their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

10/ REVENUE

Set out below is the disaggregation of the Group´s revenue from contracts with customers:

EUR '000	Fuel	Toll	Tax refund	Telematics	Services - others	Licenses	Total
For the year ended 31 December 2019							
Type of goods or service							
Sale of fuel	1,308,769	-	-	-	-	-	1,308,769
Arranging payments of toll	-	17,123	-	-	-	-	17,123
Provision of tax refund	-	-	7,374	-	-	-	7,374
Telematics	-	-	-	8,331	-	-	8,331
Services - others	-	-	-	-	7,555	-	7,555
Licenses	-	-	-	-	-	12,217	12,217
Total revenue from contracts with customers	**1,308,769**	**17,123**	**7,374**	**8,331**	**7,555**	**12,217**	**1,361,369**
Geographical markets							
Czech Republic	248,121	9,958	663	8,144	3,416	449	270,751
Central Europe Cluster (excl. Czech Republic)	365,875	2,147	1,988	79	1,219	-	371,308
East and Nordic Cluster	81,417	314	635	108	71	-	82,545
Alpine Cluster	13,598	422	39	-	164	-	14,223
Balkan Cluster	277,439	1,553	2,055	-	349	-	281,396
Atlantic Cluster	322,319	2,729	1,994	-	2,301	-	329,343
Not specified*	-	-	-	-	35	11,768	11,803
Total revenue from contracts with customers	**1,308,769**	**17,123**	**7,374**	**8,331**	**7,555**	**12,217**	**1,361,369**
Timing of revenue recognition							
Goods and services transferred at a point in time	1,308,769	17,123	-	-	5,026	12,217	1,343,135
Services transferred over time	-	-	7,374	8,331	2,529	-	18,234
Total revenue from contracts with customers	**1,308,769**	**17,123**	**7,374**	**8,331**	**7,555**	**12,217**	**1,361,369**

*Licenses are sold using different type of platforms and the Group doesn't receive detailed information about geographical market of final customers.

EUR '000	Fuel	Toll	Tax refund	Telematics	Services - others	Total
For the year ended 31 December 2018						
Type of goods or service						
Sale of fuel	891,544	-	-	-	-	891,544
Arranging payments of toll	-	11,713	-	-	-	11,713
Provision of tax refund	-	-	4,267	-	-	4,267
Telematics	-	-	-	2,061	-	2,061
Services - others	-	-	-	5,302	4,300	9,602
Total revenue from contracts with customers	**891,544**	**11,713**	**4,267**	**7,363**	**4,300**	**919,187**
Geographical markets						
Czech Republic	231,925	5,048	643	7,261	3,366	248,243
Central Europe Cluster (excl. Czech Republic)	322,605	2,104	1,615	13	468	326,805
East and Nordic Cluster	61,613	193	356	89	78	62,329
Alpine Cluster	13,774	2,844	29	-	96	16,743
Balkan Cluster	244,468	1,443	1,537	-	265	247,713
Atlantic Cluster	17,159	81	87	-	27	17,354
Total revenue from contracts with customers	**891,544**	**11,713**	**4,267**	**7,363**	**4,300**	**919,187**
Timing of revenue recognition						
Goods and services transferred at a point in time	891,544	11,713	-	-	4,300	907,557
Services transferred over time	-	-	4,267	7,363	-	11,630
Total revenue from contracts with customers	**891,544**	**11,713**	**4,267**	**7,363**	**4,300**	**919,187**

GEOGRAPHICAL MARKETS

Each cluster includes following countries:

- **Central Europe – Poland, Slovakia;**
- **East and Nordic – Estonia, Latvia, Lithuania, Russia, Turkey, Ukraine;**
- **Alpine – Austria, Germany, Italy;**
- **Balkan – Bulgaria, Hungary, Macedonia, Romania, Serbia, Slovenia;**
- **Atlantic – Spain, France, Portugal.**

PERFORMANCE OBLIGATIONS

The performance obligation for sale of fuel is satisfied upon delivery of fuel the customer and payment is generally due within 0-30 days from delivery.

The performance obligation for arranging payment of toll, provision of tax refund and other services is satisfied upon delivery of services the customer and payment is generally due within 0-30 days from delivery.

The performance obligation for telematics is satisfied upon delivery of unit and installation of unit to the Customer and payment is generally within 14-45 days from delivery.

11/ OTHER OPERATING INCOME

Other operating income for the year ended 31 December were as follows:

EUR '000	2019	2018
Insurance indemnity income	175	130
Received penalties from customers for late payments	1,658	916
Gain from sold fixed assets	215	11
Other operating income	372	94
Total	**2,420**	**1,151**

12/ EMPLOYEE EXPENSES

Employee expenses for the year ended 31 December consist of the following:

EUR '000	2019		2018	
	Total personnel	Of which members of managerial bodies*	Total personnel	Of which members of managerial bodies*
Number of full time employees	656	76	591	69
Wages and salaries	29,913	6,301	19,610	5,019
Compensation of members of the Company or cooperation bodies	586	332	319	319
Stock based compensation	(12)	-	-	-
Social security and health insurance	8,339	1,437	5,408	1,220
Social cost	1,124	39	1,065	54
Option plan (Note 13)	519	519	280	280
Other personnel cost (unused vacation)	291	352	184	22
Own work capitalized	(3,797)	-	(2,183)	-
Total employee expense	**36,963**	**8,980**	**24,683**	**6,914**

*Included non-executive Vice-Presidents, Chief Officers, Executive Directors and Managing Directors.

13/ SHARE-BASED PAYMENTS

To fuel support for the Group´s successful development, shareholders decided to provide senior management with option share schemes and shares.

Under the General Management Share Option Plan, the Group, at its discretion, may grant share options of the Parent to management, once the management has completed six months of service. Management must remain in service for a period of three years from the date of grant. The fair value of share options granted is estimated at the date of grant on the basis of the income approach to valuation, the essence of which is the generation of profit in the course of business activities.

As of the date of realization, the price for the shares transferred will be equal to the market value of the share, but not more than the sum of the % EBITDA increase in individual years.

The option plan valuation for the year ended 31 December 2019 were follows (EUR '000):

Option plan value in 2021	1,070
Option plan value in 2020	60
Option plan value in 2019	683
Discount (equity cost)	9,25%
Total value at the measurement date (for year 2019)	**400**

The option plan valuation for the year ended 31 December 2018 were follows (EUR '000):

Option plan value in 2020	43
Option plan value in 2019	814
Discount (equity cost)	14,80%
Total value at the measurement date (for year 2018)	**280**

Total value at the measurement date was calculated with forfeited rate established on the basis of management experiences.

MOVEMENT DURING THE YEAR

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options during the year for option plan 2021:

EUR	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding at 1 January	-	-	-	-
Granted during the year	27	494	-	-
Forfeited during the year*	-	-	-	-
Outstanding at 31 December	**27**	**494**	**-**	**-**

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options during the year for option plan 2020:

EUR	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding at 1 January	3	599	-	-
Granted during the year	-	-	3	599
Forfeited during the year	-	-	-	-
Outstanding at 31 December	**3**		**3**	**599**

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options during the year for option plan 2019:

EUR	2019 Number	2019 WAEP	2018 Number	2018 WAEP
Outstanding at 1 January	36	543	42	543
Granted during the year	-	-	-	-
Exercised during the year*	5	-	-	-
Forfeited during the year**	3	-	6	-
Outstanding at 31 December	**28**	**543**	**36**	**543**

* The option was paid at the moment of termination of the shareholder's share in the Company. Total price in this case was 119 thousand EUR.

** The option was forfeited at the moment of termination of the shareholder's share in the Company. The price per share in this case was 1 CZK.

14/ RESEARCH AND DEVELOPMENT COSTS

Research and development costs that were not capitalized and are therefore recognized in operating expenses amount to EUR 6,862 thousand for the year ended 31 December 2019 and EUR 5,086 thousand for the year ended 31 December 2018.

15/ DEPRECIATION AND AMORTIZATION

Amortization of non-current assets for the year ended 31 December:

EUR '000	2019	2018
Clients relationships	4,853	1,565
Development	49	12
Patents and right	1,466	5
Software	6,285	1,869
Other intangible assets	35	-
Total	**12,688**	**3,451**

Depreciation of property, plant and equipment for the year ended 31 December:

EUR '000	2019	2018
Buildings	492	458
Leasehold improvements	374	137
Machinery and equipment	2,057	1,602
Vehicles	687	483
Fixtures and fittings	275	175
Low-value tangible fixed assets	33	21
Total	**3,918**	**2,876**

Depreciation of right of use for the year ended 31 December:

EUR '000	2019	2018
Right-of-use	2,102	1,440
Total	**2,102**	**1,440**

16/ OTHER OPERATING EXPENSES

Other operating expenses for the year ended 31 December were as follows:

EUR '000	2019	2018
Insurance of receivables	612	550
Cost of acquisition of a subsidiary	1,600	39
Write-off receivables	-	559
Change in provisions	(1,074)	63
Rental costs	2,201	857
Costs of services provided	4,945	2,737
Deficits and damages	424	154
Gifts to foundations	163	202
Market research, consultancy	3,831	2,106
Legal services	1,094	641
Repairs and maintenance	725	494
Travel costs	1,188	823
Representational costs	1,393	1,190
IT services	3,339	1,970
Accounting services	1,035	783
Telephone, internet services	687	493
Write-off of investment for setting-up joint venture	-	968
Other	3,960	4,156
Total	**26,123**	**18,785**

17/ FINANCE INCOME

Finance income for the year ended 31 December were as follows:

EUR '000	2019	2018
Financing of refund VAT and excise tax	1,605	1,511
Gain from foreign currency exchange rate differences	1,465	900
Gain from the revaluation of securities and derivatives	455	-
Interest income	48	17
Others finance income	455	40
Total	**4,035**	**2,468**

18/ FINANCE COSTS

Finance costs for the year ended 31 December were as follows:

EUR '000	2019	2018
Bank fees	3,784	1,097
Bank guarantees fee	289	219
Bank loan prolongation fee	5	11
Interest expense	3,410	781
Loss from the revaluation of securities and derivatives	-	486
Others	-	45
Total	**7,488**	**2,639**

Net loss on financial instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting.

