

**EW EUROWAG**

# Acquisition of Inelo

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# Today's agenda

**1** Introduction to Inelo

**2** Strategic rationale

**3** Transaction summary

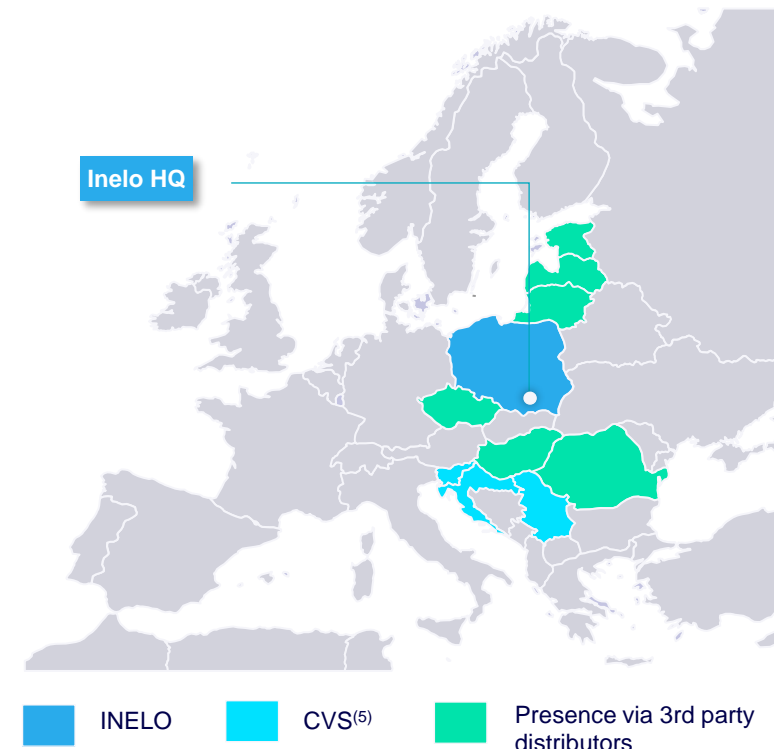
**4** Conclusion

**5** Q&A

# Inelo at a glance

One-stop-shop integrated mobility solutions platform for heavy fleet transportation companies

Overview	Network & Scale	Financial Profile <sup>(1)</sup>	Technology
<p><b>~54%</b> Fleet Management Systems (FMS) FY2021 Revenue</p> <p><b>~40%</b> Working Time Management (WTM) software and outsourcing FY2021 Revenue</p> <p><b>23</b> EU Public Authorities using WTM software</p>	<p><b>~87,000</b> Connected trucks in FMS<sup>(6)</sup></p> <p><b>~160,000</b> Drivers settled monthly</p> <p><b>Poland</b> Leadership position</p> <p><b>Slovenia, Croatia and Serbia</b> Critical mass</p>	<p>In FY2021: <b>€26.8m</b> Revenue<sup>(2)</sup></p> <p><b>40.6%</b> Year-on-Year Growth<sup>(2)</sup></p> <p><b>43.8%</b> H1 2022 Adj. EBITDA Margin<sup>(3)(4)</sup></p> <p><b>c.80%</b> Subscription-based revenues</p>	<p>Proprietary technology solution</p> <p>Adds mission critical product</p> <p>Increases digitisation and efficiency of operations</p> <p>Easy integration with external systems</p>



