

16 March 2023

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

Preliminary results for the year ended 31 December 2022

CONTINUED STRONG AND RESILIENT GROWTH

W.A.G payment solutions plc ("Eurowag" or the "Group"), a leading pan-European integrated payments and mobility platform focused on the Commercial Road Transport ("CRT") industry, today announces its preliminary results for the year ended 31 December 2022.

Martin Vohánka, Founder and CEO, commented:

"I am very pleased with our strong performance this year despite the macro-economic challenges we faced across Europe. This is testament to the hard work and commitment of our team, and once again demonstrates not just the resilience of Eurowag, but the vital role our services play in keeping the Commercial Road Transport industry in Europe moving."

Our strategy over the last few years has been focused on accumulating and building our product and technology capabilities, as well as expanding our customer footprint across Europe, as we work towards achieving our goal of delivering the CRT industry's first truly integrated, end-to-end digital platform. We made significant progress towards achieving this ambition last year. Key strategic highlights include the acquisition of Webeye, entering into a new strategic partnership with JITpay and the acquisition of Inelo, which is now complete. We continue to make good progress on our transformational technology programme, which revolutionises the customer experience by piecing together our product capabilities into one seamless platform.

There is still much work to do as we approach a new phase of Eurowag's journey. However, we have entered into 2023 with strong momentum and I am more confident than ever that our integrated, end-to-end digital platform will unlock further value for both our customers and shareholders."

The Group achieved strong full-year results with growth in line with medium-term financial guidance.

- Net energy and services sales¹ up 24.6% year-on-year to €190.9m, with organic growth² of 19.4% year-on-year;
- Payment solutions¹ grew by 19.2% year-on-year to €134.8m with organic growth of 18.3% year-on-year
- Mobility solutions¹ grew 39.8% year-on-year to €56.0m, with organic growth of 22.3% year-on-year;
- Adjusted EBITDA¹ up 17.0% year-on-year to €81.6m resulting in adjusted EBITDA margin¹ of 42.8% including incremental PLC costs and Webeye consolidation³;
- Adjusted EBITDA margin excluding incremental PLC costs and Webeye consolidation is 45.6%;
- On a statutory basis, profit before tax was €28.0m, a 58.3% increase year-on-year;
- Transformational capital expenditure¹ programme on track, €25.5m spent in 2022;
- Net cash¹ position of €2.8m (gross cash of €146.0m) as at 31 December 2022, providing leverage headroom ahead of completing Grupa Inelo S.A. ("Inelo") acquisition in Q1 2023;

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

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

Operational and strategic highlights

- Positive performance against non-financial KPIs, demonstrating customer loyalty and the mission critical nature of Eurowag's products:
 - Average active payment solutions customers⁵ up 12.9% year-on-year to 16,950;
 - Average active payment solutions trucks⁶ up 6.7% year-on-year to 88,189;
 - Payment solutions transactions⁷ up 8.4% year-on-year to 35.2m;
 - Average net revenue retention⁸ for the last five years was over 110%
- Continued successful execution of M&A strategy, with key capabilities and services added to Eurowag:
 - Completed the acquisition of substantially all of the assets of Webeye Telematics Zrt. ("Webeye");
 - Launched a strategic partnership with JITpay Group;
 - Entered into agreement with Sygic to take full control of its resources, and
 - Completed the acquisition of Inelo

Outlook

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

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

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

Medium-term guidance reiterated

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

- Ordinary capex at around high single digit percent of net revenue
- Transformational capex programme of €50m cumulative for 2022 and 2023
- Leverage target of 1.5x to 2.5x net debt to adjusted EBITDA. Our leverage ratio is expected to exceed the top end of the range by around half a turn of adjusted EBITDA on completion of Inelo and we anticipate returning to within the target range in the near-term.

Notes:

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

Investor and analyst presentation today

Martin Vohánka (CEO) and Magdalena Bartoś (CFO) will host a virtual presentation and a Q&A session for investors and analysts today, 16 March 2023, at 9.00am GMT. The presentation and webcast details are available on the Group's website at <https://investors.eurowag.com>

Please register to attend the investor presentation via the following link:

<https://www.lsegissuerservices.com/spark/WAGPAYMENTSOLUTIONS/events/de660150-4425-4888-9948-1e677a52c810>

Should you want to ask questions at the end of the presentation, please use the following link:

<https://cossprereg.btc.com/prereg/key.process?key=PHQXJ3C8P>

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About Eurowag

Eurowag was founded in 1995 and is a leading pan-European integrated payments and mobility platform focused on the CRT industry. Eurowag's innovative solutions makes life simpler for small and medium businesses in the CRT industry across Europe through its unique combination of payments solutions, seamless technology, a data-driven digital ecosystem and high-quality customer service. <https://investors.eurowag.com>

Chief Executive Officer's Review

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

Our five strategic pillars underpin our day-to-day operations, driving organic and inorganic growth, and represent the foundations for how we will achieve our long-term objectives. Key achievements delivered against each pillar in the year include:

- 1. Growing our existing customer base.** Through further innovation in core payment services, and integration and cross-selling with mobility services, we can retain and expand our existing customer relationships by continuing to meet their evolving needs. Progress in 2022 includes:
 - Successful certification of our EETS platform received in Germany and more recently in the Czech Republic, as well as relevant bridges in Denmark and Sweden; now compatible with Poland's tolling system.
 - Extended our card acceptance network for both traditional and alternative fuels by an additional 1,005 locations across 15 European countries.
 - Added new acceptance points to our LNG and HVO100 network, which now represents more than 50% of the European market.
 - Driven by customer demand, we introduced more flexible financing options for VAT refund customers, such as hybrid financing or financing on demand, offering customers a prefinancing option.
 - Maintained strong average net revenue retention above 110% over the last five years.
- 2. Geographic expansion and market penetration.** We apply our scalable business model to new markets serving both existing and new customers, thus expanding market share. Progress in 2022 includes:
 - Increased the number of active payment solutions customers by 12.9% with the majority of the growth coming from already established markets in the Southern and Central regions.
 - Expanded into the DACH region (Germany, Austria, Switzerland), establishing a new experienced sales team in Germany.
- 3. Go-to-market channel expansion.** We acquire new customers through our marketing strategy based on geographic clusters and three sales channels (direct, indirect, and digital). Progress in 2022 includes:
 - Launched an end-to-end, fully automated digital customer acquisition, credit scoring and onboarding channel in 5 countries.
 - Migrated our ADS customers onto our Eurowag card network, including the onboarding and contractual processes.
 - Built an extensive base of digital leads and achieved strong conversion rates during our marketing campaigns.
 - Through our indirect channel, we signed two leading European OEM contracts, placing Eurowag's application in every new dashboard from 2027. Sygic also signed an agreement with Škoda Auto Volkswagen India Private Ltd. to integrate its GPS Navigation in their India 2.0 cars and future models until 2029.

4. **Digital platform development.** We are developing our end-to-end platform as a conduit for intermediate payments and data exchange between parties, connecting digital services, and physical assets, to create a fully connected marketplace. Progress in 2022 includes:
- Added Eurowag Pay feature to our mobile app, allowing our customers to unlock fuel pumps remotely.
 - Activated mobile payments on bunkering locations and in the acceptance network across 10 countries, resulting in 424 POS ready for mobile payment as at the year end.
 - Implemented phase one of our SAP Enterprise Resource Planning (“ERP”) software focused on processes relating to energy payment transactions.
 - Our Sygic application Road Lords reached around 632,000 drivers as at 31 December 2022, with average monthly downloads of c.106,000.
5. **Accretive M&A.** We have a strong track record of identifying and executing strategic M&A. We continue to screen acquisition targets that will create cross-sell and up-sell opportunities, generate cost and revenue synergies, and further develop our product and technology capabilities. Progress in 2022 includes:
- Completed the acquisition of Webeye in July 2022, a leading fleet management solutions provider in Central and Eastern Europe, broadening the Group’s customer base.
 - Launched a strategic partnership with JITpay Group in September 2022, a leading provider of digitalised billing, receivables management and financing solutions, including invoice discounting.
 - Entered into an agreement with Sygic in December 2022 to take full control of its resources, with the consideration for the remaining 30% equity interest to be payable and transferred in April 2024, in line with the original option agreement.
 - Completed the acquisition of Inelo in March 2023, a leading fleet management solutions and work time management software provider.

Updated strategic framework

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

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

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

- 1) **Be in every truck** (*attract*)
- 2) **Drive customer centricity** (*engage*)
- 3) **Grow core services** (*monetise*)
- 4) **Expand platform capability** (*retain*)

With the appointment of a new CFO, Eurowag has decided to move its Capital Markets Day to after its half year results, giving them more time to become fully embedded into the business. Therefore, the new strategic priorities will be discussed in more detail during the CMD later in the year.

Operational review

Payment solutions

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

Energy payments

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

As the world moves towards more sustainable alternative fuels, we are focused on supporting the transition to a low-carbon future. In 2022, we opened our first Eurowag owned LNG bunkering stations in the Czech Republic, added new POS to our LNG acceptance network, including entering a new country, Hungary, and added POS where our customers can refuel with hydrotreated vegetable oil (HVO100). HVO100 can reduce CO₂ emissions by up to 90%, compared with diesel fuel. At the end of the year, we had 302 active LNG and CNG stations, which represents more than 50% of the European market. With a focus on reducing emissions from bunkering locations, we are also installing photovoltaic panels in our truck parks.

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

Toll payments

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

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

Mobility solutions

The mobility solutions segment offers our customers tax refund services, fleet management services, location-based products and services, and other adjacent services. In 2022, the segment grew by 39.8% year-on-year to €56.0m (2021: €40.0m), representing 29.3% of total net energy and services sales. Mobility solutions revenue is largely subscription based, and consequently, in the long-term, represents a more resilient and predictable revenue stream.

Following completion of the proposed acquisition of Inelo, mobility solutions is estimated to represent around 45% of Eurowag's total net revenue.

Tax refund services

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

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

Fleet management services

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

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

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

Location-based products and services

We offer smart navigation products and location-based services through our brand Sygic, one of the leaders in providing smart routing worldwide for both individual truck drivers and various size fleets. Sygic uses a Connected Operations Cloud to optimise fleet operations and enhance the driver experience. Sygic continues to invest in improving its app to enhance customer experience. During the year, app functionality has had updates such as quick and easy sign-in, provided more technical details and availability of the charging points, smart routing, and better-arranged payment process. Sygic's Road Lords application, which links drivers with each other to share unique trucking information when on the road, has been installed on more than 3 million mobile devices across Europe, whilst the active installation base reached 632,000 drivers at the year end. Road Lords is downloaded on average 106,000 times a month, and currently gets 4.6 stars out of 5 from customer reviews. Sygic is now listed on the Samsara App Marketplace. The Samsara app has 2 million IoT connected devices, which can easily connect their solution to Sygic Professional Navigation and guide their drivers as scheduled by fleet managers.

