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EG GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

Company Number: 09826582

WHO WE ARE

EG GROUP IS ONE OF THE WORLD'S LEADING INDEPENDENT CONVENIENCE RETAILERS, WITH AN EXTENSIVE NETWORK OF SITES ACROSS INTERNATIONAL MARKETS IN THE UNITED KINGDOM & IRELAND, CONTINENTAL EUROPE, AUSTRALIA AND THE UNITED STATES OF AMERICA

Founded in 2001 by the Issa family with the acquisition of a single site in the UK, today the Company is at the forefront of delivering an innovative approach to forecourt convenience retail.

Our transformational convenience retail business model has been built upon excellent relationships with an extensive portfolio of leading retail brands, and through strategic network acquisitions supported by a programme of new-to-industry developments.

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HIGHLIGHTS AND KPIs

FINANCIAL

Revenue (\$m)⁽¹⁾

2021	26,420
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2020 21,463

2019 23,337

Gross profit (\$m)

2021	4,096
------	-------

2020 3,607

2019 2,638

Operating profit (\$m)⁽²⁾

2021	626
------	-----

2020 696

2019 281

Profit/(loss) before tax (\$m)

2021	207
------	-----

(167) 2020

(93) 2019

Adjusted EBITDA (\$m)⁽³⁾

2021	1,660
------	-------

2020 1,443

2019 1,016

Adjusted EBITDA before IFRS 16 (\$m)⁽⁴⁾

2021	1,429
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2020 1,248

2019 859

Net debt before lease liabilities (\$m)

2021	(9,601)
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2020 (9,001)

2019 (9,069)

Leverage⁽⁵⁾

2021	6.1x
------	------

2020 6.0x

2019 5.9x

NON-FINANCIAL

Fuel volume (bn litres)

2021	17.7
------	------

Number of sites^(6,7)

2021	6,322
------	-------

Employee numbers⁽⁸⁾

2021	58,493
------	--------

New-to-industry sites opened

2021	30
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⁽¹⁾ Revenue is presented for information purposes only, as revenue is not a comparable KPI for the business due to the impact of wholesale fuel pricing on reported fuel revenues. Additionally, 2020 revenue was impacted by the COVID-19 pandemic, which impacted both wholesale prices and site footfall due to lockdown restrictions across all regions in which EG operates

⁽²⁾ Operating profit includes the impact of depreciation, amortisation and impairment

⁽³⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 170

⁽⁴⁾ Adjusted EBITDA is stated before the impact of IFRS 16. Please refer to the APM section from page 170

⁽⁵⁾ Leverage is presented as the ratio between total net debt before lease liabilities to pro forma Adjusted EBITDA before IFRS 16, which includes an estimate to reflect the full-year EBITDA of mid-year acquisitions, the annualised benefit of new sites opened and synergies expected to be realised. Please refer to the APM section from page 170

⁽⁶⁾ As at December 31, 2021 (and at December 31, 2020 for the comparative period) and exclude any acquisitions that have been completed or announced as at December 31, 2021

⁽⁷⁾ Total number of sites comprises of 5,651 PFS locations and 671 standalone Foodservice/Grocery & Merchandise locations. Across these sites are 1,828 foodservice outlets

CHAIRMAN'S STATEMENT



**GIVEN OUR GLOBAL
FOOTPRINT AND
GROWTH TRAJECTORY,
BEST-PRACTICE
GOVERNANCE HAS NEVER
BEEN MORE IMPORTANT**

Lord Stuart Rose

I would like to start by thanking our Co-CEOs for their strong leadership, resilience and continued dedication to the business and to our customers. I would also like to thank our global colleagues for their contribution in delivering an outstanding performance and in making significant progress across all areas of the business last year.

We reported record Group EBITDA in 2021, despite a challenging macro environment including disruption from COVID-19, industry-wide supply chain challenges, and a fuel crisis in the UK in September, when EG was the first major forecourt operator to implement a purchase cap to ensure as many of our customers as possible could access the fuel they needed.

Our financial performance last year was testament to EG's highly successful strategy across Grocery & Merchandise, Fuel and Foodservice operations, with the latter representing the biggest long-term opportunity for the Group.

INVESTMENT IN BRANDS AND COLLEAGUES

We continue to pursue a growth strategy through a combination of both organic growth and acquisitions, with our recently acquired businesses benefiting from subsequent investment through expansion into our existing site network.

It is always exciting to welcome new colleagues to the EG family and we continue to invest in our processes, systems, infrastructure and training to help people do their jobs and serve customers better whilst maintaining customer and colleague safety. A key focus is also to enhance the pay and benefits colleagues receive, alongside the Group's comprehensive focus on training and development, including apprenticeships.

We strive to ensure our pay remains highly competitive across all markets, in recognition of the cost-of-living pressures many households face globally.

SECTION 172: PROMOTING SUCCESS

The Board of Directors confirm that, during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006, being:

- The likely consequences of any decision in the long term.
- The interest of the Company's employees.
- The need to foster the Company's business relationships with suppliers, customers and others.
- The impact of the Company's operations on the community and the environment.
- The desirability of the Company maintaining a reputation for high standards of business conduct.
- The need to act fairly between members of the company.

This statement includes the information demonstrating how the Board has had regard to these matters in its actions as detailed in the section 'Our stakeholders and Section 172' on pages 16 to 19 and in the governance report on pages 70 to 79.

RESOLUTE FOCUS ON GOVERNANCE

Given our global footprint and growth trajectory, best-practice governance has never been more important. This has been a resolute focus of mine since I was appointed EG Group Chairman in January 2021 and Dame Alison Carnwath joined the Board in March last year, following the appointment of John Carey in November 2020.

We are committed to continuously improving our governance structures and procedures, with a key ongoing focus being risk management and internal controls. This includes the leadership team considering any opportunities in the best interests of our business, and we have a disciplined approach to assessing any transactions. If an opportunity is pursued, our Board and shareholders are fully involved – and the dialogue is always collegiate, but robust and comprehensive.

In line with best-practice governance, the Audit & Risk, Remuneration and Nomination Committees held regular meetings in 2021 and further details on the Board and its committees can be found on pages 80 to 89.

Last year, we also established a working group to oversee ESG matters, recognising how addressing the climate crisis is a priority for the Group and its shareholders. This area is a key priority for us and reflecting this, we appointed a Head of ESG and Sustainability last year.

SOLID FOUNDATIONS SUPPORT OUTLOOK

We will continue to do the right thing for all stakeholders in 2022, including supporting local communities, making contributions to charities and helping socially and economically disadvantaged people, such as our 'Too Good to Go' initiative to minimise food waste.

The reality is that many consumers are increasingly facing significant inflationary pressures, and we remain focused on maintaining competitive pricing for consumers in all our markets.

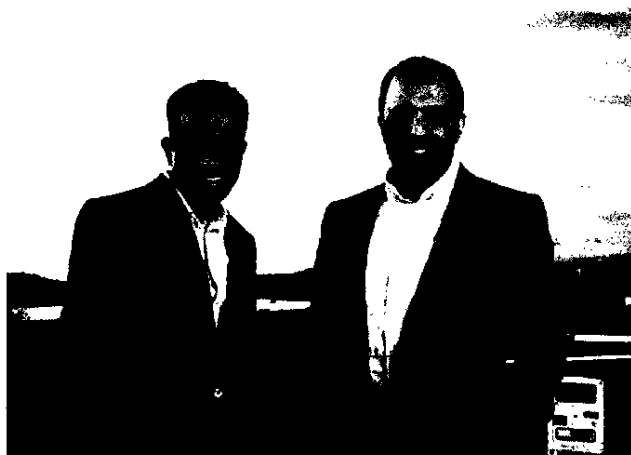
Looking forward, 2022 is likely to provide new challenges for the business to navigate, but EG has built strong foundations for long-term success, and we can look ahead to the rest of the year with confidence in our strategy.



Chairman

August 22, 2022

CHIEF EXECUTIVE OFFICER STATEMENT



**OUR 58,000 COLLEAGUES,
ACROSS OUR TEN GLOBAL
MARKETS, CONTINUE TO
DEMONSTRATE THEIR
EXPERTISE, COMMITMENT
AND PASSION FOR
THE BUSINESS**

Zuber Issa CBE & Mohsin Issa CBE

2021 was another transformational year for EG Group. We delivered strong results, primarily driven by a stand-out performance in Foodservice and a further easing of COVID-19 restrictions, which saw Group Adjusted EBITDA increase by 15% to \$1,660m.