19/ INCOME TAX

Corporate income tax for companies in the Czech Republic for the years 2019 and 2018 was in line with the Income Tax Act set at the rate of 19%. The tax rate applicable for 2020 and beyond is 19%.

WAG Iberia together with the 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.

Structure of the income tax for the year ended 31 December is as follows:

EUR '000	2019	2018
Current income tax charge	5,831	3,181
Adjustments in respect of current income tax of previous year	53	676
Deferred tax	(236)	472
Total	**5,648**	**4,329**

Reconciliation of tax expense and the accounting profit multiplied by the parent domestic tax rate for 2019 and 2018:

EUR '000	2019	2018
Accounting profit before income tax from continuing operations	19,966	15,216
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	19,966	15,216
At Czech Republic's statutory income tax rate of 19%	3,793	2,891
Adjustments in respect of current income tax of previous years	53	676
Effect of certain income subject to a special tax rate	434	263
Effect of different tax rates in other countries of the Group	601	(576)
Change in unrecognized deferred tax assets	-	(45)
Non-taxable expenses	1,123	1,120
Tax credits	(300)	-
Unrecognised tax loss carry forwards for the year	(26)	-
Effect of accumulated tax loss claimed in the current period	(7)	-
Effect of non-taxable income	(188)	-
Effect of unrecognized deferred tax assets relating to tax losses of current period	165	-
At the effective income tax rate of 28,29% (2017: 28,45%)		
Income tax expense reported in the statement of profit or loss	**5,648**	**4,329**
Income tax attributable to a discontinued operation	-	-

Deferred tax balances and movements:

	1 January 2019	Business combinations	Charged (credited) to profit or loss	Charged to equity	Translation differences	31 December 2019
Difference between net book value of fixed assets for accounting and tax purposes	(627)	(8,143)	1,804	-	(1)	(6,967)
Allowances	724	-	(140)	-	9	593
Provisions for liabilities and charges	854	-	(1,016)	-	9	(153)
Accruals tax deductible in different period	(55)	-	523	(136)	(1)	331
Other	132	-	(132)	-	(1)	(1)
Net deferred tax asset/(liability)	**1,028**	**(8,143)**	**1,039**	**(136)**	**15**	**(6,197)**
Recognised deferred tax asset	**1,378**	**(502)**	**692**	**(136)**	**15**	**1,447**
Recognised deferred tax liability	**(350)**	**(7,641)**	**347**	**-**	**-**	**(7,644)**

	1 January 2018	Business combinations	Charged (credited) to profit or loss	Charged to equity	Translation differences	31 December 2018
Difference between net book value of fixed assets for accounting and tax purposes	(631)	-	3	-	-	(628)
Allowances	372	-	352	-	-	724
Provisions for liabilities and charges	804	-	50	-	-	854
Accruals tax deductible in different period	(181)	-	398	(271)	(1)	(55)
Other	-	-	-	132	-	132
Net deferred tax asset/(liability)	**364**	**-**	**803**	**(139)**	**(1)**	**1,027**
Recognised deferred tax asset	**933**	**-**	**720**	**275)**	**-**	**1,378**
Recognised deferred tax liability	**(570)**	**-**	**83**	**136**	**1**	**(350)**

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.

20/ INTANGIBLE ASSETS

Cost of intangible assets subject to amortization:

EUR '000	Client relationships	Development	Patents and rights	Software	Other intangible assets	Assets in progress	Total
1 January 2018	**4,193**	**-**	**91**	**9,338**	**5**	**1,686**	**15,313**
Additions	-	-	-	-	-	9,689	9,689
Transfer	-	39	-	6,617	-	(6,656)	-
Acquisition of a subsidiary	628	-	-	-	-	-	628
Disposals	-	(9)	-	(67)	-	(73)	(149)
Translation differences	(31)	-	(1)	(84)	-	(21)	(137)
31 December 2018	**4,790**	**30**	**90**	**15,804**	**5**	**4,625**	**25,344**
Additions	4,645	89	2	9,694	141	6,598	21,169
Acquisition of a subsidiary	14,222	72	5,367	16,939	8	269	36,877
Disposals	-	-	-	(23)	-	-	(23)
Translation differences	-	1	1	319	1	206	528
31 December 2019	**23,657**	**192**	**5,460**	**42,733**	**155**	**11,698**	**83,895**

Accumulated amortization and impairment of intangible assets subject to amortization:

EUR '000	Client relationships	Development	Patents and rights	Software	Other intangible assets	Assets in progress	Total
1 January 2018	**(1,281)**	**-**	**(39)**	**(4,870)**	**(5)**	**-**	**(6,195)**
Amortization	(1,565)	(12)	(5)	(1,869)	-	-	(3,451)
Disposals	-	8	-	67	-	-	75
Translation differences	(22)	-	-	40	-	-	18
31 December 2018	**(2,868)**	**(4)**	**(44)**	**(6,632)**	**(5)**	**-**	**(9,553)**
Amortization	(4,853)	(49)	(1,466)	(6,285)	(35)	-	(12,688)
Acquisition of a subsidiary	-	(22)	-	(748)	-	-	(770)
Disposals	-	-	-	(23)	-	-	(23)
Translation differences	46	-	(1)	(131)	(1)	-	(87)
31 December 2019	**(7,675)**	**(75)**	**(1,511)**	**(13,773)**	**(41)**	**-**	**(23,075)**

Net book value:

EUR '000	Goodwill	Client relationships	Development	Patents and rights	Software	Other intangible assets	Assets in progress	Total
Net book value at 1 January 2018	25,649	2,912	-	52	4,468	-	1,686	34,767
Net book value at 31 December 2018	26,374	1,922	26	46	9,172	-	4,625	42,165
Net book value at 31 December 2019	111,649	15,982	117	3,949	28,960	114	11,698	172,469

BREAKDOWN OF GOODWILL MOVEMENTS IS AS FOLLOWS:

EUR '000	2019	2018
Opening balance as at 1 January	26,374	25,649
Newly consolidated companies	84,950	910
Translation differences	325	(185)
Closing balance as at 31 December	**111,649**	**26,374**

IMPAIRMENT TESTING

Goodwill acquired through business combinations is allocated to the respective subsidiaries CGUs for impairment testing.
Carrying amount of the goodwill allocated to each of the CGUs:

EUR '000	31 December 2019	31 December 2018
Reamon Tax, a.s.	638	630
W.A.G. payment solutions AT GmbH	593	593
HI Software Development s.r.o. and Princip a.s.	24,543	24,241
Aldobec technologies, s.r.o.	910	910
ADS Group – Fuel CGU	46,617	
ADS Group – Refund and Services CGU	1,729	-
ADS Group – Toll CGU	2,061	-
Sygic, a.s.	33,577	-
Tripomatic s.r.o.	981	-

For the impairment testing, the Group has prepared the valuation using the discounted cash flow model and for HI Software Development s.r.o. and Princip a.s., and Aldobec technologies, s.r.o. – an EBITDA multiple that is considered as being representative of fair value less cost to sell (level 3 of fair value hierarchy).

Reamon Tax, a.s./Refund of taxes

The recoverable amount of CGU as at 31 December 2019 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. The pre-tax discount rate applied to cash flow projections is 9,00% (2018: 9,27%) and cash flows beyond the five-year period are extrapolated using a 2,00% growth rate (2018: 2,00%) that is below the long-term industry growth rate, due to reasons of prudence.

If the discount rate used in the value-in-use calculation had been 1 percentage point higher than management's estimates at 31 December 2019 (10% instead of 9%), the Group would not have had to recognise any impairment.

If an EBITDA had been in every year by 10% lower than management's estimates, the Group would have had to recognise an impairment of EUR 358 thousand.

W.A.G. payment solutions AT GmbH

The recoverable amount of CGU as at 31 December 2019 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. The pre-tax discount rate applied to cash flow projections is 9,00% (2018: 9,27%) and cash flows beyond the five-year period are extrapolated using a 2,00% growth rate (2018: 2,00%).

If the discount rate used in the value-in-use calculation had been 1 percentage point higher than management's estimates at 31 December 2019 (10% instead of 9%), the Group would not have had to recognise any impairment.

If an EBITDA had been in every year by 10% lower than management's estimates, the Group would not have had to recognise any impairment.

HI Software Developlment s.r.o. and Princip a.s.

The recoverable amount of CGU as at 31 December 2019 has been determined based on an EBITDA multiple that is considered as being representative of fair value less cost to sell. The EBITDA multiple applied is 14 (2018: 14) (applied conservative multiple based on market transactions from period 2012-2018). If the EBITDA multiple in the fair value calculation decreased by 3 compared to management's estimates at 31 December 2019 (12 instead of 14), the Group would not have had to recognise any impairment.

Aldobec technologies, s.r.o.