Putting our customers first

Our business has grown and developed because we have listened to and understood our customers' needs and pain points as the commercial transport industry becomes more complex and regulatory requirements increase. As we evolve and expand our services, we need to ensure our Net Promoter Score (NPS) and customer churn are moving in the right direction. During the year we embarked on two customer experience projects: one was to understand why our customers in Poland were struggling to implement our e-Toll solutions and another was to survey customers on our new digital platform. We mapped our customers' journeys in Poland and were able to understand the challenges our customers were facing with the installation of our toll products. We were then able to solve the issues in Poland, which in turn stabilised churn and improved our NPS by 50 points. The survey on our digital platform confirmed that our new product development reflected the needs of our customers, no matter their size or complexity of their journey. As a result, we were able to improve Eurowag's brand NPS in the year by 8.2 points to +40.7 points, showcasing our strong brand advocacy and brand loyalty across our markets.

Building our people capabilities

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

As our operating model moves towards being a digitally enabled platform, expanding on our core competencies is essential to scaling our business and succeeding in developing our digital capabilities. With this in mind, we strengthened our Senior Leadership Team, including our Executive Committee, through changes to organization structures, personnel, and changes of roles. Within the year we added new roles such as a Chief Product Officer and Chief Information Officer. Changes like this naturally lead to attrition, and we had senior leavers in the year, including the Chief Commercial Officer, Chief HR Officer and Chief Technology Officer. The roles were filled promptly by individuals that have had previous experience with the business and have significant experience in their field.

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

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

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

Sustainability

Our sustainability plan underpins our strategy and is focused on four areas, climate action, customer success and well-being, company governance and culture and community impact. Eurowag's purpose is to make the CRT industry clean, fair, and efficient. We have committed

to being a Net Zero company by 2050 and have established a decarbonisation roadmap to help us achieve our objective. We have accelerated our ambition to reduce greenhouse gas emissions (GHG) from our own operations and become a zero emissions operation by 2040. We have also set targets to help our customers reduce GHG and accelerate the energy transition to low-carbon commercial transport. Our target is to reach 80,000 active alternative fuel trucks using our products by 2030 and achieve 20% carbon intensity reduction per tkm by 2030.

In order to meet these targets, in 2022, we introduced HVO100 as an alternative fuel and opened two Eurowag owned LNG sites. We also introduced new services for electric vehicles, and our telematics products now support hydrogen-powered vehicles. Our driving behaviour tools and telematics data enables our customers to become safer and more efficient drivers. We installed photovoltaic panels on two truck parks in Spain and we continue to increase the proportion of energy we purchase from renewable sources for our own assets.

Through our community impact, we aim to donate at least 1.5% of annual EBIT to charities from 2023. In 2022, we made donations to support the Truck HELP foundation, which aids children who have lost a family member on the road, and we provided financial support to employees impacted by the war in Ukraine.

Financial Review

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

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

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

In terms of detail, last year our Adjusted EBITDA increased to €81.6 million (2021: €69.7 million) with Adjusted EBITDA margin of 42.8% (2021: 45.5%). This year-on-year profitability decrease reflects €3.4 million incremental PLC related costs (total PLC-related costs in 2022: €4.8 million, 2021: €1.5 million) and impact of Webeye consolidation. Adjusted EBITDA margin on a comparable basis, excluding incremental PLC costs and Webeye consolidation, would be 45.6%. An increase in operating costs due to a lower Covid-19 impacted base and inflation of

€1.9 million, as well as €1.1 million severance payments and €0.8 million share-based payment (PSP) further impacted Adjusted EBITDA margin for the year.

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

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

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

Performance review

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

Segments

	FY 2022 (€m)	FY 2021 (€m)	YoY (€m)	YoY %
Segment revenue total	2,368.3	1,646.1	722.2	43.9%
Payment solutions	2,312.3	1,606.1	706.2	44.0%
Mobility solutions	56.0	40.0	16.0	39.8%
Net energy and services sales total	190.9	153.1	37.7	24.6%
Payment solutions	134.8	113.1	21.8	19.2%
Mobility solutions	56.0	40.0	16.0	39.8%
Expenses included in Contribution	(31.9)	(24.6)	(7.3)	29.6%
Contribution total¹	159.0	128.5	30.4	23.7%
Payment solutions	118.2	99.6	18.6	18.6%
Mobility solutions	40.8	28.9	11.9	41.1%
Contribution margin total¹	83%	84%	(1.0)pp	N/A
Payment solutions	88%	88%	0 pp	N/A
Mobility solutions	73%	72%	1.0 pp	N/A
Corporate overhead and indirect costs before adjusting items	(77.4)	(58.8)	(18.6)	31.6%
Adjusted EBITDA	81.6	69.7	11.9	17.0%
Adjusting items affecting Adjusted EBITDA	(18.5)	(22.8)	(4.3)	(19.0)%
EBITDA	63.1	46.9	16.2	34.5%
Depreciation and amortisation	(30.4)	(21.9)	8.5	39.0%
Operating profit	32.7	25.1	7.7	30.6%

Note:

1. Please refer to section Explanation of Alternative Performance Measures for a definition and see note 5.

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

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

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

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

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

Corporate expenses

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

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

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

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

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

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

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

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

Net finance expense

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

Taxation

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

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

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

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

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

EPS

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

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

Investments in subsidiaries and associates

Acquisition of Webeye Group

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

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

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

	€m
Total assets	35.1
Total liabilities	(6.3)
Total identifiable net assets at fair value	28.7
Goodwill arising on acquisition	31.3
Purchase consideration:	
Cash paid	43.2
Deferred consideration (discounted)	16.8
Total purchase consideration	60.0

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

acquired intangibles and adjusting items, the adjusted profit after tax would have been €1.6 million.

Acquisition of 9.99% share in JITpay

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

The Group has call options to acquire an additional 18.01% share, which can be exercised either by 3 July 2023 for a consideration of €25.7 million or by 1 January 2024 for €35.0 million. The first call option reflects the original valuation, which is not expected to change over a short period. In the case that neither of the call options is exercised, JITpay has the right to buy back the acquired 9.99% share for €1.

Acquisition of non-controlling interest in Sygic

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

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

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

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

Balance sheet

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

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

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

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

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

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

Cash performance

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

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

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

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

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

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

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

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

Capital expenditure

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

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

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

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

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

Alternative performance measures

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

	FY 2022 (€m)	FY 2021 (€m)	YoY (€m)	YoY change
Profit before tax	28.0	17.7	10.3	58.3%
Net finance expense and share of net loss of associates	4.8	7.4	(2.6)	(35.6)%
Depreciation and amortisation	30.4	21.9	8.5	39.0%
EBITDA	63.1	46.9	16.2	34.5%
M&A-related expenses	8.0	0.8	7.2	907.3%

Non-recurring IPO-related expenses	-	12.9	(12.9)	(100.0)%
Strategic transformation expenses	5.2	2.7	2.5	93.8%
Share-based compensation	5.3	6.4	(1.1)	(16.7)%
Adjusting items	18.5	22.8	(4.3)	(19.0)%
Adjusted EBITDA	81.6	69.7	11.9	17.0%

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

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

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

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

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

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

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

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

Capital allocation

Our priority will continue to be organic and inorganic investment to drive long term sustainable growth. As previously communicated, the Group will incur aggregated transformational capital expenditures of €50 million during 2022 and 2023 to develop our integrated end-to-end digital platform and invest in the quality of our integrated product and service offering. Our transformational capital expenditure is on track to complete at the end of 2023, by which point we will have an integrated, modern technology stack and product offering.

This coming year, our focus will be on integrating the businesses we acquired in 2022, aligning our products and people capabilities across the organisation, to unlock both revenue and cost synergies. With the recent acquisition of Inelo, our leverage ratio is expected to exceed the top end of our medium-term guidance range of 1.5x to 2.5x net debt to adjusted EBITDA. Therefore, our priority in the near term is to return to within the target range. M&A is still important to us, and we will continue to consider value-accretive M&A opportunities in our current and adjacent markets, and in product and technologies that will accelerate growth. However, we remain disciplined and want to maintain our strong and robust balance sheet. As set out in our financial guidance, the Group does not intend to pay dividends as we continue to prioritise investment in growth.

Treasury management

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

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

The new club financing agreement consists of four tranches:

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

The transaction provided more flexibility with respect to certain financial covenants, security packages, and other provisions than the Group's existing credit facilities.

The new maturity date for all term loan facilities and for the revolving credit facility is 30 September 2027. Facility A will amortise in quarterly repayments starting on 31 March 2023, with a €45 million balloon. Facility B will amortise in quarterly repayments starting on the later of the date falling 3 months from the end of the 24-month availability period, or the end of the first financial quarter after the full utilisation of the facility, with a €54 million balloon. Eurowag completed refinancing on 17 October 2022.

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

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

*the covenant shall not exceed 3.75 in 2024 and 3.50 in 2025 and onwards

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

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

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

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

Risk management

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

Principal risks register

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

1. Product demand decline risk

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

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

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

Mitigation measures:

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

2. Fuel supplies risk

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

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

Mitigation measures:

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

3. Interest rate risk

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

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

Mitigation measures:

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

4. Sanctions risk

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

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

Given the nature of Group's business, the sanctions are also exposing us to the risk of adverse business and operational impacts. The 6th sanctions package, imposed by the European Commission, has introduced prohibitions related to crude oil and petroleum products, mainly in terms of their purchase, import, and transfer. Due to the 6th sanctions package, the Group is exposed to the risk of balancing product disruption in central Europe caused by the ban on

the export of products produced from crude oil originating in Russia and delivered via the Druzba pipeline. Disrupted product balancing in central Europe (Austria, Czech Republic, Slovakia, Hungary) could lead to a lack of products in certain markets during certain periods. In addition to those sanctions already issued (an 8th package of sanctions has currently been issued), the Group recognises a risk of new sanctions significantly impacting the current and prospective business model.