This wouldn't have been possible without the incredible efforts of our 58,000 colleagues across our ten global markets, who every day continue to demonstrate their expertise, commitment and passion for the business, whether in our world-class Grocery & Merchandise, Foodservice and Fuel operations or from our head offices.

The health, safety and wellbeing of our colleagues across the globe continued to be a priority with the pandemic still firmly on the agenda throughout the year. Providing a safe environment for our customers and colleagues, including adaptations to new ways of working during this incredibly difficult period, was essential to achieving our operational and strategic objectives.

The Group's strategy is built on solid foundations and we added to our market-leading customer proposition with six bolt-on acquisitions during 2021 across the UK & Ireland, Continental Europe and the USA.

This included our acquisition of Sprint Food Stores, an operator of a portfolio of 34 high-quality convenience stores in South Carolina and Georgia, in November 2021. This expanded our USA operations to two additional states and almost 1,750 sites across the country.

After the year ended, we also completed the acquisition of the OMV-branded service station network in Germany from OMV Deutschland GmbH. This followed the German Federal Cartel Office approving the takeover of 285 service stations by EG, under the condition of the sale of 48 stations; 24 Esso-branded stations and 24 OMV-branded stations in Baden-Württemberg.

This acquisition followed the launch of our successful refinancing in early 2021 and we are grateful to our lenders and investors for their ongoing support on our growth journey.

Our UK&I acquisition strategy demonstrated our focus on expanding the Group's Foodservice operations, with the acquisition of LEON, a 'naturally fast food' restaurant chain, in May 2021 and Cooplands, the UK's second-largest bakery chain, in October 2021, marking our first acquisitions of proprietary brands. Our growth plans for both LEON and Cooplands complement our long-standing partnerships with leading Foodservice brands that we operate across our markets.

These acquisitions align with our strategy to be a leading Foodservice operator globally, enhancing our overall customer proposition and providing a halo effect to our Fuel and Grocery & Merchandise business streams and providing a platform for further growth and diversification opportunities.

In addition, we continue to invest in facilities, systems, technology and job creation, through continued investment in new-to-industry sites, site refits and our global shared service centre.



As we develop our footprint and branded offers, we continue to create new roles and opportunities, ranging from those more accessible to school leavers and graduate trainees, to other more specialised roles such as baristas, customer service representatives, fuel pricing specialists and management accountants.

We are committed to training and developing new hires and existing colleagues, which we believe is fundamental to providing our best-in-class customer service and operations. We also launched and completed our first Group Global Engagement Survey in Q4 2021, with our leadership team now actively working together on opportunities to further enhance our employee engagement.

The Group and its colleagues are passionate about fundraising to help local communities and charities, such as Royal Manchester Children's Hospital and Alder Hey Children's Charity in the UK, and American Cancer Society, Disabled Veterans and the United Way in the USA.

As a responsible business, we are committed to managing and minimising our environmental impact, with climate change now an increasingly important issue facing society globally. We install solar panels wherever possible, at all new-to-industry sites, and train our colleagues on energy efficiency measures, as we continue to take steps to reduce site energy consumption. Later this year, we will publish our first ESG Report, which will set out our targets, baseline data and approach to managing our key social and environmental issues.

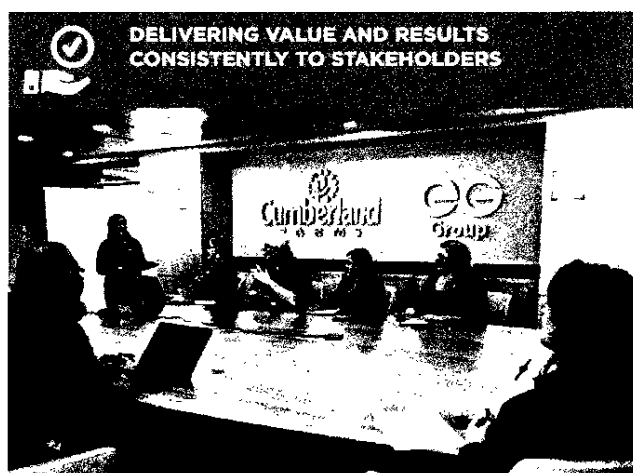
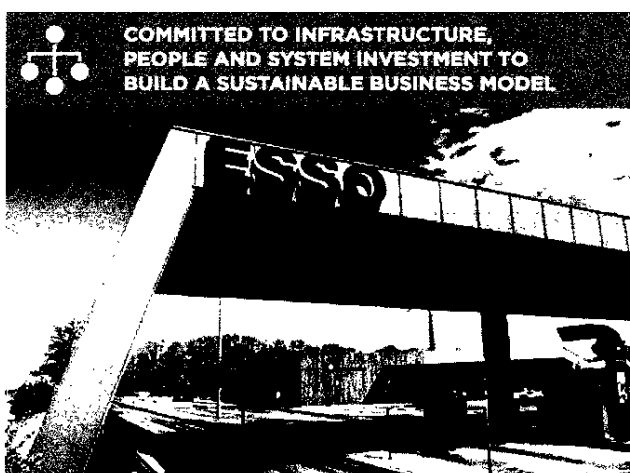
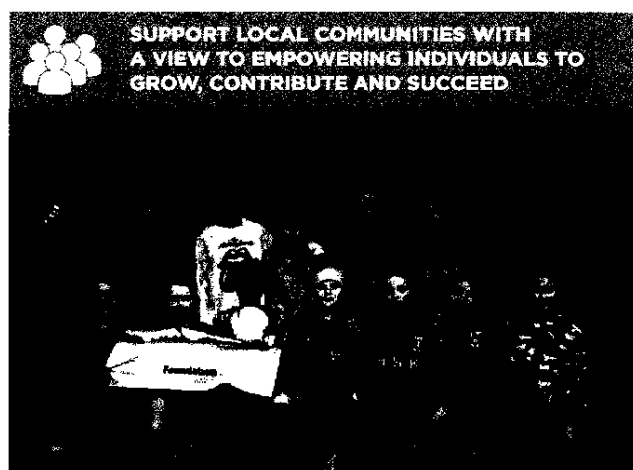
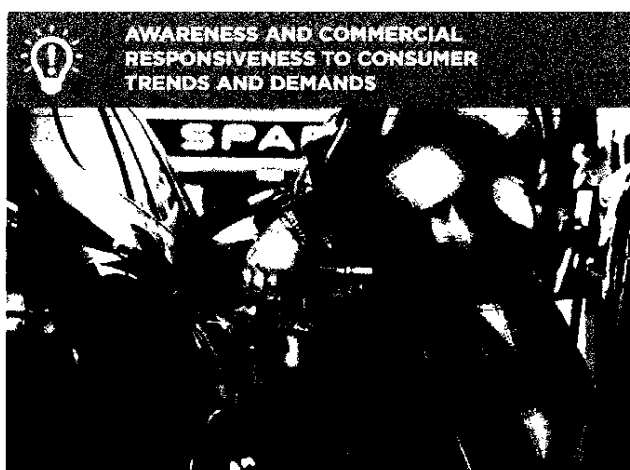
We continue to play our part in delivering more sustainable products, as the world transitions to a lower-carbon future. Globally, we continue to increase the number of electric vehicle chargers across our sites, and develop and expand our broader mobility strategy to include additional alternative fuel sources, such as hydrogen and hydrotreated vegetable oil.

Looking ahead, the outlook for this financial year remains uncertain, and whilst we continue to see the normalisation of customer behaviour as we come out of the pandemic, we are faced with new challenges due to the ongoing conflict in Ukraine and the significant inflationary pressures evident across many of our territories. However, we are confident that the resilience of our business model and geographic diversity – allied to the expertise and experience of the Board – will enable the business to continue to grow and outperform the wider market.

Co-Founders and Co-Chief Executive Officers
August 22, 2022

OUR VALUES

Our culture and values encourage entrepreneurial and transformative thinking and, during the pandemic, our 58,000 colleagues have worked together to adapt our operations, share best practices and develop new capabilities and ways of working



RESPONDING TO KEY MARKET FACTORS

Key market factors:

INFLATION AND INCREASED COST OF LIVING

As COVID-19 and the conflict in Ukraine continue to impact the economy, and with the cost of fuel, energy and raw materials rising significantly, people globally are facing significant increases in their household costs.

