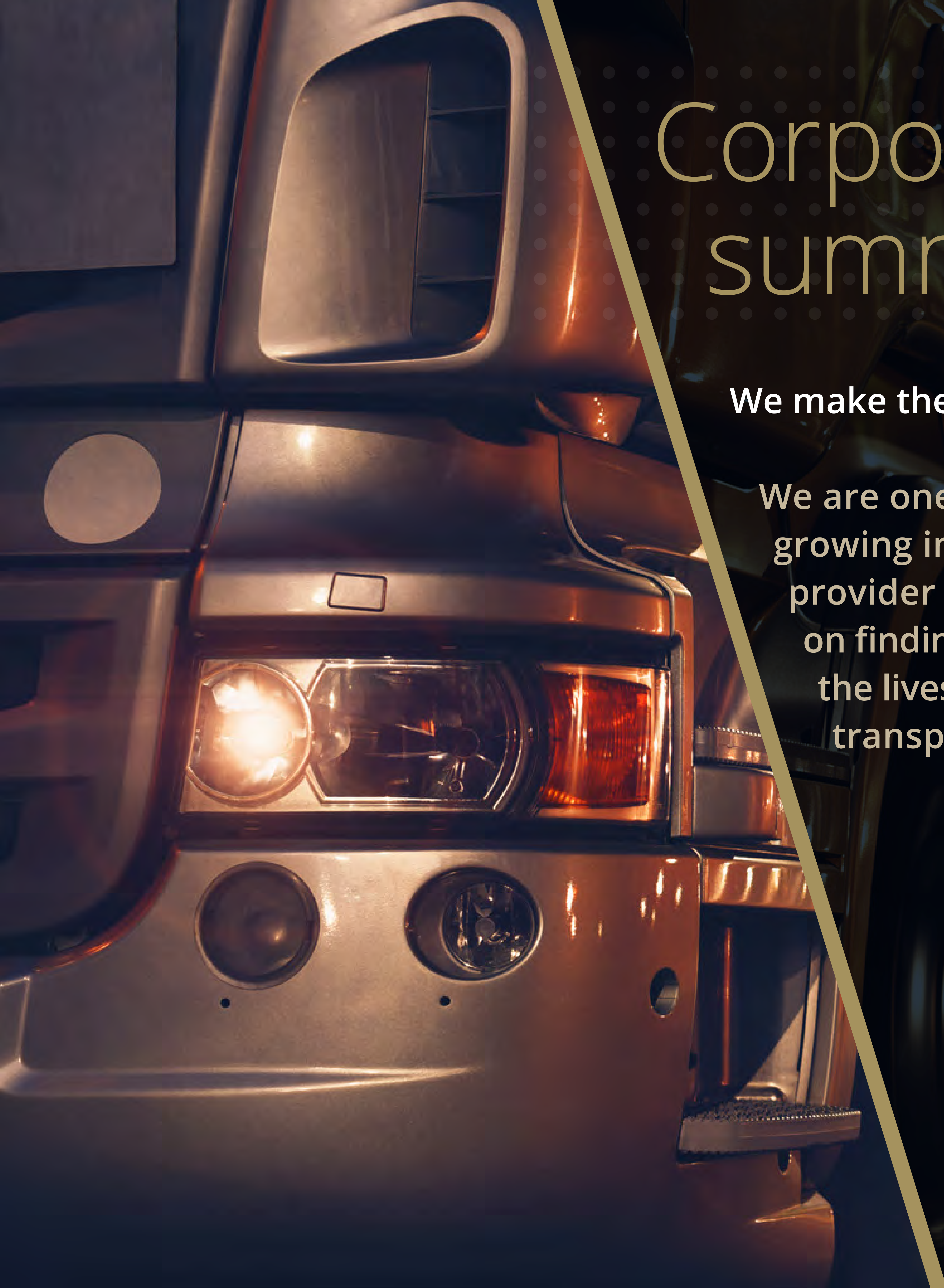
EUROWAG

ANNUAL REPORT 2020

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

Content

Excited by the journey ahead



Corporate summary

We make the world move.

We are one of the fastest growing integrated mobility provider in Europe, focused on finding solutions to simplify the lives of commercial road transport companies.

Eurowag provides payments and financing services to truckers who are the backbone of European trade.

Our innovation drives change to an industry lagging in digitalization. We are at the forefront of clean mobility transition.

Strong focus on our customers is a key pillar of our success, securing loyalty and enabling cross-sell.

We are harnessing the power of digitalization at scale to reduce road transport emissions and help tackle climate change.

Our founder led management team inspires a strong collaborative culture.

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Message from the CEO

Dear Colleagues and Friends of Eurowag,
Valued Global Citizens,

An unprecedented pandemic cast a shadow over a large part of 2020 and the first months of 2021. Millions of lives were lost, more than 100 million were infected, households continue to suffer from economic and mental stress, and the quality of life and access to daily normalities for the majority of the global population has at least temporarily deteriorated, while long term impacts are yet to be observed and healed.

We remain deeply thankful to front-line workers who took care of others and who delivered on their duties despite increased risk and various challenges. Eurowag Group took the emerging crisis very seriously from its outset. Our priority was to protect the health of our employees, but equally to continue to provide critical services through flawless operations to the backbone of our economy - the transportation industry. Eurowag played an important role as an anchor of stability for our customers and business partners throughout the crisis.

As in the 2008 financial crisis, we again proved to be highly resilient and delivered outstanding performance and strong double-digit growth. Unique passion and purpose-driven culture, ingenuity, and a sense for urgency of our employees made all this happen. Improving operational basics and cash flow generation and leveraging customer centricity and loyalty were fundamental to accelerating value generation despite the multiple challenges facing the transportation industry.

We have observed with great satisfaction that, despite the ongoing health crisis, political leaders around the globe have kept the broader impact of humankind on our planet high on the agenda. Eurowag too continues to develop the ESG agenda, invest in the digitalization of road transport and accelerate the transition to clean powertrains. We expand the impact of our activities beyond adding financial value into creating benefits to a wider range of stakeholders – to the benefit of the industry, society and our environment.

Finally, I would like to convey a big thank you to the thousand hard-working colleagues delivering incredible results, and to our partners and suppliers sustaining high levels of service, despite many professional and personal difficulties. Though the COVID crisis is not yet over, let’s look forward to 2021 as the beginning of a new era which provides a unique opportunity to reflect on the past and build a better world, where nobody is left behind, where mindfulness, empathy and personal responsibility are key drivers of future prosperity and peace.

Martin Vohánka
CEO and Founder

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Key indicators

SERVICING A PORTFOLIO OF MORE THAN **100K** UNIQUE ACTIVE TRUCKS

EUR **57 M** EBITDA

46 % MARGIN

HIGH AND INCREASING NPS SCORE **50**

COVID RESILIENCE WITH **22 %** EBITDA GROWTH, OUTPERFORMING PEERS

ESG COMMITMENT **297 K** CHARGING POINTS

77 LNG/CNG STATIONS

HIRED **200** NEW EMPLOYEES, EXCEEDING **1.000**

PRESENT IN **30 COUNTRIES**

OPERATING MORE THAN **15 K** POINTS OF SALE

ROADLORDS **#1 trucker app** WITH MORE THAN **1.000.000** DOWNLOADS

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EW history

1995 Founded in the Czech Republic

2000 Payment services launched

2005 First truck park opened in the Czech Republic

2006 Toll services launched

2017 Launched Telematics through the acquisition of Princip

PRINCIP

2018 Granted a Payment Institution License by the Czech National Bank

Expanded Telematics services through acquisition of Aldobec and Hi Software

Aldobec technologies

HiSoftware

2019 Launched eMobility and Alternative Fuels programs

Expanded fuel cards network, navigation software and eMobility capabilities through the acquisitions of Sygic and ADS

Sygic ADS

2020 Established the ESG program

Integrated e-mobility into Sygic navigation

Sygic

2021 Full roll-out of RoadLords and EVA

Expansion of our eMobility platform through partnership with Last Mile Solutions

Last Mile Solutions

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Business activities

Introduced EVA

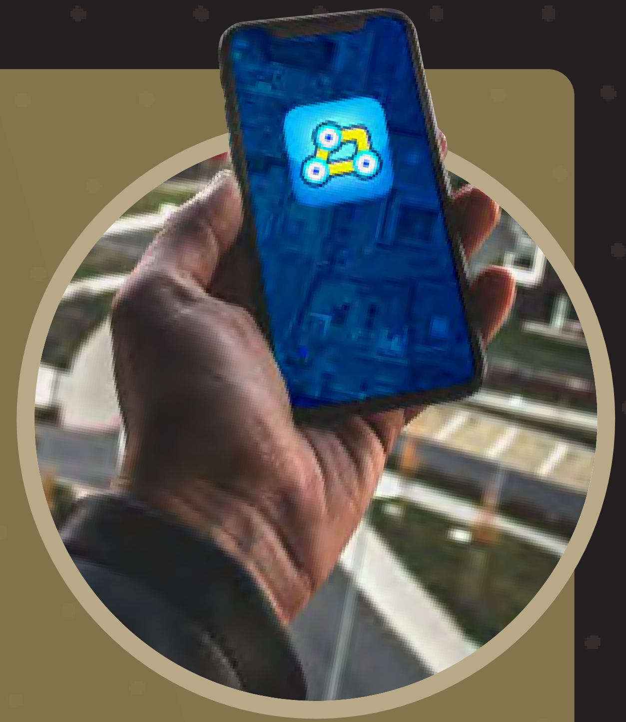
Enhanced Vehicle Assistant

EVA provides seamless toll payment across 8 countries and 3 major tunnels (with second EETS OBU). Advanced telematics integration delivers transport operators with significant cost savings on fuel and maintenance, while proprietary geolocation technology protects businesses from most fuel theft fraud.

Launched RoadLords

Free social Truck Navigation GPS App

RoadLords includes specialized truck routing & maps that help professional drivers with their everyday work. The app displays nearby fueling options, finds available truck parks and recommends suitable route for the vehicle. It also allows drivers to communicate with each other.



Created new business unit

Automotive

Eurowag responds to automotive industry megatrends: connectivity services, electrification and autonomous driving, last-mile delivery, inter-city logistics and shared mobility. We analyze complex business schemes to develop technological solutions for new customer segments with global reach.

(2021)

Joined forces with Last Mile Solutions

to supercharge eMobility

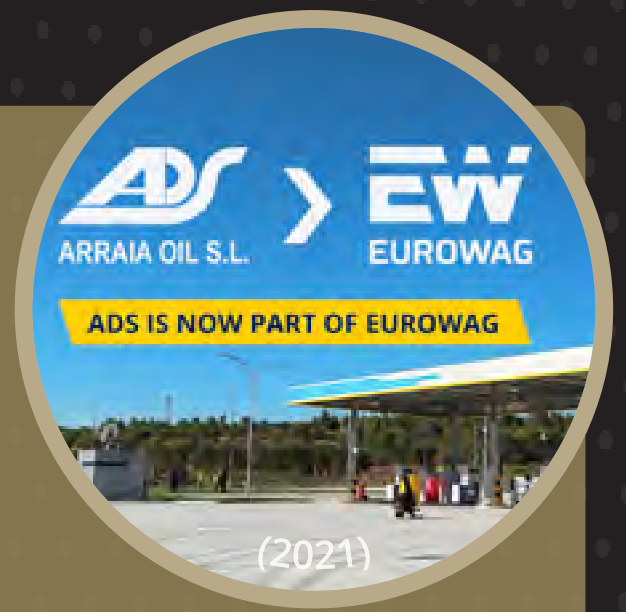
The investment is our next step into the role of an integrated mobility solutions provider and confirms Eurowag's commitment to provide sustainable and environmentally friendly transportation services. Last Mile Solutions operates more than 37,000 connected charging points and has over 150,000 active charging cards with users in over 22 countries.

Joined forces with Drivitty

to accelerate mobile payment adoption

(2021)

The partnership will provide our customers with the ability to pay for fuel and related services through their mobile device, giving them a superior payment experience and an additional layer of security. It will also minimise the need for physical contact, further protecting health and safety on the road.



(2021)

Completed the acquisition of ADS

to strengthen presence in the Iberian Peninsula and Western Europe

ADS customers gain access to a broader portfolio of services and geo-network, including location-based services, toll solutions, payment and transaction processing, cross-border currency and insurance solutions, tax services, and access to alternative and green energy solutions.

Acquired majority share in KomTeS

reseller of Webdispečink fleet management solution

The acquisition will ensure continued high level of support, service, and value to customers in the Czech Republic and Slovakia. KomTeS serves over 1,700 customers operating over 25,000 telematics units in the CRT, agriculture, and fleet industries with hardware installation, training, customization and support.

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The Eurowag management

Martin Vohánka

Chief Executive Officer,
Chairman

Martin is the founder of Eurowag, Chief Executive Officer and Chairman of the Board of Directors. He lectures at the University of Economics in Prague and holds an MBA from the University of Pittsburgh.

Martin has long maintained an interest in the furtherance of civil society and is a co-founder of the Independent Journalism Foundation (Nadační fond nezávislé žurnalistiky) and the Closer Together Foundation (Nadace BLÍŽKSOBĚ). He was a finalist in the 2014 EY Entrepreneur of the Year program.

Kristi Ansberg

Chief People Officer,
Board Member

Kristi is an HR professional with experience in the global technology sector. She has previously built best-in-class practices at Playtech and EveryPay. Her special areas of interest include female leadership, diversity & inclusion, and employer branding.

Kristi joined Eurowag in 2020 to transform the company to a leading technology provider for the mobility industry by improving employee experience and implementing data-driven HR practices.

Magdalena Bartoś

Chief Financial Officer,
Board Member

Magdalena is a Finance executive with broad experience from the fuel & energy industry, retail and consultancy. She previously worked as a CFO, Board Member or Financial Director at Orlen, PGE, Nike and EY.

Magdalena joined Eurowag in 2019 to create a strong finance culture aligned to the business, which will enable further organic and inorganic growth.

Martin Hannsmann

Chief Quality Officer,
Board Member

Martin comes from a mixed academic and business background. He lectured on statistics and probability at the University of West Bohemia and worked as the quality manager and the plant manager at PLM, later Rexam and Petainer.

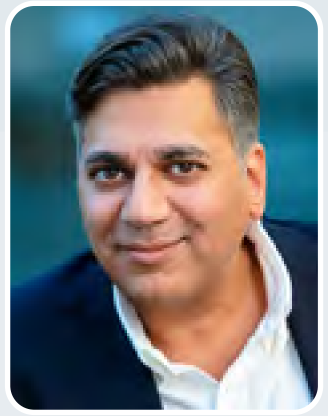
Martin joined Eurowag in 2014 to safeguard quality and certify critical processes to comply with industry regulations and standards.

Ivan Jakúbek

Chief Corporate Development Officer, Board Member

Ivan has been leading fast-growing companies in the technology sector, financial services and international truck transportation for more than 15 years. His portfolio companies at Enterprise Investors included AVG Technologies, Kofola, and STD Donivo. He also serves as the president of Slovak Association for Development Capital.

Ivan joined Eurowag in 2017 to develop a platform strategy, launch new products and grow the business through M&A.



Sunny Mehta

Group Chief Commercial Officer,
Board Member

Sunny has been leading sales and marketing efforts in EMEA at multiple globally successful brands for more than 12 years. Prior to joining Eurowag, Sunny held leadership roles at Google and Apple launching innovative technologies and platforms, forging strategic partnerships, developing market plans and opening new sales channels.

At Eurowag, Sunny is responsible for setting the strategic direction and development of the geo-market approach for the sales and monetization of Eurowag products and services.

Mittu Sridhara

SVP Technology

Mittu is a Technology veteran who has recently helped to scale up high-volume digital platform companies like Careem and HepsiBurada. He is manically customer-focused and committed to empowering people to deliver solutions that address practical problems.

Mittu joined Eurowag in 2021 to help us digitalize the commercial road transport industry by developing products centered around truck drivers and fleet operators, and leverage the potential stored in our data.

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Our ESG journey

At Eurowag, ESG is business as usual. Our vision is to democratize the on-road mobility industry through technology. This goes hand in hand with our purpose to create sustainable financial and technological solutions for the benefit of our industry, society, and the environment.

Eurowag recognises that ESG is key to our commercial success – both in terms of managing risk and making an impact on the biggest challenges facing the world.

As our business ambition grows, so too must our ambition in sustainability. Eurowag can enable our industry to grow sustainably and we are constantly evolving and challenging our own ESG approach. That means our structures, governance, measurement - and actions.

In 2020, we took an important step towards formalising Eurowag's approach to ESG by establishing an ESG Committee. Their mandate is to provide greater oversight and direction in our environmental and social activities.

We are continuing this work in 2021 through the development of a materiality matrix to identify the most critical ESG issues facing our business. And this is forming the basis of our overarching ESG policy to guide our strategy and actions over the coming years.