The recoverable amount of CGU as at 31 December 2019 has been determined based on an EBITDA multiple that is considered as being representative of fair value less cost to sell. The EBITDA multiple applied is 14 (2018: 14) (applied conservative multiple based on market transactions from period 2012-2018). If the EBITDA multiple in the fair value calculation decreased by 3 compared to management's estimates at 31 December 2019 (12 instead of 14), the Group would not have had to recognise any impairment.

ADS Group

The recoverable amount of Fuel CGU as at 31 December 2019 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. The pre-tax discount rate applied to cash flow projections is 9,50% and cash flows beyond the five-year period are extrapolated using a 1,80% growth rate that is in line with the long-term forecast consumer price index in Spain. If the discount rate used in the value-in-use calculation had been 1 percentage point higher than management's estimates at 31 December 2019, the Group would not have had to recognise any impairment.
If an EBITDA had been in every year by 10% lower than management's estimates, the Group would not have had to recognise any impairment.

The recoverable amount of Refund and Services CGU as at 31 December 2019 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. The pre-tax discount rate applied to cash flow projections is 9,50% and cash flows beyond the five-year period are extrapolated using a 1,80% growth rate that is in line with the long-term forecast consumer price index in Spain. If the discount rate used in the value-in-use calculation had been 1 percentage point higher than management's estimates at 31 December 2019, the Group would have had to recognise an impairment of EUR 2,061 thousand.

If an EBITDA had been in every year by 10% lower than management's estimates, the Group would have had to recognise an impairment of EUR 510 thousand.

The recoverable amount of Toll CGU as at 31 December 2019 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. The pre-tax discount rate applied to cash flow projections is 9,50% and cash flows beyond the five-year period are extrapolated using a 1,80% growth rate that is in line with the long-term forecast consumer price index in Spain.

If the discount rate used in the value-in-use calculation had been 1 percentage point higher than management's estimates at 31 December 2019, the Group would not have had to recognise any impairment.

If an EBITDA had been in every year by 10% lower than management's estimates, the Group would not have had to recognise any impairment.

Sygic a.s.

The recoverable amount of CGU as at 31 December 2019 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. The pre-tax discount rate applied to cash flow projections is 12,60% and cash flows beyond the five-year period are extrapolated using a 2,00% growth rate that is in line with the long-term forecast consumer price index in Slovakia.

If the discount rate used in the value-in-use calculation had been 1 percentage point higher than management's estimates at 31 December 2019, the Group would have had to recognise an impairment of EUR 90 thousand.

If an EBITDA had been in every year by 10% lower than management's estimates, the Group would have had to recognise an impairment of EUR 86 thousand.

Tripomatic s.r.o.

The recoverable amount of CGU as at 31 December 2019, 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. The pre-tax discount rate applied to cash flow projections is 12,60% and cash flows beyond the five-year period are extrapolated using a 2,00% growth rate that is in line with the long-term forecast consumer price index in Slovakia.

If the discount rate used in the value-in-use calculation had been 1 percentage point higher than management's estimates at 31 December 2019, the Group would not have had to recognise any impairment.

If an EBITDA had been in every year by 10% lower than management's estimates, the Group would not have had to recognise any impairment.

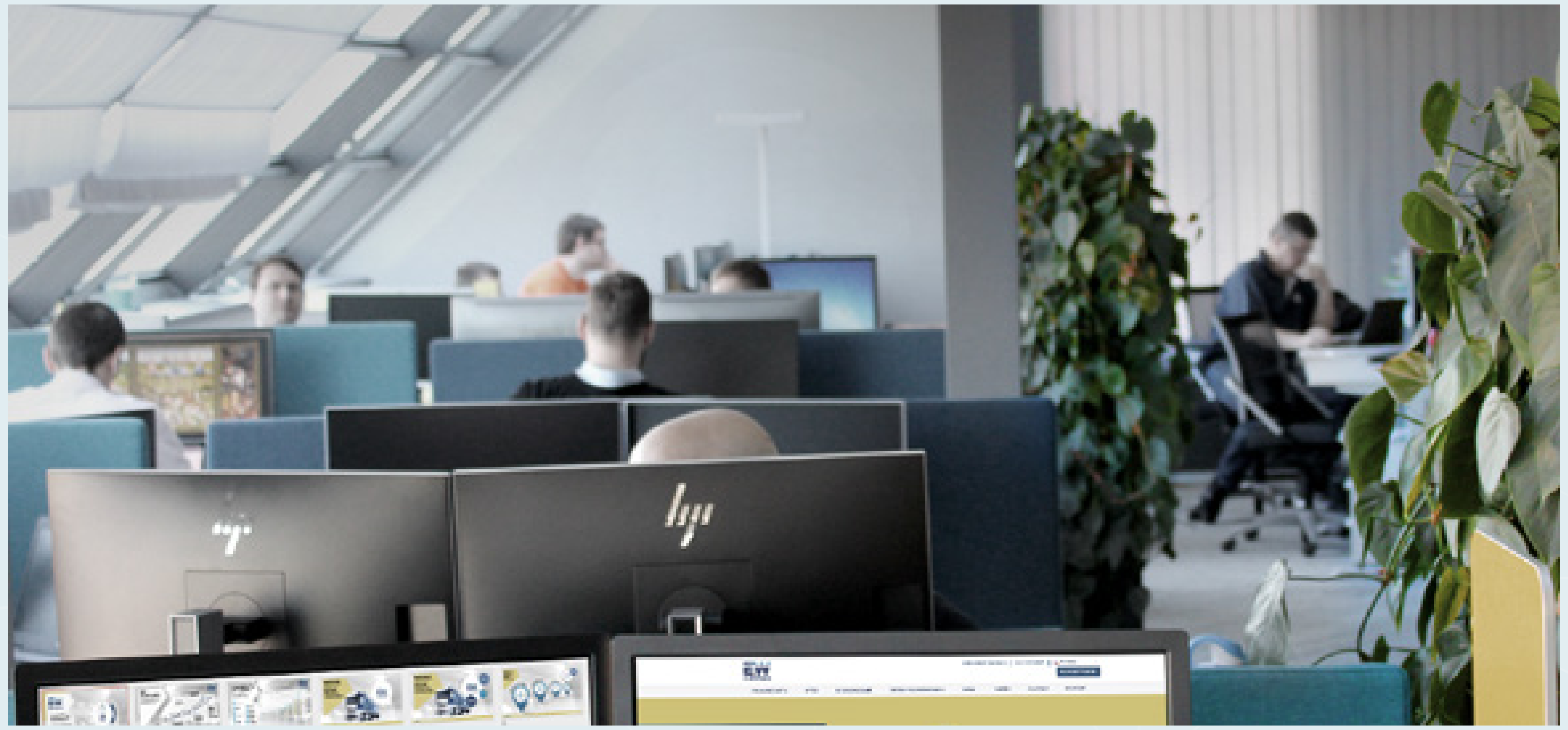
KEY ASSUMPTION USED FOR IMPAIRMENT TESTING

Discounted cash flow model and parametric formula are based on the following key assumptions:

- **Revenue growth**
- **Discount rate**

Revenue growth was determined by the management separately for an each controlled subsidiary and for each segment of revenues. The growth is based on the knowledge of each particular market taking into account the historical development of revenues, estimated macroeconomic developments in individual regions and Group's plans regarding new products development, growth opportunities and market share expansion. Estimated revenue growth represents 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.



21/ PROPERTY, PLANT AND EQUIPMENT

Cost of property, plant and equipment:

	Buildings	Lands	Leasehold improvements	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangibles	Tangibles in progress	Total
1 January 2018	**10,730**	**4,080**	**855**	**9,664**	**1,894**	**788**	**108**	**4,625**	**32,744**
Additions	-	-	-	-	-	-	-	8,050	8,050
Transfer	1,587	2,438	653	3,788	1,232	259	(32)	(9,925)	-
Acquisition of a subsidiary	-	-	-	13	-	-	-	-	13
Disposals	(62)	-	(45)	(79)	(154)	(13)	(9)	(4)	(366)
Translation differences	(125)	(46)	(8)	(93)	(29)	(7)	(1)	(33)	(342)
31 December 2018	**12,130**	**6,472**	**1,455**	**13,293**	**2,943**	**1,027**	**66**	**2,713**	**40,099**
Additions	1,294	545	515	3,126	923	474	-	965	7,842
Transfer	(123)	-	123	14	-	(14)	-	-	-
Acquisition of a subsidiary	1,837	892	1,091	2,985	280	430	-	-	7,515
Disposals	(12)	-	-	(953)	(273)	(69)	(31)	(1)	(1,339)
Translation differences	128	15	23	110	24	18	-	36	354
31 December 2019	**15,254**	**7,924**	**3,207**	**18,575**	**3,897**	**1,866**	**35**	**3,713**	**54,471**

Accumulated depreciation and impairment of property, plant and equipment:

	Buildings	Lands	Leasehold improvements	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangibles	Tangibles in progress	Total
1 January 2018	**(2,552)**	**-**	**(444)**	**(5,009)**	**(789)**	**(327)**	**(85)**	**-**	**(9,206)**
Depreciation charge	(458)	-	(137)	(1,602)	(483)	(175)	(21)	-	(2,876)
Disposals	41	-	-	3	122	17	64	-	247
Translation differences	23	-	4	40	8	4	1	-	80
31 December 2018	**(2,946)**	**-**	**(577)**	**(6,568)**	**(1,142)**	**(481)**	**(41)**	**-**	**(11,755)**
Depreciation charge	(492)	-	(374)	(2 057)	(687)	(275)	(33)	-	(3 918)
Acquisition of a subsidiary	(466)	-	(16)	(2 124)	(173)	(252)	-	-	(3 031)
Disposals	16	-	-	16	17	-	10	-	259
Transfer	31	-	(31)	(65)	-	9	55	-	(1)
Translation differences	(28)	-	(11)	(70)	(20)	(9)	2	-	(136)
31 December 2019	**(3 885)**	**-**	**(1 009)**	**(10 668)**	**(2 005)**	**(1 008)**	**(7)**	**-**	**(18 582)**

Net book value of property, plant and equipment:

	Buildings	Lands	Leasehold improvements	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangibles	Tangibles in progress	Total
Net book value at 1 January 2018	8,178	4,080	411	4,655	1,105	461	23	4,625	23,538
Net book value at 31 December 2018	9,184	6,472	878	6,725	1,801	546	25	2,713	28,344
Net book valueat 31 December 2019	11,369	7,924	2,198	7,907	1,892	858	28	3,713	35,889
Net book value pledged at 31 December 2019	6,368	2,613			835			-	9,816

Land, buildings and machinery and equipment are subject to pledge in respect of bank loans as at 31 December 2019 and 31 December 2018 in total amount of EUR 9,816 thousands and EUR 32,175 thousands respectively.