HOW WE ARE RESPONDING:

We remain committed to supporting our colleagues and customers through what may be challenging financial times ahead. This includes supporting our colleagues with enhancements to pay and benefits, and working with our suppliers and brand partners to offer choice, promotions and value across our product range.

CONVENIENCE ON DEMAND

The pandemic accelerated a customer trend towards convenience shopping and home delivery, but even beyond the pandemic, as customer behaviour has transitioned to more hybrid routines, convenience is a critical factor, particularly in the grocery and foodservice sector.

HOW WE ARE RESPONDING:

Through our 6,300 sites globally, we are well positioned to meet our customers' convenience needs, and we are focused on improving this even further through our digital strategy, which includes self-service kiosks and rapid delivery through Deliveroo and Uber Eats.

FOCUS ON SUSTAINABILITY

As the world transitions to a lower-carbon future, the demand for more sustainable products and the expectations on businesses to deliver long-term value to shareholders and wider stakeholders continues to increase.

HOW WE ARE RESPONDING:

We are committed to minimising our environmental impact, and have increased the focus on our ESG strategy and key activities during 2021. Operationally, we seek to reduce our energy and water consumption on-site, to manage waste responsibly, and have robust procedures to avoid serious environmental incidents. We operate a number of electric vehicle chargers across our sites and plan to continue to develop our mobility strategy which will include a significant increase in charging points in the future and consideration of other alternative fuels such as hydrogen.

COMMUNITIES COMING TOGETHER

During the pandemic, customers spent more time at home and value their communities and the key role that businesses can play in bringing communities together.

HOW WE ARE RESPONDING:

We are more than just a global convenience business. Our shareholders and our colleagues are passionate about giving back to local communities, and this is seen in our continued support for local charities and projects and our ongoing ambition to create job opportunities in the communities we operate in.

OUR BUSINESS MODEL

DELIVERING A BEST-IN-CLASS CUSTOMER EXPERIENCE

Our purpose

We are a leading global independent convenience retailer with a diversified portfolio of over 6,300 sites⁽¹⁾ across three continents.

Our purpose is to deliver a modern and compelling retail experience that allows customers to achieve multiple missions in one convenient location.

We pride ourselves as a responsible operator with a commitment to delivering world-class convenience retail whilst improving the lives of others and delivering a positive impact on society.

Our key business streams

GROCERY & MERCHANDISE



FOODSERVICE



FUEL



Our competitive advantage



Strong brand offer and innovative approach across Grocery & Merchandise, Foodservice and Fuel

- Our complementary Grocery & Merchandise, Foodservice and Fuel offer creates a site halo impact
- Our larger sites drive customer footfall and spend
- We target a balanced offering across regions to further diversify and improve resilience of profitability
- We are constantly innovating and developing to adapt for the forecourt of the future, with ample space for electric vehicle charging stations, roadside positioning for fulfilment of last mile customer needs and an IT platform ready for evolving payment methods



Well-invested sites at prime locations delivering local services, globally

- Our extensive geographic footprint in three continents and across ten countries provides the benefits of geographical diversification, with balanced exposure to multiple national economies with different economic cycles and macroeconomic fundamentals
- Our site portfolio delivers high-quality customer experience and amenities
- Our best-in-class offering allows us to be well positioned in the market for site profitability and future industry trend




Best-in-class owned and operated model

- Our directly managed, owned and operated site model gives control over quality, consistency, cost structures and pricing and allows us to execute our site optimisation and rollout strategy
- We develop strong brand partnerships and are viewed as a brand ambassador by our partners

We are a leading independent global c-store operator with over 6,300 sites across ten countries in three continents, which makes us, by store numbers, the third largest independent c-store operator in the world.

Our strategy

 read more on pages 20 to 29

GROWTH

As an entrepreneurial business, we are always looking to drive growth by investing in our site network and developing our retail offer.

Our recent acquisitions have enabled us to diversify operations and expand into new markets and reinforce our position as a key global player. We continue to explore opportunities to expand our operations in our existing markets.

INNOVATION

We continue to be innovative and forward-thinking with significant investments made to date in adapting to technological change. This includes investment in electric charging stations and the development of IT capability to support evolving payment methods and loyalty programmes.

SITE NETWORK

We invest in, and continually review, our site portfolio to differentiate our customer offering with best-in-class facilities and a superior experience and amenities compared to our competitors.

FOODSERVICE

The sales of non-fuel products within the global c-store industry are growing as consumers are increasingly seeking convenient and timely solutions to purchase everyday products and Foodservice products.

Our penetration within Foodservice is increasingly important given the sector is expected to experience secular growth over the next few years, driven by changing lifestyles and the evolution of alternative fuels.

How we create value

FOR CUSTOMERS

We exist to serve the needs of our customers and we invest in what matters to them, offering a broad range of great value, quality products with focus on strong availability and excellent customer service. All delivered through our attractive and conveniently located sites.

FOR BRAND PARTNERS AND SUPPLIERS

We are proud of our strong brand partner and supplier relationships and we work collaboratively with them to grow our business and theirs.

FOR COLLEAGUES


Our diverse workforce is a key asset of the business and we strive to recruit, develop and retain talent through well-invested training schemes and recognition.

FOR INVESTORS

We have a proven ability to execute significant acquisitions and synergy realisation to deliver strong cash generation.

FOR COMMUNITIES

We are fully committed to being a responsible business and care about the communities in which we operate.

 For more information about how we engage with our stakeholders, see pages 16 to 19

2021 outcomes

\$26.4bn

REVENUE

\$4.1bn

GROSS PROFIT

\$1.7bn

ADJUSTED EBITDA⁽³⁾

383

NEW SITES (INCLUDING ACQUISITIONS)

\$0.5bn

CAPITAL EXPENDITURE

\$0.7bn

GROWTH ACQUISITIONS

1.3bn

CUSTOMERS SERVED

⁽¹⁾ Site numbers are stated as at the year-end date and exclude any acquisitions that have completed or have been announced after December 31, 2021

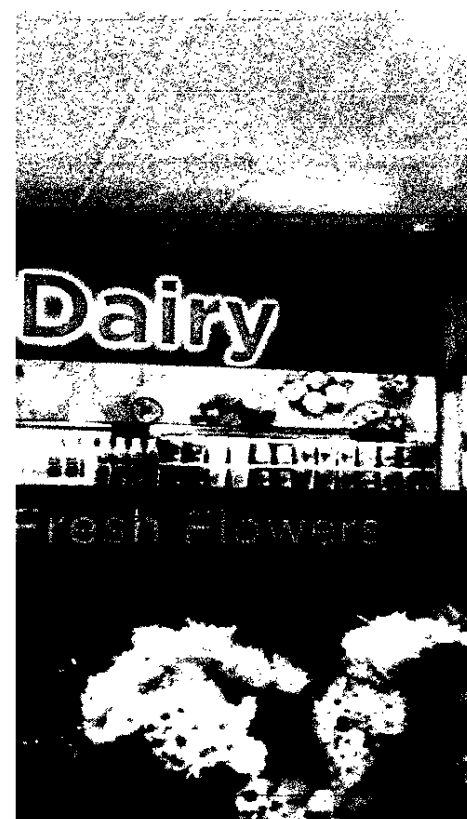
⁽²⁾ Business stream gross profit for the Group presented as a percentage of Group total gross profit for 2021. The percentage represented by Grocery & Merchandise gross profit also includes other gross profit

⁽³⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 170

OUR BUSINESS MODEL IN ACTION



GROCERY & MERCHANDISE



Our highly resilient Grocery & Merchandise⁽¹⁾ business stream generates over a third of the Group's gross profit.