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

Mitigation measures:

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

5. Competitors risk

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

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

Mitigation measures:

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

6. External parties' dependency risk

The Group's business is dependent on several key strategic relationships with third parties, the loss of which could adversely affect our results. Key partners mainly fall into the following categories – fuel suppliers, acceptance network, toll chargers, authorisation centres, and technology service providers. In addition, the Group has also started the process of setting up an internal authorisation centre for its fuel cards transactions. This service is currently provided

by an external authorisation centre – AEVI. Realising the project is significantly dependent on the current external provider and an inability to complete the set up of an internal authorisation centre of acceptable quality and in the expected timeframe would expose the Group to additional costs and potential business disruptions.

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

Mitigation measures:

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

7. Technology security and resilience risk

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

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

Mitigation measures:

- The Group prevents itself against cyber-attacks by continuous implementation and improvement of the cyber security standards, in line with the ISO27001
- The Group has established a central project on continuous improvement in information security that comprises key security functions from Technology and Risk departments
- The Group, as part of crisis management, which was activated as a response to the Russian invasion of Ukraine, additionally funded and assigned highest priority to the immediate improvement cyber security tools to achieve better prevention against the increasing number of cyber-attacks

- The Group has established 3 lines of defence system with clear responsibilities regarding cyber security
- The Group has a standardised post-mergers integration process that considers the IT security level of newly acquired companies, setting priorities, and integration milestones

8. Personnel dependency risk

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

We also depend on our founder and CEO. The inability to secure a ready successor could reduce our ability to achieve our strategic goals and an adverse reaction from stakeholders.

The current managed risk rating is above the Group's approved risk appetite. The Group considers the trend of the risk as decreasing due to the successful hiring of a new CFO and Senior Finance expert to help with the transition.

Mitigation measures:

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

9. Climate change risk

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

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

Mitigation measures:

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

10. Physical security risk

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

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

Mitigation measures:

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

11. Regulatory and licensing risk

The Group relies on numerous licences for the provision of its on-road mobility products. These include wholesale and retail permits required for the provision of fuel products, as well as fuel

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

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

Mitigation measures:

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

12. Clients' default risk

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

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

Mitigation measures:

- Credit assessment at onboarding (scoring) – in determining the credit risk of its customers, the Group performs a credit assessment, which consists of a financial analysis of recent results and development as well as a business analysis and verification using available databases
- The Group's credit risk department conducts ongoing credit exposure monitoring, revising credit limits in regular intervals and upon utilisation of available limits, and updating collateral from customers as needed

- The ageing of receivables is regularly monitored by the Group Management to assess credit risk, based on expected loss calculations, which evaluate probability of default, exposure at default, and loss given default
- The Group has credit insurance subject to first-loss policies on both individual and aggregate bases to ensure against the risk of default from customers on its trade and other receivables
- Collateral (guarantees, pledge of receivables, pledge of physical assets) – the Group accepts cash deposits and advance payments from customers to secure credit exposure. The Group also accepts other types of security (such as pledges of assets or promissory notes) to mitigate credit risk

13. Processes execution risk

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

Moreover, the Group is very active in the M&A field. Every completed M&A initiative is accompanied by an increase of the overall complexity in the Group's processes and demands on systems, data, and people. Where there is an inadequate post-mergers integration process and insufficient predispositions for a successful integration (IT systems maturity, data management maturity and processes, and their governance maturity), the Group exposes itself to an additional processes risk and a risk of unrealised M&A benefits. Additionally, the Group is currently in the process of transforming its operational model, accompanied with the changes in the Senior Leadership Team, which may bring temporary unclarity in accountabilities.

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

Mitigation measures:

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

Viability statement

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

Viability timeframe

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

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

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

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

Assessment of budget and financial forecast

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

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

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

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

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

Thanks to digitizing the way we work, becoming data-driven company and growing organisation capabilities, we aim to build platform business and serve "every truck". At the

same time, commitments to helping the industry become clean, fair, and efficient were made in order to contribute to sustainable future.

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

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

Assumptions used in financial forecast

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

- Organic net revenue development is expected to be driven by both payment and mobility solutions, growing on average at a similar pace over the projected period.
- Organic net revenue growth, of both payment and mobility solutions, is primarily driven by increasing the number of customers, which is positively influenced by:
 - Continuous enhancement of sales channels (digital and telesales)
 - Additional penetration of the markets where the Group has an already established position
 - Cross-sell of Eurowag's core services into the Webeye customer base
 - New markets entries; and
 - sustained up-sell/cross-sell activities of our products into the customer base.
- We expect to keep average net revenue retention at a minimum level of 110%.
- Mobility solutions are positively supported by continuous up-selling and cross-selling of products, due to:
 - Enhancement and additional automation of up-sell capabilities
 - Strong cross-selling of tax refund services into the payment solutions customer base
 - Expansion of our fleet management solution
 - Continuous growth in financial services
 - Development of smart navigation products and mobile applications (Road Lords and Eurowag App) and continuous growth in OEM cooperation
- Credit losses reflect an increase of turnover; there is no change in credit risk assumed
- The operational costs (opex) plan in both the budgeted and forecasted period is based on the following assumptions:
 - To keep costs under control, opex in the budgeted period is based on 2022 run rates increased by additional costs related to:
 - Annual salary reviews and changes in management bonus schemes
 - Planned commitment to increase charity donations – Expenses required for achieving synergies
 - Inelo integration expenses
 - SAP implementation expenses
- M&A investments – both budget and financial plan assume all committed transactions, including the acquisition of Inelo, investment in LMS, JITpay, KomTes, and payment for

the remaining 30% stake in Sygic as well as deferred settlement component for 100% stake in Webeye.

- External financing – both budget and financial plan assume the following tranches from the committed financing announced on 22 September 2022:
 - €150 million committed Facility A for the refinancing of all existing term loan indebtedness
 - €180 million committed Facility B for permitted acquisitions and capital expenditure
 - €235 million committed Revolving Credit Facility, of which €85 million may be utilised by way of revolving loans, and €150 million may be utilised by way of ancillary facilities in the form of bank guarantees, letters of credit, or an overdraft up to €25 million
- Interest costs expectations for each loan are based on margin depending on net leverage covenant and facility type and on a floating base rate of 3.0% p.a. for the period 2023-2024 and 2.0% p.a. in 2025, while also considering existing interest rate swaps executed in 2019 in the amount of €120 million with an effective fixed rate of 0.1% p.a. and expiration in 2024.
- The capital expenditure (capex) plan is based on the following assumptions:
 - Ordinary capex of high single digit % of net revenues for period 2023–2025
 - Transformational capex expected at a level of €24.5 million for the year ending 31 December 2023. There is no transformational capex planned for 2024

Assessment of viability

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

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

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

Applied risks and their effect were stress tested via 4 types of downside scenarios:

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

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

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

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

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

Reverse stress test scenarios

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

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

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

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

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

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

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

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

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

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

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

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

Viability statement

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

Going concern

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

may cast significant doubt upon the Company's and Group's ability to continue as a going concern and the Board considers it is appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

Financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR '000)

	Notes	For the year ended 31 December	
		2022	2021
Revenue from contracts with customers	4	2,368,252	1,646,102
Costs of energy sold		(2,177,395)	(1,492,970)
Net energy and services sales	5	190,857	153,132
Other operating income		449	655
Employee expenses		(67,212)	(55,665)
Impairment losses of financial assets		(3,912)	(3,116)
Technology expenses		(9,823)	(6,797)
Other operating expenses		(47,227)	(41,282)
Operating profit before depreciation and amortisation (EBITDA)		63,132	46,927
Analysed as:			
Adjusting items	5	18,461	22,793
Adjusted EBITDA	5	81,593	69,720
Depreciation and amortisation	5	(30,393)	(21,867)
Operating profit		32,739	25,060
Finance income		4,750	2,234
Finance costs	6	(8,802)	(8,943)
Share of net loss of associates		(711)	(682)
Profit before tax		27,976	17,669
Income tax expense	7	(10,280)	(8,019)
PROFIT FOR THE YEAR		17,696	9,650
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Change in fair value of cash flow hedge recognised in equity		7,602	3,683
Exchange differences on translation of foreign operations		1,303	1,458
Deferred tax related to other comprehensive income		–	–
TOTAL OTHER COMPREHENSIVE INCOME		8,905	5,141
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		26,601	14,791
Total profit for the financial year attributable to equity holders of the Company		16,630	9,148
Total profit for the financial year attributable to non-controlling interests		1,066	502
Total comprehensive income for the financial year attributable to equity holders of the Company		25,507	14,259
Total comprehensive income for the financial year attributable to non-controlling interests		1,094	532
Earnings per share (in cents per share):	10		
Basic earnings per share		2.41	1.54
Diluted earnings per share		2.41	1.53

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(EUR '000)**

	Notes	As at 31 December	
		2022	2021
ASSETS			
Non-current assets			
Intangible assets	8	268,171	193,453
Property, plant and equipment	9	39,826	34,763
Right-of-use assets		13,340	8,112
Investments in associates		12,223	12,934
Financial assets at fair value through other comprehensive income		14,364	-
Deferred tax assets	7	10,505	7,642
Derivative assets		3,093	252
Other non-current assets		3,791	3,591
Total non-current assets		365,313	260,747
Current assets			
Inventories		20,291	9,557
Trade and other receivables		378,152	300,601
Income tax receivables		1,800	5,095
Derivative assets		3,851	2,694
Cash and cash equivalents		146,003	224,164
Total current assets		550,097	542,111
TOTAL ASSETS		915,410	802,858
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		8,107	38,113
Share premium		2,958	194,763
Merger reserve		(25,963)	(25,963)
Other reserves		10,342	1,465
Business combinations equity adjustment		(12,526)	(17,046)
Retained earnings		329,362	84,526
Equity attributable to equity holders of the Company		312,280	275,858
Non-controlling interests		4,283	8,889
Total equity		316,563	284,747
Non-current liabilities			
Interest-bearing loans and borrowings	11	121,272	143,579
Lease liabilities		9,510	5,973
Deferred tax liabilities	7	8,677	5,495
Derivative liabilities		186	657
Other non-current liabilities		27,376	20,281
Total non-current liabilities		167,021	175,985
Current liabilities			
Trade and other payables		398,235	314,522
Interest-bearing loans and borrowings	11	21,884	18,894
Lease liabilities		3,917	2,601
Provisions		2,124	1,545
Income tax liabilities		5,649	4,208
Derivative liabilities		17	356
Total current liabilities		431,826	342,126
TOTAL EQUITY AND LIABILITIES		915,410	802,858