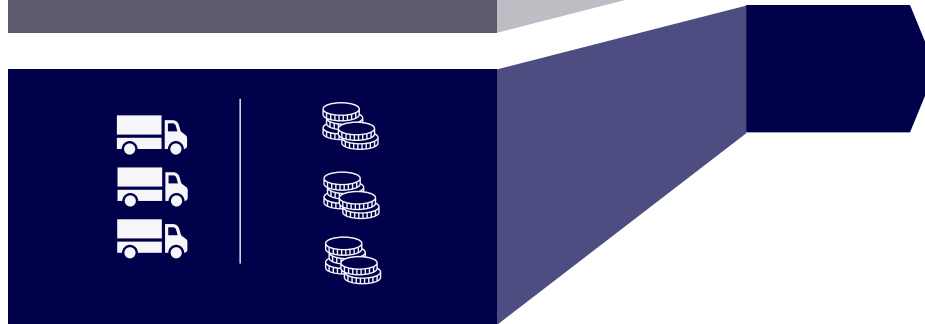
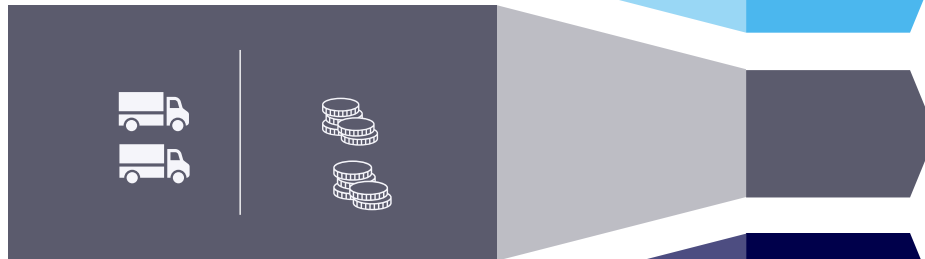
Notes: (1) All financial information relating to Inelo contained in this presentation has been prepared in accordance with Polish and Slovenian local GAAP. Such financial information is subject to a conversion to IFRS and the Group's accounting policies and, therefore, may be different when presented in the Circular. (2) Inelo FY2021 financials include four months of contribution from acquisition of CVS. Based on a EUR:PLN average exchange rate for the year to 31 December 2021 of 4.57 and for the year to 31 December 2020 of 4.44. Growth based on EUR to EUR. (3) Unaudited financials based on a EUR:PLN average exchange rate for the 6 months to 30 June 2022 of 4.63. (4) Adjusted EBITDA is calculated on the basis of earnings before interest, tax, depreciation and amortisation and before adjusting items including M&A related expenses, non-recurring one-off costs, strategic transformation expenses and share-based compensation. (5) CVS refers to products from CVS Mobile d.d., a subsidiary of Napredna telematika which was acquired in September 2021. (6) Inelo connected trucks represent the number of medium and heavy commercial vehicles over 3.5 tonnes that have a Inelo on-board unit installed within the vehicle.

# Strategic rationale



Notes: (1) Inelo connected trucks represent the number of medium and heavy commercial vehicles over 3.5 tonnes that have an Inelo on-board unit installed within the vehicle. (2) Drivers using Inelo WTM software each month to report their working hours in line with regulatory practice.

# Unlocking further network potential



- **Network expansion:** Inelo adds approximately 87,000 connected trucks accelerating network expansion and geographical reach
- **Growing network economic potential** adding Inelo's offering and truck base to Eurowag's platform further increases the combined network potential
  - **Cross-selling opportunities:** significant headroom for growth of average revenue per truck from the acquired customer base once integrated in Eurowag's platform
  - **Offering expansion:** new WTM solutions acquired with Inelo enable customers to further digitise their operations
  - **Additional network effects:** more services per customer leads to higher retention rate resulting in lower churn and higher lifetime value



# Aligned with key growth drivers

## Growth

from existing customers

## Geographic

expansion and penetration

## Go-to

market channel expansion

## Digital

platform development

## Accretive

M&A

### Inelo highlights



- Significant cross-selling opportunity of mission critical WTM products to existing customers
- Further opportunity to cross-sell existing product range to Inelo's customers



- Complementary geographic profiles
- Significant increase of fleet management solutions penetration in the Polish market
- Addition of critical mass in Slovenia, Croatia and Serbia



- Increases sales presence in key growth territories
- Salesforce engine drives organic growth
- Addition of highly efficient call center sales channel