22/ LEASES (GROUP AS A LEASEE)

The Group leases several assets including buildings, land and motor vehicles. The average lease term is 5 years.
Right-of-use assets

RIGHT-OF-USE ASSETS

EUR '000	Right-of-use: Buildings	Right-of-use: Lands	Right-of-use: Motor vehicles	Right-of-use: Total
1 January 2018	**5,987**	**693**	**-**	**6,680**
Additions	4,549	-	104	4,653
Disposals	(632)	-	-	(632)
Translation differences	(52)	(5)	-	(57)
31 December 2018	**9,852**	**688**	**104**	**10,644**
Additions	2,838	-	31	2,869
Acquisition of subsidiary	558	-	-	558
Disposals	(393)	(9)	-	(402)
Translation differences	91	8	-	99
31 December 2019	**12,946**	**687**	**135**	**13,768**

ACCUMULATED DEPRECIATION

EUR '000	Right-of-use: Buildings	Right-of-use: Lands	Right-of-use: Motor vehicles	Right-of-use: Total
1 January 2018	-	-	-	-
Charge	(1,366)	(53)	(22)	(1,441)
Disposals	211	-	-	211
Translation differences	3	-	-	3
31 December 2018	**(1,152)**	**(53)**	**(22)**	**(1,227)**
Charge	(2,036)	(53)	(13)	(2,102)
Disposals	230	-	12	242
Translation differences	(90)	-	-	(90)
31 December 2019	**(3,048)**	**(106)**	**(24)**	**(3,178)**

EUR '000	Right-of-use: Buildings	Right-of-use: Lands	Right-of-use: Motor vehicles	Right-of-use: Total
Net book value at 1 January 2018	**5,987**	**693**	**-**	**6,680**
Net book value at 31 December 2018	**8,700**	**635**	**82**	**9,417**
Net book value at 31 December 2019	**9,898**	**581**	**112**	**10,591**

LEASE LIABILITIES

EUR '000	31 December 2019	31 December 2018	1 January 2018
Long-term lease liabilities	9,114	8,338	5,944
Short-term lease liabilities	2,183	1,448	1,164
Total lease liabilities	**11,297**	**9,786**	**7,108**

Discounted lease payments to be paid

EUR '000	31 December 2019	31 December 2018	1 January 2018
Within one year	2,183	1,448	1,164
After one year but not more than five years	7,418	5,818	5,067
More than five years	1,696	2,520	877
Total lease liabilities	**11,297**	**9,786**	**7,108**

The lease liabilities were discounted at the borrowing rate as at 1 January 2018. Discount rate was used in range 1,10% – 3,75%.

LEASES IN THE INCOME STATEMENT

EUR '000	2019	2018
Rendering of services		
Terminated rent	-	100
Materials expense		
Short-term lease expenses	44	225
Low-value lease expenses	52	346
Variable lease payment expenses	-	81
Other lease expenses (additional costs)	290	205
Depreciation and impairment losses		
Depreciation of right-of-use assets	(2,102)	(1,440)
Net finance costs		
Interest expense on lease liabilities	(171)	(170)
Currency translation gains on lease liabilities	30	36
Currency translation losses on lease liabilities	(36)	(45)

23/ OTHER NON-CURRENT ASSETS

EUR '000	2019	2018
Prepaid expenses and accrued incomes	2,539	1,307
Long-term advances granted	245	240
Total	**2,784**	**1,547**

Other non-current assets as at 31 December 2019 and 2018 represent particularly bonuses dependent on project completion, implementation of the acceptance system, licences, software and guarantees, derivative receivable and long-term advances granted.

24/ INVENTORIES

EUR '000	31 December 2019	31 December 2018
Raw materials (at lower of cost and net realizable value)	759	721
Goods (at lower of cost and net realizable value)	4,228	3,383
Finished products	2,386	125
Total	**7,373**	**4,229**

During the year ended 31 December 2019 and 2018 was recognized allowance for inventories in total amount of EUR 2 and EUR 2 thousands respectively. Write-downs of inventories to net realisable value amounted to EUR 24 thousands (2018 – EUR 19 thousands). They were recognised as an expense during the year ended 31 December 2019 and 2018 and were included in cost of sales in the statement of profit or loss.

25/ TRADE AND OTHER RECEIVABLES

EUR '000	31 December 2019	31 December 2018
Trade receivables	167,497	135,742
Receivables from tax authorities	39,660	8,810
Advances granted	13,570	4,930
Unbilled revenue	5,997	2,588
Miscellaneous receivables	2,627	24
Tax refund receivables	16,684	11,345
Prepaid expenses and accrued income	1,587	1,766
Contract assets	81	-
Total	**247,703**	**165,205**

Trade receivables are non-interest bearing and are generally payable on terms below 30 days. Trade and other receivables are non-derivative financial assets carried at amortized cost.

Tax refund receivables as at 31 December 2019 and 2018 include receivables from foreign tax authorities and from financing of tax refunds to customers until processing of the application for tax refund by EU tax authorities.

Receivables are subject to security of bank loans as at 31 December 2019 in total amount EUR 102,604 thousands (2018: EUR 79,302 thousands).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables, miscellaneous receivables and contract assets have been grouped based on shared credit risk characteristics (customer's countries) and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2019 and the corresponding historical credit losses experienced within this period.

The ageing analysis of trade and other receivables was as follows (carrying amounts after valuation allowance):

EUR '000	Neither past due nor impaired	Past due but not impaired				Total
		Past due 1 - 90 days	Past due more than 90 days	Past due more than 180 days	Past due more than 365 days	
As at 31 December 2018	126,777	34,512	2,121	1,290	505	165,205
As at 31 December 2019	179,306	54,952	7,391	5,116	938	247,703

The carrying value of trade and other receivables approximates their fair value due to their short term maturities.

On basis described above, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows:

31 December 2019

EUR '000	Neither past due nor impaired	Past due 1 - 90 days	Past due more than 90 days	Total
Percentage of expected interest loss	0,1%	0,1 – 11%	11 – 100%	
Gross value of receivables	179,325	56,139	22,930	264,448
Expected credit loss	19	1,187	15,539	16,745

31 December 2018

EUR '000	Neither past due nor impaired	Past due 1 - 90 days	Past due more than 90 days	Total
Percentage of expected interest loss	0,1 %	0,1 – 15 %	15 – 100 %	-
Gross value of receivables	127,050	35,686	12,294	175,030
Expected credit loss	273	1,174	8,378	9,825

Allowances against outstanding receivables that are considered doubtful were charged to income statement based on the analysis of their collectability in the year ended 31 December 2019 and 2018.

EUR '000	Amount
Allowances at 1 January 2018	**5,777**
Impact of first adoption IFRS 9	375
Allowances at 1 January 2018	**6,152**
Charged	5,692
Utilized	(601)
Unused amounts reversed	(1,364)
FX differences	(54)
Allowances at 31 December 2018	**9,825**
Acquisition of subsidiary	19
Charged	7,400
Utilized	(204)
Unused amounts reversed	(470)
FX differences	175
Allowances at 31 December 2019	**16,745**

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

26/ DERIVATIVE ASSETS

EUR '000	2019	2018
Derivatives not designated as hedging instruments		
Foreign exchange forwards (EUR/CZK)	1,109	-
Foreign exchange forwards (EUR/PLN)	52	-
Currency swap	176	2
Total financial instruments at fair value	**1,337**	**2**
Current	969	2
Non-current	368	-

Derivatives not designated as hedging instruments reflect the positive change in fair value of those foreign exchange forwards and foreign exchange option contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

CASH FLOW HEDGES

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in EUR. These forecast transactions are highly probable, and they comprise about 8% of the Group's total expected sales for fuel, about 1,5% of the Group's total expected sales for toll and about 55% of the Group's total expected sales for tax refund.

While the Group also enters into other foreign exchange forward contracts with the intention of reducing the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

EUR '000	31 December 2019	31 December 2018
Foreign currency forward contracts designed as hedging instruments		
Fair value	779	22
Current	779	22
Non-current	-	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognized in the statement of profit or loss.