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

	Notes	Share capital	Share premium	Merger reserve	Other reserves	Business combinations equity adjustment	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
At 31 December 2020		4,158	2,927	–	(3,263)	(46,009)	72,177	29,990	34,115	64,105
Profit for the year		–	–	–	–	–	9,148	9,148	502	9,650
Other comprehensive income		–	–	–	5,111	–	–	5,111	30	5,141
Total comprehensive income		–	–	–	5,111	–	9,148	14,259	532	14,791
Share options exercised		84	3,698	–	–	–	–	3,782	–	3,782
Transactions with own shares		–	–	–	–	–	(10)	(10)	–	(10)
Group reorganisation		2,582	(6,625)	4,043	–	–	–	–	–	–
Pre-IPO bonus (share-based payments)		7	–	–	–	–	–	7	–	7
Primary proceeds (net of expenses)		1,334	194,763	–	–	–	–	196,097	–	196,097
Cancellation of shares		(58)	–	–	–	–	58	–	–	–
Allotment of class B share		30,006	–	(30,006)	–	–	–	–	–	–
Dividends paid		–	–	–	–	–	–	–	(1,980)	(1,980)
Transfer of reserves		–	–	–	(383)	–	383	–	–	–
Share-based payments		–	–	–	–	–	3,736	3,736	–	3,736
Acquisition of subsidiaries		–	–	–	–	–	–	–	2,259	2,259
Acquisition of non-controlling interests		–	–	–	–	27,003	(966)	26,037	(26,037)	–
Put options held by non-controlling interests		–	–	–	–	1,960	–	1,960	–	1,960
Total transactions with owners recognised directly in equity		33,955	191,836	(25,963)	(383)	28,963	3,201	231,609	(25,758)	205,851
At 31 December 2021		38,113	194,763	(25,963)	1,465	(17,046)	84,526	275,858	8,889	284,747
Profit for the year		–	–	–	–	–	16,630	16,630	1,066	17,696
Other comprehensive income		–	–	–	8,877	–	–	8,877	28	8,905
Total comprehensive income		–	–	–	8,877	–	16,630	25,507	1,094	26,601
Capital reduction		(30,006)	(191,805)	–	–	–	221,811	–	–	–
Dividends paid		–	–	–	–	–	–	–	(56)	(56)
Share-based payments		–	–	–	–	–	6,395	6,395	–	6,395
Acquisition of a non-controlling interests		–	–	–	–	5,644	–	5,644	(5,644)	–
Put options held by non-controlling interests		–	–	–	–	(1,124)	–	(1,124)	–	(1,124)

Total transactions with owners recognised directly in equity	(30,006)	(191,805)	-	-	4,520	228,206	10,915	(5,700)	5,215
At 31 December 2022	8,107	2,958	(25,963)	10,342	(12,526)	329,362	312,280	4,283	316,563

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR '000)

	Notes	For the year ended 31 December	
		2022	2021
Cash flows from operating activities			
Profit before tax for the period		27,976	17,669
Non-cash adjustments:			
Depreciation and amortisation	5	30,393	21,867
Gain on disposal of non-current assets		(114)	(29)
Interest income		(234)	(44)
Interest expense		5,815	4,913
Movements in provisions		541	153
Impairment losses of financial assets		3,912	3,116
Movements in allowances for inventories		183	(64)
Foreign currency exchange rate differences		(1,838)	(784)
Fair value revaluation of derivatives		2,769	(1,472)
Share-based payments		6,395	3,736
Other non-cash items		709	792
Working capital adjustments:			
(Increase)/decrease in trade and other receivables and prepayments		(79,507)	(69,445)
(Increase)/decrease in inventories		(10,156)	(4,108)
Increase in trade and other payables		75,087	28,774
Interest received		234	44
Interest paid		(10,123)	(4,498)
Income tax paid		(7,799)	(10,193)
Net cash flows (used in)/generated from operating activities		44,243	(9,573)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		289	225
Proceeds from sale of financial instruments		56	–
Purchase of property, plant and equipment		(7,271)	(5,221)
Purchase of intangible assets		(37,290)	(26,230)
Purchase of financial instruments		(14,364)	–
Payments for acquisition of subsidiaries, net of cash acquired		(42,712)	(1,166)
Investment in associates		(3,000)	(10,685)
Net cash used in investing activities		(104,292)	(43,077)
Cash flows from financing activities			
Payment of principal elements of lease liabilities		(3,112)	(2,382)
Proceeds from borrowings		–	39,519
Repayment of borrowings		(15,014)	(18,773)
Acquisition of non-controlling interests		–	(27,003)
Dividend payments		(56)	(3,480)
Proceeds from issued share capital (net of expenses)		–	199,879
Proceeds from sale of own shares		–	20
Net cash (used in) / generated from financing activities		(18,182)	187,780
Net (decrease)/increase in cash and cash equivalents		(78,231)	135,130
Effect of exchange rate changes on cash and cash equivalents		79	63
Cash and cash equivalents at beginning of period		224,154	88,961
Cash and cash equivalents at end of period		146,001	224,154

1. CORPORATE INFORMATION

W.A.G payment solutions plc (the “Company” or the “Parent”) is a public limited company incorporated and domiciled in the United Kingdom and registered under the laws of England & Wales under company number 13544823 with its registered address at Third Floor (East), Albemarle House, 1 Albemarle Street, London W1S 4HA. The ordinary shares of the Company were admitted to the premium listing segment of the Official List of the UK Financial Conduct Authority and have traded on the London Stock Exchange plc’s main market for listed securities on 13 October 2021.

The Parent and its subsidiaries (together the “Group”) are principally engaged in:

- Providing payment solutions for fleets of professional transport and forwarding companies, as well as running a network of truck parks for commercial road transportation;
- Providing unified way of electronic toll payments on a number of European road networks for fleets of professional transport and forwarding companies;
- Recovery of VAT refunds and excise duty from European countries;
- Creating an automated journey book and optimising traffic with the use of integrated digital maps;
- Combine advanced solutions in the field of electronics, software engineering and applied mathematics;
- Sale of navigation licenses; and
- Other services.

Prior to the Initial Public Offering (“IPO”), W.A.G. payments solutions, a.s. was the parent company of the Group for which consolidated financial statements were produced. On 7 October 2021, the Shareholders of W.A.G. payments solutions, a.s. transferred all of their shares in W.A.G. payments solutions, a.s. to W.A.G payment solutions plc in exchange for ordinary shares of equal value in W.A.G payment solutions plc (“Group reorganisation”). This resulted in W.A.G payment solutions plc becoming the new Parent Company of the Group. On 8 October 2021, the IPO was completed, with 13 October 2021 representing admission to trading on the London Stock Exchange (“Admission”).

The financial information for the year ended 31 December 2021 was presented as a continuation of W.A.G. payments solutions, a.s.

2. BASIS OF PREPARATION

The annual report and financial statements for the period ended 31 December 2022 were approved by the Board of Directors on 16 March 2023 along with this preliminary announcement, but have not yet been delivered to the Registrar of Companies.

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

The auditor’s report on the statutory accounts for the period ended 31 December 2022 was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards (“IFRS”) and with the requirements of the Companies Act 2006 as applicable to companies reporting under these standards.

As there was no change in control with the Group reorganisation (see Note 1) involving the Company becoming the new holding company of the Group in a share for share exchange, the financial information for the year ended 31 December 2021 was presented as a continuation of W.A.G. payment solutions, a.s. A movement in share capital, share premium and merger reserve is reflected in the statement of changes in equity at the date of Group reorganisation.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) that have been measured at fair value. The consolidated financial statements are presented in EUR and all values are rounded to the nearest thousand (EUR '000), except where otherwise indicated.

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

3. BUSINESS COMBINATION

The following acquisitions took place in 2022:

Acquisition of WebEye Group

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

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

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

EUR '000	Fair value recognised on acquisition non- Hungarian Webeye subsidiaries	Fair value recognised on acquisition Hungarian Webeye subsidiaries	Total
Assets			
Identifiable intangible assets	16,256	11,077	27,333
Property, plant and equipment	1,411	729	2,140
Right-of-use assets	357	1,598	1,955
Inventories	263	497	760
Trade receivables	1,308	1,058	2,366
Cash and cash equivalents	395	103	498
Other assets	10	-	10
Total Assets	20,000	15,062	35,062
Deferred tax	1,810	986	2,796
Trade payables	714	883	1,597
Lease liabilities	357	1,598	1,955
Total Liabilities	2,881	3,467	6,348
Total identifiable net assets at fair value	17,119	11,595	28,714
Goodwill arising on acquisition	19,793	11,512	31,305
Purchase consideration:			
Cash paid	23,319	19,891	43,210
Deferred and contingent consideration (discounted)	13,593	3,216	16,809
Total purchase consideration	36,912	23,107	60,019

The goodwill is attributable to expected synergies from combining operations. It will not be deductible for tax purposes.

The gross contractual receivables acquired amounted to EUR 3,002 thousand. At acquisition date, there were EUR 636 thousand of contractual cash flows not expected to be collected.

From the date of acquisition until 31 December 2022, Webeye entities contributed EUR 8,057 thousand of revenue and EUR 887 thousand loss after tax (mainly driven by amortisation of acquired intangibles and M&A related adjusting items). Excluding amortisation of acquired intangibles and adjusting items the adjusted profit after tax would have been EUR 734 thousand.

If the acquisition had occurred on 1 January 2022, consolidated revenue and consolidated loss after tax of Webeye entities for the year ended 31 December 2022 would have been EUR 15,429 thousand and EUR 865 thousand respectively. Excluding amortisation of acquired intangibles and adjusting items the adjusted profit after tax would have been EUR 1,557 thousand. Transaction costs are disclosed at the end of this note.

As at the date of acquisition, discount rate of 2.00% was used to determine the present value of deferred and contingent consideration. As at 31 December 2022, the discount rate was increased to 3.90%. Reasonably possible change in the discount rate does not lead to a significant change in the present value of deferred and contingent consideration.

Contingent consideration is subject to achievement of integration related milestones. Reasonably possible change in milestones achievement does not lead to a significant change in the fair value of contingent consideration.

Acquisition of 9.99% share in JITpay

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

The Group has call options to acquire an additional 18.01% share which can be exercised either by 3 July 2023 for a consideration of EUR 25.7 million or later by 1 January 2024 for EUR 35 million. First call option reflects original valuation, which is not expected to change during a short period.

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

Acquisition of non-controlling interest in Sygic

On 20 December 2022, the Group signed an agreement with Non-controlling Shareholders of Sygic, a.s., which will enable the Group to take full control of Sygic's resources. Consideration for the 30% equity interest of EUR 14.4 million is payable in April 2024, in line with the original option agreement. Ownership of the shares remains with Non-controlling Shareholders until April 2024, however following the agreement with fixed price they are no longer exposed to variable returns from the investment.