As part of this process, we are engaging with external organisations to help us assess where to strengthen our approach to ensure our business is protected, and to enable the greatest impact possible. We are also taking big steps to improve measurement and disclosure, particularly around our environmental impact.

Being one of the industry leaders, we recognise the license and responsibility we have to lead sustainability efforts and elevate our own ESG standards. This is all part of our journey to transform our industry in a sustainable way for the benefit of our industry, society, and the environment.

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Environment

The climate crisis is the biggest challenge facing our world today. We know we only have one planet, and there is no "Plan B". Eurowag is committed to urgent action to reduce emissions and play our part in addressing the climate crisis.

Today, road transportation is responsible for 24% of direct CO_2 emissions in the EU and road vehicles account for nearly three-quarters of transport CO_2 emissions[1]. The IPCC has also estimated that the current transport sector's GHG emissions could increase by up to 50% by 2035 and almost double by 2050.[2] The time to act is now.

Eurowag has an important role to play in helping the industry transition to a lower carbon future. We are committed to playing our part in reducing the environmental footprint of our industry by deploying the latest technologies and advanced solutions that consume fewer resources and create lower emissions.

That's why our main environmental focus is to help reduce the carbon footprint of our business and customers with digitally enabled, green technology.

It's where Eurowag can have the greatest impact and where transport industry is the most impacted as well - the regulations facing our customers makes this critical to our commercial viability.

ROAD TRANSPORT IS **24%** OF DIRECT CO_2 EMISSIONS IN THE EU[3]

ROAD VEHICLES ARE NEARLY **3/4** OF ALL TRANSPORT CO_2 EMISSIONS[4]

TRANSPORT SECTOR'S GHG EMISSIONS COULD INCREASE BY UP TO **50%** BY 2035 AND ALMOST DOUBLE BY 2050[5]

1) www.iea.org/topics/transport
2) www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter8.pdf
3) www.iea.org/topics/transport
4) www.iea.org/data-and-statistics/charts/transport-sector-co$_2$-emissions-by-mode-in-the-sustainable-development-scenario-2000-2030
5) www.ipcc.ch/site/assets/uploads/2018/02/ipcc_wg3_ar5_chapter8.pdf

Measuring our impact

What gets measured gets done. That's why improving our measurement is a key focus for us, moving beyond compliance to a more ambitious measurement framework.

We are compliant with all environmental regulations in our markets and in 2020 established ISO 14001 certification in our two biggest markets, the Czech Republic and Poland.

Our 2021 ambition is to start measuring our carbon footprint, including Scope 1, 2 and 3 emissions, including our own organizational carbon footprint

This is part of longer-term ambition to align our measurement and reporting to global standards including TCFD and GRI.

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Advancing clean mobility

To support the transition to a lower carbon future, we need to change how we power our vehicles.

Providing clean mobility solutions, from alternative fuels to services of electric and hybrid vehicles are critical to serving Eurowag customers, who are facing growing regulations on their own emissions. The European Commission has a 90% emission reduction target for the transportation sector by 2050 – and it's already impacting commercial road transport.

In many markets, electrified light vehicles are already at parity with diesel engines in Europe, and the number of charging locations is exceeding the fuel stations network. A 2020 survey showed that 32% of companies in Europe already have an electrified vehicle and 84% are planning

Sygic

297K charging points across EU

234K unique users

to get one. In Western Europe the figure is even higher with almost 50% already operating an electrified vehicle.[6] And for many, the gradual shift to alternative fuels is already underway. [7]

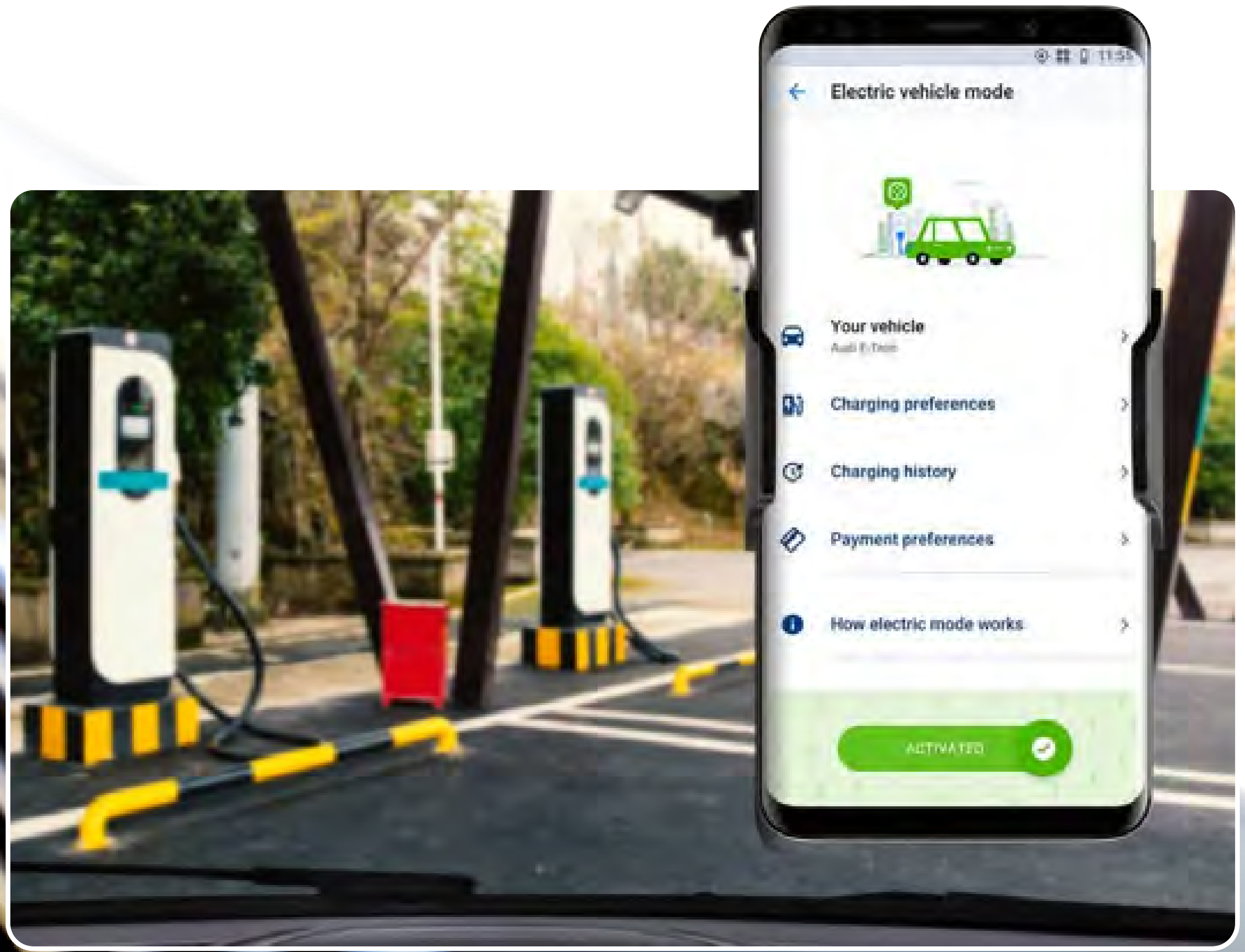
But the challenge of advancing clean mobility at scale will take more than just manufacturing new vehicles. It requires the transformation of the whole mobility ecosystem and its constituents in an economically and socially viable manner.

Meeting these changing requirements is essential for the environment, and a key part of future-proofing our business.

We want to make it easy for customers to power their vehicles – and increasingly that means providing access to alternative fuels and electric charging. But it's not enough to just meet the demands of customers today – for our business to be truly resilient, we must be at the forefront of the adoption of clean mobility.

We embrace our customer's shift towards more sustainable transport. Clean mobility is at the heart of Eurowag's strategy. We think about this transition in a different way, starting with the customer.

6) www.iea.org
7) mobility-observatory.arval.com/



WHAT NEEDS TO BE TRANSFORMED:

- ENERGY GENERATION AND DISTRIBUTION
- MOBILITY INFRASTRUCTURE
- FLEETS AND POWER TRAINS
- USER AND INFRASTRUCTURE CONNECTIVITY
- PROCESS DIGITALIZATION
- STRUCTURAL REFORMS: REGULATIONS, STANDARDS AND TAX

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EUROWAG'S CLEAN MOBILITY INITIATIVES:

- CLEAN ENERGY MERCHANT NETWORK DEVELOPMENT
- ESTABLISHING CROSS INDUSTRY ALLIANCES
- CLEAN ENERGY PROVISIONING
- PAYMENTS AND ACCOUNTING
- CUSTOMER DATA AND ITS PROCESS DIGITALIZATION
- SMART ROUTING AND FLEET MANAGEMENT
- CUSTOMER AND STAKEHOLDER EDUCATION AND ENGAGEMENT

Our customers don't make charging or fueling plans; they make travel plans.

We created an innovative approach to increase access to eMobility points for passenger vehicles. In May 2020, EW launched Sygic EV mode in Europe, the first navigation with integrated payment for public charging. It's the most comprehensive coverage of public charging points in the EU with 297,000 points, with over half of those accepting EW payments.

We're expanding this capability to open up new market

Eurowag eMobility, Petr Füzék:

"Our customers don't make charging plans. They make travel plans."

opportunities in eMobility, from equipping large fleets with eMobility telematics and fleet management solutions and white-labelling our GPS product for general use. We will continue this expansion in 2021 by leveraging the recent acquisition of Last Mile Solutions, one of Europe's largest eMobility platform providers.

At the same time, we're helping customers to access and buy the alternative fuels they need, from LNG, CNG, and biofuels today - and are working to extend this to hydrogen and eFuels in the future. In 2020 we sold our first kilograms of alternative fuels and over the year expanded LNG and CNG into 7 countries. We also launched our Alternative Fuels Advisory service to help customers navigate the transition to cleaner transportation.

Eurowag Alternative Fuels, Jan Laluch:

"This is not about how green we will be in 20 years...it's about providing the first kilogram of an alternative fuel to a customer now."

Beyond meeting customers' current needs, we are working with others to address the biggest obstacles to advancing clean mobility. Eurowag was recently appointed to the Sustainable Transport Forum for the European Commission to help shape the EU's clean mobility strategy. We are also working with CharIN to help codify the global standards for charging and the NGVA Europe and eFuel Alliance to encourage greater adoption of alternative fuel.

This is all part of how we're making it easier for customers to access the power they need to run their businesses – and how we're playing our part in transforming mobility.

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Optimising transport

But changing customers' carbon impact can only get us so far.

The greenest miles customers can drive are the ones they never make. Optimising transport represents the greatest opportunity for our industry to help reduce emissions – and the biggest opportunity for Eurowag's own business growth.

Our telematics business is one way we are taking advantage of this opportunity. Our digital platform rewards more efficient driving and enables smarter route planning, making the experience more profitable and better for our customers.

Cost of empty running and poor weight loading:

€160bn

annually

In the EU, more than

25%

of journeys are running with partial or empty loads

Inefficiency is an expensive problem, for both the industry and the environment. Empty running of freight transport and poor weight loading costs Europe around €160bn annually. In the EU, more than 25% of journeys are running with partial or empty loads. COVID has exacerbated this problem, with empty runs increasing by about 40%.[8]

Martin Vohánka:

"Optimising transport requires more than a smart but siloed solution – it requires a truly integrated approach."

Empty running is not only costly, but it creates enormous fuel wastage and CO_2 emissions. This is a pressing challenge for our industry, but also represents a significant area for potential environmental impact.

Many large hauliers are taking steps to optimise their fleets, but an increasingly fragmented customer base makes optimisation difficult, if not impossible, for almost half of the market.

Through our digital platform, we can revolutionize transport optimization.

Digitalization, connectivity and transparency are all key to optimising transport. This requires breaking down the multiple barriers between shippers and carriers that lead to huge inefficiencies and empty journeys.

Through our digital platform Eurowag will develop an integrated approach to tackle barriers in the way of coordination – from logistics to payments to advisory services. This will unlock real progress in reducing inefficiencies, such, as wrong routing or empty journeys.

Optimising transport represents a major opportunity to tackle road transport emissions and to grow our business, by opening new markets for Eurowag services. None of this can happen without the digitalisation of back office operations for fleet managers and drivers. We're providing digitally enabled solutions at scale that tackle truckers' most pressing challenges, improving economics, reducing emissions and developing technology to simplify lives.

8) www.igd.com/Portals/0/Downloads/Charitable%20Impact/ECR_Reducing_Wasted_Miles_pt1_%202015.pdf
www.iru.org/resources/iru-library/covid-19-impact-road-transport-industry-update-november-2020?FormCompleted=1

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Social

Social impact has always been in the fabric of our business and people.
In short, **social responsibility and solidarity** matter to Eurowag.

We have been running **programmes to support employees** and the communities we engage with since **our founding in 1995**.

The **past year has tested Eurowag** in ways we have never experienced, but our commitment to the people and communities **we work with hasn't changed.** If anything, the events of the last year have reinforced the importance of our social impact.

We're proud of the difference our people make – and we're constantly finding **new ways to support our employees** and our communities within our business and beyond.

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Our people

When our people thrive, our business can thrive too. That's why we put so much energy into the experience of Eurowag employees.

With our benefits programme, we want to reward and reflect the needs of our exceptional team, from additional health days to special bonuses to recognise the major life milestones of our employees. But like many businesses, the pandemic has meant that our priorities needed to shift. Our priority in 2020 was to ensure the physical and mental wellbeing of employees, and to support their financial stability.

We ran a series of webinars to support employees working remotely and ensured all employees had the right equipment to work remotely. working. When it comes to supporting those in need, no second thought was needed. The business switched to smart spending to prioritize protecting jobs. And for employees who found their families in financial difficulty, we offered loans to support them through the crisis.

Eurowag gender breakdown:

54% male 46% female

Eurowag employee retention rate:

82%

DEI

A key priority for Eurowag is to access a broader and more diverse pool of talent. Historically both the technology and transport industries have not been as diverse as they need to be. This needs to change.

We have focused on building a diverse leadership team to bring together a greater range of experiences and thinking to lead our business.

For 2021 and beyond, we're building out our DEI strategy, starting with identifying partners who can help create a roadmap to achieve a more diverse talent pool.

30 different nationalities represented

Average tenure: 3,4 years

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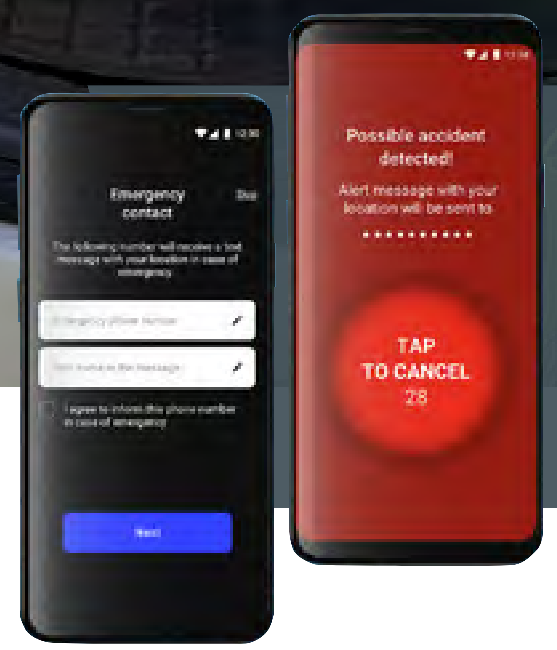
Safety

As a leader in transport and mobility, we are well aware of the dangers present in our industry, and our duty to help ensure the safety of the people we work with. We take the safety of our customers seriously.



Truck Lifeguard is a Sygic app feature that monitors the drive, and in case of a collision and the driver's inability to respond, it automatically sends an SMS to the designated emergency contact

Beyond its operational benefits, our telematics and drivers mobile application business provides a further lever to ensure the physical safety of drivers. Through services like RoadLords, we provide real time insights on optimal driving conditions and routes that can reduce the risk of accidents - and can help alleviate the social isolation of our drivers.

The uncertainty of the last year has made the importance of reaching customers and supporting drivers even more important. Our dedicated COVID site provides timely information and updates to customers to give them confidence we are looking out for them and helping to ensure their safety during these challenging times.