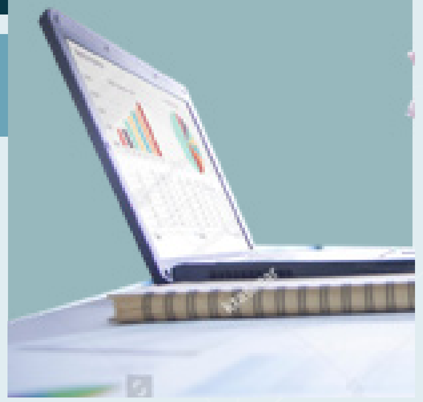
The Group hedges cash flows from highly probable future sales from sale of fuel and toll and procurement of tax refunds from payments placed in foreign countries. As a hedging instrument group uses FX forwards. The hedge effectiveness is measured by comparing the changes in hedged cash flow in CZK (foreign currency turnover in EUR translated into CZK) and the changes in the fair value of the hedging instruments (known as a 'hypothetical derivative').

Hedging parameters

The sum of the nominal values of hedging foreign currency loans and the notional amount of derivatives and the expected amount of sales are identical, or sales in EUR are always higher.

Expected maturity of hedging instruments, resp. their impact on profit or loss and the timing of the impact of cash flows on hedged sales are identical

Derivatives are negotiated at market price (i.e. without premium payment), the change in fair value corresponds to the change in cash flow from changes in the exchange rate.



The hedged item and the hedging instruments are denominated in EUR, i.e. the same currencies,

Volume of hedged cash flows:

Balance as at 31 December 2019	Within 1 year	1-5 years	Total
Currency risk exposure			
Hedging of future cash flows- future receivables	748	31	779
Hedging of future cash flows- future liabilities	(13)	-	(13)
Total	**735**	**31**	**766**

Balance as at 31 December 2018	Within 1 year	1-5 years	Total
Currency risk exposure			
Hedging of future cash flows- future receivables	22	-	22
Hedging of future cash flows- future liabilities	(399)	(369)	(768)
Total	**(377)**	**(369)**	**(746)**

Hedging is planned as 100% effective because the amount of effect from hedging items in EUR will be equal to the amount of revenues in EUR (hedged items).

INTEREST RATE RISK

The Group obtained club financing facilities (Note 29) with floating interest rate denominated in EUR. The interest rate risk management strategy of the Group requires minimization of its exposure to changes in cash flows from received financing due to interest rate risk. The Group concluded interest rate financial derivative, where the Group pays interest based on a fixed interest rate and receives interest based on a floating interest rate derived from principal amount in EUR. This instrument allows the Group to reduce the risk of changes of cash flows from obtained financing due to interest rate risk.

EUR '000	31 December 2019	31 December 2018
Foreign currency interest swap contracts designed as hedging instruments		
Fair value	77	-
Current	-	-
Non-current	77	-

EUR '000	31 December 2019
Carrying amount (current and non-current asset)	77
Carrying amount (current and non-current liabilities)	(935)
Nominal amount	90 500
Maturity date	2024 and 2025
Change in fair value of outstanding hedging instruments since 1 January	814
Change in value of hedged item used to determine hedge effectiveness	(814)
Weighted average hedged rate for the year	0,26%

HEDGING ITEMS

In 2019 and 2018 the Group used following hedging instruments with nominal value:

EUR '000	31 December 2019	31 December 2018
Foreign exchange forwards	48,000	1,314
Interest rate swaps	95,000	-
Loans	3,000	47
Total	**146,000**	**1,361**

Hedging effects to statement of profit and loss in 2019 and 2018 were following:

EUR '000	31 December 2019	31 December 2018
Foreign exchange forwards	241	191
	241	191
Interest rate swaps	-139	-
	-139	-
Loan 10 million EUR	142	68
	142	68
Total	**244**	**259**

27/ CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

EUR '000	31 December 2019	31 December 2018
Cash at banks	59,720	39,957
Cash on hand	62	98
Short-term deposits	-	750
Cash and cash equivalents presented in the statement of financial position	**59,782**	**40,805**
Bank overdrafts	-39,493	-28,551
Cash and cash equivalents presented in the statement of cash flows	**20,289**	**12,254**

Cash at bank is subject to security of bank loans as at 31 December 2019 in total amount EUR 17,103 thousands.
The fair value of cash and cash equivalents approximates their carrying value due to their short term maturities.

Credit quality of cash at banks:

EUR '000	31 December 2019			31 December 2018		
External rating scale	Bank balances payable on demand	Term deposits	Total	Bank balances payable on demand	Term deposits	Total
Aaa	254	-	254	284	-	284
Aa	4 752	-	4 752	54	-	54
A	9 712	-	9 712	20 101	150	20 251
Baa	36 331	-	36 331	17 494	600	18 094
Ba	3 357	-	3 357	48	-	48
B	1 325	-	1 325	1 213	-	1 213
Caa	2 716	-	2 716	-	-	-
Unrated	1 273	-	1 273	763	-	763
Total cash at banks	**59 720**	**-**	**59 720**	**39 957**	**750**	**40 707**

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented.

The items of these liabilities are those that are reported as financing in the statement of cash flows:

	Liabilities from financing activities			
EUR '000	**Borrowings**	**Lease liabilities**	**Dividend payable**	**Total**
Liabilities from financing activities at 31 December 2017	**48,119**	**-**	**-**	**48,119**
Recognised on adoption of IFRS 16	-	7,108	-	7,108
Liabilities from financing activities at 1 January 2018	**48,119**	**7,108**	**-**	**55,227**
Cash flows	8,669	(1,259)	-	7,410
Business combinations	-	-	-	-
Changes in fair values	-	-	-	-
New leases	-	4,169	-	4,169
Foreign exchange adjustments	(58)	6	-	(52)
Other movements*	-	(238)	-	(238)
Liabilities from financing activities at 31 December 2018	**56,730**	**9,786**	**-**	**66,516**
Adoption of new standards	-	-	-	-
Liabilities from financing activities at 1 January 2019	**56,730**	**9,786**	**-**	**66,516**
Cash flows	109,536	(1,877)	(24,431)	83,228
Business combinations	10,877	2,361	19,394	32,632
Changes in fair values	-	-	-	-
New leases	-	1,193	-	1,193
Declared dividends	-	-	5,038	5,038
Foreign exchange adjustments	(795)	-	(1)	(796)
Other movements*	(2,520)	(166)	-	(2,686)
Liabilities from financing activities at 31 December 2019	**173,828**	**11,297**	**-**	**185,125**

* The "Other movements" in Borrowings represent effective interest rate adjustment – effective interest paid in advance and its subsequent unwinding, the Group classifies interest paid as cash flows from operating activities. The "Other movements" in Lease liabilities represent cancellation of lease liability in connection with premature termination of a lease.

28/ EQUITY

During the year 2019 and 2018, the Group decided to increase the share capital. The changes in total number of issued shares were as follows:

	2019	2018
Ordinary shares of CZK 1 each	166, 575	316,137
Shares with special rights CZK 1 each	27	

Priority shares issued and fully paid:

	shares	EUR '000
At 31 December 2018	45	-
At 31 December 2019	45	-

Ordinary shares issued and fully paid:

	shares	EUR '000
At 1 January 2018	**1,447,343**	**4,120**
Issued on 5 June 2018	316,137	12
At 31 December 2018	**1,763,480**	**4,132**
Issued on 10 April 2019	166,575	26
At 31 December 2019	**1,930,055**	**4,158**

Shares with special rights issued and fully paid:

	shares	EUR '000
At 31 December 2018	3	-
At 31 December 2019	30	-

Share premium

	EUR '000
At 1 January 2018	**2,249**
Issuance of share capital	430
At 31 December 2018	**2,679**
Issuance of share capital	248
At 31 December 2019	**2,927**

During the year, the authorized share premium was increased by EUR 248 thousands by the issue of ordinary shares with the right to participate and vote on the general meeting and entitled to dividend.

THE RIGHTS, PREFERENCES AND RESTRICTIONS FOR EACH CLASS OF SHARE CAPITAL

All the ordinary shares are transferable without restrictions. Any priority share or share with special price may be transferred only to the Company, or with the prior consent of the general meeting.

One vote is attached to each CZK 1.00 of the nominal value of one share. No right to vote at the general meeting is attached to priority shares; the above shall not apply if the general meeting has decided that no priority share of profits will be paid or if the Company is in delay in paying the share of profit. No right to vote at the general meeting is attached to shares with special rights.
Priority shares and shares with special rights bear a dividend based on calculation as a percentage of increase in EBITDA in a given year comparing to previous year.

SHARE-BASED PAYMENTS

The Group has share portion scheme under which options to subscribe for the Group's shares have been granted to certain senior executives.

The share-based payments reserve is used to recognize the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 13 for further details of these plans.

CHANGES IN SHAREHOLDERS' EQUITY

Upon the decision of the regular General Meeting of Shareholders held on 14 June 2018 the Group decided not to divide the profit to the shareholders and keep all profit it in the Company as the retained earnings.
Upon the decision of the regular General Meeting of Shareholders held on 13 June 2019 the Group decided to:

- **use a part of the profit amounting to EUR 5,038 thousand for disbursing dividends among the shareholders;**
- **transfer the remaining profits into the fund of retained earnings from previous years.**

CHANGES IN NON-CONTROLLING INTEREST

	2019
Acquisition of subsidiaries	30,901
Net profit of and other comprehensive income of non-controlling interests for the period	1,673
Rounding	(4)
Put options held by non-controlling interests	(32,570)
31 December 2019	-

For new business combinations in 2019 (described in Note 8) The Group does not have a present ownership interest in the shares concerned but initially applied IFRS 10 and recognized a non-controlling interest at fair value. That is why the Group does not apply neither anticipated-acquisition method nor present-access method, but alternative for which the accounting at the end of each reporting period is as follows:

(a) The Group determines the amount that would have been recognized for the non-controlling interest, including an update to reflect allocations of profit or loss, allocations of changes in other comprehensive income and dividends declared for the reporting period, as required by IFRS 10;
(b) The Group derecognizes the non-controlling interest as if it was acquired at that date;
(c) The Group recognizes a financial liability at the present value of the amount payable on exercise of the NCI put in accordance with IFRS 9 (Note 31). There is no separate accounting for the unwinding of the discount due to the passage of time; and
(d) The Group accounts for the difference between (b) and (c) as an equity transaction – as of 31 December 2019 the amount of (9,175) thousand EUR presented as 'business combinations equity adjustment' in 'equity attributable to equity holders of the parent'.