AS A % OF GROUP GROSS PROFIT FOR 2021



GROSS PROFIT (IN \$M)

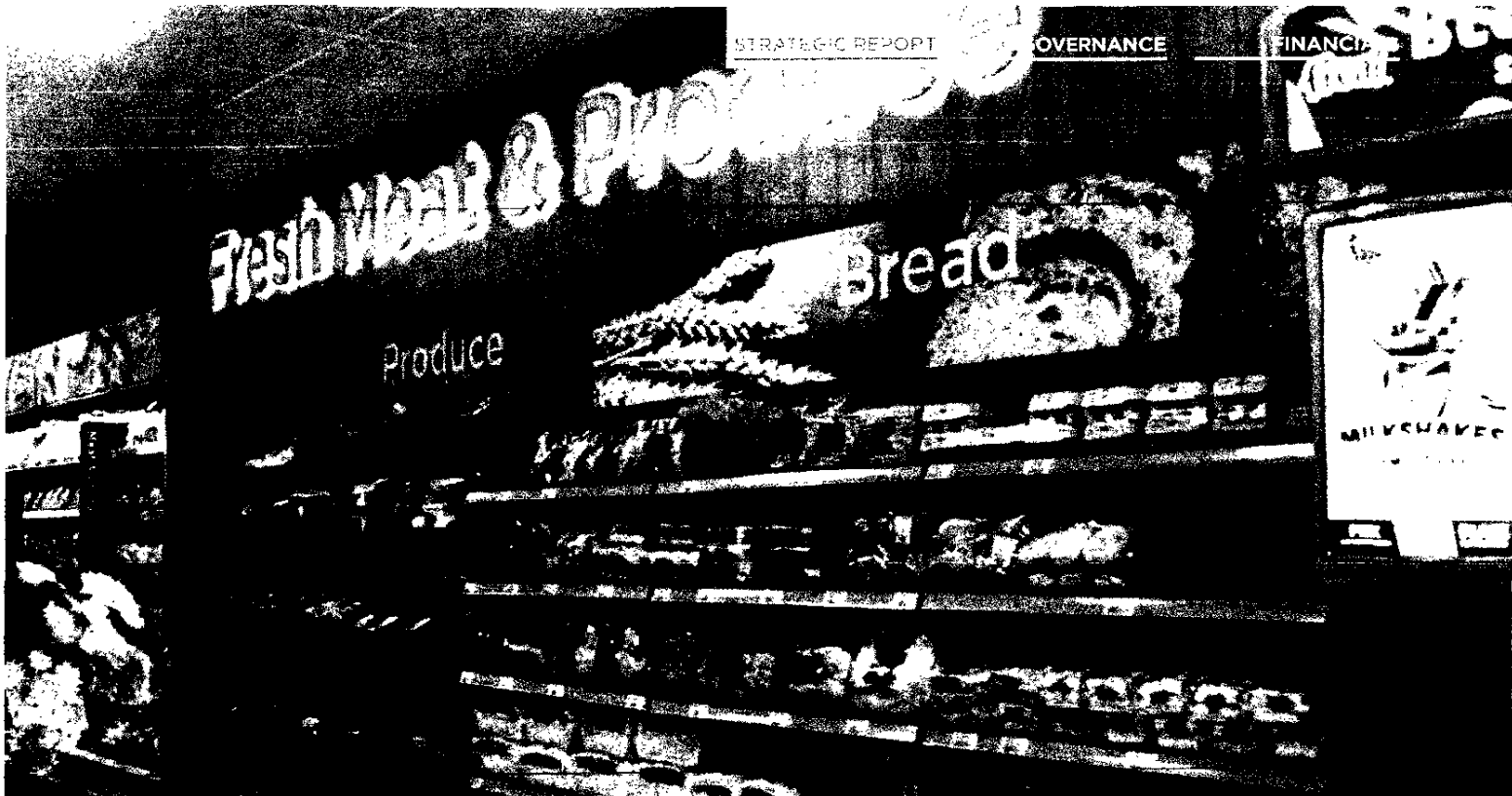
2021	1,607
2020	1,428
2019	1,085

We have long-standing partnerships with globally recognised European and Australian brands in Grocery & Merchandise and have wholesale supply agreements with brands such as SPAR, Asda, Carrefour and Louis Delhaize to supply our site network. We also operate proprietary brands in the USA, including the Cumberland Farms brand, which supports our premium convenience offering to consumers. We continue to explore new opportunities and to focus on further enhancement to our Grocery & Merchandise offering, particularly in Continental Europe where our lower penetration of this market presents an opportunity for future growth and development.

Throughout lockdown restrictions in 2020 and 2021, the Group's convenience stores remained open, as stores played a key role in providing essential household products and groceries and an alternative to big box retailers. In 2021, our Grocery & Merchandise operations continued to generate year-on-year sales growth and margin expansion, following the easing of lockdown measures, the normalisation of product mix and the continued consumer shift towards convenience.

Grocery & Merchandise revenue of \$5,135m (2020: \$4,919m) was an increase of \$216m or 4% on 2020, and gross profit for the full year increased by 13% to \$1,607m in 2021 (2020: \$1,428m). These increases are attributable to the increased trading and the improvement in sales mix compared to 2020.

⁽¹⁾ All number references include other gross profit



Our UK & Ireland estate has been enhanced further by the strategic relationship formed with Asda in 2020. During the year, we have continued to focus our efforts on converting an additional 26 of our forecourt convenience stores to the 'Asda On the Move' concept, bringing the total to 31 sites at December 2021.

Operations in the USA are continuing to stabilise following a period of turbulence in our product mix during the pandemic. This is in addition to the benefits achieved from the rollout of the Cumberland Farms branded coffee and confectionery across our other US brands.

The re-introduction of severe lockdown measures from June 2021 in Australia slightly dampened performance, albeit the benefits of our store and product refresh programmes have supported margin growth.



GROCERY & MERCHANDISE: ESG AND SUSTAINABILITY AGENDA

Our ESG materiality assessment, detailed on page 40, identified waste, food waste, product packaging and diet and health as key sustainability issues across the food and retail sectors, and are therefore relevant to our Grocery & Merchandise business stream. We aim to work with trusted suppliers and brand partners that are well recognised globally or in their local markets and that have well-established ESG policies and programmes in place to address these issues.

According to the UN, every year across the globe, one third of all food produced for human consumption is wasted. As a convenience and foodservice retailer we have a role in ensuring food doesn't go to waste.

We are working with Too Good To Go ("TGTG") in the UK and Continental Europe. TGTG is an organisation which seeks to prevent food waste, via an app that allows anyone to pick up unsold, surplus produce in 'magic bags' at a discount at the end of the working day. Since the start of our partnership, we have sold over 1 million magic bags (2021: 734,482), helping to reduce food waste as well as avoiding an estimated 2,573,880 kg of CO₂ (2021: 1,836,205 kg) at the same time. As more and more households monitor their spending closely, this partnership is going some way to supporting people who are looking for ways to combat the increasing cost of living.

OUR BUSINESS MODEL IN ACTION CONTINUED



FOODSERVICE



The Group has an extensive range of Foodservice offerings, created through partnerships with globally recognised brands, and expanded through acquisitions of our own brands, which have transformed our sites into destinations serving multiple customer needs.

AS A % OF GROUP GROSS PROFIT FOR 2021



GROSS PROFIT (IN \$M)



We have established a position as a leading franchisee for our brand partners resulting in a scaled, global footprint, which provides EG with a platform to compete for compelling strategic acquisitions in our key markets and expand our Foodservice operations. Over the past year, consumer lifestyles have continued to be impacted by the pandemic, which has resulted in increased demand for home delivery services, presenting a clear opportunity for EG across each of our markets.

Foodservice revenue for 2021 of \$940m (2020: \$466m) is an increase of 102%, and Foodservice gross profit of \$554m (2020: \$305m) is a year-on-year increase of 82%. Excluding the impact of acquisitions, Foodservice revenue and gross profit increased by 82% and 62% respectively. This increase is largely due to the impact at the outset of the pandemic in the comparable period of the temporary outlet closures and restricted operational capability, and the increased demand for home delivery, which represented 15% of our Foodservice sales in 2021 (2020: 10%). Additionally, the continued rollout of new Foodservice outlets across each of our regions and the impact of the UK Government's temporary reduction in hospitality VAT supported our strong performance in 2021.



Our Foodservice business stream has been strengthened through the 2021 financial year, as a result of a number of acquisitions as detailed on page 28 and our continued outlet opening programme across the Group.

LEON and Cooplands, our first acquisitions of proprietary brands, are complementary to our existing portfolio of partner brands and provide further product diversification for the Group. These brands will accelerate EG Group's growing and successful Foodservice offering and will drive development and expansion opportunities for the brands across our forecourt network.