Our communities

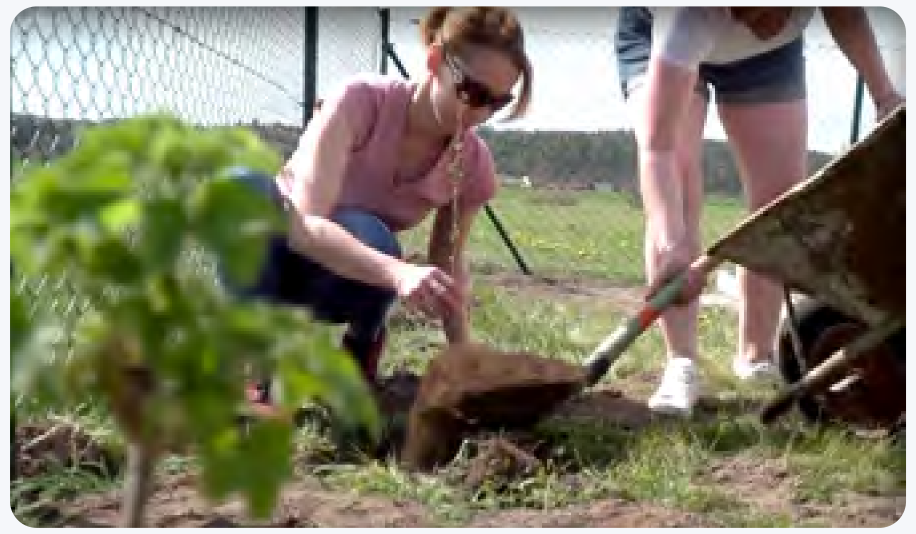
We also encourage Eurowag employees to support the causes that are most important to them and to their communities.

Eurowag commits to distributing 1% of Earnings Before Tax

Philanthropy and You is our strategic charitable programme. Each year, every Eurowag employee gets an equal amount to donate to a charity of their choice – based on where their donation can have the greatest impact. Philanthropy and You is underpinned by a strict selection criteria, including an even distribution of proceeds across markets where Eurowag operates.

To complement Philanthropy & You, we encourage colleagues to volunteer for any non-profit organization for one day a year. Employees can work manually or use their field expertise so that both sides see the biggest possible benefit. As our business grows, our commitment to philanthropy will grow with it, so that more funds can be contributed via Philanthropy and You to communities we will be present in.

Almost 80% of our employees participated in Philanthropy and You in 2020



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NADACE TRUCK HELP od roku 2003

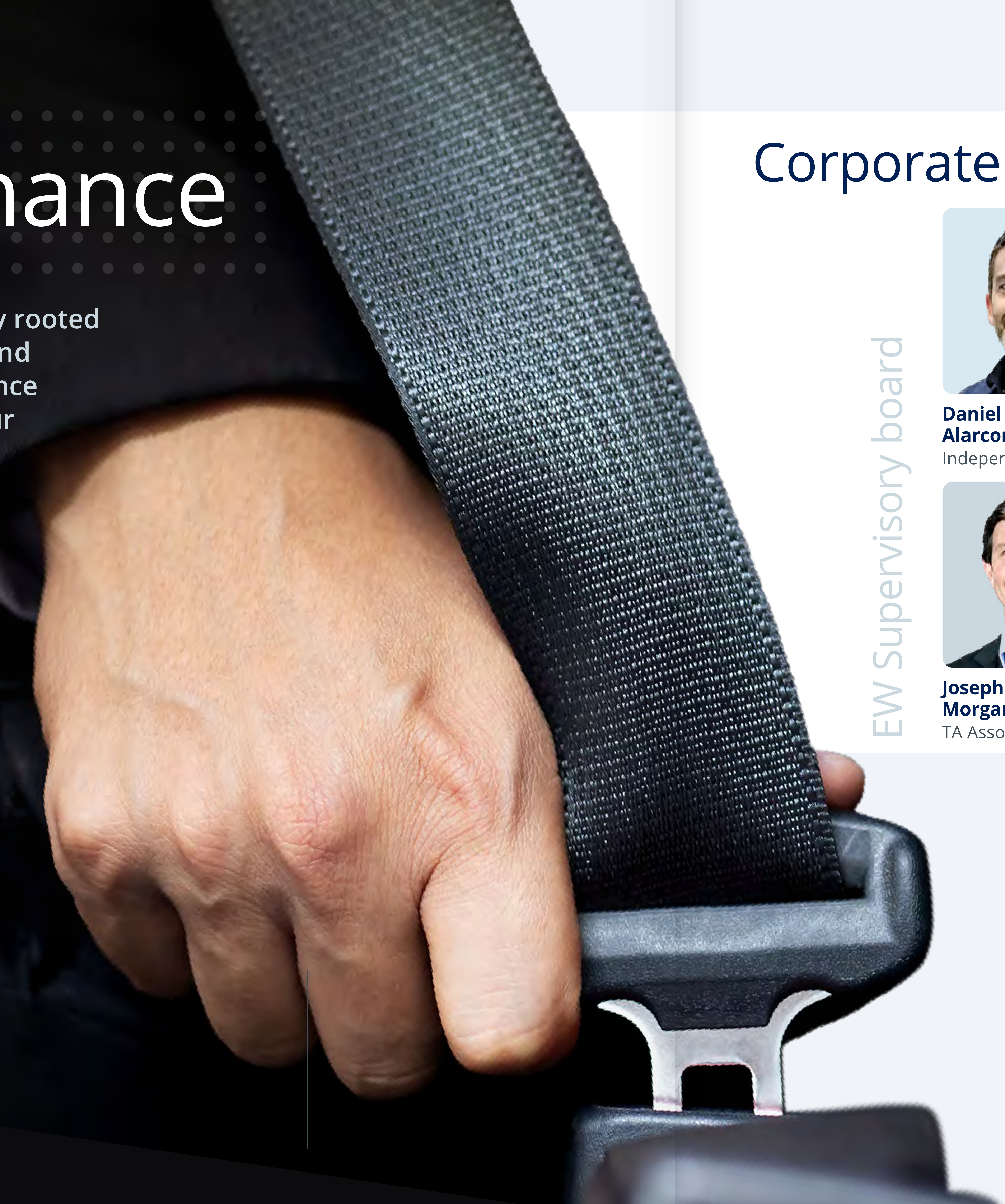
Through the TRUCKHELP FOUNDATION we also support families who have lost loved ones during their work as professional drivers.

Tereza Vítová/Director, Foundation Truck HELP

"The occupation of a professional driver is one of the most dangerous, so we help those most in need – the children."

In 2020, Eurowag supported three local family shelters in need in the Czech Republic. Within a week, EW was able to supply 60 children and 40 mothers with enough food, medicine and toiletries for the rest of the year. EW is expanding this support to additional 15 shelters.

Governance



Accountability is deeply rooted in Eurowag's culture and approach and governance is an integral part of our operations.

Accountability is deeply rooted in Eurowag's culture and approach and governance is an integral part of our operations.

We hold ourselves accountable through a robust governance framework of policies and committees. In 2020 we established our ESG committee to provide greater oversight and direction in our environmental and social activities.

We are continuously refining our governance standards and processes to ensure we identify and manage critical risks to our business and broader stakeholders.

The principles of compliant business conduct and anticipatory risk management are essential for Eurowag's business continuity.

Corporate governance

EW Supervisory board

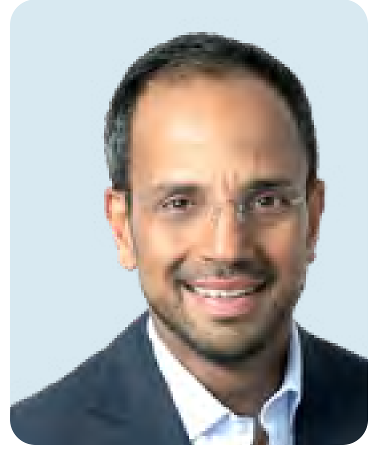
Daniel Alarcon-Rubio
Independent

Mirjana Blume
Independent

Robin Crewe
Independent

Pascal Guyot
Independent

Joseph Morgan Seigler
TA Associates



Ajit Nedungadi
TA Associate

Ketil Thorsen
Independent

Alexander Trautmann
Independent

Our business is governed by a Board of Directors and a separate Supervisory Board which oversees the activities of the Board of Directors. We strive for diversity of experience and thought on our boards, as well as independence of their members, to ensure robust governance and strategic direction.

We operate independent compliance and risk management systems. Both systems are monitored by dedicated teams and receive direct management attention. The board and management oversee risk management, where appetite is set across multiple categories and reviewed annually, with quarterly reports to the board. Our ESG risk analysis is integrated into this overall risk assessment, and as our business grows, this is being further developed. Compensation at Eurowag is based on performance and growth, with all decisions undergoing a thorough review by management. Board compensation must be approved by the shareholders.

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Conduct

Our code of conduct sets out all the policies that shape our governance, conduct and processes. This includes our Anti-Bribery and Corruption, Conflict of interest policy, Whistleblowing policy, Fair competition policy and Discrimination and Harassment policies.

The implementation of these principles begins with the onboarding of every new employee. We believe that no Code of Conduct can be effective unless we express our own personal commitment to respect it. It is brought to life through our Cultural Manifesto, which enables colleagues to own the code of conduct as a guide to their everyday behaviours. All new employees are required to acknowledge and confirm the Code of Conduct.

Our dedicated compliance office coordinates training on GDPR, AML and partner screening and answers to ad-hoc incidents and whistleblowing scenarios in line with our policies.

OUR CONDUCT AND POLICIES ARE ALL UNDERPINNED BY OUR VALUES:

- **DELIVER YOUR BEST**
- **EMBRACE CHANGE**
- **BE A TRUE COLLEAGUE**
- **BE A GOOD PERSON**

Supply chain transparency

We take our relationships with suppliers seriously. Prior to entering a business relationship, available information about business partners shall be examined and their trustworthiness verified. We cooperate only with suppliers where we can expect a guarantee of due and timely compliance with their commitments.

We recognise the risk of human trafficking and other illegal activities for our customers. While this is an indirect risk for us, we understand the seriousness of this issue and will support any actions needed to reduce this risk.

We do not tolerate unlawful conduct.

Data privacy

We appreciate the trust our customers place in us to protect their data and adhere to high security standards. As the risks around data privacy are constantly changing, so must our assessment to ensure we are compliant with all current regulation.
We treat data privacy as a risk to be continuously assessed and managed, emphasizing automated solutions wherever possible to further minimise risk.

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FINANCIAL DISCLOSURE

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

Consolidated Financial Statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards

Consolidated statement of comprehensive income

(EUR '000)
FOR THE YEAR ENDED 31 DECEMBER

	Notes	2020	2019*
Energy revenue		1,194,628	1,308,769
Other services revenue		58,326	52,600
Total revenue from contracts with customers	10	1,252,954	1,361,369
Costs of energy sold		(1,127,477)	(1,248,643)
Net energy and services sales	**11**	**125,477**	**112,726**
Other operating income		942	2,420
Employee expenses	12	(40,718)	(36,963)
Depreciation and amortization	16, 17, 18	(18,246)	(18,708)
Impairment losses of financial assets	20	(4,061)	(6,798)
Technology expenses		(4,049)	(3,339)
Other operating expenses	13	(21,096)	(25,919)
Operating profit		**38,249**	**23,419**
Finance income		141	4,035
Finance costs	14	(8,863)	(7,488)
Profit before tax		**29,527**	**19,966**
Income tax expense	15	(5,886)	(5,648)
PROFIT FOR THE YEAR		**23,641**	**14,318**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Change in fair value of cash flow hedge recognized in equity		(4,002)	545
Exchange differences on translation of foreign operations		(835)	(279)
Deferred tax related to other comprehensive income		46	(136)
COMPREHENSIVE INCOME FOR THE YEAR		**18,850**	**14,448**
Total profit for the financial year attributable to equity holders of the parent		21,928	12,655
Total profit for the financial year attributable to non-controlling interests		1,713	1,663
Total comprehensive income for the financial year attributable to equity holders of the parent		17,157	12,775
Total comprehensive income for the financial year attributable to non-controlling interests		1,693	1,673

*change in the accounting for put options on non-controlling interest disclosed in note 5.1 had no impact on comparative information

Consolidated statement of financial position

(EUR '000)

ASSETS	Notes	31 December 2020	31 December 2019 Restated*
Non-current assets			
Intangible assets	16	178,359	172,469
Property, plant and equipment	17	32,975	35,889
Right-of-use assets	18	8,644	10,591
Financial assets		258	125
Deferred tax assets	15	2,539	1,447
Derivative assets	9, 21	-	445
Other non-current assets		2,680	2,784
Total non-current assets		**225,455**	**223,750**
CURRENT ASSETS			
Inventories	19	5,289	7,373
Trade and other receivables	20	234,414	247,703
Income tax receivables		1,212	2,383
Derivative assets	9, 21	526	1,748
Cash and cash equivalents	22	118,105	59,783
Total current assets		**359,546**	**318,990**
TOTAL ASSETS		**585,001**	**542,740**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	23	4,158	4,158
Share premium	23	2,927	2,927
Foreign currency translation reserve	23	255	1,070
Reserve fund	23	437	428
Cash flow hedge reserve	23	(3,955)	1
Business combinations equity adjustment	23	(46,009)	(41,745)
Retained earnings	23	72,370	50,451
Equity attributable to equity holders of the parent		**30,183**	**17,290**
Non-controlling interests	23	34,198	32,570
Total equity		**64,381**	**49,860**
Non-current liabilities			
Interest-bearing loans and borrowings	24	128,965	130,838
Lease liabilities	18	7,155	9,114
Provisions		-	-
Deferred tax liabilities	15	6,335	7,644
Derivative liabilities	9, 21	2,691	1,239
Other non-current liabilities	26	20,472	43,445
Total non-current liabilities		**165,618**	**192,280**
Current liabilities			
Trade and other payables	26	303,749	248,668
Interest-bearing loans and borrowings	24	42,274	42,990
Lease liabilities	18	2,208	2,183
Provisions		1,380	3,486
Income tax liabilities		4,332	1,870
Derivative liabilities	9, 21	1,059	1,403
Total current liabilities		**355,002**	**300,600**
TOTAL EQUITY AND LIABILITIES		**585,001**	**542,740**

* see Note 5.1 for details regarding the restatement resulting from a change in the accounting treatment of put options on non-controlling interest

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Consolidated statement of changes in shareholders’ equity

(EUR ‘000)
FOR THE YEAR ENDED 31 DECEMBER

	Share capital	Share premium	Foreign currency translation reserve	Reserve fund	Business combinations equity adjustment (Restated)	Retained earnings	Cash flow hedge reserve	Total equity attributable to equity holders of the parent	Non-controlling interests (Restated)	Total equity
At 1 January 2019	**4,132**	**2,679**	**1,359**	**428**	**-**	**42,850**	**(408)**	**51,040**	**-**	**51,040**
Profit for the year	-	-	-	-	-	12,655	-	12,655	1,663	14,318
Other comprehensive income	-	-	(289)	-	-	-	409	120	10	130
Total comprehensive income	**-**	**-**	**(289)**	**-**	**-**	**12,655**	**409**	**12,775**	**1,673**	**14,448**
Transactions with owners in their capacity as owners:										
Issue of share capital	26	248	-	-	-	-	-	274	-	274
Dividends paid	-	-	-	-	-	(5,054)	-	(5,054)	-	(5,054)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	30,897	30,897
Put options held by non-controlling interests (restated*)	-	-	-	-	(41,745)	-	-	(41,745)	-	(41,745)
At 31 December 2019	**4,158**	**2,927**	**1,070**	**428**	**(41,745)**	**50,451**	**1**	**17,290**	**32,570**	**49,860**

* see Note 5.1 for details regarding the restatement resulting from a change in the accounting treatment of put options on non-controlling interest

	Share capital	Share premium	Foreign currency translation reserve	Reserve fund	Business combinations equity adjustment (Restated)	Retained earnings	Cash flow hedge reserve	Total equity attributable to equity holders of the parent	Non-controlling interests (Restated)	Total equity
At 31 December 2019 as originally reported	**4,158**	**2,927**	**1,070**	**428**	**(9,175)**	**50,451**	**1**	**49,860**	**-**	**49,860**
Change in accounting policy	-	-	-	-	(32,570)	-	-	(32,570)	32,570	-
At 31 December 2019 (restated*)	**4,158**	**2,927**	**1,070**	**428**	**(41,745)**	**50,451**	**1**	**17,290**	**32,570**	**49,860**
Profit for the year	-	-	-	-	-	21,928	-	**21,928**	**1,713**	**23,641**
Other comprehensive income	-	-	(815)	-	-	-	(3,956)	**(4,771)**	**(20)**	**(4,791)**
Total comprehensive income	**-**	**-**	**(815)**	**-**	**-**	**21,928**	**(3,956)**	**17,157**	**1,693**	**18,850**
Transactions with owners in their capacity as owners:										
Dividends paid	-	-	-	-	-	-	-	-	**(65)**	**(65)**
Contribution to reserve fund	-	-	-	9	-	(9)	-	-	-	-
Put options held by non-controlling interests	-	-	-	-	(4,264)	-	-	**(4,264)**	**-**	**(4,264)**
At 31 December 2020	**4,158**	**2,927**	**255**	**437**	**(46,009)**	**72,370**	**(3,955)**	**30,183**	**34,198**	**64,381**

* see Note 5.1 for details regarding the restatement resulting from a change in the accounting treatment of put options on non-controlling interest

Consolidated statement of cash flows

(EUR ‘000)
FOR THE YEAR ENDED 31 DECEMBER

	Notes	2020	2019*
Cash flows from operating activities			
Profit before tax for the year		29,527	19,966
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortization	16,17,18	18,246	18,708
Gain on disposal of non-current assets		(48)	(39)
Interest income		(50)	(39)
Interest expense	14	5,469	3,417
Movements in provisions		1,883	(1,003)
Movements in allowances for receivables	20	3,878	6,798
Movements in allowances inventories	19	89	-
Foreign currency exchange rate differences		1,205	(214)
Fair value revaluation of derivatives		(1,057)	(30)
Write-off of receivables		350	545
Other non-cash items		(124)	1,238
Working capital adjustments:			
Increase in trade and other receivables and prepayments		(41)	(10,054)
Increase/decrease in inventories		1,855	(1,761)
Increase in trade and other payables		37,786	31,894
Interest received		50	39
Interest paid		(5,086)	(5,861)
Income tax paid		(7,273)	(9,572)
Net cash flows from operating activities		**86,659**	**54,032**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		89	116
Purchase of property, plant and equipment		(3,221)	(8,136)
Purchase of intangible assets		(19,954)	(21,043)
Purchase of financial instruments		(127)	(139)
Investment in subsidiaries, net of cash acquired		-	(100,235)
Net cash used in investing activities		**(23,213)**	**(129,437)**
Cash flows from financing activities			
Payment of lease liabilities		(2,145)	(1,872)
Proceeds from borrowings		12,147	235,646
Repayment of borrowings		(4,494)	(126,176)
Paid out dividend		(65)	(24,436)
Proceeds from issued share capital		-	274
Net cash used in financing activities		**5,443**	**83,436**
Net increase in cash and cash equivalents		68,889	8,031
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies		(217)	4
Cash and cash equivalents at beginning of period	22	20,289	12,254
Cash and cash equivalents at end of period	**22**	**88,961**	**20,289**

*change in the accounting for put options on non-controlling interest disclosed in note 5.1 had no impact on comparative information

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. Corporate information

W.A.G. payments solutions, a.s. (the Company or the parent) is a joint stock company incorporated and domiciled in the Czech Republic and whose shares are not publicly traded. The parent and its subsidiaries (the Group) are principally engaged in:

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

A list of subsidiaries is included in Note 7.