29/ INTEREST BEARING LOANS

	Currency	Maturity	Interest rate	31 December 2019 Total limit in currency	31 December 2019 Amount in original currency	31 December 2019 Amount in EUR thousands	31 December 2018 Total limit in currency	31 December 2018 Amount in original currency	31 December 2018 Amount in EUR thousands
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	47,500	42,618	42,618	-	-	-
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	47,500	46,561	46,561	-	-	-
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	95,000	44,121	44,121	-	-	-
ČSOB Leasing	CZK	2019/02	fix rate	3,178	-	-	3,178	180	7
ČSOB Leasing	CZK	2019/03	fix rate	5,517	-	-	5,517	469	18
ČSOB Leasing	CZK	2019/04	fix rate	964	-	-	964	109	4
ČSOB Leasing	CZK	2019/05	fix rate	1,626	-	-	1,626	230	9
ČSOB Leasing	CZK	2019/07	fix rate	2,601	-	-	2,601	515	20
ČSOB Leasing	CZK	2019/09	fix rate	876	-	-	876	223	9
ČSOB Leasing	CZK	2019/10	fix rate	656	-	-	656	185	7
ČSOB Leasing	CZK	2019/11	fix rate	1,307	-	-	1,307	406	16
ČSOB Leasing	CZK	2019/12	fix rate	1,078	-	-	1,078	365	14
ČSOB Leasing	CZK	2020/04	fix rate	2,272	258	11	2,272	1,024	40
ČSOB, a.s.	CZK	2019/01	1M PRIBOR + bank margin	-	-	-	30,000	500	20
ČSOB, a.s.	CZK	2024/09	fix rate	-	-	-	35,500	29,871	1,161
ČSOB, a.s.	CZK	2024/12	fix rate	-	-	-	630,000	493,043	19,167
ČSOB, a.s.	EUR	2019/01	1M EURIBOR + bank margin	-	-	-	500	8	8
Raiffeisenbank, a.s.	EUR	2021/09	3M EURIBOR + bank margin	-	-	-	2,400	808	808
Raiffeisenbank, a.s.	EUR	2026/02	fix rate	-	-	-	3,676	3,293	3,293
Raiffeisenbank, a.s.	EUR	2026/04	fix rate	-	-	-	2,512	2,303	2,302
s Autoleasing	CZK	2021/01	fix rate	3,216	1,182	46	3,216	2,252	88
s Autoleasing	CZK	2021/02	fix rate	2,033	804	32	2,033	1,479	58
s Autoleasing	CZK	2021/03	fix rate	4,063	1,721	68	4,062	3,068	119
s Autoleasing	CZK	2021/04	fix rate	2,751	1,241	48	2,751	2,152	84
s Autoleasing	CZK	2021/05	ix rate	6,098	2,920	116	6,096	4,937	192
s Autoleasing	CZK	2021/06	fix rate	1,952	989	39	1,951	1,633	63
s Autoleasing	CZK	2021/07	fix rate	3,559	1,902	76	3,559	3,076	120
s Autoleasing	CZK	2021/10	fix rate	1,952	1,208	47	1,952	1,846	72
s Autoleasing	CZK	2021/12	fix rate	1,422	960	38	1,422	1,422	55
s Autoleasing	CZK	2022/01	fix rate	3,112	2,190	86	-	-	-
s Autoleasing	CZK	2022/03	fix rate	3,987	3,024	119	-	-	-
s Autoleasing	CZK	2022/04	fix rate	540	424	17	-	-	-
s Autoleasing	CZK	2022/05	fix rate	589	479	19	-	-	-

	Currency	Maturity	Interest rate	31 December 2019 Total limit in currency	31 December 2019 Amount in original currency	31 December 2019 Amount in EUR thousands	31 December 2018 Total limit in currency	31 December 2018 Amount in original currency	31 December 2018 Amount in EUR thousands
Autoleasing	CZK	2022/07	fix rate	756	655	26	-	-	-
s Autoleasing	CZK	2022/08	fix rate	3,487	3,116	124	-	-	-
s Autoleasing	CZK	2022/09	fix rate	373	343	14	-	-	-
s Autoleasing	CZK	2022/10	fix rate	1,286	1,217	48	-	-	-
Reiffeisen – Leasing, s.r.o.	CZK	2020/04	fix rate	1,341	121	5	1,341	475	18
ČSOB a.s. Slovensko	EUR	2021/12	fix rate	-	-	-	870	407	407
Revolving facilities and overdrafts									
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	EURIBOR + margin WIBOR + margin PRIBOR + margin	-	17,790	17,790	-	-	-
Komerční banka, a.s.	EUR		O/N EUR LIBOR + bank margin	-	-	-	-	9,971	9,971
Commerzbank	EUR		O/N EURIBOR + bank margin	-	-	-	-	7,474	7,474
Citibank Europe plc*	EUR		O/N EUR LIBOR + bank margin	-	9 196	9 196	-	265	265
VÚB	EUR		O/N EURIBOR + bank margin	-	-	-	-	10,005	10,005
ČSOB a.s.	CZK		O/N EUR LIBOR + bank margin	-	-	-	-	21,468	835
Caja rural de Navarra	EUR		fixed	-	200	200	-	-	-
Abanca	EUR		fixed	-	932	932	-	-	-
BBVA	EUR		fixed	-	1,163	1,163	-	-	-
Caja Rural	EUR		fixed	-	4,250	4,250	-	-	-
Bankia	EUR		fixed	-	1,932	1,932	-	-	-
Sabadell	EUR		fixed	-	1,606	1,606	-	-	-
Caixa	EUR		fixed	-	502	502	-	-	-
Abanca	EUR		12m Euribor + margin	-	1,023	1,023	-	-	
BBVA	EUR		3m Euribor + margin	-	500	500	-	-	-
Unicaja	EUR		fixed		400	400	-	-	-
Total	**EUR**			**-**	**-**	**173 828**	**-**	**-**	**56,730**
Current	**EUR**			**-**	**-**	**42 990**	**-**	**-**	**33,673**
Non-current	**EUR**			**-**	**-**	**130 838**	**-**	**-**	**23,057**

***On 27 May 2019 the Group signed senior multicurrency term and revolving facilities agreements 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.

("club financing facilities"). Under this club financing 120 million EUR is available for the Group under revolving facilities and bank guarantees, maximum limit for revolving facilities amounts to 60 million EUR, in which is included 15 million EUR of bank overdraft in Citibank Europe plc.

The Group does not draw a loan from a non-bank entity.
The interest expense relating to bank loans and borrowings for the year ended 31 December 2019 and 2018 was EUR 3,410 thousand and EUR 781 thousand, respectively.

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

As at 31 December 2019, the following pledged have been made to cover aforementioned loans:

- pledge of shares;
- pledge of receivables (Note 25);
- pledge of bank accounts (Note 27);
- pledge of real estate (Note 21);
- pledge of movable assets (Note 21);
- pledge of trademarks.

Under the terms of the club financing facilities, the Group is 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) in 2019 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;
- adjusted net leverage (the ratio of the adjusted total net debt to adjusted EBITDA) shall not exceed 6.50.

As of 31 December 2019 the Group complied with all of these covenants.
As at 31 December 2018, the following pledges have been made to cover the aforementioned loans:

- pledge of receivables (Note 25);
- pledge of bank accounts (Note 27);
- blank bills of exchange issued;
- pledge of real estate (Note 21);
- pledge of shares.

Under the loan agreements with ČSOB, a.s., Česká spořitelna, a.s., Raiffeisenbank, a.s., Komerční banka, a.s., Všeobecná úverová banka, a.s. and UniCredit bank Czech Rep., the Group was required to comply with financial covenants. As of 31 December 2018 the Group complied with all of these covenants.

The fair value of interest bearing loans and borrowings approximates their carrying value.

30/ PROVISIONS

The changes in the provision accounts were as follows:

EUR '000	Provisions – refundable damages	Provisions for bonuses	Other provisions
1 December 2018	**1,412**	**2,497**	**-**
Additions	1,223	2,470	436
Utilized	(20)	(2,053)	-
Unused amounts reversed	(1,425)	(183)	-
Unwinding of discount	-	-	-
Changes in the discount rate	-	-	-
FX difference	(9)	(17)	(1)
31 December 2018	**1,181**	**2,714**	**435**
Additions	271	3,394	187
Acquisition of subsidiary	-	12	9
Utilized	(24)	(2,674)	2
Unused amounts reversed	(1,431)	(600)	(53)
FX difference	3	25	13
31 December 2019	**-**	**2,871**	**615**
Current at 1 January 2018	1,382	2,497	-
Non-current at 1 January 2018	30	-	-
Current at 31 December 2018	1,181	2,714	432
Non-current at 31 December 2018	-	-	3
Current at 31 December 2019	-	2,871	615
Non-current at 31 December 2019	-	-	-

31/ TRADE AND OTHER PAYABLES, OTHER LIABILITIES

EUR '000	31 December 2019	31 December 2018
Trade payables	205,257	140,136
Employee related liabilities	11,319	2,973
Advances received	10,300	9,208
Miscellaneous payables	6,238	6,813
Accruals and deferred income	15,405	10,687
Contract liabilities	26	-
Refund liabilities	1,823	-
Put options	41,745	-
Total	**292,113**	**169,817**
Current	248,668	168,630
Non-current	43,445	1,187

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Miscellaneous payables as at 31 December 2019 and 2018 include mainly settlement of tax refund from processed application from EU tax authorities, which was paid to customer after balance sheet date and payables from sold receivables to factoring companies.