The Amsric Foods acquisition expanded our KFC network in the south and south-west of the UK and established our position as the largest franchisee in Western Europe for the KFC brand.

Our Foodservice platform has been enhanced further by the strategic relationship formed with Asda, where we continue to broaden our customer reach and increase our earnings potential through the rollout of Foodservice outlets at Asda locations, with 31 new Foodservice outlets open by the end of the year.

We have identified considerable scope for expansion in Foodservice, due to the increasing customer popularity of fast, affordable food on the go and the opportunity for expansion in our larger-than-average sites in high-traffic locations supported by our proven ability to operate Foodservice outlets.

FOODSERVICE: ESG AND SUSTAINABILITY AGENDA

Our ESG materiality assessment, detailed on page 40, identified waste, food waste, product packaging and diet and health as key sustainability issues across the food and retail sectors, and therefore relevant to our Foodservice sites.

In addition to our waste reduction initiatives detailed on page 43, we work closely with our trusted brand partners to understand how they are addressing healthier living through their product offering, as well as their activities on sustainable sourcing of ingredients and meat-free alternatives which may have a lower carbon footprint.

Our LEON brand has been a pioneer in creating a menu that tastes good and is kind to the planet, driven by a passion to help everyone eat and live well. The menu is full of plants and a variety of whole grains, healthy fats and well-sourced meat (Red Tractor as a minimum). In addition, all plastic cutlery and straws have been replaced with biodegradable and paper alternatives. See page 44 for further information on sustainability initiatives at LEON.

OUR BUSINESS MODEL IN ACTION CONTINUED



FUEL



We have Fuel retail operations in nine countries⁽¹⁾, including six of the ten largest fuel markets in Europe.

AS A % OF GROUP GROSS PROFIT FOR 2021



GROSS PROFIT (IN \$M)

2021	1,935
2020	1,874
2019	1,318

Our wholesale supply agreements with premium fuel brands, coupled with a leading non-fuel offering, support our premium positioning on Fuel and we continue to invest in the growth and quality of our network through the development of new-to-industry sites ("NTIs"), knock-down-rebuilds, upgrades and conversions to our company-owned, company-operated ("COCO") model. We also operate a wholesale supply business, EG Fuel, that focuses on the strategic and operational fuel supply and distribution in mainland Europe.

During 2021, our Fuel operations continued to be impacted by the lockdown measures imposed by national and state governments in response to COVID-19, particularly in the first half of the year. Overall, Fuel volumes remain below pre-pandemic levels with 17.7bn litres sold in 2021 (2020: 18.1bn litres). Whilst there was a recovery across the majority of regions towards the end of the financial year, overall volumes were impacted by continued restrictions and work from home guidance during 2021.

Fuel margins remained broadly consistent, against a backdrop of continued volatile macroeconomic conditions in the oil industry. As a result of the factors described above, Fuel gross profit for the full year was \$1,935m (2020: \$1,874m), being an increase of 3% on a reported basis.

⁽¹⁾ Excludes Ireland where we only operate Foodservice operations



FUEL AND MOBILITY: ESG AND SUSTAINABILITY AGENDA

As a global convenience and fuel retailer, we recognise our role in contributing to a more sustainable future, including our role in reducing emissions in line with international goals. Fuel continues to be a necessity for many of our customers but we recognise the significant role that lower-carbon transport, technologies and alternative fuels will play as the world moves towards a lower-carbon future.

We are committed to playing our part in this transition and plan to develop a carbon reduction target and net zero transition plan. We're also engaging with our partners and suppliers to support the work they are doing to reduce the carbon impact of fuel products. And as customers start to increase demands for EV charging infrastructure we are also working to scale up EV charging across our network of sites and are actively exploring partnerships and scalable solutions in the EV charging industry.

Read more about the recent developments in our mobility strategy on page 24.

OUR STAKEHOLDERS AND SECTION 172

We believe that a real understanding of the priorities of our stakeholders is critical for ensuring the long-term success and value creation for the Group.

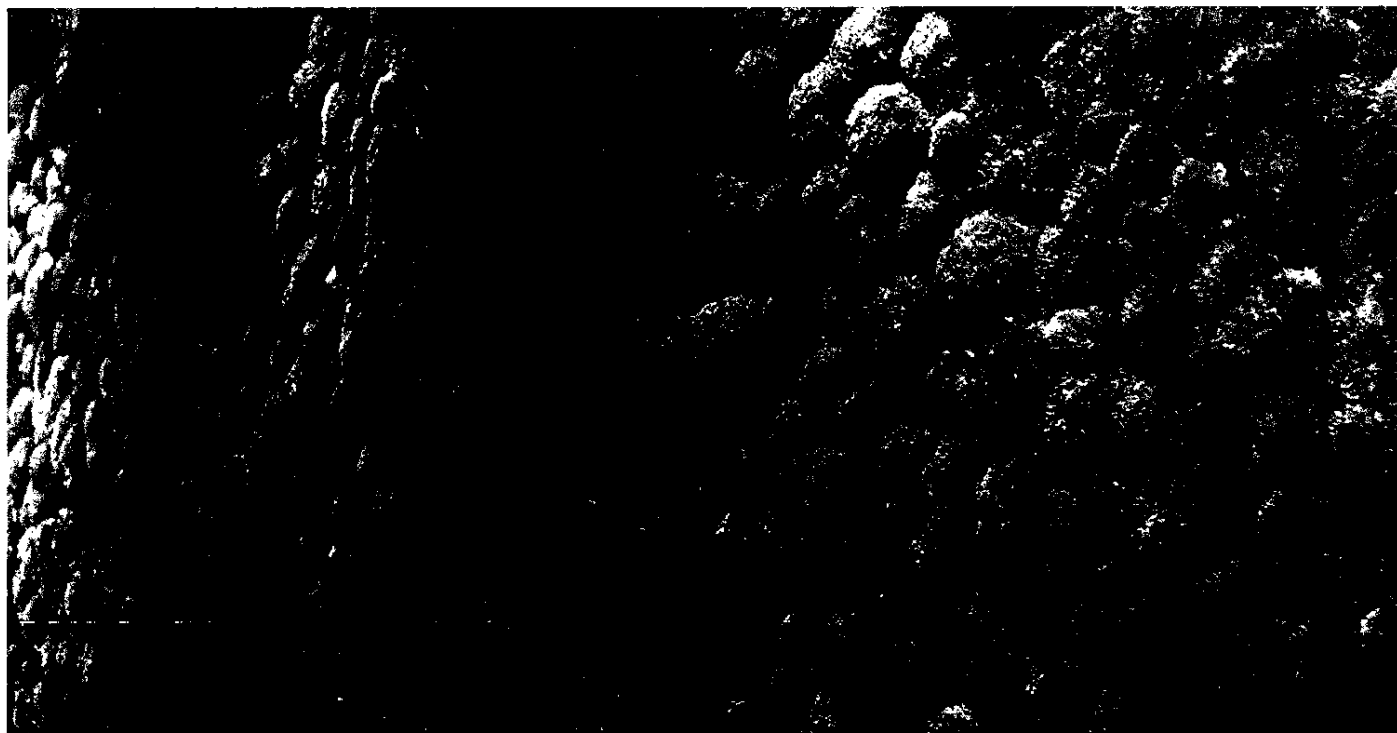
Board Directors are bound by their duties under the Companies Act 2006 (the 'Act') to promote the success of the Company for the benefit of our members as a whole. In doing so, however, they must have regard for the interests of all of our stakeholders, to ensure the long-term sustainability of the Company. The Board is therefore responsible for ensuring that it fulfils its obligations to those impacted by our business, in its stakeholder consideration and engagement.

The following pages comprise our Section 172(1) statement, setting out how the Board has, in performing its duties over the course of the year, had regard to the matters set out in Section 172(1) (a) to (f) of the Act, alongside examples of how each of our key stakeholders have been considered and engaged. Further information can also be found throughout the strategic report and in our discussion of key strategic decisions made in the governance report.

Through Director and senior management discussions we have identified the Group's key stakeholders to be:

- Customers
- Brand partners and suppliers
- Colleagues
- Investors
- Communities

These principal stakeholder groups are set out in the table opposite, along with why they matter and how we engage with them. Also set out is our approach to engagement in 2021, particularly in the midst of the global pandemic.





CUSTOMERS

The Group exists to serve the needs of our customers, of which we serve up to 25 million every week across the world.