Registered office
W.A.G. payment solutions, a.s.
Na Vítězné pláni 1719/4
140 00 Prague 4
Czech Republic
Identification number
264 15 623

SHAREHOLDERS HOLDING A 10% OR GREATER INTEREST IN THE COMPANY´S BASIC CAPITAL AS AT 31 DECEMBER 2020 AND 2019 ARE AS FOLLOWS:

Shareholder	Interest in basic capital	
	31 December 2020	31 December 2019
Martin Vohánka	59,10%	59,07%
TA Associates (UK), LLP	32,67%	32,67%

MEMBERS OF THE STATUTORY BODIES AS AT 31 DECEMBER 2020 WERE AS FOLLOWS:

Board of Directors	
Chair:	Martin Vohánka
Member:	Kristi Ansberg
Member:	Magdalena Bartoś
Member:	Martin Hannsmann
Member:	Ivan Jakúbek
Member:	Radek Moc

The following changes in Board of Directors composition were recorded in 2020:

Effective date	Name	Change
17 September 2020	Kristi Ansberg	Appointment
31 December 2020	Klaus Jürgen Burkart	Dismissal
31 December 2020	Attila Dsupin	Dismissal
1 January 2021	Sundeep Mehta	Appointment

MEMBERS OF SUPERVISORY BOARD AS AT 31 DECEMBER 2020 WERE AS FOLLOWS:

Supervisory Board	
Chair:	Ketil Thorsen
Member:	Mirjana Blume
Member:	Robin John Crewe
Member:	Pascal Guyot
Member:	Ajit Nedungadi
Member:	Daniel Alarcón-Rubio
Member:	Joseph Morgan Seigler
Member:	Alexander Joachim Heinrich Trautmann

The following changes in Supervisory Board composition were recorded during 2020:

Date	Name	Change
17 September 2020	Mirjana Blume	Appointment

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2. Basis of preparation

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

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

The consolidated financial statements were prepared on going concern basis.

The Group's fiscal year begins on 1 January and ends on 31 December.

COVID-19 impact on consolidated financial statements

In March 2020, the World Health Organization declared the outbreak of the COVID-19 virus a global pandemic. The pandemic has continued to cause major disruptions to businesses and markets across Europe as the virus has spread. A number of countries have implemented measures in an effort to contain the virus, including physical distancing, travel restrictions, border closures, limitations on public gatherings, work from home and closure of or restrictions on nonessential businesses. The effects of the outbreak are still evolving, and the ultimate severity and duration of the pandemic and the implications on regional economic conditions remain uncertain.

The Group have also taken a number of measures to monitor and mitigate the effects of COVID-19, such as cost avoidance, strict investment control and safety and health measures for our teams (such as social distancing and working from home). All of the Group's processes and systems continued undisrupted in the home office regime.

At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

We also refer to Note 24 (covenants).

INFORMATION ON INDEPENDENT AUDITOR EUR '000

	2020	2019
The statutory audit of the financial statements, including the audit of consolidated financial statements	301	202
Tax advices	-	-
Other non-audit services	676	880
Total	**977**	**1,082**

Non-audit services were related to project management in product development.

The consolidated financial statements of W.A.G. payments solutions, a.s. for 2020 and 2019 were audited by PricewaterhouseCoopers Audit, s.r.o.

3. Basis of consolidation

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

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

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

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

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

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

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

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

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4. Summary of significant accounting policies

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

4.1 Business combinations and goodwill

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

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

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

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

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

The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within financial liabilities with a corresponding charge directly to equity. The charge to equity is recognised separately as Business combinations equity adjustment.

Any subsequent adjustments to the redemption liability are recorded in equity as Business combination equity adjustment. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

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

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

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

4.2 Fair value measurement

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

- **Disclosures for valuation methods, significant estimates and assumptions** *(Notes 9 and 28),*
- **Quantitative disclosures of fair value measurement hierarchy** *(Note 9 and 28)*,
- **Financial instruments carried at fair value** *(Note 21 and 28)*.

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

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which

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sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- **Level 2** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- **Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

4.3 Revenue from contracts with customers

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

SALE OF ENERGY

Energy means any source that makes a vehicle move (diesel, petrol, e-mobility, bio fuel additives and alternative fuel like LNG/CNG).

The Group operates three business models for the sale of energy to fleets of professional transport and forwarding companies:

- **the acceptance business model** – sale through acceptance partner locations (petrol stations); customers can access any petrol station, which is accepting the Group's payment solutions, for price under terms pre-agreed between the Group and the customer and that is independent of the prices valid at respective partner's petrol station
- **the bunkering business model** – the Group supplies energy to bunkering sites located at partner sites; energy inventory is in ownership of the Group until it is purchased by the Group´s customers
- **own petrol stations**

The Group is acting as a principal in all the three business models with significant judgement made in respect of the acceptance model (see Note 6 under Principle versus agent consideration).

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

REVENUES FROM TAX REFUND

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

Provision of tax refund services without 'net invoicing' (pre-financing) is performed on behalf of a customer and no receivable is recognized in Trade and other receivables (Note 20).

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

ARRANGING PAYMENTS OF TOLL

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

TELEMATICS

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

NAVIGATION

Navigation revenue is generated through licensing of navigation software and digital map content updates to B2B and B2C customers. License of navigation software is granted as a "right to use an intellectual property" while the second performance obligation to be delivered under the navigation contracts are updates of digital map content (including traffic). The update services rendered over the contract term, include map data which is regularly updated and traffic information. Right to use licenses are those that only provide the customer the right to use navigation software as it exists at the moment the control passes to the customer. This does not give the customer the right to receive future updates or upgrades other than those that can be considered as minor enhancements or bug fixing.

Revenue for "right to use" licenses is recognized at the moment the control passes to the customer. Revenue from rendering services is recognized over the (estimated) period during which the Group is obliged to render those services to the customers. The period for B2C life-time traffic services and map updates is estimated at three years.

OTHER SERVICES

Other services include services that are immaterial from Group perspective:

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

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4.4 Taxes

CURRENT INCOME TAX

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

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

DEFERRED TAX

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

Deferred tax liabilities are recognized for all temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

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

4.5 Foreign currency transactions

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

Group company	Functional currency
W.A.G. payment solutions, a.s.	CZK
W.A.G. Issuing Services, a.s.	CZK
W.A.G. payment solutions BE BVBA	EUR
W.A.G. payment solutions BG EOOD	BGN
W.A.G. payment solutions CZ, s.r.o.	CZK
W.A.G. payment solutions DE GmbH	EUR
W.A.G. payment solutions DK ApS	DKK
W.A.G. payment solutions EE OÜ	EUR
W.A.G. payment solutions Spain S.L.U.	EUR
W.A.G. payment solutions FI Oy	EUR
W.A.G. payment solutions FR SARL	EUR
W.A.G. payment solutions HR d.o.o.	HRK
W.A.G. payment solutions HU, Kft.	HUF
W.A.G. HU, Kft.	HUF
W.A.G. payment solutions CH AG	CHF
W.A.G. payment solutions IE LIMITED	EUR
W.A.G. payment solutions IT S.R.L. UNIPERSONALE	EUR
W.A.G. payment solutions LT, UAB	EUR
W.A.G. payment solutions LU S.à r.l.	EUR
SIA W.A.G. payment solutions LV	EUR
W.A.G. payment solutions NL B.V.	EUR
W.A.G. payment solutions PL, Sp. z o.o.	PLN
W.A.G. payment solutions PT Unnipessoal, LDA	EUR
W.A.G. payment solutions RO, s.r.l.	RON
W.A.G. payment solutions Sweden AB	SEK
W.A.G., plačilne rešitve SI, d.o.o.	EUR
W.A.G. payment solutions SK, s.r.o.	EUR

Group company	Functional currency
W.A.G. payment solutions UK LIMITED	GBP
W.A.G. payment solutions AT GmbH	EUR
W.A.G. AT GmbH	EUR
Reamon Tax, a.s.	CZK
Consorzio Eurowag - S.C. A R.L.	EUR
HI Software Development s.r.o.	CZK
Princip a.s.	CZK
Klub Investorov T&G SK, s.r.o.	EUR
W.A.G. payment solutions EL SP LTD	EUR
W.A.G. payment solutions NO AS	NOK
W.A.G. mobility solutions Iberia, S.L.	EUR
Aldobec technologies, s.r.o.	EUR
WAG Payment Solutions Turkey Ödeme Sistemleri Ticaret Limited Şirketi	TRY
Eurowag d.o.o. Beograd-Stari Grad	RSD
Arraia Autopistas, SL	EUR
Arraia-Oil, S.L.	EUR
Liserteco LDA	EUR
Liserteco 24 Horas, SL	EUR
Reivalsa Gestion, S.L.	EUR
Tax Refund Consulting SL	EUR
Trofa Gestion, S.L.	EUR
Sygic, a.s.	EUR
Tripomatic s.r.o.	CZK
Sygic Czech Republic s.r.o.	CZK
Sygic Ltd.	GBP

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

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

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

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

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

4.6 Cash dividend to equity holders of the parent

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

4.7 Intangible Assets

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

Items of intangibles with useful life less than one year and with a cost not exceeding EUR 400 are directly expensed.

The useful life of intangible assets is assessed as either finite or indefinite.

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

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

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

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

CLIENTS' RELATIONSHIPS

Clients' relationships were acquired as part of a business combination (Note 8, 16). They are recognised at their fair value at the date of acquisition and are subsequently amortized on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful life.

PATENTS AND RIGHTS, SOFTWARE

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

RESEARCH AND DEVELOPMENT COSTS

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

- **The technical feasibility of completing the intangible asset so that the asset will be available for use or sale,**

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- **Its intention to complete and its ability and intention to use or sell the asset**
- **How the asset will generate future economic benefits,**
- **The availability of resources to complete the asset,**
- **The ability to measure reliably the expenditure during development.**

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

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

4.8 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Items of property, plant and equipment with useful life of more than one year and with a cost not exceeding EUR 400 are directly expensed.

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

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

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

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

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

4.9 Leases

Identification of the Subject of a Lease – Lease Agreement

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

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

- **The Group has the right to obtain a substantial economic benefit from the asset for the period of its use,**
- **The lease is agreed for the lease of a specific asset, and the lessor does not have the right to exchange it or to profit financially from the exchange,**
- **The Group has the right to control the use of an identifiable asset,**
- **The lease is longer than 12 months (short-term lease exemption allowed under IFRS 16),**
- **The value of the new asset exceeds EUR 4,500 (low value exemption allowed under IFRS 16)**

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

The Group does not have any external subleases outside of the Group nor any contract, where the Group is a lessor.

LEASE LIABILITY

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

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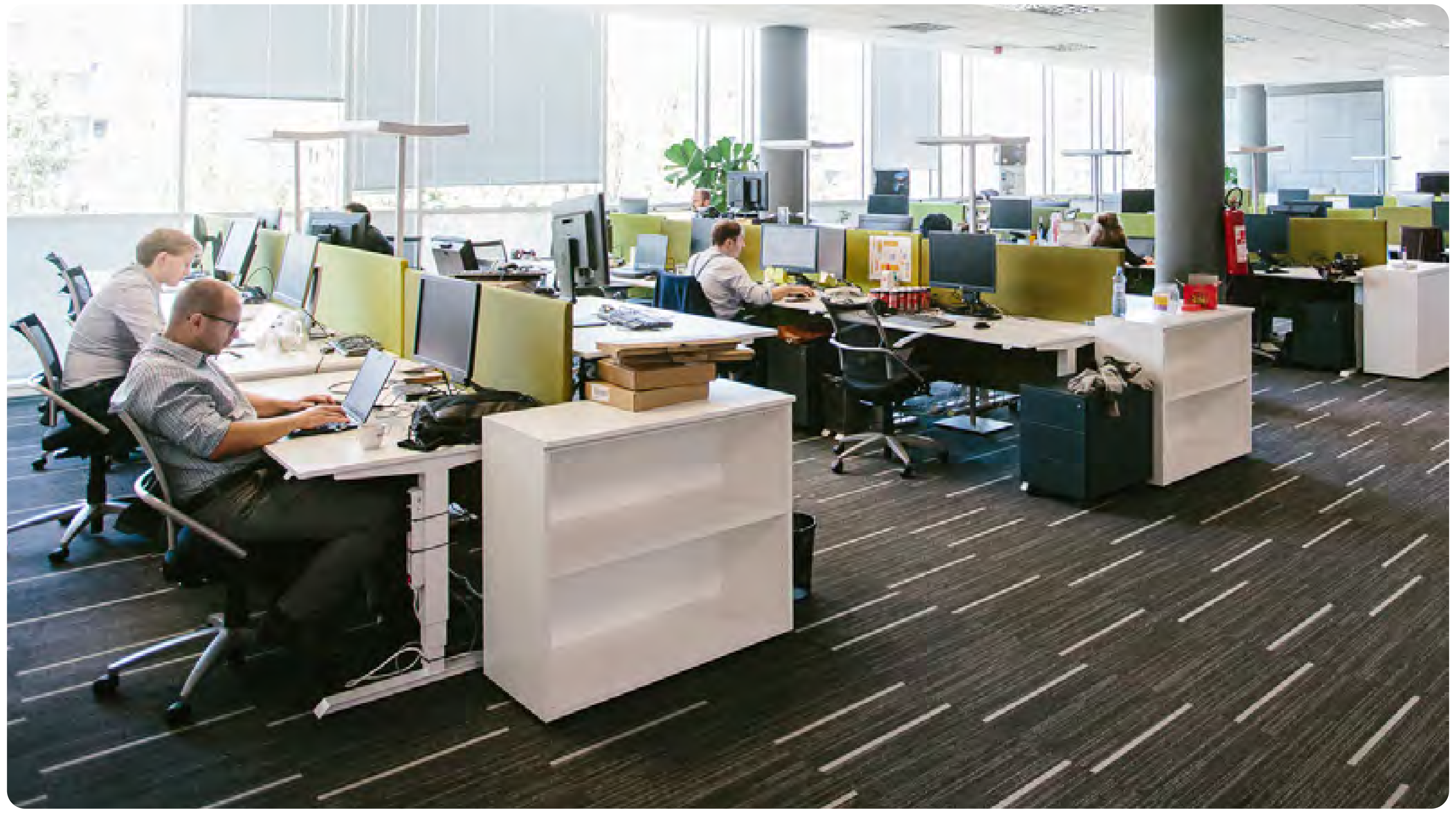
- fixed payments (lowered by any lease incentives),
- variable lease payments that are indexed or fixed to a rate,
- call option to purchase where there is sufficient certainty that the lessee will make use of the option,
- payment of penalties for termination of the lease where the lease period corresponds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

After commencement date, variable lease payments not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers those payment occurs. Interest from the lease obligation is the Group's finance costs.