Accruals and deferred income as at 31 December 2019 and 2017 include mainly unbilled supplies of fuel and toll, accrual for employee bonuses, proportion of revenue related to outstanding administration of tax refund and accruals related to advisory, legal and other services.

For explanations on the Group's liquidity risk management processes, refer to Note 35.

Trade and other payables are non-derivative financial liabilities carried at amortized cost.

As at 31 December 2019 and 2018, employee related liabilities include liabilities from social security and health insurance, liabilities payable to employees for salaries and accrued employee vacation to be taken or compensated for in the following accounting period. The fair value of trade and other payables approximates their carrying value due to their short term maturities.

32/ CONTINGENT ASSETS AND LIABILTIES

As at 31 December off-balance sheet commitments are following:

EUR '000	2019	2018
Bank guarantees	76,894	41,690

Increase of contingent liabilities is driven by acquisitions in 2019 as well as by business increase.

33/ DERIVATIVE LIABILITIES

EUR '000	2019	2018
Derivatives not designated as hedging instruments		
Foreign exchange forwards (EUR/CZK)	1,107	-
Foreign exchange forwards (EUR/HUF)	304	-
Foreign exchange forwards (RON/EUR)	-	190
Foreign exchange swap	13	-
Interest swap	270	90
Total financial instruments at fair value	**1,694**	**280**
Current	1,390	90
Non-current	304	190

Derivatives not designated as hedging instruments reflect the negative change in fair value of those foreign exchange forward, foreign exchange options and interest swap contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases or interest rate risk.

CASH FLOW HEDGES

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in EUR. These forecast transactions are highly probable, and they comprise about 8% of the Group's total expected sales for fuel, about 1,5% of the Group's total expected sales for toll and about 55% of the Group's total expected sales for tax refund.

While the Group also enters into other foreign exchange forward contracts with the intention of reducing the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

EUR '000	31 December 2019	31 December 2018
Foreign currency forward contracts designed as hedging instruments		
Fair value	13	768
Current	13	399
Non-current	-	369

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognized in the statement of profit or loss.

The Group hedges cash flows from highly probable future sales from sale of fuel and toll and procurement of tax refunds from payments placed in foreign countries. As a hedging instrument group uses FX forwards. The hedge effectiveness is measured by comparing the changes in hedged cash flow in CZK (foreign currency turnover in EUR translated into CZK) and the changes in the fair value of the hedging instruments (known as a 'dummy derivative').

Hedging parameters

- **The sum of the nominal values of hedging foreign currency loans and the notional amount of derivatives and the expected amount of sales are identical, or sales in EUR are always higher.**
- **The hedged item and the hedging instruments are denominated in EUR, i.e. the same currencies,**
- **Expected maturity of hedging instruments, resp. their impact on profit or loss and the timing of the impact of cash flows on hedged sales are identical**
- **Derivatives are negotiated at market price (i.e. without premium payment), the change in fair value corresponds to the change in cash flow from changes in the exchange rate.**

Volume of hedged cash flows:

Balance as at 31 December 2019	Within 1 year	1-5 years	Total
Currency risk exposure			
Hedging of future cash flows- future receivables	748	31	779
Hedging of future cash flows- future liabilities	(13)	-	(13)
Total	**735**	**31**	**766**

Balance as at 31 December 2018	Within 1 year	1-5 years	Total
Currency risk exposure			
Hedging of future cash flows- future receivables	22	-	22
Hedging of future cash flows- future liabilities	(399)	(369)	(768)
Total	**(377)**	**(369)**	**(746)**

Hedging is planned as 100% effective because the amount of effect from hedging items in EUR will be equal to the amount of revenues in EUR (hedged items).

Interest rate risk

The Group obtained club financing facilities (Note 29) with floating interest rate denominated in EUR. The interest rate risk management strategy of the Group requires minimization of its exposure to changes in cash flows from received financing due to interest rate risk. The Group concluded interest rate financial derivative, where the Group pays interest based on a fixed interest rate and receives interest based on a floating interest rate derived from principal amount in EUR. This instrument allows the Group to reduce the risk of changes of cash flows from obtained financing due to interest rate risk.

EUR '000	31 December 2019	31 December 2018
Foreign currency interest swap contracts designed as hedging instruments		
Fair value	935	-
Current	-	-
Non-current	935	-

EUR '000	31 December 2019
Carrying amount (current and non-current asset)	77
Carrying amount (current and non-current liabilities)	(935)
Nominal amount	90 500
Maturity date	2024 and 2025
Change in fair value of outstanding hedging instruments since 1 January	814
Change in value of hedged item used to determine hedge effectiveness	(814)
Weighted average hedged rate for the year	0,26%

HEDGING ITEMS

In 2019 and 2018 the Group used following hedging instruments with nominal value:

EUR '000	31 December 2019	31 December 2018
Foreign exchange forwards	48,000	1,314
Interest rate swaps	95,000	-
Loans	3,000	47
Total	**146,000**	**1,361**

Hedging effects to statement of profit and loss in 2019 and 2018 were following:

EUR '000	31 December 2019	31 December 2018
Foreign exchange forwards	241	191
	241	191
Interest rate swaps	-139	-
	-139	-
Loan 10 million EUR	142	68
	142	68
Total	**244**	**259**

NET INVESTMENT HEDGE

The investments of the Group are held through a Parent. Based on this fact, one of the Group's objectives in the area of currency risk management is to minimize the exposure of the ultimate Parent, whose functional currency is CZK, to changes in the value of its investments arising from fluctuations in exchange rates. A foreign currency exposure arises from net investments in entities whose functional currency differs from the ultimate Parent's functional currency. To minimize its exposure to currency risk, the ultimate Parent of the Group uses loans denominated in EUR to finance acquisitions of its foreign investments.

EUR '000	31 December 2019
Carrying amount (non-current borrowings)	42,112
Change in carrying amount of bank loan as a result of foreign currency movements since 1 January, recognised in OCI	(61)
Change in value of hedged item used to determine hedge effectiveness	61
Weighted average hedged rate for the year	25,6805 CZK = 1 EUR

34/ FINANCIAL RISK MANAGEMENT

The Group's classes of financial instruments correspond with the line items presented in the consolidated statement of financial position. The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, leases and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions. The Group is exposed to market risk, credit risk and liquidity risk. The management of the Group identifies the financial risks that may have adverse impact on the business objectives and through active risk management reduces these risks to an acceptable level.

MARKET RISK

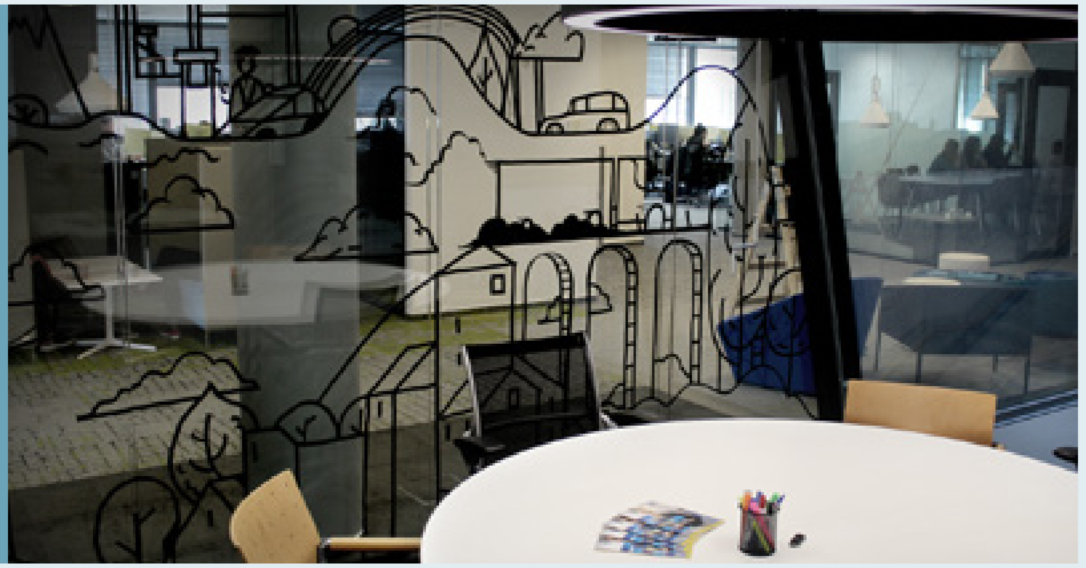
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analyses in the following sections relate to the position as at 31 December 2019 and 2018.
The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on: provisions; and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2019 and 2018.



Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans and borrowings with floating interest rates.
The Group manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.
At 31 December 2019 and 2018, after taking into account the effect of interest rate swaps, approximately 94% of the Group's borrowings are at a fixed rate of interest.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Effect of percentage change in base rate on profit before tax as at 31 December (EUR '000):

	% change	2019	2018
1M PRIBOR	+/- 10%	-	0,24 / (0,24)
O/N EURIBOR	+/- 10%	-	0,28 / (0,28)
O/N EUR LIBOR	+/- 10%	1,41 / (1,41)	0,44 / (0,44)
O/N PRIBOR	+/- 10%	-	-
12m EURIBOR	+/- 10%	5,86 / (5,86)	-
3m EURIBOR	+/- 10%	2,88 / (2,88)	-

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group manages its foreign currency risk by using foreign currency forwards, swaps and options. The Group invoices mainly in EUR and HUF. However, there are transactional currency exposures that arise from sales and purchases also in other currencies, in particular RON, TRY and PLN.

Financial assets and liabilities include cash and cash equivalents, trade and other receivables and interest-bearing loans and borrowings and trade and other payables. All remaining assets and liabilities in foreign currencies are immaterial or not subject to exchange rate exposure (such as property, plant and equipment).

The table below presents the sensitivity of the profit before tax to a hypothetical change in EUR, HUF, PLN, RON, TRY and other currencies and the impact on financial assets and liabilities of the Group. The sensitivity analysis is prepared allrounder the assumption that the other variables are constant.

Effect of the change in exchange rates between CZK and EUR, HUF, PLN, RON, TRY, BGN and other currencies on profit before tax as at 31 December:

EUR ´000	% change in rate	2019	2018
EUR	+/- 10%	+/- 3,924	+/- 1,580
HUF	+/- 10%	+/- 179	+/- 404
PLN	+/- 10%	+/- 145	+/- 283
RON	+/- 10%	+/- 117	+/- 133
TRY	+/- 10%	+/- 76	+/- 11
BGN	+/- 10%	+/- 135	+/- 19
Others	+/- 10%	+/- 534	+/- 291

Effect of the change in exchange rates between EUR and HUF, PLN, RON and other currencies on profit before tax as at 31 December

(EUR '000):	% change in rate	2019	2018
HUF	+/- 10%	+/- 1	-
PLN	+/- 10%	-	+/- 1
RON	+/- 10%		
Others	+/- 10%	-	-

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and payables).

The outstanding balances of receivables are monitored on a regular basis, and the aim of management is to minimize exposure of credit risk to single counterparty or group of similar counterparties. As of 31 December 2019 and 2018, there is no significant concentration of credit risk as there were no individually significant customers.

Total credit limits (CL) amounted to EUR 430 million by end of the 2019, usual credit usage is between 30 – 40%. The diversification improves with further increase of portfolio. Largest credit limit makes 0,67% of the total CL. The Group works with variety of collaterals including bank guarantees, pledges or VAT refund, however credit insurance is the main security instrument. Credit insurance policy allows to control CL up to EUR 630 thousand in exchange for agreed self-retention aggregated for the whole portfolio. This provides the Group with a strong tool and enough flexibility to underwrite requested credit limits independently in 99% of all cases. Larger limits must be approved by insurer.

Each client is scored at entry, monitored daily during life cycle and larger CL are reassessed on regular basis. Credit scoring combines financial analysis score, external agencies' information, rating and business information evaluation.

Currently, the Group is working on new set of credit scorecards to reflect detailed differences between companies, calculate probabilities of default and the expected loss in portfolios and also create system of appropriate credit segments.

The Group is using factoring for VAT refunds, called net invoicing factoring, when the Group is pre-financing tax refunds for its clients in advance before receiving return from tax authorities. The pre-finance to Group's customers is financed by three banking partners with total limit around EUR 53 million. As of 31 December 2019 limit was utilized in amount of EUR 27,194 thousand.

The Group is also using non-recourse securitization of receivables with available limit in amount of EUR 45 million. As of 31 December 2019 limit was utilized in amount of EUR 20,893 thousand.

The Group did not issue any guarantees or credit derivatives.

The ageing of receivables is regularly monitored by Group management.

LIQUIDITY RISK

The Group performs regular monitoring of its liquidity position to keep sufficient financial resources to settle its liabilities and commitments.

As at 31 December 2019 and 2018, the Group's current ratio (current assets divided by current liabilities) was 1.064 and 1.002, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (EUR '000):

31 December 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	4,520	19,009	88,880	79,821	192,230
Lease liabilities	-	557	1,671	9,705	20	11,953
Trade and other payables	-	248,668	23	47,368	-	296,059
Total	**-**	**253,745**	**20,703**	**145,953**	**79,841**	**500,242**

31 December 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	29,924	4,079	18,773	5,132	57,908
Lease liabilities	-	447	1,342	7,686	1,525	11,000
Trade and other payables	-	167,878	752	1,187	-	169,817
Total	**-**	**198,249**	**6,173**	**27,646**	**6,657**	**238,725**

FINANCIAL INSTRUMENTS

	Financial assets				Financial liabilities		
31 December 2019	FVTPL derivatives designated in hedge relationships	equity investments at FVTOCI	derivative financial instruments used for hedging	at amortised cost	derivative financial instruments used for hedging	FVTPL derivatives designated in hedge relationships	at amortised cost
Financial assets	-	125	-	-	-	-	-
Trade and other receivables (Note 25)	-	-	-	246,035	-	-	-
Cash and cash equivalents (Note 27)	-	-	-	59,783	-	-	-
Derivative assets (Note 9, 26)	1,337	-	856	-	-	-	-
Other liabilities (Note 31)	-	-	-	-	-	-	43,445
Borrowings (Note 29)	-	-	-	-	-	-	173,828
Lease liabilities (Note 22)	-	-	-	-	-	-	11,297
Trade and other payables (Note 32)	-	-	-	-	-	-	276,683
Derivative liabilities (Note 9, 33)	-	-	-	-	948	1,694	-

35/ CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using the equity/total assets ratio. The Group's policy is to keep the equity/total assets ratio between 9% and 30%.

EUR '000	31 December 2019	31 December 2018
Equity	49,860	51,040
Total assets	542,740	294,357
Equity ratio (Equity/TA)	**9,19%**	**17,34 %**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

36/ RELATED PARTY DISCLOSURES

PARENT ENTITIES
Parent entities which are controlling the Group are disclosed in Note 1.

SUBSIDIARIES
Interests in subsidiaries are set out in Note 7.

KEY MANAGEMENT PERSONNEL COMPENSATION
Key management personnel compensation is disclosed in Note 12.

PAID DIVIDENDS
Paid dividends are disclosed in Consolidated Statement Of Changes In Shareholders' Equity.

TRANSACTIONS WITH OTHER RELATED PARTIES

EUR '000	2019	2018
Sale of goods to entities controlled by key management personnel	5	5
Purchases of various goods and services from entities controlled by Company's shareholders	0	1
Purchases of various goods and services from entities controlled by key management personnel (i)	378	478

(i)The Group acquired the following goods and services from entities that are controlled by members of the group's key management personnel: marketing research, consultancy, taxi services.

OUTSTANDING BALANCES ARISING FROM SALES/PURCHASES OF GOODS AND SERVICES

EUR '000	2019	2018
Trade payables to entities controlled by key management personnel	16	32

The Group provided no loans, credit, security or other benefits in either monetary or in-kind form to persons who are the governing body or to members of governing or other management and supervisory bodies, including former officers and members of those bodies.

Selected employees benefit from the private use of the Group cars.

TERMS AND CONDITIONS

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. Goods were sold during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

37/ SUBSEQUENT EVENTS

COVID-19 IMPACT ON CONSOLIDATED FINANCIAL STATEMENTS

Late in 2019 news first emerged from China about the COVID-19 (Coronavirus). The situation at year end was that a limited number of cases of an unknown virus has been reported to the World Health Organisation. In the first few months of 2020 the virus had spread globally and its negative impact has gained momentum. Management considers this outbreak to be a non-adjusting post balance sheet event. While this is still an evolving situation at the time of issuing this consolidated financial statements, to date there has been no discernible impact on the Group's sales or supply chain, however the future effects cannot be predicted.
Currently most of European countries decided to make restrictions in borders crossing, but this does not apply to trucks (so it means also to the Group main customers). If the situation continues and governments decide to implement more restrictive bans, including closing of factories or allowing transport only of selected goods, liquidity situation of our customers may become worse, what may cause interfered debt collection by the Group. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

Approved on:	Members of Board of Directors:	Signatures:
2020-04-22	**Martin Vohánka**	
2020-04-22	**Attila Dsupin**	
2020-04-22	**Klaus Jürgen Burkart**	
2020-04-22	**Magdalena Bartoś**	
2020-04-22	**Martin Hannsmann**	
2020-04-22	**Ivan Jakúbek**	
2020-04-22	**Radek Moc**	

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report

to the shareholders of W.A.G. payment solutions, a.s.

Opinion

We have audited the accompanying consolidated financial statements of W.A.G. payment solutions, a.s., with its registered office at Na Vítězné pláni 1719/4, Prague 4 ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the the consolidated statement of financial position as at 31 December 2019, the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year ended 31 December 2019 and notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic. These standards consist of International Standards on Auditing (ISAs) which may be supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and accepted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the consolidated Annual Report other than the consolidated financial statements and auditor's report therein. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge about the Group obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law and regulation, in particular, whether the other information complies with law and regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

Independent auditor's report

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with applicable law and regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Board of Directors and Supervisory Board of the Company for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board of the Company is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the above-stated requirements, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Independent auditor's report

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

22 April 2020

PricewaterhouseCoopers Audit, s.r.o.
represented by Director

Petr Burget
Statutory Auditor, Licence No. 2019

This report is addressed to the shareholders of W.A.G. payment solutions, a.s.