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

Pay-out of deferred consideration

On 31 January 2022, the Group paid deferred acquisition consideration of EUR 3 million related to acquisition of company Threeforce B.V. (Last Mile Solutions).

The following acquisitions took place in 2021:

Acquisition of 51% share in KomTeS

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

The remaining 49% non-controlling interest is subject to put/call option rights of the parties, where the Group is entitled to exercise the call option at any time after 1 January 2022 and the minority

Shareholders are entitled to exercise the put option at any time after 18 December 2023 (if the call option has not been exercised).

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

EUR '000	Fair value recognised on acquisition KomTeS Group
Assets	
Identifiable intangible assets	4,981
Property, plant and equipment	109
Inventories	96
Trade receivables	772
Accruals	10
Cash and cash equivalents	1,610
Total Assets	7,578
Deferred tax	946
Trade payables	1,989
Accruals	29
Total Liabilities	2,964
Total identifiable net assets at fair value	4,614
Non-controlling interest measured at fair value	2,259
Goodwill arising on acquisition	–

No adjustments were made to opening balance sheet in 2022 and the fair value of acquired asset is finalised.

The gross contractual receivables acquired amounted to EUR 772 thousand. At acquisition date, there were no contractual cash flows not expected to be collected.

Associate investment in Last Mile Solutions

On 16 February 2021, the Group acquired 28% non-controlling interest in Dutch-based Threeforce B.V., operating under brand Last Mile Solutions, a fast growing eMobility platform in Europe. The deal supports the Group's position in the eMobility market and confirms its focus on sustainable transportation solutions. Through this partnership, both companies will combine efforts to provide industry-leading eMobility services to their customers throughout Europe.

Additional 62% shares are subject to a put option, which may require the Group to acquire shares of Last Mile Solutions. The put option is measured as a derivative instrument and it might be exercised between February 2025 and February 2026.

Associate investment in Drivitty

On 1 April 2021, the Group acquired a 20% non-controlling interest in the Lithuanian company Tankita UAB, operating under the brand Drivitty, a mobile services integration leader in the commercial transportation market. With this strategic partnership the Group aims to accelerate its path towards providing fully seamless mobile payments for its customers.

Although the Group has a call option to acquire the remaining shares of Drivitty, it concluded that the call option does not provide control over the entity.

Acquisition of 25% non-controlling interest in ADS Group

On 4 March 2021, the Group acquired the remaining 25% of shares of ADS companies, a top commercial road transport services provider in Spain and Portugal. The transaction is a key part of the Group's long-term strategy to strengthen its presence in the Iberian Peninsula and Western Europe.

As the remaining 25% non-controlling interest was subject to put/call option rights of the parties, the Group recognised a financial liability at the present value of the amount payable on exercise of the NCI put in accordance with IFRS 9 at 31 December 2020.

Pay-out of deferred acquisition consideration

On 24 November 2021, the Group paid first deferred acquisition consideration of EUR 421 thousand related to acquisition of Aldobec technologies, s.r.o.

Other disclosures

Net outflows of cash to acquire subsidiaries were as follows:

EUR '000	31 December 2022	31 December 2021
Cash consideration paid	43,210	2,776
Cash acquired	(498)	(1,610)
Net outflow of cash – investing activities	42,712	1,166

Cost of acquisition of subsidiaries recognised in other operating expense and cash flows from operating activities:

EUR '000	For the year ended 31 December	
	2022	2021
Acquisition costs	7,941	789

Acquisition costs incurred in 2022 mostly relate to acquisition of Grupa Inelo.

4. Segmental Analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Group considers the Executive Committee to be the CODM effective from July 2021. The Board of Directors of W.A.G. payments solutions, a.s. was considered as CODM prior to that date. The CODM reviews net energy and services sales and contribution to evaluate segment performance and allocate resources to the overall business.

For management purposes and based on internal reporting information, the Group is organised in two operating segments; Payment solutions and Mobility solutions. Payment solutions represent Group's revenues, which are based on recurring and frequent transactional payments. The segment includes Energy and Toll payments, which are a typical first choice of a new customer. Mobility solutions represent a number of services, which are either subscription based or subsequently sold to customers using Payment solutions products. The segment includes Tax refund, Fleet management solutions, Navigation, and other service offerings.

Net energy and services sales, contribution, contribution margin, EBITDA, and Adjusted EBITDA are non-GAAP measures, see Note 5.

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

Year ended 31 December 2022 EUR '000	Payment solutions	Mobility solutions	Total
Segment revenue	2,312,242	56,010	2,368,252
Net energy and services sales	134,847	56,010	190,857
Contribution	118,157	40,807	158,964
Contribution margin	88%	73%	83%
Corporate overhead and indirect costs before adjusting items			(77,371)
Adjusting items affecting Adjusted EBITDA			(18,461)
Depreciation and amortisation			(30,393)
Net finance costs and share of net loss of associates			(4,763)
Profit before tax			27,976

Year ended 31 December 2021 EUR '000	Payment solutions	Mobility solutions	Total
Segment revenue	1,606,051	40,051	1,646,102
Net energy and services sales	113,081	40,051	153,132
Contribution	99,594	28,926	128,520
Contribution margin	88%	72%	84%
Corporate overhead and indirect costs before adjusting items			(58,800)
Adjusting items affecting Adjusted EBITDA			(22,793)
Depreciation and amortisation			(21,867)
Net finance costs and share of net loss of associates			(7,391)
Profit before tax			17,669

Geographical split – segment revenue from contracts with customers

The geographical analysis is derived from the base location of responsible sales teams, rather than reflecting the geographical location of the actual transaction.

EUR '000	For the year ended 31 December	
	2022	2021
Czech Republic ("CZ")	484,055	316,707
Poland ("PL")	401,528	290,499
Central Cluster (excluding CZ and PL)	275,000	189,439
Portugal ("PT")	397,052	334,069
Western Cluster (excluding PT)	92,192	36,381
Romania ("RO")	317,518	192,742
Southern Cluster (excluding RO)	391,515	278,125
Not specified	9,392	8,140
Total	2,368,252	1,646,102

There were no individually significant customers, which would represent 10% of revenue or more.

Geographical split – net energy and services sales

EUR '000	For the year ended 31 December	
	2022	2021
Czech Republic	35,179	26,347
Poland	30,485	27,037
Central Cluster (excluding CZ and PL)	26,715	20,566
Portugal	16,362	21,058
Western Cluster (excluding PT)	7,787	5,590
Romania	28,252	19,676
Southern Cluster (excluding RO)	38,339	26,495
Not specified	7,738	6,363
Total	190,857	153,132

The following table presents the Group's non-current assets, net of accumulated depreciation and amortisation, by country. Non-current assets for this purpose consist of property and equipment, right-of-use assets, intangible assets, investments in associates, financial assets and other non-current assets (excluding deferred tax assets and derivative assets).

EUR '000	For the year ended 31 December	
	2022	2021
Czech Republic	152,155	126,427
Spain	61,898	63,238
Slovakia	55,799	53,882
United Kingdom	1,552	541
Other	80,311	8,765
Total	351,715	252,853

Timing of revenue recognition was as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Payment solutions		
Goods and services transferred at a point in time	2,286,450	1,585,701
Services transferred over time	25,792	20,350
	2,312,242	1,606,051
Mobility solutions		
Goods and services transferred at a point in time	15,700	12,753
Services transferred over time	40,310	27,298
	56,010	40,051
Total segment revenue	2,368,252	1,646,102

5. Alternative performance measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with IFRS, the Group uses the following non-GAAP financial measures that are not defined or recognised under IFRS: Net energy and services sales, Contribution, Contribution

margin, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted earnings, Adjusted earnings per share, and Adjusted effective tax rate, Net debt/cash and Transformational capital expenditure.

The Group uses Alternative Performance Measures (“APMs”) to provide additional information to investors and to enhance their understanding of its results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. Moreover, these metrics may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by the Group’s peers.

Net energy and services sales

Net energy and services sales is an alternative performance measure, which is calculated as total revenues from contracts with customers, less cost of energy sold. The Group believes this subtotal is relevant to an understanding of its financial performance on the basis that it adjusts for the volatility in underlying energy prices. The Group has discretion in establishing final energy price independent from the prices of its suppliers.

This measure also supports comparability of the Group’s performance with other entities, who have concluded that they act as an agent in the sale of energy and, therefore, report revenues net of energy purchased.

Contribution

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

The CODM reviews net energy and services sales and contribution to evaluate segment performance and allocate resources to the overall business (Note 4).

Contribution margin

Contribution margin represents, for each of the Group’s two operating segments, that segment’s contribution as a proportion of that segment’s Net energy and services sales.

EBITDA

EBITDA is defined as operating profit before depreciation and amortisation.

The Group presents EBITDA because it is widely used by securities analysts, investors, and other interested parties to evaluate the profitability of companies. EBITDA eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses, against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense), the extent to which intangible assets are identifiable (affecting relative amortisation expense) and share of loss of associates.

Adjusted EBITDA

Adjusted EBITDA is defined as EBITDA before adjusting items:

Adjusting item	Definition	Exclusion justification
M&A-related expenses	Fees and other costs relating to the Group's acquisitions activity	M&A-related expenses differ every year based on acquisition activity of the Group. Exclusion of these costs allow better result comparability.
Non-recurring IPO-related expenses	Non-recurring advisory and other expenses relating to the Admission	IPO costs are related to a one-off event, which has significant impact on 2021 profitability. IPO had no impact on expenses in 2022.
Strategic transformation expenses		<p><u>Broadening the skill base</u> IPO and IT strategic transformation requires different skill base of the Group's employees. Expenses related to these strategic events were excluded as otherwise they would not be incurred. The expenses are not expected to be adjusted in 2023.</p> <p><u>Transformation of key IT systems</u> Transformational expenditure represents investments intended to create a new product or service, or significantly enhance an existing one, in order to increase the Group's revenue potential. This also includes systems and processes improvements to improve services provided to customers. Transformational expenditures, which cannot be capitalised as they are mainly related to research, were excluded as the Group is executing its strategic transformation programme and due to the fact that annual investments compared to Group's Net sales are significantly higher than regular investments of a technology company. Strategic transformation programme is expected to end in 2023 except for SAP implementation, which is expected to end in 2024. Anticipated IT transformation expense adjustment in 2023 amounts to EUR 4.1 million in 2023 and EUR 3.3 million in 2024. The Group does not expect significant capitalisation related to SAP in 2024.</p> <p><u>Integration costs of Grupa Inelo</u> In 2023 and 2024, the Group expects to adjust one-off costs related to transformation and integration of Grupa Inelo. While the Group did not adjust integration costs in the past, the related activities and one-off costs are expected to be significantly higher than for previously completed acquisitions. Exclusion of these costs will allow better result comparability. The Group currently estimates approximately EUR 2 million of integration costs in 2023. The Group is in very early stage of integration, the management will evaluate integration progress and update the expected amount in 2023 interim financial statements.</p>
		Costs relating to broadening the skill bases of the Group's employees (including in respect of executive search and recruiting costs), costs related to transformation of key IT systems as well as Grupa Inelo integration costs
Share-based compensation	Equity-settled and cash-settled compensation provided to the Group's management before IPO	Share options and cash-settled compensation have been provided to management and certain employees in connection with the IPO. Total share-based payment charge to be excluded in period 2021–2024 amounts to EUR 20.7 million, from which EUR 1.3 million was a one-off in 2021 and EUR 19.4 million is amortised over three years. Although these costs will be amortised over the next three years based on accounting policies, they were excluded as they relate to a one-off event. Amortised expenses amounted to EUR 5.1 million in 2021 and 5.3 million in 2022 and anticipated expense adjustment amounts to EUR 6.5 million in 2023 and EUR 2.5 million in 2024. Share awards provided post-IPO were not excluded as they represent non-cash element of annual remuneration package.