RIGHT TO USE AN ASSET

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

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



4.10 Borrowing costs

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

4.11 Financial instruments – IFRS 9

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

FINANCIAL ASSETS

Classification and measurement

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

The Group classifies financial assets into following categories:

(A) Financial assets subsequently measured at amortized cost – classified if both of the following conditions are met:

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

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

(B) Financial assets at fair value through other comprehensive income

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

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(costs), and impairment expenses are presented as separate line item in the statement of profit or loss.

(C) Financial assets at fair value through profit or loss

- This category includes the financial assets held with strategy of active trading with financial assets. Contractual cash flow collection is not the primary objective of business model.
- Expected credit losses are not calculated and recognized. Changes in the fair value and foreign exchange rate differences are recognized in the income statement. Changes in the fair values are included in lines finance costs or finance income.

Trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Group's financial assets as of 31 December 2020 include cash, trade and other receivables with no significant financing component meeting criteria for classification as AC and derivatives meeting criteria for classification as FVTPL and FVTOCI.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are carried at original invoice amount less an allowance for impairment of these receivables.

See Assets carried at amortized cost for a description of Group's impairment policies and Note 20 for further information on Trade and other receivables.

IMPAIRMENT OF ASSETS CARRIED AT AMORTIZED COSTS

If there is an objective evidence that there has been an increase in the credit risk of a financial instrument measured at amortized cost since initial recognition, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognized in the income statement.

As the Group financial statements include financial assets representing Trade and other receivables only which do not include a significant financing component, the Group applies a simplified approach in calculating expected loss ("ECLs"). Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Simplified approach adopted by the Group is using elements from general approach, the main difference is that no staging of financial assets is being used.

ECL measurement is based on three components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"):

- EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed credit limits.
- PD is an estimate of the likelihood of default to occur over a given time period. It is calculated from combination of customers financial position and performance, transactional data, volumes and payment performance. Set of variables differs according to scorecards applied to customers, which is determined by their resident country.
- LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.

Impaired debts are derecognized when they are assessed as uncollectible.

RECOGNITION AND DERECOGNITION

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

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

FINANCIAL LIABILITIES

Financial liabilities are classified into two main categories (a) at amortized cost and (b) at fair value through profit or loss.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including

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bank overdrafts and derivative financial instruments.

LOANS AND BORROWINGS

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 24.

TRADE AND OTHER PAYABLES

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

DERECOGNITION

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

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

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

Derivatives embedded in financial liabilities are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

The embedded derivatives are separately valued upon inception and at each balance

sheet date using an appropriate valuation model, with the changes in fair value recognized in profit or loss.

For the purpose of hedge accounting, hedges, still in accordance with IAS 39, are classified as:

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

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

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

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in finance costs.

Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs.

When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

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

NET INVESTMENT HEDGES

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

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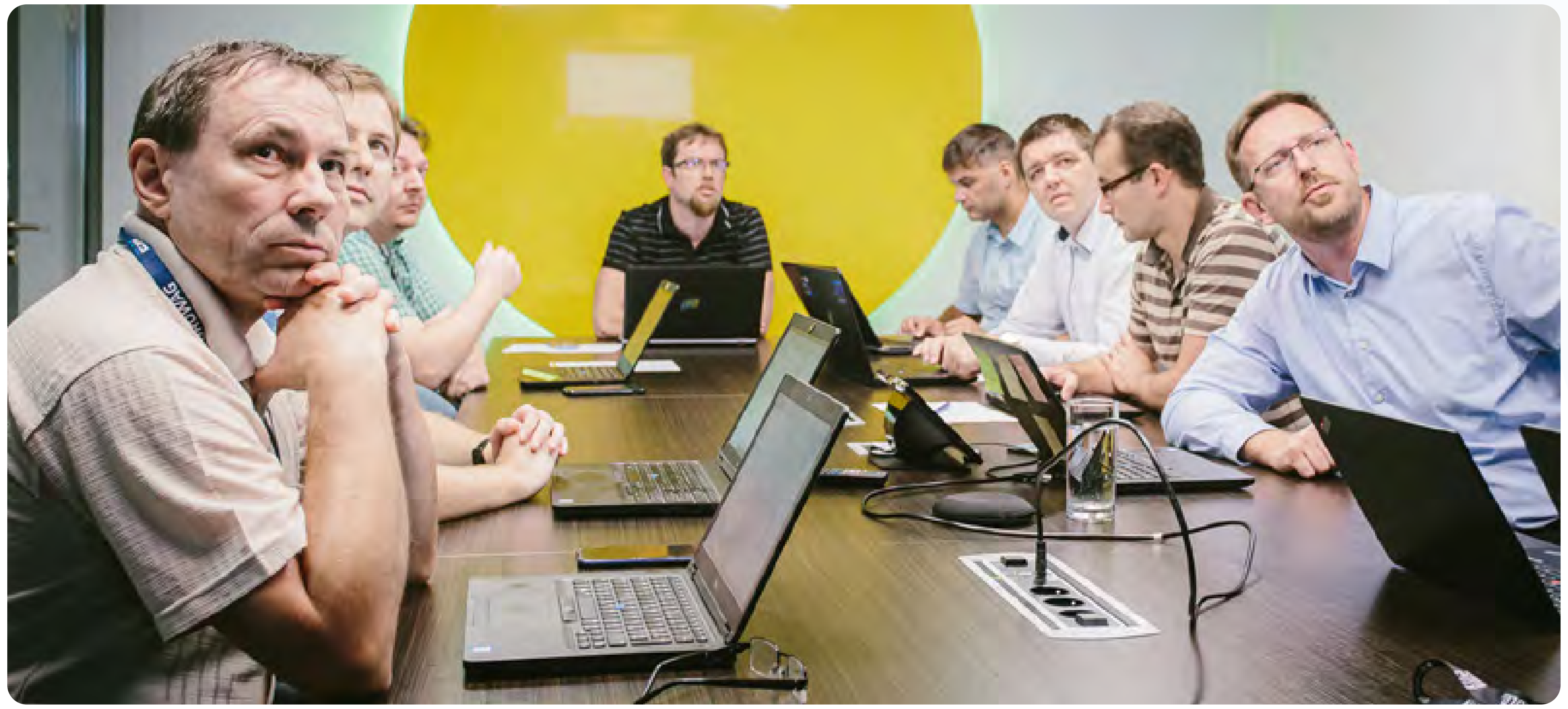
4.12 Inventories

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

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

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



4.13 Impairment

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group’s CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is estimated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss.

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

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

4.14 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash in hand and cash at banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

4.15 Provisions

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

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

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5. Changes in accounting policies and disclosures, adoption of new and revised standards

5.1 Change in put options accounting treatment

In 2020, the Group changed put options accounting treatment for 2019 business combinations (described in Note 8). The Group concluded that it does not, in substance, acquire present access to economic benefits of acquired subsidiaries. As a result, non-controlling interests continue to be recognized and profit and loss is allocated between controlling and non-controlling interests.

The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within financial liabilities with the corresponding charge directly to equity. The charge to equity is recognised separately as Business combinations equity adjustment. Any subsequent adjustments to the redemption liability are recorded in equity also in Business combinations equity adjustment.

Previous accounting treatment presented zero non-controlling interests at the end of each reporting period and accounted for differences in the put option redemption liability through equity. In such situation, it was judgmental whether the differences should be treated as ownership transaction recorded through equity, while the new accounting treatment is clear in this respect. Therefore, the Group believes the accounting treatment change provides reliable and more relevant information about the effects of the 2019 business combinations on the Group's financial position.

THE CHANGE WAS APPLIED RETROSPECTIVELY BY RESTATING EACH OF THE AFFECTED FINANCIAL STATEMENT LINE ITEMS FOR THE PRIOR PERIODS AS FOLLOWS:

Balance sheet (extract)	31 December 2019	Increase / (decrease)	31 December 2019 Restated	31 December 2018	Increase (decrease)	1 January 2019 Restated
Business combinations equity adjustment	(9,175)	(32,570)	(41,745)	-	-	-
Equity attributable to equity holders of the parent	49,860	(32,570)	17,290	51,040	-	51,040
Non-controlling interests	-	32,570	32,570	-	-	-
Total equity	**49,860**	**-**	**49,860**	**51,040**	**-**	**51,040**

The change has no impact on Group's financial performance and cash flows.

5.2 Application of new IFRS – standards and interpretations effective in the reporting period

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of materiality – amendments to IAS 1 and IAS 8
- Definition of a business – amendments to IFRS 3
- Interest rate benchmark reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual framework for financial reporting
- Covid-19 Related rent concessions – amendments to IFRS 16

These Amendments did not have significant impact on the Group's consolidated financial statements.

5.3. New IFRSs and IFRICs published by the IASB that are not yet effective and have not been approved by the EU

The Group is currently assessing the potential impacts of the new and revised standards and interpretations that will be effective or adopted by the European Union from 1 January 2021 or later.

- IFRS 14 Regulatory deferral accounts
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – amendments to IFRS 10 and IAS 28
- IFRS 17 "Insurance Contracts"
- Classification of liabilities as current or non-current – Amendments to IAS 1
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41
- Amendments to IFRS 17 and an amendment to IFRS 4
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

These new standards and amendments are not expected to have any significant impacts on the Group's consolidated financial statements.

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6. Significant accounting judgments, estimates and assumptions

JUDGEMENTS

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

PRINCIPAL VERSUS AGENT CONSIDERATION

The Group has considered whether it acts as a principal or an agent in acceptance business model (see explanation of the business models used in sales of energy in Note 4.3) in sale of energy. The Group is not selling just the energy but an integrated web based solution comprising advice on where to buy energy, offering discounted energy prices that are independent of pricing of the Group's suppliers, use of payment cards and administration of the energy sales transaction. The Group sells energy to its customers under one contract covering sales transactions realised under all three business models used by the Group and described in Note 4.3. In the case of the acceptance business model the principal vs. agent assessment involves significant judgement. In applying the judgment management concluded that the Group is the principal mainly because it is the primary obligor in respect of delivery of energy and related services to its customers. Management also considered the following additional control indicators:

1. **The Group has discretion in establishing the price for the specified fuel independent from the prices of petrol stations under the acceptance model.**
2. **The Group has the right to choose its suppliers.**
3. **The Group is responsible for damages caused by the product quality.**

PUT OPTIONS

The Group concluded that it does not, in substance, acquire present access to economic benefits of acquired subsidiaries. The put option redemption liability will be settled with a transfer of the non-controlling interest's shares for a price that is deemed to approximate their fair value. Therefore, the non-controlling shareholders have retained the risks and rewards associated with ownership until the options are exercised.

ESTIMATES AND ASSUMPTIONS

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 16.

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7. Group information

The Group has following principal activities:

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

THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP INCLUDE:

Name	Principal activities	Registered office	Effective economic interest 2020	2019
W.A.G. payment solutions, a.s.	Payment solutions, petrol stations	Czech Republic	Parent	Parent
W.A.G. Issuing Services, a.s.	Payment solutions	Czech Republic	100%	100%
W.A.G. payment solutions SK, s.r.o.	Payment solutions, petrol stations	Slovakia	100%	100%
W.A.G. payment solutions RO, s.r.l.	Payment solutions, petrol stations	Romania	100%	100%
W.A.G. payment solutions PL, Sp. zoo	Payment solutions, petrol stations	Poland	100%	100%
W.A.G. payment solutions HU, Kft.	Payment solutions, petrol stations	Hungary	100%	100%
W.A.G. HU, Kft.	Payment solutions	Hungary	100%	100%
W.A.G. payment solutions AT GmbH	Payment solutions, petrol stations	Austria	100%	100%
W.A.G. AT GmbH	Toll	Austria	100%	100%
Reamon Tax, a.s.	Refunds	Czech Republic	100%	100%
CONSORZIO EUROWAG S.C. A R.L	Toll	Italy	100%	100%
W.A.G. payment solutions BE BVBA	Payment solutions	Belgium	100%	100%
W.A.G. payment solutions BG EOOD	Payment solutions	Bulgaria	100%	100%
W.A.G. payment solutions CZ, s.r.o.	Payment solutions	Czech Republic	100%	100%
W.A.G. payment solutions DE GmbH	Payment solutions	Germany	100%	100%
W.A.G. payment solutions DK ApS	Payment solutions	Denmark	100%	100%
W.A.G. payment solutions EE OÜ	Payment solutions	Estonia	100%	100%

Name	Principal activities	Registered office	Effective economic interest 2020	2019
W.A.G. payment solutions Spain SLU.	Payment solutions	Spain	100%	100%
W.A.G. payment solutions FI Oy	Payment solutions	Finland	100%	100%
W.A.G. payment solutions FR SARL	Payment solutions	France	100%	100%
W.A.G. payment solutions HR d.o.o.	Payment solutions	Croatia	100%	100%
W.A.G. payment solutions CH AG	Payment solutions	Switzerland	100%	100%
W.A.G. payment solutions IE LIMITED	Payment solutions	Ireland	100%	100%
W.A.G. payment solutions IT S.R.L. UNIPERSONALE	Payment solutions	Italy	100%	100%
W.A.G. payment solutions LT, UAB	Payment solutions	Lithuania	100%	100%
W.A.G. payment solutions LU S.à r.l.	Payment solutions	Luxembourg	100%	100%
SIA W.A.G. payment solutions LV	Payment solutions	Latvia	100%	100%
W.A.G. payment solutions NL B.V.	Payment solutions	The Netherlands	100%	100%
W.A.G. payment solutions PT Unnipessoal, LDA	Payment solutions	Portugal	100%	100%
W.A.G. payment solutions Sweden AB	Payment solutions	Sweden	100%	100%
W.A.G., plačilne rešitve SI, d.o.o.	Payment solutions	Slovenia	100%	100%
W.A.G. payment solutions UK LIMITED	Payment solutions	United Kingdom	100%	100%
HI Software Development s.r.o.	Development software	Czech Republic	100%	100%
Princip a.s.	GPS/GPRS	Czech Republic	100%	100%
Klub Investorov T&G SK, s.r.o.	Payment solutions	Slovakia	100%	100%
W.A.G. payment solutions EL SP LTD	Payment solutions	Greece	100%	100%
W.A.G. payment solutions NO AS	Payment solutions	Norway	100%	100%
WAG Payment Solutions Turkey Ödeme Sistemleri Ticaret Limited Şirketi	Payment solutions	Turkey	100%	100%
W.A.G. mobility solutions Iberia SL	Payment solutions	Spain	100%	100%
Aldobec technologies, s.r.o.	Development software	Slovakia	100%	100%
Eurowag d.o.o. Beograd-Stari Grad	Payment solutions	Serbia	100%	100%
Arraia Autopistas, SL	Toll	Spain	75%	75%
Arraia-Oil, S.L.	Payment solutions, petrol stations	Spain	75%	75%
Liserteco LDA	Other services	Portugal	75%	75%
Liserteco 24 Horas, SL	Other services	Spain	75%	75%
Reivalsa Gestion, S.L.	Refunds	Spain	75%	75%
Tax Refund Consulting SL	Refunds	Spain	75%	75%
Trofa Gestion, S.L.	Refunds	Spain	75%	75%
Sygic, a.s.	Licenses	Slovakia	70%	70%
Tripomatic s.r.o.	Licenses	Czech Republic	35.7%	35.7%
Sygic Czech Republic s.r.o.	Other services	Czech Republic	70%	70%
Sygic Ltd.	Licenses	United Kingdom	70%	70%

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

The Parent has following branches:

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

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8. Business combination

There were no acquisitions in 2020. In 2019, the Group acquired ADS Group and Sygic Group.

ACQUISITION OF ADS GROUP

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

At acquisition date, the remaining 25% minority interest was subject to put / call option rights of the parties, while the Group was entitled to exercise the call option at any time after closing date and the minority shareholders were entitled to exercise the put option at any time after the second anniversary of the closing date (if the call option has not been exercised). The Group acquired remaining 25% in 2021, refer to Note 31.

ASSETS ACQUIRED AND LIABILITIES ASSUMED

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

EUR '000	Fair value recognized on acquisition of ADS Group
Assets	
Property, plant and equipment (Note 17)	4,294
Identifiable intangible assets (Note 16)	15,995
Right-of-use assets (Note 18)	558
Financial investments	225
Cash and cash equivalents	18,527
Trade receivables	78,393
Inventories	1,377
Accruals	114
Total Assets	**119,483**
Trade payables	46,820
Interest-bearing loans and borrowings	10,877
Deferred tax	4,011
Accruals	14,734
Total Liabilities	76,442
Total identifiable net assets at fair value	43,041
Non-controlling interest measured at fair value	24,025
Goodwill arising on acquisition (Note 16)	50,407

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

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

From the date of acquisition until 31 December 2019, ADS contributed EUR 304,504 thousand of revenue and EUR 1,843 profit.