WHY THEY ARE IMPORTANT

- We strive to provide excellent service, quality and choice to each of our customers to help them achieve multiple missions at convenient local destinations
- An understanding of our customers will allow us to increase market awareness and enable quick response to customer trends
- Maintaining and increasing their loyalty and regard for the EG brand ensures the long-term success of our business

HOW WE ENGAGE

- We offer a broad product range to our customers from our well-invested site portfolio
- Mystery shopper visits are used to ensure that we offer the best customer service
- Offers and promotions are used to drive customer loyalty
- Mobile applications provide us with a platform to communicate effectively with our customers and to receive feedback

2021 ENGAGEMENT

- Continued focus on keeping customers safe through the COVID-19 pandemic and ensuring our sites remained open for business during lockdown periods
- Offering a wide range of good quality and value products, and working hard to ensure we have good availability across product lines
- 30 additional NTI sites to improve our offering and market presence, with continued expansion of our Foodservice offering and investments in proprietary Foodservice brands, Cooplands and LEON, to enhance the choice and range available to customers
- Over \$516m of capital expenditure, investing in facilities for our customers



BRAND PARTNERS AND SUPPLIERS

We partner with prominent fuel brands such as ExxonMobil, BP, Shell and Texaco, well-known Grocery & Merchandise brands such as SPAR, Asda On the Move, Woolworths, Carrefour and Louis Delhaize, and globally recognised Foodservice brands such as Starbucks, Burger King, Subway and KFC, as well as strong local Foodservice brands such as Greggs and Pomme de Pain.

WHY THEY ARE IMPORTANT

- To maintain strong long-term relationships
- To ensure continuity of supply
- To provide a relevant and competitive offer for our customers and react to changing trends

HOW WE ENGAGE

- We listen carefully to the concerns of brand partners and suppliers and act accordingly. We have regular meetings at both an operational and strategic level and there are clear service level agreements in place
- The Board discusses opportunities with new brand partners and suppliers and how to develop new relationships

2021 ENGAGEMENT

- Working together with our suppliers during lockdown to manage product supply, notably during the continued impact of the pandemic, the impact of Brexit and fuel supply challenges during 2021
- Deepened brand partnerships with our Foodservice brand partners with 145 new outlets opening in the year, a demonstration of the Group's commitment to expand the brand offerings as part of our Foodservice proposition. Included in this were 65 new KFC outlets, in addition to the acquisitions of 52 KFC outlets in the Amsric acquisition in the UK and the acquisition of nine KFC sites in Germany, cementing our position as their largest franchisee in Western Europe
- Progression of the key strategic alliance between EG and the UK supermarket, Asda, which is mutually beneficial and creates significant value for both organisations, with 31 new Asda On the Move openings on EG locations in the year and the introduction of 13 Foodservice outlets at Asda locations
- Our sustainability approach, which has been strengthened in the year, where we work with our suppliers and brand partners to reduce the environmental impact of both our own and their operations, facilitated through regular attendance at sustainability committees

OUR STAKEHOLDERS AND SECTION 172 CONTINUED



COLLEAGUES

We have an experienced, diverse and dedicated workforce of 58,000 colleagues which we recognise as a key asset of our business.

WHY THEY ARE IMPORTANT

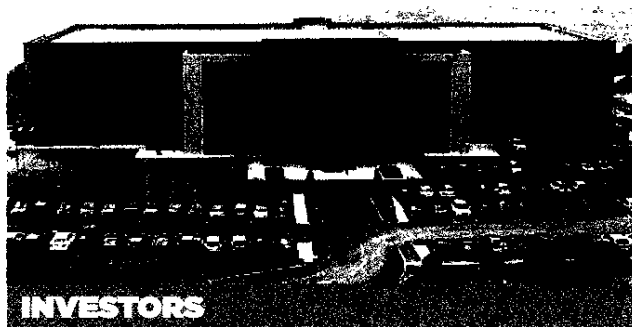
- We have a diverse workforce, which we consider to be a key asset, and we therefore want to develop and retain talent for the long-term success of the Group
- We need to comply with different regulations in each of our territories and maintain an open dialogue with all of our colleagues
- The work of our global colleagues, particularly during the challenging conditions presented by the pandemic, is critical for the business to realise its operational and strategic goals

HOW WE ENGAGE

- Our approach varies by geography, but includes employee surveys, town hall and team meetings and engagement with workers' councils
- Training schemes are in place to ensure we have the highest quality of staff, and talent schemes recognise our high flyers. The Group aims to be an employer of choice
- Keeping our colleagues safe is critical to our business and we are committed to meeting our legal obligations and ensuring we continually meet the highest standards of health and safety practice by providing training and equipment to colleagues to allow them to perform their work safely

2021 ENGAGEMENT

- Key activities in the year to focus on enhancement to benefits for our colleagues, included, increases in pay; increase to colleagues' life assurance policy; bonuses, access to development such as professional qualifications; and continued focus on our EG Cares employee benefit scheme
- Establishment of a Remuneration Committee, chaired by John Carey, an independent Non-Executive Director, to drive best practice for colleague pay and policies
- Launch and completion of the Group's inaugural 'Better Together' employee engagement survey, with action plans being implemented across the Group during 2022
- Continued support and development opportunities for colleagues through the Group's sponsorship of the Diversity in Retail ("DIR") network and its Global Female Leader Programme, working alongside other leading UK retailers to increase women's and ethnic minorities' representation at all levels and in leadership positions across the retail sector
- Launch of the Group's Learning and Development Policy, to set out our internal development commitments and inform our training programme for colleagues, which includes our in-house Association of Accounting Technicians ("AAT") training scheme
- See pages 45 to 47 for further details on our colleagues



INVESTORS

Our investors and lenders play an important role in our business and growth strategy. We maintain close and supportive relationships with this group of long-term stakeholders, characterised by openness, transparency and mutual understanding.

WHY THEY ARE IMPORTANT

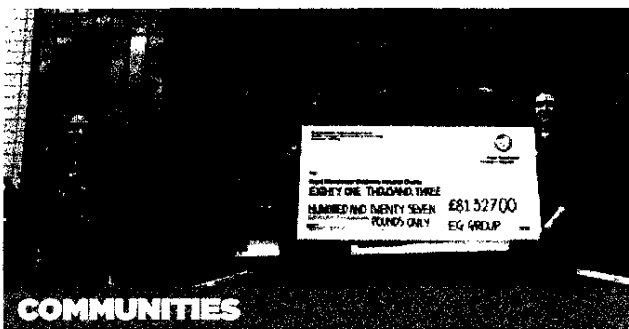
- Our investors are interested in a broad range of issues, including the Group's financial and operational performance, strategic execution, investment plans, capital allocation and sustainability
- The ongoing support of our investors is important to enable the continued growth and development of the business

HOW WE ENGAGE

- Quarterly investor presentations are hosted by the Group Co-CEO and Group CFO, and ad hoc investor announcements are provided for relevant Company updates. There are also regular calls for investors with the Executive and Investor Relations team
- A dedicated online investor portal is updated with presentations, financial reports, trading updates and press releases and an investor mailbox is actively managed by the Investor Relations team

2021 ENGAGEMENT

- Continued regular communication with investors during the year, providing operational, strategic and financial updates, with active engagement and well-attended quarterly investor presentations
- Successful capital raise in March 2021 to fund the acquisition of OMV, to refinance our existing second lien facilities and to extend the maturity of the Group's Revolving Credit Facility
- Launch of new Group corporate website and investor pages in December 2021 providing enhanced, up-to-date information for investors
- The establishment of an Audit & Risk Committee in 2021, chaired by Dame Alison Carnwath, an independent Non-Executive Director, provided additional oversight of finance processes and internal controls and that the presentation of the financial statements provides investors with an accurate, fair and balanced view of performance, strategy and operations



COMMUNITIES

We are committed to supporting the communities in which we operate, including local businesses, residents and the wider public.