Management believes that Adjusted EBITDA is a useful measure for investors because it is a measure closely tracked by management to evaluate the Group's operating performance and to make financial, strategic, and operating decisions. It may help investors to understand and

evaluate, in the same manner as management, the underlying trends in the Group's operational performance on a comparable basis, period on period.

Adjusted EBITDA reconciliation

EUR '000	For the year ended 31 December	
	2022	2021
Intangible assets amortisation (Note 8)	22,234	15,303
Tangible assets depreciation (Note 9)	4,790	4,129
Right of use depreciation	3,369	2,435
Depreciation and amortization	30,393	21,867
Net finance costs and share of net loss of associates	4,763	7,391
Profit before tax	27,976	17,669
EBITDA	63,132	46,927
M&A-related expenses (Note 5)	7,941	789
Non-recurring IPO-related expenses	-	12,943
Strategic transformation expenses	5,209	2,688
Share-based compensation	5,311	6,373
Adjusting items	18,461	22,793
Adjusted EBITDA	81,593	69,720

Adjusted EBITDA margin

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

Adjusted earnings (net profit)

Adjusted earnings are defined as profit after tax before adjusting items:

Adjusting item	Definition	Exclusion justification
Amortisation of acquired intangibles	Amortisation of assets recognised at the time of an acquisition (primarily ADS, Sygic and Webeye)	The Group acquired a number of companies in the past and plans further acquisitions in the future. The item is prone to volatility from period to period depending on the level of M&A.
Amortisation due to transformational useful life changes	Accelerated amortisation of assets being replaced by strategic transformation of the Group	Strategic IT transformation programme of the Group is replacing selected softwares before their originally estimated useful life. This may also include early fixed asset write-offs. Amortisation of such assets has been accelerated and abnormally high difference between original and accelerated depreciation was excluded to allow period on period result comparability. The item adjusted in 2020-2022 represents assets replaced by strategic IT transformation by the end of 2022, however, decisions may be taken as the Group continues with its strategic IT

		transformation in 2023, which may lead to new assets being replaced and either accelerated or written-off. The Group expects this adjustment to be relevant until 2024, although, no significant costs are currently expected to be adjusted in 2023 and 2024.
Adjusting items affecting Adjusted EBITDA	Items recognised in the preceding table, which reconciles EBITDA to Adjusted EBITDA	Justifications for each item are listed in the preceding table.
Tax effect	Decrease in tax expense as a result of above adjustments	Tax effect of above adjustments is excluded to adjust the impact on after tax profit.

The Group believes this measure is relevant to an understanding of its financial performance absent the impact of abnormally high levels of amortisation resulting from acquisitions and from technology transformation programmes.

Adjusted earnings reconciliation

EUR '000	For the year ended 31 December	
	2022	2021
Profit for the year	17,696	9,650
Amortisation of acquired intangibles	6,562	5,419
Amortisation due to transformational useful life changes	1,864	1,717
Adjusting items affecting Adjusted EBITDA	18,461	22,793
Tax effect	(3,029)	(3,801)
Adjusted earnings (net profit)	41,554	35,778

Adjusted earnings per share

Adjusted earnings per share is calculated by dividing the adjusted net profit for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the period. See Note 10 for further information.

Adjusted effective tax rate

Adjusted effective tax rate is calculated by dividing the adjusted tax expense by the adjusted profit before tax. The adjustments represent adjusting items affecting adjusted earnings. See Note 7 for further information.

Net debt/cash

Net debt/cash is calculated as cash and cash equivalents less interest-bearing loans and borrowings.

Transformational capital expenditure

Transformational capital expenditure represents investments intended to create a new product or service, or significantly enhance an existing one, in order to increase Group's revenue potential. This also includes systems and processed improvements to improve services provided to customers.

6. Finance Costs

Finance costs for the respective periods were as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Bank guarantees fee	899	616
Interest expense	5,815	5,188
Factoring fee	1,348	698
Foreign exchange loss	692	2,380
Other	48	61
Total	8,802	8,943

The Group manages its foreign currency risk by using foreign currency forwards and swaps.

7. Income Tax

Corporate income tax for companies in the Czech Republic and United Kingdom for the years 2021 and 2022 was 19%.

WAG Iberia, together with all the Alava tax resident companies of ADS sub-group (Reivalisa, Trofa, Arraia Oil, Arraia Autopistas and Liserteco 24h), formed a consolidation tax group for CIT purposes beginning on 1 April 2019. Spanish corporate income tax is 24% (2021: 24%).

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

EUR '000	For the year ended 31 December	
	2022	2021
Current income tax charge	12,148	7,679
Adjustments in respect of current income tax of prior years	495	112
Deferred tax	(2,363)	228
Total	10,280	8,019

Reconciliation of tax expense and the accounting profit multiplied by the Company domestic tax rate for the below periods:

EUR '000	For the year ended 31 December	
	2022	2021
Accounting profit before tax	27,976	17,669
At UK's statutory income tax rate of 19% (2021: 19%)	5,316	3,357
Adjustments in respect of current income tax of prior years	495	112
Effect of different tax rates in other countries of the Group	30	507
Non-deductible expenses (M&A related)	1,350	84
Non-deductible expenses (IPO related)	–	1,368
Non-deductible expenses (other)	1,857	1,314
Share-based payments	1,020	700
Net investment hedge	260	468
Effect of accumulated tax loss claimed in the current period	(68)	(36)
Effect of unrecognised deferred tax assets relating to tax losses of current period	20	145
At the effective income tax rate of	36.75%	45.38%
Income tax expense reported in the statement of profit or loss	10,280	8,019

Adjusted effective tax rate is as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Accounting profit before tax	27,976	17,669
Adjusting items affecting adjusted EBITDA	18,461	22,793
Amortisation of acquired intangibles	6,562	5,419
Amortisation due to transformational useful life changes	1,864	1,717
Adjusted profit before tax (A)	54,863	47,598
Accounting tax expense	10,280	8,019
Tax effect of above adjustments	3,029	3,801
Adjusted tax expense (B)	13,309	11,820
Adjusted earnings (A–B)	41,554	35,778
Adjusted effective tax rate (B/A)	24.26%	24.83%

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

EUR '000	31 December 2022	31 December 2021
Unrecognised tax losses expiring by the end of:		
31 December 2022	–	210
31 December 2023	210	279
31 December 2024 and after	1,240	813
No expiry date	444	942
Total unrecognised tax losses	1,894	2,244
Potential tax benefit	360	426

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

Deferred tax balances and movements:

EUR '000	1 January 2022	Business combinations	(Charged) credited to profit or loss	Charged to equity	Translation differences	31 December 2022
Difference between net book value of fixed assets for accounting and tax purposes	(7,522)	(2,747)	(243)	–	10	(10,502)
Allowances to receivables	1,638	–	1,273	–	65	2,976
Provisions for liabilities and charges	1,454	–	94	–	37	1,585
Tax losses	148	–	193	–	4	345
Tax benefit from pre-acquisition reserves	6,423	–	(480)	–	–	5,943
Other	6	(49)	1,526	–	(2)	1,481
Net deferred tax asset/(liability)	2,147	(2,796)	2,363	–	114	1,828
Recognised deferred tax asset	7,642	-	2,757	–	106	10,505
Recognised deferred tax liability	(5,495)	(2,796)	(394)	–	8	(8,677)
EUR '000	1 January 2021	Business combinations	(Charged) credited to	Charged to equity	Translation differences	31 December 2021

	profit or loss					
Difference between net book value of fixed assets for accounting and tax purposes	(6,499)	(946)	(63)	–	(14)	(7,522)
Allowances to receivables	1,994	–	(443)	–	87	1,638
Provisions for liabilities and charges	1,276	–	119	–	59	1,454
Tax losses	157	–	(15)	–	6	148
Tax benefit from pre-acquisition reserves	6,995	–	(572)	–	–	6,423
Other	(724)	–	746	–	(16)	6
Net deferred tax asset/(liability)	3,199	(946)	(228)	–	122	2,147
Recognised deferred tax asset	7,057	–	463	–	122	7,642
Recognised deferred tax liability	(3,858)	(946)	(691)	–	–	(5,495)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Direct subsidiaries of the Company, W.A.G. payment solutions, a.s. and its subsidiaries, have undistributed earnings of EUR 195,685 thousand (2021: EUR 154,840 thousand) which, if paid out as dividends to the Company, would be subject to 5% withholding tax. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Group is able to control the timing of distributions from this subsidiary and is not expected to distribute these profits in the foreseeable future.