ACQUISITION OF SYGIC GROUP

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

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

ASSETS ACQUIRED AND LIABILITIES ASSUMED

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

EUR '000	Fair value recognized on acquisition of Sygic Group
Assets	
Property, plant and equipment (Note 17)	191
Identifiable intangible assets (Note 16)	20,112
Cash and cash equivalents	6,117
Trade and other receivables	2,379
Inventories	8
Total Assets	**28,807**
Trade payables	6,635
Provisions	212
Deferred tax	4,131
Total Liabilities	10,978
Total identifiable net assets at fair value	17,829
Non-controlling interest measured at proportionate share of the acquiree's identifiable net assets	6,872
Goodwill arising on acquisition (Note 16)	34,543

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

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

From the date of acquisition until 31 December 2019, Sygic contributed EUR 13,465 thousand of revenue and EUR 1,684 thousand of profit.

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9. Fair value measurement

THE FOLLOWING TABLE PROVIDES THE FAIR VALUE MEASUREMENT HIERARCHY OF THE GROUP'S ASSETS AND LIABILITIES.

Fair value measurement hierarchy for assets and liabilities as at 31 December 2020:

EUR '000	Date of valuation	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value					
Derivative financial assets					
Foreign currency forwards	31 December 2020	-	297	-	297
Foreign currency swaps	31 December 2020	-	229	-	229
Liabilities measured at fair value					
Derivative financial liabilities					
Foreign currency forwards	31 December 2020	-	1,059	-	1,059
Interest rate swaps	31 December 2020	-	2,691	-	2,691

There have been no transfers between Level 1, Level 2 and Level 3 during the year ended 31 December 2020.

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

EUR '000	Date of valuation	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value					
Derivative financial assets					
Foreign currency forwards	31 December 2019	-	1,940	-	1,940
Foreign currency swaps	31 December 2019	-	176	-	176
Interest rate swaps	31 December 2019	-	77	-	77
Liabilities measured at fair value					
Derivative financial liabilities					
Foreign currency forwards	31 December 2019	-	1,424	-	1,424
Foreign currency swaps	31 December 2019		13		13
Interest rate swaps	31 December 2019	-	1,205	-	1,205

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

Management assessed that the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair values largely due to the short-term maturities of these instruments. Interest-bearing loans and borrowings are at floating rates with margin corresponding to market margins.

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

10. Revenue

FOR MANAGEMENT PURPOSES, THE GROUP IS ORGANIZED INTO THE FOLLOWING OPERATING UNITS:

- **Energy** sale of energy, meaning any source that makes a vehicle move (diesel, petrol, e-mobility, bio fuel additives and alternative fuel like LNG/CNG)
- **Toll** arranging payments of toll
- **Tax refund** provision of tax refund services, including pre-financing
- **Telematics** mainly software services related to fleet management through data and analytics
- **Navigation** mainly licensing of navigation software and related services
- **Services** other

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

EUR '000	For the year ended 31 December 2020 Energy	Toll	Tax refund	Telematics	Services - others	Navigation	Total
Geographical markets							
Czech Republic	229,674	10,209	1,138	8,793	2,566	367	252,747
Central Cluster	366,512	2,060	3,637	147	638	998	373,992
Western Cluster	293,590	5,674	1,945	-	2,027	3,684	306,920
Southern Cluster	304,853	1,727	4,019	1	1,156	307	312,063
Not specified*	-	-	-	-	589	6,643	7,232
Total revenue from contracts with customers	**1,194,629**	**19,670**	**10,739**	**8,941**	**6,976**	**11,999**	**1,252,954**
Timing of revenue recognition							
Goods and services transferred at a point in time	1,194,629	-	-	-	5,082	9,450	1,209,161
Services transferred over time	-	19,670	10,739	8,941	1,894	2,549	43,793
Total revenue from contracts with customers	**1,194,629**	**19,670**	**10,739**	**8,941**	**6,976**	**11,999**	**1,252,954**

EUR '000	For the year ended 31 December 2019 Energy	Toll	Tax refund	Telematics	Services - others	Navigation	Total
Geographical markets							
Czech Republic	248,121	9,958	663	8,144	3,416	449	270,751
Central Cluster	414,562	2,323	2,195	187	1,221	-	420,488
Western Cluster	333,871	3,143	2,027	-	2,394	-	341,435
Southern Cluster	312,215	1,699	2,489	-	489	-	316,892
Not specified*	-	-	-	-	35	11,768	11,803
Total revenue from contracts with customers	**1,308,769**	**17,123**	**7,374**	**8,331**	**7,555**	**12,217**	**1,361,369**
Timing of revenue recognition							
Goods and services transferred at a point in time	1,308,769	-	-	-	5,026	10,288	1,324,083
Services transferred over time	-	17,123	7,374	8,331	2,529	1,929	37,286
Total revenue from contracts with customers	**1,308,769**	**17,123**	**7,374**	**8,331**	**7,555**	**12,217**	**1,361,369**

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

Gross cash-inflows resulting from revenue generating transactions:

EUR '000	Energy	Toll	Tax refund	Telematics	Services - others	Navigation	Total
2020	1,194,629	770,057	192,627	8,941	6,976	11,999	**2,185,229**
2019	1,308,769	692,729	196,607	8,331	7,555	12,217	**2,226,208**

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GEOGRAPHICAL MARKETS

Each cluster mainly includes following countries:

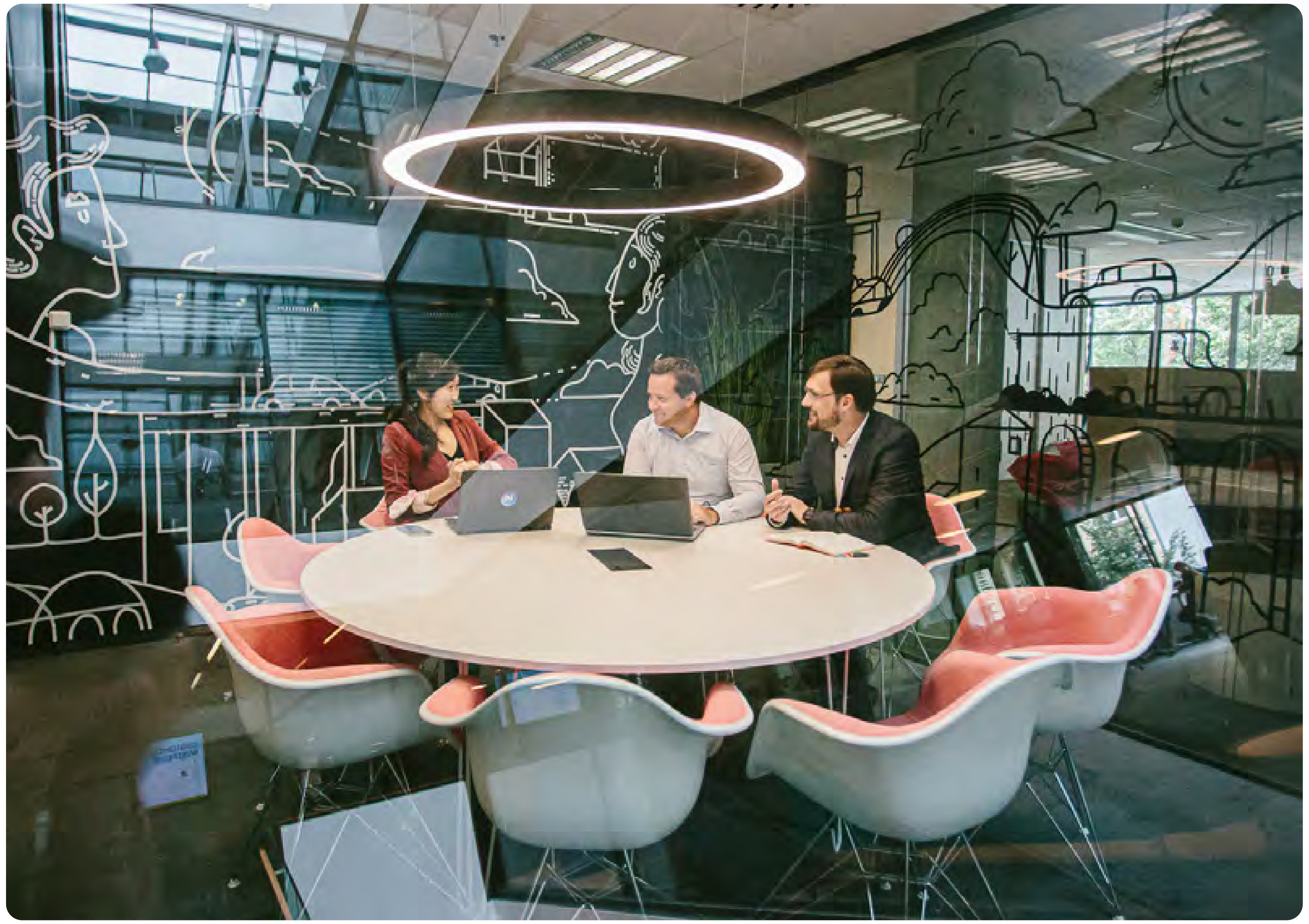
- **Czech Republic**
- **Central** Poland, Slovakia, Estonia, Latvia, Lithuania, Ukraine
- **Western** Portugal, Spain, France, Austria, Germany
- **Southern** Romania, Bulgaria, Hungary, Turkey, Macedonia, Serbia, Slovenia, Italy

In 2020, clusters were reorganized to 4 instead of 6 clusters presented in 2019. Comparative geographical revenue disclosure was restated.

PERFORMANCE OBLIGATIONS

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

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



11. 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 new subtotal is relevant to an understanding of Group's 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 as explained in Note 6 under Principal versus agent considerations.

This new measure also supports comparability of 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.

This alternative measure was introduced in 2020 and prior year periods have been represented to reflect comparative information.

12. Employee expenses

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

EUR '000	2020		2019	
	Total personnel	Key management*	Total personnel	Key management*
Number of full time employees	926	12	904	11
Wages and salaries	32,982	1,787	30,487	1,523
Stock based compensation	337	337	-	-
Social security and health insurance	8,780	302	8,339	264
Social cost	1,188	1	1,124	2
Option plan	535	535	519	519
Other personnel cost (unused vacation)	601	143	291	98
Own work capitalized (Note 16)	(3,705)	-	(3,797)	-
Total employee expense	**40,718**	**3,105**	**36,963**	**2,406**

* Included Chief Officers (Board of Directors) and non-Executive Directors (Supervisory Board)

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

The Option plan is cash-settled and the Group recognized liability of EUR 1,254 thousand as at 31 December 2020 (2019: EUR 763 thousand).

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13. Other operating expenses

OTHER OPERATING EXPENSES FOR THE YEAR ENDED 31 DECEMBER WERE AS FOLLOWS:

EUR '000	2020	2019
Market research, consultancy	3,987	3,831
Facilities maintenance costs	2,376	2,201
Raw materials and energy consumed	1,624	3,135
Legal services	1,389	1,094
Accounting services	1,289	1,035
Costs of services provided	1,162	4,945
Insurance of receivables	1,148	612
Cost of acquisition of subsidiaries	-	1,600
Change in provisions	877	(1,074)
Deficits and damages	466	424
Gifts to foundations	153	163
Repairs and maintenance	830	725
Travel costs	443	1,188
Representational costs	723	1,393
Telephone, internet services	595	687
Other	4,034	3,960
Total	**21,096**	**25,919**

14. Finance costs

FINANCE COSTS FOR THE YEAR ENDED 31 DECEMBER WERE AS FOLLOWS:

EUR '000	2020	2019
Bank guarantees fee	518	289
Interest expense	6,217	4,843
Factoring fee	366	1,249
Loss from the revaluation of derivatives	878	-
Foreign exchange loss	289	-
Others	595	1,107
Total	**8,863**	**7,488**

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

15. Income tax

Corporate income tax for companies in the Czech Republic for the years 2020 and 2019 was in line with the Income Tax Act set at the rate of 19%. The tax rate applicable for 2021 and beyond is 19%.

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

STRUCTURE OF THE INCOME TAX FOR THE YEAR ENDED 31 DECEMBER IS AS FOLLOWS:

EUR '000	2020	2019
Current income tax charge	7,383	5,831
Adjustments in respect of current income tax of previous year	873	53
Deferred tax	(2,370)	(236)
Total	**5,886**	**5,648**

RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY THE PARENT DOMESTIC TAX RATE FOR 2020 AND 2019:

EUR '000	2020	2019
Accounting profit before income tax from continuing operations	29,527	19,966
At Czech Republic's statutory income tax rate of 19%	5,610	3,793
Adjustments in respect of current income tax of previous years	873	53
Income subject to a special tax rate	(1)	434
Different tax rates in other countries	127	601
Deductible temporary differences used in the current period for which no deferred tax asset was recognised in previous years	(503)	-
Non-deductible expenses	890	1,123
Tax credits used in the current period for which no deferred tax asset was recognised in previous years	(432)	(300)
Accumulated tax loss claimed in the current period for which no deferred tax asset was recognised in previous years	(133)	(7)
Effect of non-taxable income	(675)	(188)
Unrecognized deferred tax assets relating to tax losses of current period	130	139
At the effective income tax rate of 19.93% (2019: 28.29%)		
Income tax expense reported in the statement of profit or loss	**5,886**	**5,648**

Unused tax losses for which no deferred tax asset has been recognized amount to EUR 1,683 thousand as at 31 December 2020 (2019: EUR 1,704 thousand). The unused tax losses were incurred by dormant subsidiaries that are not likely to generate taxable income in the foreseeable future.

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DEFERRED TAX BALANCES AND MOVEMENTS:

EUR '000	1 January 2020	Business combinations	(Charged) credited to profit or loss	Charged to equity	Translation differences	31 December 2020
Difference between net book value of fixed assets for accounting and tax purposes	(6,967)	-	464	-	4	(6,499)
Allowances to receivables	593	-	1,419	-	(18)	1,994
Provisions for liabilities and charges	-	-	1,298	-	(22)	1,276
Accruals tax deductible in different period	331	-	(322)	-	5	14
Tax losses	-	-	155		2	157
Other	(154)	-	(626)	46	(4)	(738)
Net deferred tax asset/(liability)	**(6,197)**	**-**	**2,388**	**46**	**(33)**	**(3,796)**
Recognised deferred tax asset	**1,447**	**-**	**1,079**	**46**	**(33)**	**2,539**
Recognised deferred tax liability	**(7,644)**	**-**	**1,309**	**-**	**-**	**(6,335)**

EUR '000	1 January 2019	Business combinations	(Charged) credited to profit or loss	Charged to equity	Translation differences	31 December 2019
Difference between net book value of fixed assets for accounting and tax purposes	(627)	(8,143)	1,804	-	(1)	(6,967)
Allowances to receivables	724	-	(140)	-	9	593
Provisions for liabilities and charges	854	-	(863)	-	9	-
Accruals tax deductible in different period	(55)	-	523	(136)	(1)	331
Other	132	-	(285)	-	(1)	(154)
Net deferred tax asset/(liability)	**1,028**	**(8,143)**	**1,039**	**(136)**	**15**	**(6,197)**
Recognised deferred tax asset	**1,378**	**(502)**	**692**	**(136)**	**15**	**1,447**
Recognised deferred tax liability	**(350)**	**(7,641)**	**347**	**-**	**-**	**(7,644)**

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.

The Group does not expect any material taxes to be paid on unremitted retained earnings.

16. Intangible assets

COST OF INTANGIBLE ASSETS SUBJECT TO AMORTIZATION:

EUR '000	Client relationships	Internal software development	Patents and rights	External software	Other intangible assets	Internal assets in progress	External assets in progress	Total
1 January 2019	**4,790**	**12,867**	**90**	**2,967**	**5**	**4,492**	**133**	**25,344**
Additions	4,645	9,409	2	374	141	6,217	381	21,169
Acquisition of a subsidiary	14,222	-	5,367	17,011	8	-	269	36,877
Disposals	-	-	-	(23)	-	-	-	(23)
Translation differences	-	161	1	159	1	56	150	528
31 December 2019	**23,657**	**22,437**	**5,460**	**20,488**	**155**	**10,765**	**933**	**83,895**
Additions	510	18,120	2	52	-	365	409	19,458
Transfer	-	-	-	119	(119)	-	-	-
Disposals	-	-	-	(8)	-	-	-	(8)
Translation differences	-	(704)	(2)	(39)	(5)	(342)	(4)	(1,096)
31 December 2020	**24,167**	**39,853**	**5,460**	**20,612**	**31**	**10,788**	**1,338**	**102,249**

ACCUMULATED AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS SUBJECT TO AMORTIZATION:

EUR '000	Client relationships	Internal software development	Patents and rights	External software	Other intangible assets	Assets in progress	Total
1 January 2019	**(2,868)**	**(4,745)**	**(44)**	**(1,891)**	**(5)**	**-**	**(9,553)**
Amortization	(4,853)	(3,403)	(1,466)	(2,931)	(35)	-	(12,688)
Acquisition of a subsidiary	-	-	-	(770)	-	-	(770)
Disposals	-	-	-	(23)	-	-	(23)
Translation differences	46	(59)	(1)	(26)	(1)	-	(41)
31 December 2019	**(7,675)**	**(8,207)**	**(1,511)**	**(5,641)**	**(41)**	**-**	**(23,075)**
Amortization	(1,236)	(5,791)	(1,221)	(3,757)	-	-	(12,005)
Transfer	-	-	-	(14)	14	-	-
Disposals	-	-	-	6	-	-	6
Translation differences	74	258	3	63	3	-	401
31 December 2020	**(8,837)**	**(13,740)**	**(2,729)**	**(9,343)**	**(24)**	**-**	**(34,673)**

NET BOOK VALUE:

EUR '000	Goodwill	Client relationships	Internal software development	Patents and rights	External software	Other intangible assets	Assets in progress	Total
Net book value at 31 December 2019	**111,649**	**15,982**	**14,230**	**3,949**	**14,847**	**114**	**11,698**	**172,469**
Net book value at 31 December 2020	**110,783**	**15,330**	**26,113**	**2,731**	**11,269**	**7**	**12,126**	**178,359**

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

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The Group capitalized employee expenses (Note 12) and cost of materials and services used or consumed in generating the intangible asset.