WHY THEY ARE IMPORTANT

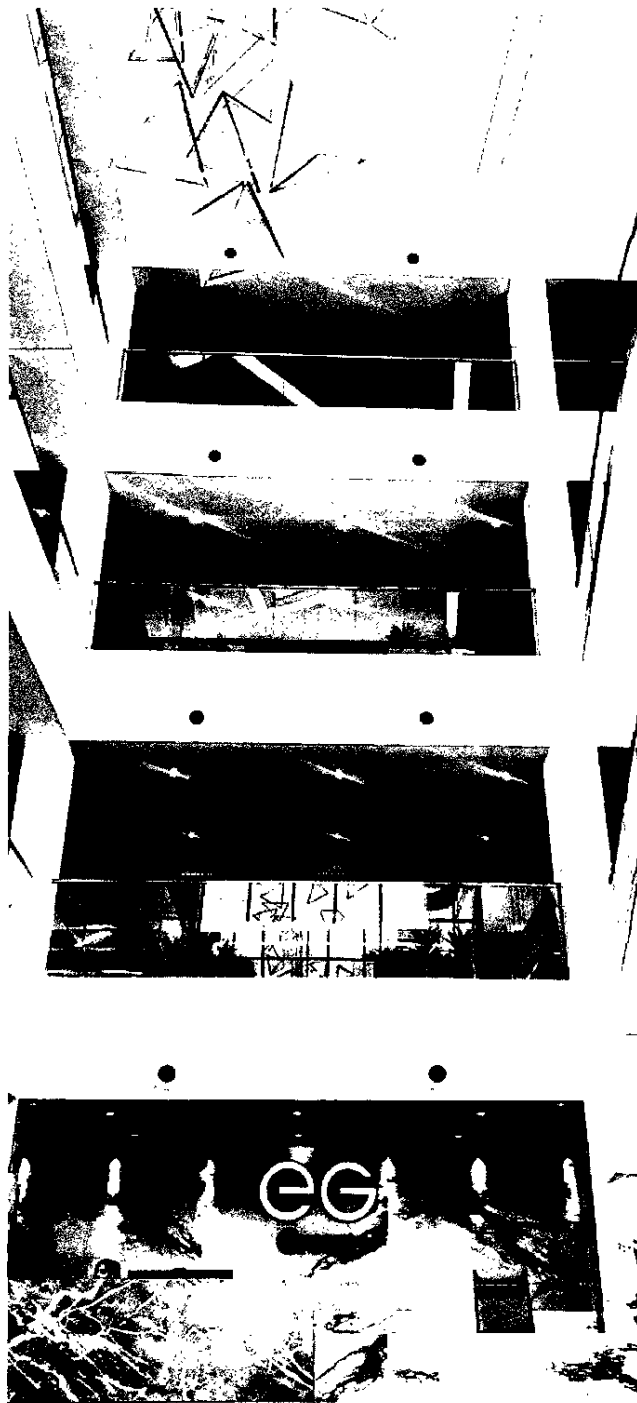
- The Group is committed to operating responsibly and to make a significant positive impact and provide opportunities to the communities in which we operate

HOW WE ENGAGE

- We invest time and money in local communities through employees volunteering and via the EG Foundation
- We pay our taxes and aim to operate responsibly, minimising our impact on the environment

2021 ENGAGEMENT

- Continuing to make a positive contribution to the communities we serve through supporting charities and community organisations, including through our surplus food redistribution programme 'Too Good to Go' and grants and fundraising, as detailed on pages 48 and 49
- New site openings and continued growth to create jobs and opportunities
- In recognition of the increasing importance of how we are addressing the climate crisis, during 2021, we increased our focus on the ESG agenda with an ESG lead appointed, and in 2022 a materiality assessment performed and a commitment to produce an ESG Report



OUR STRATEGY

WE CONTINUALLY EVALUATE OPPORTUNITIES TO EXPAND AND ENHANCE OUR PORTFOLIO AND CAPTURE MARKET SHARE

We aim to meet and exceed the needs of consumers as they seek additional convenience and quality in their daily life. Our sites will help consumers as they seek to address multiple retail missions at one convenient location.

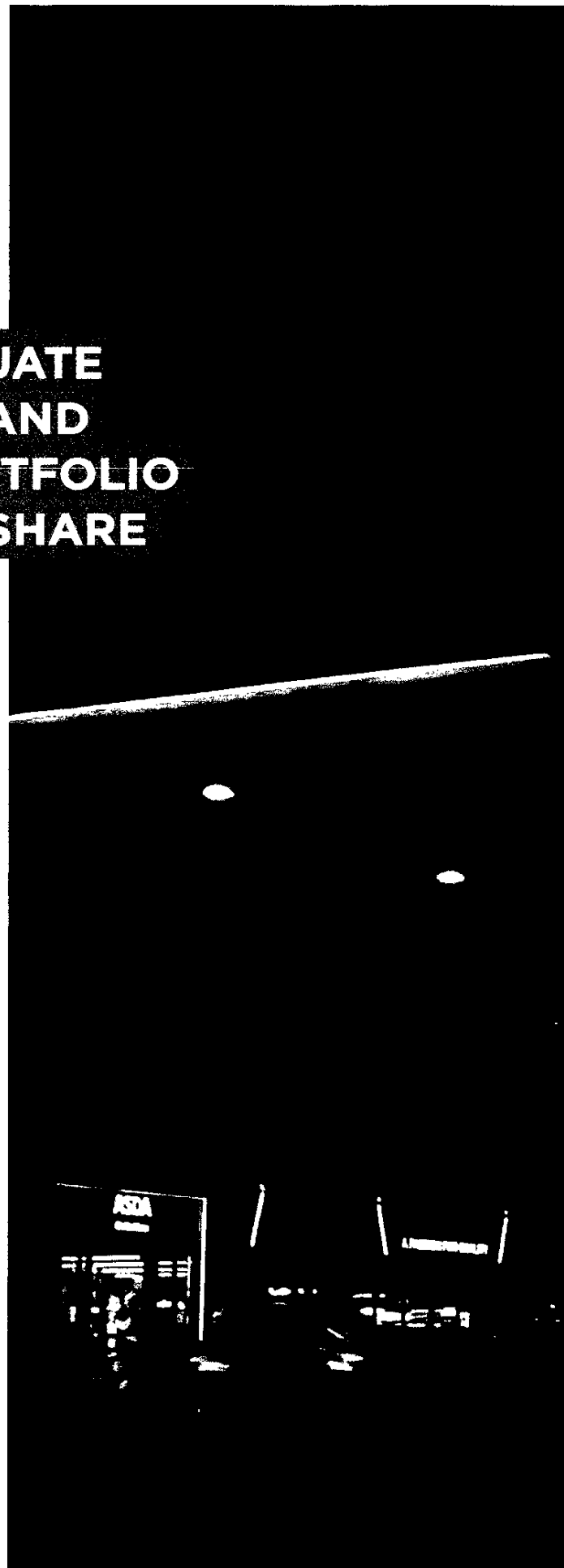
During the turbulent market conditions experienced globally throughout the COVID-19 pandemic, the resilience of our international, diversified business model, underpinned by our strategy, was reinforced and we remain confident that we can continue to deliver long-term shareholder growth.

What has been clearer than ever over the last two years, is that our talented, passionate and innovative people are essential to the successful delivery of our strategy and to driving the business performance over the long term.

We seek to accelerate the development of our people; grow and strengthen our leadership capabilities; and enhance employee performance through continued engagement in our strategy.

Our strategy reflects our desire to build a sustainable business that is relevant to our customers and partners in future decades as it is today. We recognise the sectors that we operate within are evolving, notably with an increased focus on sustainability and alternative fuel, and as a result we must similarly evolve. It is a source of pride for the business that often, in areas such as the provision of foodservice on forecourts, EG has been an innovator and disruptor to established forecourt business models.

We continue to strive towards being a partner of choice for leading foodservice, retail and fuel brands across the markets that we operate in, and to evaluate growth opportunities that complement and strengthen our expanding business portfolio.






GROWTH

The Group has been defined by its strong growth over recent years. We are able to grow through both organic and inorganic ways through our extensive capital investment programme, strong operational principles and a proven M&A execution capability that has seen value created from a number of recent acquisitions.

2021 PROGRESS:

Six acquisitions completed in the year, being:

- KMS Autohof (Continental Europe) in January 2021
- LEON Restaurants (UK&I) in May 2021
- Mercury Fuel Service (USA) in May 2021
- 52 KFC restaurants (UK&I) from Amsric Foods in September 2021
- Cooplands bakery (UK&I) in October 2021
- Sprint Food Stores (USA) in December 2021

Additionally, the acquisition of OMV Germany (Continental Europe) completed in May 2022

Opening of 30 new-to-industry ("NTI") sites during the year

▶ See more on pages 22 and 23



INNOVATION

Consumer demands are continually evolving, with more emphasis than ever being placed on convenience and food choice. We continue to evolve our technology platform to develop a 'forecourt of the future', focused on broadening our product range and driving quality to meet changing demands.