8. Intangible Assets

Cost of intangible assets subject to amortisation:

EUR '000	Goodwill	Client relationships	Internal software development	Patents and rights	External software	Other intangible assets	Internal assets in progress	External assets in progress	Total
1 January 2021	103,788	24,167	39,853	5,460	20,612	31	10,788	1,338	206,037
Additions	–	113	18,738	–	2,077	–	7,647	–	28,575
Acquisition of a subsidiary	–	4,965	–	–	77	–	–	–	5,042
Transfer	–	–	–	–	915	–	–	(915)	–
Disposals	–	–	–	–	(155)	–	(124)	–	(279)
Translation differences	1,410	–	2,298	5	719	–	747	36	5,215
31 December 2021	105,198	29,245	60,889	5,465	24,245	31	19,058	459	244,590
Additions	–	–	21,592	–	2,398	–	8,302	3,291	35,583
Acquisition of a subsidiary	31,305	21,080	5,898	105	298	–	–	–	58,686
Transfer	–	–	17,149	–	–	–	(16,972)	(177)	–
Disposals	–	–	(69)	–	(24)	–	(35)	–	(128)
Translation differences	712	(102)	2,579	–	269	–	430	(4)	3,884
31 December 2022	137,215	50,223	108,038	5,570	27,186	31	10,783	3,569	342,615

Accumulated amortisation and impairment of intangible assets subject to amortisation:

EUR '000	Goodwill	Client relationships	Internal software development	Patents and rights	External software	Other intangible assets	Assets in progress	Total
1 January 2021	–	(8,837)	(13,740)	(2,729)	(9,343)	(24)	–	(34,673)
Amortisation	–	(2,850)	(9,246)	(5)	(3,200)	(2)	–	(15,303)
Acquisition of a subsidiary	–	–	–	–	(61)	–	–	(61)
Disposals	–	–	–	–	155	–	–	155
Translation differences	–	–	(981)	(3)	(271)	–	–	(1,255)
31 December 2021	–	(11,687)	(23,967)	(2,737)	(12,720)	(26)	–	(51,137)
Amortisation	–	(4,024)	(14,512)	(28)	(3,668)	(2)	–	(22,234)
Disposals	–	–	69	–	10	–	–	79
Translation differences	–	–	(974)	(2)	(176)	–	–	(1,152)
31 December 2022	–	(15,711)	(39,384)	(2,767)	(16,554)	(28)	–	(74,444)

Net book value:

EUR '000	Goodwill	Client relationships	Internal software development	Patents and rights	External software	Other intangible assets	Internal assets in progress	External assets in progress	Total
Net book value at 31 December 2021	105,198	17,558	36,922	2,728	11,525	5	19,058	459	193,453
Net book value at 31 December 2022	137,215	34,512	68,654	2,803	10,632	3	10,783	3,569	268,171

The table below presents carrying amount and remaining amortisation period of individual intangible assets that are considered material to the Group's consolidated financial statements:

Individual asset name	As at 31 December 2022		As at 31 December 2021	
	Net book value (in '000 EUR)	Remaining useful life (in months)	Net book value (in '000 EUR)	Remaining useful life (in months)
Customer relationships - ADS	7,306	60	8,767	72
Customer relationships - Webeye	19,794	113	-	-
Internal software - EETS toll platform	15,046	62	4,896	74
Internal software - SAP	6,658	83	3,780	95
Internal software - Webeye platform	6,265	55	-	-

EETS stands for European Electronic Toll Service, an initiative from the European Union to create a simpler framework for paying toll in Europe by use of single on-board unit for all toll systems within EU. The Group developed a platform enabling its EETS-certified OBUs to make toll payments in multiple countries.

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

The Group capitalised employee expenses and cost of materials and services used or consumed in generating the intangible asset.

Research and development costs that were not capitalised and are, therefore, recognised expenses are as follows:

EUR '000	For the year ended 31 December	
	2022	2021
Expensed research and development costs	3,331	5,024

Impairment testing

Goodwill acquired through business combinations is allocated to the respective CGUs for impairment testing.

Carrying amount of the goodwill allocated to each of the CGUs:

EUR '000	31 December 2022	31 December 2021
Energy	40,180	40,180
Navigation	34,610	34,579
Fleet management solutions	57,963	25,996
Tax refund	2,401	2,382
Toll	2,061	2,061
Total	137,215	105,198

The recoverable amount of CGUs has been determined based on a value-in-use calculation using cash flow projections from financial budgets and forecast approved by the Board covering a five-year period, which shows growth in revenues.

Key assumptions used for impairment testing

Discounted cash flow model is based on the following key assumptions:

- Discount rate
- Net energy and services sales for Energy CGU; revenues for Navigation, Fleet management solutions and Tax refund CGUs
- Long-term revenue growth rate

Net energy and services sales and revenue growth were determined by management separately for each CGU. They are based on the knowledge of each particular market, taking into account the historical development of revenues, estimated macroeconomic developments in individual regions and the Group's plans regarding new products development, growth opportunities and market share expansion. Estimated net energy and services sales and revenue growth represent the best possible assumption of the Group's management considering the future development as at the end of the period.

Discount rate reflects specific risks relating to the industry in which the Group operates. The discount rate used is based on the weighted average cost of capital (“WACC”) of the Group as presumed by Capital Asset Pricing Model.

The table below shows key assumptions used in the value-in-use calculations for material CGUs:

	31 December 2022	31 December 2021
Energy CGU		
Pre-tax discount rate	9.5%	10.0%
Net energy and services sales growth rate*	1.9%	0.1%
Long-term growth rate	1.8%	1.8%
Navigation CGU		
Pre-tax discount rate	12.0%	12.0%
Revenue growth rate*	20.0%	25.2%
Long-term growth rate	3.0%	2.0%
Fleet management solutions CGU		
Pre-tax discount rate	12.0%	11.0%
Net energy and services sales growth rate*	17.0%	18.9%
Long-term growth rate	3.0%	2.0%
Tax refund CGU		
Pre-tax discount rate	10.0%	10.0%
Revenue growth rate*	10.1%	2.0%
Long-term growth rate	1.8%	1.8%

* Average over 5-year period.

Toll CGU was not significant.

The Group has considered the potential impact of climate change in impairment tests. For all CGUs except Fleet management solutions, additional sensitivities of discounted cash-flows were modelled to determine break-even increase in operating and capital expenses and a combination of revenue decrease and expense increase. Reasonably possible change in operating and capital expenses does not lead to any impairment, climate change impact on recoverable amounts and useful life of non-financial assets is thus not considered to be significant for these CGUs.

Fleet management solutions recoverable amount is closer to the carrying amount than all other CGUs. A combination of revenue decrease and operating and capital expenses increase was therefore included in Fleet management solutions CGU base model. Sensitivities of discounted cash-flows described below directly include the expected climate change impact, which would either lead to breakeven or to a significant impairment.

Energy

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2022 by EUR 28,140 thousand.

Discount rate used in the value-in-use calculation would have to increase to 12.3% for the recoverable amount to be equal to its carrying amount.

Net energy and services sales used in the value-in-use calculation would have to decrease by 26.0% for the recoverable amount to be equal to its carrying amount.

Long-term revenue growth rate would have to decrease to -4.5% for the recoverable amount to be equal to its carrying amount.

Navigation

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2022 by EUR 78,405 thousand.

Discount rate used in the value-in-use calculation would have to increase to 22.1% for the recoverable amount to be equal to its carrying amount.

Revenue used in the value-in-use calculation would have to decrease by 28.2% for the recoverable amount to be equal to its carrying amount.

Long-term revenue growth rate would have to decrease to -33.4% for the recoverable amount to be equal to its carrying amount.

Fleet management solutions

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2022 by EUR 5,845 thousand.

Discount rate used in the value-in-use calculation would have to increase to 12.4% for the recoverable amount to be equal to its carrying amount and to 12.7% for a significant impairment to occur.

Revenue used in the value-in-use calculation would have to decrease by 1.7% for the recoverable amount to be equal to its carrying amount and by 3.0% for a significant impairment to occur.

Long-term revenue growth rate would have to decrease to 2.1% for the recoverable amount to be equal to its carrying amount and to 1.3% for a significant impairment to occur.

Tax refund

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2022 by EUR 9,547 thousand.

Discount rate used in the value-in-use calculation would have to increase to 25.5% for the recoverable amount to be equal to its carrying amount.

Revenue used in the value-in-use calculation would have to decrease by 27.0% for the recoverable amount to be equal to its carrying amount.

Reasonably possible change in long-term revenue growth rate of 1.80% does not lead to any impairment.

9. Property, Plant And Equipment

Cost of property, plant and equipment:

EUR '000	Lands and Buildings	Leasehold improvements	Machinery and equipment	Vehicles, Furniture and fixtures	Tangibles in progress	Total
1 January 2021	23,992	3,601	19,510	5,746	1,555	54,404
Additions	1,768	432	2,762	213	5	5,180
Acquisition of a subsidiary	–	–	–	557	–	557
Disposals	–	(41)	(119)	(1,212)	(10)	(1,382)
Translation differences	631	173	705	291	23	1,823
31 December 2021	26,391	4,165	22,858	5,595	1,573	60,582
Additions	1,551	380	3,413	184	2,073	7,601
Acquisition of a subsidiary	14	–	1,998	128	–	2,140
Disposals	–	(7)	(641)	(895)	(4)	(1,547)
Translation differences	238	99	367	135	(61)	778
31 December 2022	28,194	4,637	27,995	5,147	3,581	69,554

Accumulated depreciation and impairment of property, plant and equipment:

EUR '000	Lands and Buildings	Leasehold improvements	Machinery and equipment	Vehicles, Furniture and fixtures	Tangibles in progress	Total
1 January 2021	(4,282)	(1,417)	(12,215)	(3,515)	–	(21,429)
Depreciation charge	(569)	(590)	(2,126)	(844)	–	(4,129)
Acquisition of a subsidiary	–	–	–	(448)	–	(448)
Disposals	–	10	113	1,056	–	1,179
Translation differences	(181)	(108)	(447)	(256)	–	(992)
31 December 2021	(5,032)	(2,105)	(14,675)	(4,007)	–	(25,819)
Depreciation charge	(834)	(724)	(2,496)	(735)	–	(4,789)
Disposals	–	2	626	729	–	1,357
Translation differences	(77)	(71)	(237)	(92)	–	(477)
31 December 2022	(5,943)	(2,898)	(16,782)	(4,105)	–	(29,728)

Net book value of property, plant and equipment:

EUR '000	Lands and Buildings	Leasehold improvements	Machinery and equipment	Vehicles, Furniture and fixtures	Tangibles in progress	Total
Net book value						
at 31 December 2021	21,359	2,060	8,183	1,588	1,573	34,763
Net book value						
at 31 December 2022	22,251	1,739	11,213	1,042	3,581	39,826

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

EUR '000	31 December 2022	31 December 2021
Pledged property, plant and equipment	39,467	34,544

10. Earnings Per Share

All ordinary shares have the same rights. Class B share was excluded from earnings per share ("EPS") calculation as it had no voting rights, rights to distributions or rights to the return of capital on winding up.