Research and development costs that were not capitalized and are therefore recognized in operating expenses amount to EUR 5,003 thousand for the year ended 31 December 2020 and EUR 6,682 thousand for the year ended 31 December 2019.

BREAKDOWN OF GOODWILL MOVEMENTS IS AS FOLLOWS:

EUR '000	2020	2019
Opening balance as at 1 January	**111,649**	**26,374**
Newly consolidated companies	-	84,950
Translation differences	(866)	325
Closing balance as at 31 December	**110,783**	**111,649**

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 2020	31 December 2019
Energy	47,175	47,210
Navigation	34,527	34,558
Telematics	24,673	25,453
Tax refund	2,347	2,367
Toll	2,061	2,061
Total	**110,783**	**111,649**

ENERGY

The recoverable amount of Energy CGU as at 31 December 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period, which shows growth in revenues. The pre-tax discount rate applied to cash flow projections is 10.50% (2019: 9.50%) and cash flows beyond the five-year period are extrapolated using a 1.80% growth rate (2019: 1.80%) that is in line with the expected long-term industry forecast in respective markets.

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2020 by EUR 7,211 thousand.

Discount rate used in the value-in-use calculation would have to increase to 11.20% for 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 6.08% for 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.

NAVIGATION

The recoverable amount of CGU as at 31 December 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period, which shows growth in revenues. The pre-tax discount rate applied to cash flow projections is 12.00 % (2019: 12.60%) and cash flows beyond the five-year period are extrapolated using a 2.00% growth rate (2019: 2.00%) that is below the long-term industry growth rate, due to reasons of prudence.

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2020 by EUR 13,899 thousand.

Discount rate used in the value-in-use calculation would have to increase to 14.20% for recoverable amount to be equal to its carrying amount.

Revenue used in the value-in-use calculation would have to decrease by 5.81% for recoverable amount to be equal to its carrying amount.

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

TELEMATICS

The recoverable amount of CGU as at 31 December 2020 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period, which shows growth in revenues. The pre-tax discount rate applied to cash flow projections is 11.00% and cash flows beyond the five-year period are extrapolated using a 2.00% growth rate that is below the long-term telematics growth rate, due to reasons of prudence.

The recoverable amount is estimated to exceed the carrying amount of the CGU at 31 December 2020 by EUR 6,278 thousand.

Discount rate used in the value-in-use calculation would have to increase to 12.40% for recoverable amount to be equal to its carrying amount.

Revenue used in the value-in-use calculation would have to decrease by 4.07% for recoverable amount to be equal to its carrying amount.

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

KEY ASSUMPTION USED FOR IMPAIRMENT TESTING

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

- Discount rate
- Net energy and services sales for Energy CGU; revenues for Navigation and Telematics CGUs
- Revenue growth

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

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

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17. Property, plant and equipment

COST OF PROPERTY, PLANT AND EQUIPMENT:

EUR '000	Buildings	Lands	Leasehold improvements	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangibles	Tangibles in progress	Total
1 January 2019	12,130	6,472	1,455	13,293	2,943	1,027	66	2,713	40,099
Additions	1,294	545	515	3,126	923	474	-	965	7,842
Transfer	(123)	-	123	14	-	(14)	-	-	-
Acquisition of a subsidiary	1,837	892	1,091	2,985	280	430	-	-	7,515
Disposals	(12)	-	-	(953)	(273)	(69)	(31)	(1)	(1,339)
Translation differences	128	15	23	110	24	18	-	36	354
31 December 2019	**15,254**	**7,924**	**3,207**	**18,575**	**3,897**	**1,866**	**35**	**3,713**	**54,471**
Additions	-	-	-	493	-	9	-	2,049	2,551
Transfer	145	1,354	457	1,373	405	55	23	(3,812)	-
Disposals	-	-	-	(476)	(295)	(34)	(11)	(268)	(1,084)
Translation differences	(527)	(158)	(63)	(455)	(153)	(48)	(3)	(127)	(1,534)
31 December 2020	**14,872**	**9,120**	**3,601**	**19,510**	**3,854**	**1,848**	**44**	**1,555**	**54,404**

ACCUMULATED DEPRECIATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT:

EUR '000	Buildings	Lands	Leasehold improvements	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangibles	Tangibles in progress	Total
1 January 2019	(2,946)	-	(577)	(6,568)	(1,142)	(481)	(41)	-	(11,755)
Depreciation charge	(492)	-	(374)	(2 057)	(687)	(275)	(33)	-	(3 918)
Acquisition of a subsidiary	(466)	-	(16)	(2 124)	(173)	(252)	-	-	(3 031)
Disposals	16	-	-	216	17	-	10	-	259
Transfer	31	-	(31)	(65)	-	9	55	-	(1)
Translation differences	(28)	-	(11)	(70)	(20)	(9)	2	-	(136)
31 December 2019	**(3,885)**	**-**	**(1,009)**	**(10,668)**	**(2,005)**	**(1,008)**	**(7)**	**-**	**(18,582)**
Depreciation charge	(514)	-	(435)	(2,247)	(639)	(283)	(16)	-	(4,134)
Disposals	-	-	-	433	277	61	12	-	783
Translation differences	117	-	27	267	68	23	2	-	504
31 December 2020	**(4,282)**	**-**	**(1,417)**	**(12,215)**	**(2,299)**	**(1,207)**	**(9)**	**-**	**(21,429)**

NET BOOK VALUE OF PROPERTY, PLANT AND EQUIPMENT:

EUR '000	Buildings	Lands	Leasehold improvements	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangibles	Tangibles in progress	Total
Net book value at 31 December 2019	11,369	7,924	2,198	7,907	1,892	858	28	3,713	35,889
Net book value at 31 December 2020	10,590	9,120	2,184	7,295	1,555	641	35	1,555	32,975
Net book value pledged at 31 December 2020	10,590	7,826			5,976			-	24,440

Land, buildings and machinery and equipment are subject to pledge in respect of bank loans as at 31 December 2020 and 31 December 2019 in total amount of EUR 24,440 thousands and EUR 9,816 thousands respectively.

18. Leases (Group as a leasee)

The Group leases assets including buildings, land and motor vehicles. The average lease term is 5 years. Leases represent larger number of various diversified lease contracts in different locations.

RIGHT-OF-USE ASSETS

EUR '000	31 December 2020	31 December 2019
Buildings	8,002	9,898
Lands	513	581
Vehicles	129	112
Total	**8,644**	**10,591**

Additions to the right-of-use assets during the 2020 financial year were EUR 498 thousand (2019: EUR 2,869 thousand).

DEPRECIATION CHARGE OF RIGHT-OF-USE ASSETS

EUR '000	2020	2019
Buildings	(2,021)	(2,036)
Lands	(52)	(53)
Vehicles	(34)	(13)
Total	**(2,107)**	**(2,102)**

LEASE LIABILITIES

EUR '000	31 December 2020	31 December 2019
Long-term lease liabilities	7,155	9,114
Short-term lease liabilities	2,208	2,183
Total lease liabilities	**9,363**	**11,297**
Within one year	2,208	2,183
After one year but not more than five years	5,369	7,418
More than five years	1,786	1,696
Total lease liabilities	**9,363**	**11,297**

Discount rate was used in range 1.10% – 3.75%.

LEASES IN THE INCOME STATEMENT

Leases are shown as follows in the income statement:

EUR '000	2020	2019
Other operating expense		
Short-term lease expenses	981	44
Low-value lease expenses	27	52
Variable lease payment expenses	-	-
Other lease expenses (additional costs)	34	290
Depreciation and impairment losses		
Depreciation of right-of-use assets	2,107	2,102
Net finance costs		
Interest expense on lease liabilities	229	171
Currency translation (gains) / losses on lease liabilities	5	(6)

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19. Inventories

EUR '000	31 December 2020	31 December 2019
Raw materials (at lower of cost and net realizable value)	271	759
Goods (at lower of cost and net realizable value)	4,443	4,228
Finished products	575	2,386
Total	**5,289**	**7,373**

Write-downs of inventories to net realisable value amounted to EUR 89 thousands (2019: EUR 26 thousands). They were recognised as an expense during the year ended 31 December 2020 and 2019 and were included in Cost of energy sold in the statement of profit or loss.

Goods recognized as an expense are presented in full under Cost of energy sold.

20. Trade and other receivables

EUR '000	31 December 2020	31 December 2019
Trade receivables	162,395	167,497
Receivables from tax authorities	27,738	39,660
Advances granted	7,231	13,570
Unbilled revenue	9,966	5,997
Miscellaneous receivables	3,713	2,627
Tax refund receivables	20,042	16,684
Prepaid expenses and accrued income	2,752	1,587
Contract assets	577	81
Total	234,414	247,703

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

Tax refund receivables as at 31 December 2020 and 2019 include receivables from customers to which the Group paid the claimed amounts in advance. This receivable is subsequently settled against an obligation to forward the amounts received from foreign tax authorities on behalf of the customers after processing of the application for tax refund by tax authorities.

Pledged receivables subject to security of bank loans as at 31 December 2020 in total amounted to EUR 175,423 thousands (2019: EUR 102,564 thousands).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Simplified approach adopted by the Group in 2020 is using elements from general approach, the main difference is that no staging of financial assets is being used.

In 2019, the Group used a provision matrix based on its territory and historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In 2020, the Group started to measure ECL based on three components: Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD"). The Group believes that the new method provides more reliable and relevant information for credit risk monitoring. As of 31 December 2020, ECL under both methods is not materially different.

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THE AGEING ANALYSIS OF PAST DUE BUT NOT INDIVIDUALLY IMPAIRED TRADE AND OTHER RECEIVABLES WAS AS FOLLOWS:

Past due but not individually impaired EUR '000	Past due 1 - 90 days	Past due more than 90 days	Past due more than 180 days	Past due more than 365 days	Total
As at 31 December 2020	-	-	-	2,438	2,438
As at 31 December 2019	-	-	-	1,938	1,938

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

On basis described above, the loss allowance as at 31 December 2020 and 31 December 2019 was as follows:

31 DECEMBER 2020

EUR '000	Neither past due nor impaired	Past due 1 – 90 days	Past due more than 90 days	Total
Gross value of receivables	206,455	27,071	21,739	255,265
Expected credit loss	361	1,907	18,583	20,851

31 DECEMBER 2019

EUR '000	Neither past due nor impaired	Past due 1 – 90 days	Past due more than 90 days	Total
Percentage of expected interest loss	0.1%	0.1 – 11%	11 – 100%	-
Gross value of receivables	185,379	56,139	22,930	264,448
Expected credit loss	19	1,187	15,539	16,745

Allowances against outstanding receivables that are considered doubtful were charged to income statement based on the analysis of their collectability in the year ended 31 December 2020 and 2019.

EUR '000	Amount
Allowances at 31 December 2018	9,825
Acquisition of subsidiary	19
Charged	7,400
Utilized	(204)
Unused amounts reversed	(470)
FX differences	175
Allowances at 31 December 2019	16,745
Charged	4,886
Utilized	(45)
Unused amounts reversed	(250)
FX differences	(485)
Allowances at 31 December 2020	**20,851**

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

21. Derivatives

EUR '000	2020	2019
DERIVATIVE ASSETS		
Foreign currency forwards – held for trading	162	1,161
Foreign currency swaps – held for trading	229	176
Foreign currency forwards – cash flow hedges	135	779
Interest rate swaps – cash flow hedges	-	77
Total derivative assets at fair value	**526**	**2,193**
Current	526	1,748
Non-current	-	445
DERIVATIVE LIABILITIES		
Foreign currency forwards – held for trading	125	1,411
Foreign currency swaps – held for trading	-	13
Interest rate swaps – held for trading	-	270
Foreign currency forwards – cash flow hedges	934	13
Interest rate swaps – cash flow hedges	2,691	935
Total derivative liabilities at fair value	**3,750**	**2,642**
Current	1,059	1,403
Non-current	2,691	1,239

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

CASH FLOW HEDGES

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges for forecasted sales in EUR.

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

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

The Group hedges cash flows from highly probable future sales of energy, toll and tax refunds. The Group contracted FX forwards as hedging instruments. The hedge effectiveness is measured by comparing the changes in hedged cash flow in CZK (foreign currency turnover in EUR translated into CZK) and the changes in the fair value of the hedging instruments (known as a 'hypothetical derivative').

HEDGING PARAMETERS

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

HEDGING OF FUTURE CASH FLOWS:

Balance as at 31 December 2020	Within 1 year	1-5 years	Total
Currency risk exposure			
Hedging of future cash flows - future receivables	135	-	135
Hedging of future cash flows - future iabilities	(934)	-	(934)
Total	**(799)**	**-**	**(799)**

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

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

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INTEREST RATE RISK

The Group obtained club financing facilities (Note 24) with floating interest rate denominated in EUR. The interest rate risk management strategy of the Group requires minimization of its exposure to changes in cash flow interest rate risk.

The Group concluded interest rate swaps, where the Group pays interest based on a fixed interest rate and receives interest based on a floating interest rate derived from principal amount in EUR. This instrument allows the Group to reduce its interest rate risk.

EUR '000	31 December 2020	31 December 2019
Carrying amount (current and non-current asset)	-	77
Carrying amount (current and non-current liabilities)	(2,691)	(935)
Nominal amount	190,000	90 500
Maturity date	2024 and 2025	2024 and 2025
Change in fair value of outstanding hedging instruments since 1 January	(1,833)	814
Change in value of hedged item used to determine hedge effectiveness	1,833	(814)
Weighted average hedged rate for the year	0.26%	0.26%

HEDGING ITEMS

In 2020 and 2019 the Group used following hedging instruments with nominal value:

EUR '000	31 December 2020	31 December 2019
Foreign exchange forwards	52,500	48,000
Interest rate swaps	190,000	95,000
Loans	-	3,000
Total	**242,500**	**146,000**

Hedging effects to statement of profit and loss in 2020 and 2019 were following:

EUR '000	31 December 2020	31 December 2019
Foreign exchange forwards	(916)	241
Interest rate swaps	(242)	(139)
Loan 10 million EUR	124	142
Total	**(1,034)**	**244**

NET INVESTMENT HEDGE

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

EUR '000	31 December 2020	31 December 2019
Carrying amount (non-current borrowings)	45,112	45,112
Change in carrying amount of bank loan as a result of foreign currency movements since 1 January, recognised in OCI	1,424	(61)
Change in value of hedged item used to determine hedge effectiveness	(1,466)	61
Weighted average hedged rate for the year	25.452 CZK = 1 EUR	25.6805 CZK = 1 EUR

22. Cash and cash equivalents

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

EUR '000	31 December 2020	31 December 2019
Cash at banks	118,073	59,720
Cash on hand	32	63
Cash and cash equivalents presented in the statement of financial position	**118,105**	**59,783**
Bank overdrafts	(29,144)	(39,493)
Cash and cash equivalents presented in the statement of cash flows	**88,961**	**20,289**

Pledged cash at bank is subject to security of bank loans as at 31 December 2020 in total amount EUR 109,285 thousands (2019: EUR 17,103 thousands).

The fair value of cash and cash equivalents approximates their carrying value due to their short term maturities.