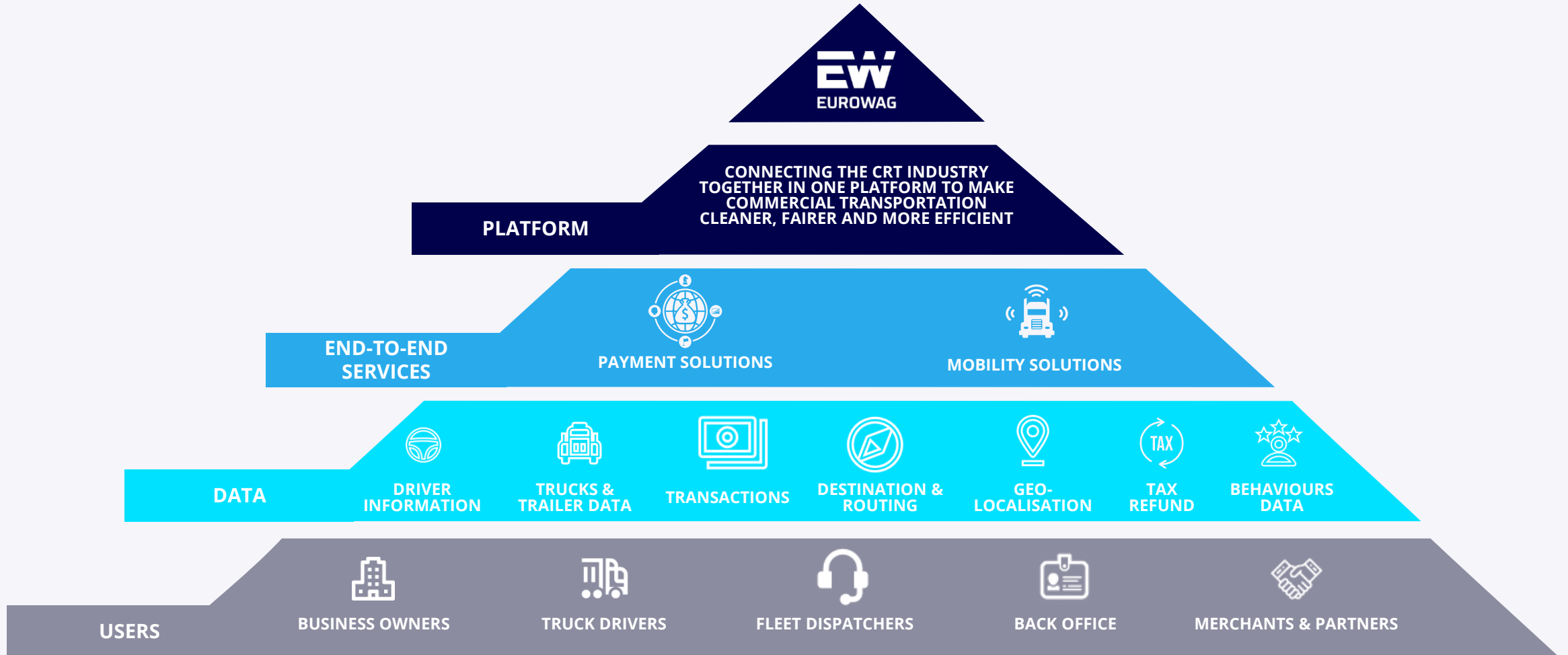
- New mission critical product
- Higher density and depth of data
- Building out fully integrated, end-to-end digital platform
- Multiplying the network effects



- Expected to be double digit adjusted earnings accretion in first full year following completion
- Accretion increasing in subsequent years with delivery of cross-selling opportunities



# Integrated end-to-end digital platform





# Transaction summary

## Key Terms and Valuation

- Enterprise value of up to €306 million
- Cash consideration payable on completion of €224 million with Eurowag also acquiring approximately €70 million of net debt (subject to certain closing adjustments) with up to €58 million of debt payable<sup>(2)</sup> on completion
- Deferred consideration of €12.5 million (capped) dependent on Inelo's EBITDA performance during FY2022
- Consideration fully payable in cash

## Financing

- Transaction to be funded using a mix of available cash resources and bank facilities:
  - €180m to be drawn down on M&A facility announced on 22 September 2022
  - Remaining consideration funded using existing cash resources

## Financial Effects

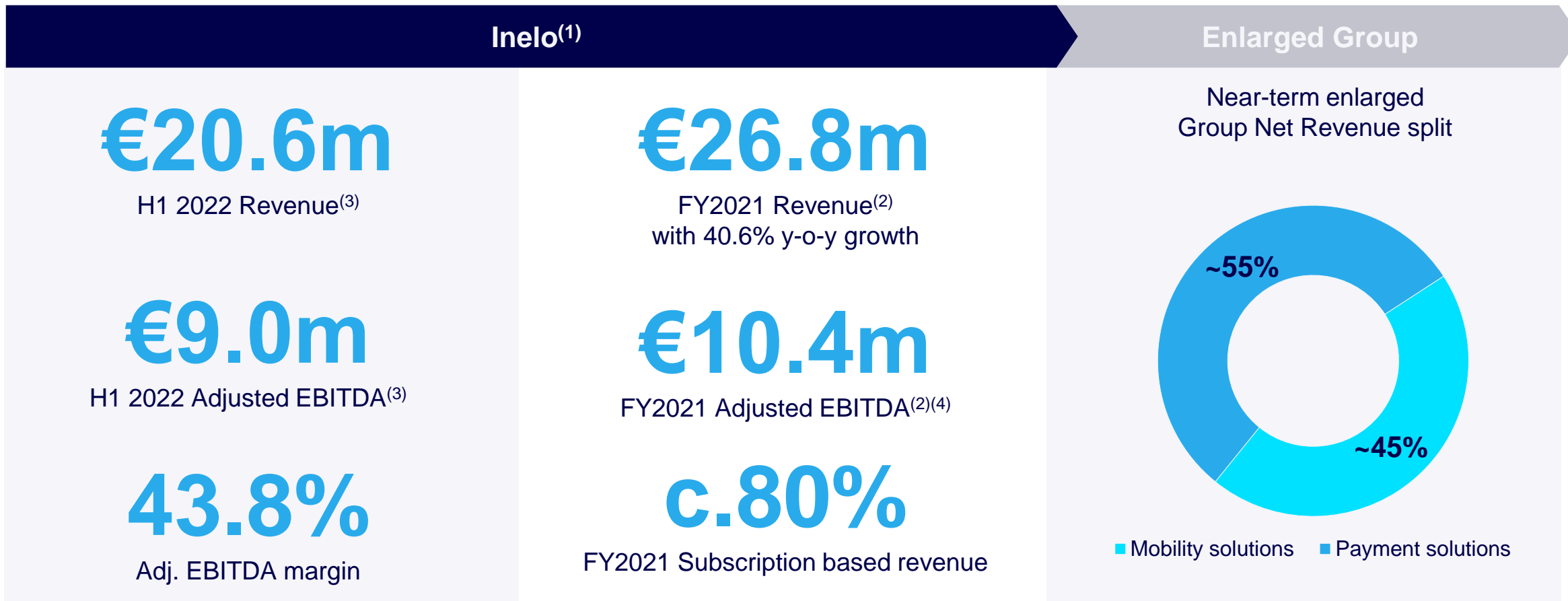
- Transaction expected to deliver double digit adjusted earnings accretion in first full year following completion
- Further cross-selling and up-selling benefits expected to drive higher earnings accretion over the medium term
- We expect to exceed the top end of our leverage target by around half a turn of adjusted EBITDA pro-forma on transaction completion, and return back to the average leverage target range in the near term, in line with our medium term guidance
- Change in the revenue mix may impact the pace of the margin expansion of mid forties trending to high forties per cent over the medium term

