

24 October 2023

W.A.G payment solutions plc

("Eurowag" or the "Group") Trading Update

Solid performance, in-line with expectations

W.A.G payment solutions plc ("Eurowag", or the "Group") a leading pan-European integrated payments and mobility platform focused on the Commercial Road Transportation industry ("CRT"), today announces its trading update for the nine-month period ending 30 September 2023.

Financial highlights for 9 months:

- In the 9 months net revenue grew 35.5% to €183.7 million¹, supported by sustained organic growth from both the acquisition of new customers and cross-selling of new capabilities, as well as the significant contribution from our Inelo acquisition.
- In the 9 months organic net revenue grew 17.1% to €158.7 million², driven by strong growth in mobility solutions.
 - Mobility solutions organic revenues, which now includes Webeye, grew 36.6%² as a result of effective cross-sell and new automotive strategic partnerships. This is also reflective in the Q3 mobility solutions organic revenues which grew 28.1% year-on-year.
 - Payment solutions organic revenues grew 9.3%², with economic headwinds continuing to impact the CRT industry, reflecting fewer kilometres driven. These headwinds continued into Q3, and as a result payment solutions organic revenues in the quarter were flat year-on-year.
- If Inelo had been acquired at the start of the financial year, net revenue contribution to the Group would have been €34.4 million.
- Net revenue for the last twelve months grew 33.7% to €239.0 million.

Martin Vohánka, CEO and Founder said:

"I am pleased to report that the Group delivered a solid performance in the first nine months of this year, once again demonstrating the resilience of our business model as well as the mission critical nature of our solutions. Our strong double-digit organic growth was achieved despite the macroeconomic headwinds across Europe impacting the CRT industry through a slowdown in freight demand, and therefore fewer kilometres driven.

Following recent acquisitions, our revenue mix has been further diversified towards mission critical data-centric software solutions, and we are capitalising on the synergies and significant cross-sell opportunities presented. We continue to deliver on our priorities of integrating our newly acquired businesses as well as deliver on our vision of providing the industry's first integrated end-to-end digital platform, launching in Q4 2024. All of this gives me confidence that we will continue delivering value for all stakeholders, whilst our full year expectations remain unchanged."

	Net revenue (€m)		Year-on-year growth (%)	Organic revenue (€m) ²	Organic year-on-year growth (%)
	9M 2023 ¹	9M 2022			
Payment solutions	106.0	96.9	9.4%	105.9	9.3%
Mobility solutions	77.7	38.7	100.8%	52.9	36.6%
Total	183.7	135.6	35.5%	158.7	17.1%

	Net revenue (€m)		Year-on-year growth (%)	Organic revenue (€m) ²	Organic year-on-year growth (%)
	12 months to 30 Sept 2023	12 months to 30 Sept 2022			
Payment solutions	144.0	129.3	11.4%	143.9	11.3%
Mobility solutions	95.0	49.5	91.9%	70.2	41.7%
Total	239.0	178.8	33.7%	214.0	19.7%

Notes: 1. Net revenues include 6 months of contribution from Inelo following the completion of the acquisition.
2. Organic revenues excludes the contribution from Inelo.

Operational highlights

- Revenue growth continues to be supported by strong non-financial KPI performance:
 - Average number of payment solutions active customers rose from 17,201 in Q3 2022 to 18,519 in Q3 2023, representing 7.7% year-on-year growth.
 - Average number of payment solutions active trucks rose from 86,523 in Q3 2022 to 93,433 in Q3 2023, representing 8.0% year-on-year growth. The growth in the reporting quarter has accelerated compared to Q1 and Q2 2023, as a results of trucks from our Portuguese customers returning to fuel in Spain following the reverse in the fuel legislation at the end of Q2 2023, as well as new customer acquisitions momentum in Poland.

Strategic highlights

The Group held its first Capital Markets Day on 11 October 2023, which included an update on the Group's strategic ambitions, aligned to the strategic pillars announced at the end of 2022. Eurowag also presented detailed summaries of its sales strategy and product offering, with a clear roadmap towards delivering the Group's integrated end-to-end digital platform. To review all the materials from the event, please visit the Group's website at <https://investors.eurowag.com/>

Outlook and Guidance

As communicated at the half year results, considering the macro-economic headwinds and the magnitude of the transformative programme we are undertaking, we expect near-term net revenue percentage

growth to be around mid-teens. In the medium-term, we expect the net revenue percentage growth to return to high-teens, reflecting the value creation from our platform through the growth in customers, the cross-sell opportunities, and the full extraction of acquisition synergies.

We expect FY 2023 margin levels to be in-line with FY 2022, at around 43%, accounting for net revenue weighting in the second half and cost actions already proactively taken, including headcount reduction ahead of integrating Webeye and Inelo into our organisational structure. We still expect our margin in the medium-term to improve to high-forties, as operational leverage and acquisition synergies are realised.

As articulated at the Capital Markets Day, we expect to finalise our transformational capex programme by the end of 2023, on time and within budget. Following the acquisition of Inelo and Webeye, we expect ordinary capex to move to just above 10 percent of net revenues for the end of this financial year. The ordinary capex over the medium-term is expected to be around 10 percent of net revenues. We anticipate reducing duplications across IT, hardware, and technology over time through a combination of integration and the transition to a single technology platform.

Reducing our net debt to adjusted EBITDA within our target leverage range of 1.5x to 2.5x remains our priority.

The Board's expectations for the full year remain unchanged.

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Eurowag

Carla Bloom

Head of Investor Relations and Communications

+44 (0) 789 109 4542

investors@eurowag.com

Instinctif Partners

Galyna Kulachek and Bryn Woodward

IR and international media

+44 (0)20 7457 2020

eurowag@instinctif.com

About Eurowag

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