CREDIT QUALITY OF CASH AT BANKS:

EUR '000, External rating scale	31 December 2020	31 December 2019
Aaa	-	254
Aa	-	4,752
A	20,877	9,712
Baa	77,434	36,331
Ba	9,014	3,357
B	641	1,325
Caa	9,761	2,716
Unrated	346	1,273
Total	118,073	59,720

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23. Equity

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

EUR '000	2020	2019
Ordinary shares of CZK 1 each	-	648,977
Shares with special rights CZK 1 each	-	27

Priority shares issued and fully paid:

	shares	EUR '000
At 31 December 2019	45	-
At 31 December 2020	**45**	**-**

Ordinary shares issued and fully paid:

	shares	EUR '000
At 1 January 2019	**1,763,480**	**4,132**
Issued on 10 April 2019	166,575	7
Issued on 12 December 2019	482,402	19
At 31 December 2019	**2,412,457**	**4,158**
Issuance of share capital	-	-
At 31 December 2020	**2,412,457**	**4,158**

Shares with special rights issued and fully paid:

	shares	EUR '000
At 31 December 2019	30	-
At 31 December 2020	**30**	**-**

Share premium

EUR '000	
At 1 January 2019	**2,679**
Issuance of share capital	248
At 31 December 2019	**2,927**
Issuance of share capital	-
At 31 December 2020	**2,927**

ORDINARY SHARES

All the ordinary shares are transferable without restrictions, except for pledge under bank loans (Note 24).

One vote is attached to each CZK 1.00 of the nominal value of one share.

SHARE-BASED PAYMENTS

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

Priority shares and shares with special rights have very limited rights specified by the share option plans.

Refer to Note 12 for further details on these plans.

CHANGES IN SHAREHOLDERS' EQUITY

Upon the decision of the regular General Meeting of Shareholders held on 17 September 2020 the shareholders decided not to distribute profit to the shareholders and keep all profit it in the Company as the retained earnings.

Upon the decision of the regular General Meeting of Shareholders held on 13 June 2019 the shareholders decided to:

- distribute EUR 5,054 thousand as dividends among the shareholders;
- transfer remaining profits to the retained earnings.

RESERVE FUND

Until 2013, the Company was obliged to contribute to legal reserve fund from current year profits. Since 2014, the Company is no longer obliged to keep this fund by law or statutes of the Company. Management is not restricted to decide on potential distribution. Minor balances and movements relate to selected subsidiaries, where the Group is obliged to make annual contributions from local profits.

BUSINESS COMBINATIONS EQUITY ADJUSTMENT

The reserve reflects corresponding charge related to present value of put options redemption amount (Note 26).

NON-CONTROLLING INTERESTS

Summarized balance sheet EUR '000	ADS Group 31 December 2020	 31 December 2019	Sygic Group 31 December 2020	 31 December 2019
Current assets	77,823	73,200	9,249	7,235
Current liabilities	39,133	43,347	2,527	2,578
Current net assets	**38,690**	**29,853**	**6,722**	**4,657**
Non-current assets	69,554	71,545	51,384	54,345
Non-current liabilities	2,686	3,538	3,824	4,759
Non-current net assets	**66,868**	**68,007**	**47,560**	**49,586**
Net assets	**105,558**	**97,860**	**54,282**	**54,243**
Summarized statement of comprehensive income EUR '000	**ADS Group** 2020	2019	**Sygic Group** 2020	2019
Revenues	268,717	304,504	13,285	13,465
Profit / (loss) for the period	**7,116**	**1,843**	**(857)**	**1,684**
Other comprehensive income	68	-	(20)	-
Total comprehensive income	**7,184**	**1,843**	**(877)**	**1,684**
Profit allocated to NCI	1,933	1,105	(220)	558
Dividends paid to NCI	-	14,193	65	5,201
Summarized cash flows EUR '000	**ADS Group** 2020	2019	**Sygic Group** 2020	2019
Cash flows from operating activities	20,423	18,142	3,987	4,773
Cash flows from investing activities	(1,892)	(5,189)	(785)	(579)
Cash flows from financing activities	(101)	(14,298)	(500)	(5,514)
Net increase / (decrease) in cash and cash equivalents	**18,430**	**(1,345)**	**2,702**	**(1,320)**
Dividends paid to NCI	-	14,193	65	5,201

Dividends paid to NCI in 2019 represent dividends approved before acquisition and distributed to NCI after acquisition date.
On 4 March 2021 the Group acquired remaining 25% of shares of ADS companies (Note 31). As a result, ADS Group's non-controlling interest will be reclassified to equity attributable to equity holders of the parent in 2021 financial statements.

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24. Interest bearing loans and borrowings

	Currency	Maturity	Interest rate	31 December 2020 Total limit in currency	31 December 2020 Amount in original currency	31 December 2020 Amount in EUR thousands	31 December 2019 Total limit in currency	31 December 2019 Amount in original currency	31 December 2019 Amount in EUR thousands
Bank loans									
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	47,500	38,815	38,815	47,500	42,618	42,618
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	47,500	46,702	46,702	47,500	46,561	46,561
Senior multicurrency term and revolving facilities agreement*	EUR	2025/05	3M EURIBOR + margin	95,000	55,967	55,967	95,000	44,121	44,121
Other loans	CZK		fixed rate	16,037	16,037	611	26,153	26,153	1,035
Revolving facilities and overdrafts	-	-	-	-	29,144	29,144	-	39,493	39,493
Total	EUR			-	-	**171,239**	-	-	**173,828**
Current	EUR			-	-	42,274	-	-	42,990
Non-current	EUR			-	-	128,965	-	-	130,838

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

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

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

THE GROUP HAS NOT DRAWN ANY LOANS FROM A NON-BANK ENTITY.

The interest expense relating to bank loans and borrowings for the year ended 31 December 2020 and 2019 amounted to EUR 6,217 thousand and EUR 4,843 thousand, respectively.

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

As at 31 December 2020 and 2019, the following pledges have been made as a security for aforementioned loans:

- pledge of shares;
- pledge of receivables (Note 20);
- pledge of bank accounts (Note 22);
- pledge of real estate (Note 17);
- pledge of movable assets (Note 17);
- pledge of trademarks.

Under the terms of the club financing facilities, the Group is required to comply with the following financial covenants:

- cashflow cover (the ratio of cashflow to debt service) shall not be less than 1.10;
- net leverage (the ratio of total net debt to adjusted EBITDA) shall not exceed 4.25;
- the borrowing base covenant (the ratio of the sum of outstanding amount of revolving facility, outstanding bank guarantees less cash and cash equivalents, to trade receivables) shall not exceed 0.90;
- adjusted net leverage (the ratio of the adjusted total net debt to adjusted EBITDA) shall not exceed 6.50.

As of 31 December 2020 and 2019 the Group complied with all of these covenants. As of 31 March 2020 and 30 June 2020, the Group did not comply with cashflow cover covenant due to increased debt facilities related to COVID 19 volatility. The Group received waivers from the banks and improved its position in the second half of 2020.

25. Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

EUR '000	Liabilities from financing activities: Borrowings	Lease liabilities	Dividend payable	Total
Liabilities from financing activities at 1 January 2019	**28,180**	**9,786**	**-**	**37,966**
Cash inflows	235,646	-	-	235,646
Cash outflows	(126,176)	(1,877)	(24,431)	(152,484)
Business combinations	-	2,361	19,394	21,755
New leases	-	1,193	-	1,193
Declared dividends	-	-	5,038	5,038
Foreign exchange adjustments	(795)	-	(1)	(796)
Other movements*	(2,520)	(166)	-	(2,686)
Liabilities from financing activities at 31 December 2019	**134,335**	**11,297**	**-**	**145,632**
Cash inflows	12,147	-	-	12,147
Cash outflows	(4,494)	(2,354)	(65)	(6,913)
New leases	-	498	-	498
Declared dividends	-	-	65	65
Foreign exchange adjustments	(160)	(283)	-	(443)
Other movements*	267	205	-	472
Liabilities from financing activities at 31 December 2020	**142,095**	**9,363**	**-**	**151,458**

*The "Other movements" in Borrowings represent effective interest rate adjustment from transaction costs. The Group classifies interest paid as cash flows from operating activities. The "Other movements" in Lease liabilities represent cancellation of lease liability in connection with premature termination of a lease.

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26. Trade and other payables, other liabilities

EUR '000	31 December 2020	31 December 2019
Current		
Trade payables	237,545	213,686
Employee related liabilities	8,109	10,579
Advances received	11,772	10,300
Miscellaneous payables	8,872	5,278
Payables to tax authorities	7,083	6,976
Contract liabilities	1,126	26
Refund liabilities	2,238	1,823
Put option redemption liability	27,004	-
Total Trade and other payables	**303,749**	**248,668**
Non-current		
Put option redemption liability	19,006	41,745
Employee related liabilities	669	740
Other liabilities	797	960
Total Other non-current liabilities	**20,472**	**43,445**

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

Miscellaneous payables as at 31 December 2020 and 2019 include mainly payables in respect of sold receivables to factoring companies.

For explanations on the Group's liquidity risk management processes, refer to Note 28.

As at 31 December 2020 and 2019, employee related liabilities include liabilities from social security and health insurance, liabilities payable to employees for salaries and accrued employee vacation to be taken or compensated for in the following accounting period.

Put option redemption liability represents fair value of expected future liability.

Trade and other payables are non-derivative financial liabilities carried at amortized cost. The fair value of current trade and other payables approximates their carrying value due to their short term maturities.

27. Contingent assets and liabilties

AS AT 31 DECEMBER OFF-BALANCE SHEET COMMITMENTS ARE FOLLOWING:

EUR '000	2020	2019
Unfunded customer credit limits	308,407	285,774

28. Financial risk management

The Group's classes of financial instruments correspond with the line items presented in the consolidated statement of financial position.

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, leases and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and investments. The Group's principal financial assets include trade and other receivables, cash and cash equivalents that derive directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The management of the Group identifies the financial risks that may have adverse impact on the business objectives and through active risk management reduces these risks to an acceptable level.

MARKET RISK

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

The sensitivity analyses in the following sections relate to the position as at 31 December 2020 and 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

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

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

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2020 and 2019.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans and borrowings with floating interest rates.

The Group manages its interest rate risk by entering into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2020, after taking into account the

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effect of interest rate swaps, total amount of Group's borrowings is at a fixed rate of interest (2019: 94%).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows (EUR '000):

	2020	2019
Increase by 50 basis points	-	20
Decrease by 50 basis points	-	(20)

FOREIGN CURRENCY RISK

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

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

The Group invoices mainly in EUR. However, there are transactional currency exposures that arise from sales and purchases also in other currencies, in particular CZK and PLN.

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

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

Effect of the change in exchange rates between functional currency of each entity and EUR, CZK, PLN and other currencies on profit before tax as at 31 December:

EUR ´000	% change in rate	2020	2019
EUR	+/- 10%	+/- 83	+/- 3,924
PLN	+/- 10%	+/- 141	+/- 145
CZK	+/- 10%	+/- 178	+/- 189
Others	+/- 10%	+/- 270	+/- 534

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). The risk is managed on a group basis and individual risk limits are set based on internal ratings.

The outstanding balances of trade receivables and compliance with credit limits are monitored on a regular basis. The aim of the Group management is to minimize exposure of credit risk to single counterparty or group of similar counterparties. As of 31 December 2020 and 2019, there is no significant concentration of credit risk as there were no individually significant customers.

The Group insures eligible receivables and accepts bank guarantees and collateral pledges to mitigate credit risk.

The Group does not use credit derivatives to mitigate credit risk.

The ageing of receivables is regularly monitored by the Group management.

Refer to Note 20 for further details.

LIQUIDITY RISK

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

As at 31 December 2020 and 2019, the Group's current ratio (current assets divided by current liabilities) was 1.013 and 1.064, respectively.

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

31 December 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	31,946	13,834	140,106	-	185,886
Lease liabilities	-	572	1,637	6,206	1,786	10,201
Trade and other payables	-	301,219	2,311	20,902	-	324,432
Total	**-**	**333,737**	**17,782**	**167,214**	**1,786**	**520,519**

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

FINANCIAL INSTRUMENTS

	Financial assets				Financial liabilities		
31 December 2020	FVTPL - derivatives held for trading	equity investments at FVTOCI	FVTPL – cash flow hedges	at amortized cost	FVTPL - derivatives held for trading	FVTPL – cash flow hedges	at amortized cost
Financial assets	-	258	-	-	-	-	-
Trade and other receivables (Note 20)	-	-	-	234,414	-	-	-
Cash and cash equivalents (Note 22)	-	-	-	118,105	-	-	-
Derivative assets (Note 9, 21)	391	-	135	-	-	-	-
Other liabilities (Note 26)	-	-	-	-	-	-	20,472
Borrowings (Note 24)	-	-	-	-	-	-	171,239
Lease liabilities (Note 18)	-	-	-	-	-	-	9,363
Trade and other payables (Note 26)	-	-	-	-	-	-	303,749
Derivative liabilities (Note 9, 21)	-	-	-	-	125	3,625	-

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29. Capital management

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

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

EUR '000	31 December 2020	31 December 2019
Total equity	64,381	49,860
Total assets	585,001	542,740
Equity ratio (Equity/TA)	**11.00%**	**9.19%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. Further details are disclosed in Note 24.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

30. Related party disclosures

PARENT ENTITY

Parent entity controlling the Group is disclosed in Note 1.

SUBSIDIARIES

Interests in subsidiaries are set out in Note 7.

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation is disclosed in Note 12.

PAID DIVIDENDS

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

TRANSACTIONS WITH OTHER RELATED PARTIES

EUR '000	2020	2019
Sale of goods to entities controlled by key management personnel	3	5
Purchases of various goods and services from entities controlled by Company's shareholders	1	-
Purchases of various goods and services from entities controlled by key management personnel *	188	378

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

OUTSTANDING BALANCES ARISING FROM SALES/PURCHASES OF GOODS AND SERVICES

EUR '000	2020	2019
Trade payables to entities controlled by key management personnel	10	16

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

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

TERMS AND CONDITIONS

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

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31. Subsequent events

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 Group's Webdispečink product (Telematics). 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% minority interest is subject to put / call option rights of the parties, while the Group is entitled to exercise the call option at any time after 1 January 2022 and the minority shareholders are entitled to exercise the put option at any time after the third anniversary of the closing date (if the call option has not been exercised).

The financial effects of this transaction have not been recognised at 31 December 2020. The operating results and assets and liabilities of the acquired company will be consolidated from 1 January 2021.

The provisionally determined fair values of the assets and liabilities of KomTes as at the date of acquisition are as follows:

EUR '000	Fair value
Assets	
Property, plant and equipment	109
Identifiable intangible assets	5,563
Trade receivables	772
Inventories	96
Accruals	10
Total Assets	**6,550**
Trade payables	533
Deferred tax	1,056
Accruals	29
Total Liabilities	**1,618**
Total identifiable net assets at fair value	**4,932**
Non-controlling interest measured at fair value	**2,416**
Goodwill arising on acquisition	**-**

ACQUISITION OF MINORITY INTEREST IN LAST MILE SOLUTIONS

On 16 February 2021, the Group acquired 28% minority interest in Dutch-based Last Mile Solutions, a fast growing eMobility platform in Europe. The deal supports 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.

The financial effects of this transaction have not been recognised at 31 December 2020. The investment will be presented as an investment in associate in 2021 financial statements.

ACQUISITION OF 25% MINORITY INTEREST IN ADS GROUP

On 4 March 2021 the Group acquired remaining 25% of shares of ADS companies (Note 8), a top commercial road transport services provider in Spain and Portugal. The transaction is a key part of Group's long-term strategy to strengthen its presence in the Iberian Peninsula and Western Europe.

As the remaining 25% minority interest was subject to put / call option rights of the parties, the Group recognized a financial liability at the present value of the amount payable on exercise of the NCI put in accordance with IFRS 9 at 31 December 2020 (Note 26).

CHANGE IN BOARD OF DIRECTORS

General meeting held on 21 March 2021 dismissed Radek Moc as a member of Group's Board of Directors with effective date 31 March 2021.

Approved on:	Members of Board of Directors:	Signatures:
2021-04-20	Martin Vohánka	
2021-04-20	Kristi Ansberg	
2021-04-20	Magdalena Bartoś	
2021-04-20	Martin Hannsmann	
2021-04-20	Ivan Jakúbek	
2021-04-20	Sunny Mehta	

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INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report

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

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of W.A.G. payment solutions, a.s., with its registered office at Na Vítězné pláni 1719/4, Prague 4 (the "Company") and its subsidiaries (together the "Group") as at 31 December 2020, of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Group´s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020,
- the consolidated statement of comprehensive income for the year ended 31 December 2020,
- the consolidated statement of changes in shareholders' equity for the year ended 31 December 2020,
- the consolidated statement of cash flows for the year ended 31 December 2020, and
- the notes to the consolidated financial statements including significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and Act on Auditors.

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Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the consolidated Annual Report but does not include the consolidated financial statements and auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge about the Group obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors and supervisory board of the Company for the consolidated financial statements

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

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

The supervisory board of the Company is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

20 April 2021

PricewaterhouseCoopers Audit, s.r.o.
represented by

Jiří Zouhar

Petr Burget
Statutory Auditor, Licence No. 2019

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

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ANNUAL REPORT 2020

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

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