## Class 1 Workstreams and Timetable

- Acquisition will be Class 1 Transaction requiring shareholder approval
- Martin Vohánka, TA Associates<sup>(1)</sup> and certain Board members who hold shares have each irrevocably undertaken to vote in favour at the General Meeting
- These undertakings, collectively, represent over the minimum voting right threshold expected to be required to pass the resolution (50%+1)
- Class 1 Shareholder Circular expected to be posted to shareholders during late Q4 2022, with a GM expected in early Q1 2023

Notes: (1) Shares held through Bock Capital EU Luxembourg WAG S.à r.l., a vehicle affiliated with TA Associates. (2) €50 million of debt payable on Completion (as at the locked box date and is subject to adjustment depending on the date of Completion) which is likely to rise to €58 million following the completion of Inelo's ongoing acquisition of another company.

# Inelo's complementary financial profile



**All financials remain subject to conversion to IFRS**

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# Trading update

## Strong performance in line with expectations

For the nine months of 2022:

**€135.6m**

**Growth of 23.3%**  
Growth in Group net  
energy and services sales

**€96.9m**

**Growth of 20.1%**  
Payment solutions net  
revenue

**12.9%**

Growth in average number  
of payments solutions  
active customers

**19.2%**

Organic growth in Group  
net energy and services  
sales

**€38.7m**

**Growth of 32.4%**  
Mobility solutions net  
revenue

**6.4%**

Growth in average number  
of payment solutions  
active trucks



# Outlook and medium term guidance

## Net revenue growth

Notwithstanding current headwinds, following the completion of the acquisition of Inelo, Eurowag expects to continue to deliver organic net revenue growth between high teens and low twenties per cent over the medium term.

## Adjusted EBITDA margin

Materially increased revenue contribution from the mobility solutions division may impact the pace of margin expansion of mid-forties trending to high-forties per cent in the medium term.

## Capital expenditure

Ordinary capex at around high single digit percentage of net revenue over the medium term; transformational capex expected to be €50m in aggregate for 2022 to 2023.

## Capital structure

Expect to exceed the top end of our leverage target by around half a turn of adjusted pro-forma EBITDA on completion of the acquisition of Inelo, and return back to the leverage target range of 1.5x to 2.5x in the near term.



# Transaction Timeline

Summary	Dates
Announcement of Transaction	25 October 2022
Circular Published	Late Q4 2022
General Meeting	Q1 2023
Expected Date of Completion <sup>(1)</sup>	Q1 2023

Notes: (1) Subject to shareholder approval as well as the receipt of approval from relevant foreign direct investment regulatory bodies and antitrust authorities in Poland, Slovenia and North Macedonia

# Key takeaways

## Scale

Strengthens geographical footprint and roughly doubles the number of connected trucks

## Mission critical product and data

Expands product capabilities with addition of mission critical working time management software

## Network potential

Multiplies network effects thanks to new product and data from connected trucks

## Platform

Builds out Eurowag's fully integrated, digital end-to-end platform for CRT customers

## Financial profile

Enhances Eurowag's highly attractive financial profile with double digit adjusted earnings accretion



**EW EUROWAG**

**Q&A**