Basic EPS is calculated by dividing the net profit for the period attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit for the period attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of shares that would be issued if all dilutive potential ordinary shares were converted into ordinary shares.

Adjusted basic EPS is calculated by dividing the Adjusted earnings (net profit) for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in calculating EPS:

	For the year ended 31 December	
	2022	2021
Net profit attributable to equity holders (EUR '000)	16,630	9,148
Basic weighted average number of shares	688,911,333	595,582,785
Effects of dilution from share options	816,306	1,483,248
Total number of shares used in computing dilutive earnings per share	689,727,639	597,066,033
Basic earnings per share (cents/share)	2.41	1.54
Diluted earnings per share (cents/share)	2.41	1.53

Adjusted earnings per share measures:

	For the year ended 31 December	
	2022	2021
Net profit attributable to equity holders (EUR '000)	16,630	9,148
Adjusting items affecting Adjusted EBITDA (Note 5)	18,461	22,793
Amortisation of acquired intangibles*	5,499	4,297
Amortisation due to transformational useful life changes	1,864	1,717
Tax impact of above adjustments*	(2,813)	(3,573)
Adjusted net profit attributable to equity holders (EUR '000)	39,641	34,382
Basic weighted average number of shares	688,911,333	595,582,785
Adjusted basic earnings per share (cents/share)	5.75	5.77
Diluted weighted average number of shares	689,727,639	597,066,033
Adjusted dilutive earnings per share (cents/share)	5.75	5.76

*non-controlling interests impact was excluded

Options

Options granted to employees under Share-based payments are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required performance criteria would have been met based on the Group's performance up to the

reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share as their performance conditions have not been met.

11. Interest Bearing Loans And Borrowings

	Currency	Maturity	Interest rate	31 December 2022			31 December 2021		
				Total limit in currency	Amount in original currency	Amount in EUR'000	Total limit in currency	Amount in original currency	Amount in EUR'000
Bank loans									
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	-	-	-	47,500	30,898	30,898
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	-	-	-	47,500	46,843	46,843
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	-	-	-	95,000	84,510	84,510
Multicurrency term and revolving facilities agreement**	EUR	2027/09	3M EURIBOR + margin	45,000	42,941	42,941	-	-	-
Multicurrency term and revolving facilities agreement**	EUR	2027/09	3M EURIBOR + margin	68,000	64,889	64,889	-	-	-
Multicurrency term and revolving facilities agreement**	EUR	2027/09	3M EURIBOR + margin	37,000	35,307	35,307	-	-	-
Other loans	CZK		fixed rate	393	393	17	5,277	5,277	212
Revolving facilities and overdrafts				-	2	2	-	10	10
Total	EUR					143,156			162,473
Current	EUR					21,884			18,894
Non-current	EUR					121,272			143,579

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

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

Under this financing, up to EUR 60 million was available for the Group for revolving facilities and overdraft accounts, and up to EUR 113 million for bank guarantees.

**On 22 September 2022, the Group signed new multicurrency term and revolving facilities agreement ("new club financing agreement") with following banks:

- 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. *Komerční banka, a.s.,*
- f. *Raiffeisenbank a.s.,*
- g. *UniCredit Bank Czech Republic and Slovakia, a.s.*
- h. *Powszechna Kasa Oszczednosci Bank Polski Spolka Akcyjna acting through PKO BP S.A., Czech branch*
- i. *Česká exportní banka, a.s.*

The new club financing agreement consists of four tranches:

- *EUR 150 million committed facility A for the refinancing of all existing term loan indebtedness;*
- *EUR 180 million committed facility B for permitted acquisitions and capital expenditure;*
- *EUR 235 million committed auxiliary credit facility, of which EUR 85 million may be utilised by way of revolving loans, and EUR 150 million may be utilised by way of ancillary facilities in the form of bank guarantees, letters of credit, or an overdraft up to EUR 25 million; and*
- *EUR 150 million uncommitted incremental facility for permitted acquisitions, capital expenditure, and auxiliary credit facilities up to EUR 50 million of which not more than EUR 25 million can be utilised as revolving loans.*

The applicable interest rate margin for the new club financing shall be determined according to the following margin grid:

Net leverage	Facility A and B
> 3.25	2.30% p.a.
≤ 3.25 ≥ 2.50	2.10% p.a.
< 2.50	1.90% p.a.

The Group has not drawn any loans from a non-bank entity.

The interest expense relating to bank loans and borrowings is presented in Note 6.

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

As at 31 December 2022, the following pledges have been made as a security for aforementioned loans:

- pledge of shares (mainly W.A.G payment solution, a.s.);
- pledge of receivables;
- pledge of bank accounts;
- pledge of trademarks.

As at 31 December 2021, the following pledges had been made as a security for aforementioned loans:

- pledge of shares (W.A.G payment solution, a.s. shares were fully pledged after Admission);
- pledge of receivables;
- pledge of bank accounts;

- pledge of real estate (Note 9);
- pledge of movable assets (Note 9); and
- pledge of trademarks.

The Group complied with all financial covenants under the old and new club financing agreements as of 31 December 2022 and 31 December 2021, and forecasts compliance for the going concern period.

Financial covenant terms of the new club financing facilities were as follows:

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

*the covenant shall not exceed 3.75 in 2024 and 3.50 in 2025 and onwards

Under the old club financing facilities, the Group was required to comply with the following financial covenants:

- interest cover (the ratio of adjusted EBITDA to interest payable) shall not be less than 5;
- net leverage (the ratio of total net debt to Adjusted EBITDA) shall not exceed 3.75 in 2021 and 3.5 in 2022;
- the borrowing base covenant (the ratio of the sum of outstanding amount of revolving facility, outstanding bank guarantees less cash and cash equivalents, to trade receivables) shall not exceed 1.00; and
- adjusted net leverage (the ratio of the adjusted total net debt to Adjusted EBITDA) shall not exceed 6.50.

For the purposes of covenants calculation, alternative performance measures are defined differently by the new club financing agreement:

- adjusted EBITDA represents full year adjusted EBITDA of companies acquired during the period;
- net debt includes lease liabilities and derivative liabilities, and
- adjusted net debt includes face amount of guarantees, bonds, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of any liability of the Group.

Explanation of Alternative Performance Measures

Category	Name	Definition
Financial	Adjusted EBITDA	Adjusted EBITDA represents profit before tax, finance income and costs, depreciation, amortisation, M&A-related expenses, non-recurring IPO-related expenses, strategic transformation expenses and pre-IPO share-based compensation.
Financial	Adjusted EBITDA margin	Adjusted EBITDA margin represents Adjusted EBITDA for the period divided by Net energy and services sales
Financial	Adjusted effective tax rate	Adjusted effective tax rate is calculated by dividing the adjusted tax expense by the adjusted profit before tax. The adjustments represent adjusting items affecting Adjusted earnings.
Financial	Adjusted earnings	Adjusted earnings represents profit for the year, before adjusting items affecting adjusted EBITDA, amortisation of acquired intangibles and amortisation due to transformational useful life changes and related tax effects
Financial	Adjusted basic earnings per share	Adjusted basic EPS is calculated by dividing the adjusted earnings by the weighted average number of ordinary shares during the period.
Financial	CGU	CGU (Cash generating unit) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.
Financial	Contribution	Contribution represents Net energy and services sales less operating costs that can be directly attributed to or controlled by the segments. Contribution does not include indirect costs and allocation of shared costs that are managed at group level and hence shown separately under Indirect costs and Corporate overhead. Contribution is before Adjusting items.
Financial	Contribution margin	Contribution margin represents, for each of the Group's two operating segments, that segment's contribution as a proportion of that segment's Net energy and services sales.
Financial	EBITDA	EBITDA is calculated as profit before tax, finance income and costs, depreciation and amortisation.
Financial	Net cash / Net debt	Net debt / Net cash is calculated as Cash and cash equivalents less Interest-bearing loans and borrowings.
Financial	Net energy and services sales	Net energy and services sales represents revenues from contracts with customers, less cost of energy resold to customers. The Group believes this subtotal is relevant to an understanding of its financial performance on the basis that it adjusts for the volatility in underlying energy prices. The Group has some discretion in establishing final energy price independent from the prices of its suppliers.
Financial	Organic Net energy and services sales growth	Growth in Net energy and services sales excluding the net sales of the Group's acquisitions in the current period. In 2022, organic growth includes an adjustment related to WebEye acquisition to enhance year-on-year comparability.
Financial	Transformational capital expenditure	Transformational capital expenditure represents investments intended to create a new product or service, or significantly enhance an existing one, in order to increase the Group's revenue potential. This also includes systems and processes improvements to improve services provided to customers.
Operational	Average active payment solutions customers	Average active payment solutions customers represents the number of customers who have used the Group's payment solutions services in a given period, calculated as the average of the number of active customers for each

		month in the period. A customer is considered an active customer if it uses the Group's payment solutions products at least once in a given month.
Operational	Average active payment solutions trucks	Average active payment solutions trucks represents the number of customer vehicles that have used the Group's payment solutions services in a given period, calculated as the average of the number of active customer vehicles for each month in the period. A customer vehicle is considered an active truck if it uses the Group's payment solutions products at least once in a given month.
Operational	Payment solutions transactions	Payment solutions transactions represents the number of payment solutions transactions (fuel and toll transactions) processed by the Group for customers in that period. A fuel transaction is defined as one completed (i.e. not cancelled or otherwise terminated) fuelling transaction. AdBlue transactions are not counted as stand-alone fuel transactions. A toll transaction is defined as one truck passing through a given toll gateway per day and per merchant country (meaning multiple passages by the same truck through any toll gateway in one merchant country in a given day is still counted as one transaction).
Operational	Mobility solutions segment	Mobility solutions segment represents number of services, which are subsequently sold to customers using Payment solutions products. The segment includes Tax refund, Telematics, Navigation and other service offerings.
Operational	Payment solutions segment	Payment solutions segment represents core of Group's revenues, which are based on re-occurring and frequent transactional payments. The segment includes Energy and Toll payments, which are typical first choice of a new customer.
Operational	Net revenue retention	Average net revenue retention represents, for Eurowag only (i.e., excluding ADS, Sygic and WebEye), the average retained proportion of the Group's net revenues derived from its payment solutions and tax refund customers during the entirety of the previous years.

Directors' Responsibility Statement Required under the Disclosure and Transparency Rules

The responsibility statement below has been prepared in connection with the Company's full Annual Report and Accounts for the year ended 31 December 2022. Certain parts of that Report are not included within this announcement. We confirm to the best of our knowledge:

- the Group Financial Statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company Financial Statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.