2021 PROGRESS:

Continued investment in the rollout of electric vehicle ("EV") chargers, with additional investment planned for 2022

Development of EV Point, our own branding for EV chargers, offering full integration, with existing customer proposition

Investment in our kiosk offering for customer in store self-service

Development of 'last-mile' delivery integrations and unique trial launched with Deliveroo Hop

Expansion of the Cumberland Farms SmartPay loyalty platform across our USA network

▶ See more on pages 24 and 25



SITE NETWORK

Through our extensive recent acquisition and NTI site programmes, the Group now operates an unrivalled site network of over 6,300 sites across ten countries.

2021 PROGRESS:

Continued to upgrade the quality of our estate with four knock-down-rebuilds ("KDR") and a number of site conversions during the year, including:

- Continued rollout of the Asda On the Move convenience retail offering at our UK PFS locations, converting an additional 26 of our forecourt convenience stores
- We completed 46 conversions to our preferred company-owned, company-operated model ("COCO") in Continental Europe
- In Australia, 212 stores have been upgraded and an additional 191 stores rebranded
- Decision made in the year to rebrand 60 sites from our Tom Thumb brand to our Cumberland Farms brand

▶ See more on pages 26 and 27



FOOD SERVICE

The Group has been successfully operating third-party Foodservice propositions for over a decade.

2021 PROGRESS:

Completion of a number of Foodservice acquisitions (see growth strategy) including our first acquisitions of proprietary Foodservice brands, LEON and Cooplands in the UK&I, providing further product and earnings diversification for the Group

Continued investment in Foodservice outlets globally, with a total of 145 new outlets opening in the year and new brand partnerships developed

Strategic relationship formed with Asda, which broadened our UK&I Foodservice network through the rollout of 31 new Foodservice outlets at Asda locations in the year

▶ See more on pages 28 and 29



The Group has demonstrated significant growth over recent years through both organic and inorganic growth strategies, facilitated by our capital investment programme, operational principles and a strong M&A execution capability.

ORGANIC GROWTH AND DEVELOPMENT

We continually evaluate opportunities to grow our portfolio and capture market share by developing new sites, upgrading existing sites and looking to enhance the offerings we provide.

New-to-industry ("NTI") sites

A key pillar of our organic growth plans is growing our footprint through the building and operation of NTI sites, which provide us with greater ability to apply our preferred multi-format operating platform offering Grocery & Merchandise, Foodservice and Fuel (including alternative fuels) products. These NTI sites are typically larger than our existing site network and as a result become some of our best-performing sites.

- We opened 30 NTI sites in 2021 (34 in 2020); almost half (14) of the sites were opened in the UK&I with six opening in Continental Europe, seven in the USA and three in Australia
- We have continued to grow our land bank to support future new site openings and expect to continue to roll out additional NTI sites across all of our regions

Our strategy will be to continue to further expand and consolidate our footprint in our existing markets.

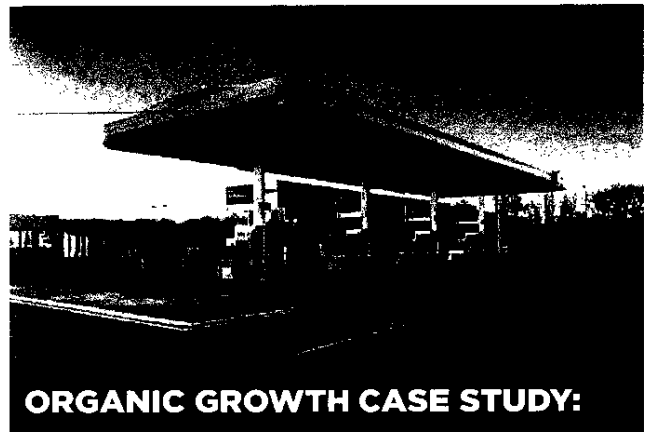
Existing site enhancement

SITE EXPANSION AND REPLACEMENT

We continually examine our site network, looking for opportunities to re-invigorate sites through knock-down-rebuilds ("KDR", known as 'raze-and-rebuilds' in the USA) and through expansion of our facilities through either extension to existing buildings or through the purchase of adjacent land and construction of new facilities.

We would typically undertake a KDR if the presentation and layout of a site is looking dated and not reflective of the high standard of customer offering we are looking to provide.

During 2021 we undertook four KDRs (2020: five).



NEW-TO-INDUSTRY SITE, LIVERPOOL, UK&I

In April 2021 we opened an NTI site "Coopers Lane Services" in Knowsley, near Liverpool in the UK. The two acre site, located next to a large industrial estate, is on a major commuter route connecting the cities of Liverpool and Manchester, and was previously a brownfield site. We invested c.\$5m in the development of the site, with construction work taking place over a twelve-month period before opening. Coopers Lane is great example of our successful UK business model, offering a wide range of products and services, and includes branded fuel, a 6,500 sq ft retail store including a Greggs and Sbarro Foodservice outlet and an adjacent 2,500 sq ft Starbucks drive-thru and dine in restaurant. Since opening, performance has been trading ahead of expectations, with the site generating sales in excess of \$65k per week.

Timeline of key acquisitions completed in the year

April 2021

UK

EG Group acquires LEON Restaurants.

With a menu inspired by Mediterranean cooking, the journey to deliver fast food naturally began for LEON in 2006.



September 2021

UK

EG Group acquires 52 KFC restaurants in the UK from Amsric Group.

Having landed in the UK in 1965 there are now over 900 KFC restaurants in the UK alone.



October 2021

UK

EG Group acquires Cooplands, the UK's second-largest bakery chain.

In 1885, husband and wife Fredrick and Alice Coopland began trading as a small butcher and pie maker on Market Street, Scarborough.



December 2021

USA

EG Group acquires Sprint Food Stores, expanding into Georgia and South Carolina.

Founded in 1977, Sprint Food Stores, Inc. provides a fast and friendly convenient service focused on meeting the needs of customers.



ACQUISITION-DRIVEN GROWTH

Our management team, working with advisers, perform extensive due diligence to identify attractive and suitable acquisition targets which we believe can be enhanced through the achievement of operational synergies and the ability to share best practices across our estate.

An experienced internal integration team assists in the post-acquisition integration process and the realisation of financial and operational synergies. We only pursue acquisition targets that meet our investment criteria as part of our disciplined acquisition strategy.

During 2021 we completed a number of acquisitions with an aggregate consideration of \$710m (2020: \$214m) which broaden the c-store footprint of our business in the UK&I, Continental Europe and the USA, with the UK&I acquisitions notably increasing our Foodservice capability:

- On January 18, 2021, the Group acquired KMS Autohof ("KMS") in Germany. The acquisition consists of ten petrol filling stations ("PFS"), six Burger King restaurants and ten gaming halls. The acquisition forms part of the Group's core growth strategy and enables the Group to further expand into the European market.
- On May 9, 2021, the Group completed the acquisition of LEON Restaurants. The fast food chain operates 43 standalone sites in the UK & Ireland plus an additional 28 franchised sites, including a number located in Continental Europe. This was our first acquisition of a proprietary Foodservice brand, and further emphasises the Group's focus on non-fuel operations. The acquisition enables the Group to further enhance its Foodservice portfolio and provides significant growth potential, including bringing LEON's non-restaurant products to our convenience retail proposition. We have ambitious plans to grow the brand across our c-store network, including the development of drive-thru offerings, with the first LEON drive-thru opening in Gildersome, near Leeds in November 2021.

- On June 1, 2021, the Group completed the acquisition of eight leased PFS sites from Mercury Fuel Service, Inc in Connecticut, USA. The Group already operates a network of Cumberland Farms locations in Connecticut and the addition of the Mercury sites enables the Group to further expand the presence of its Cumberland Farms brand in Connecticut.
- On September 26, 2021, the Group acquired 52 Kentucky Fried Chicken ("KFC") restaurants in the UK & Ireland from Amsric Group. The acquired network, across the south and south-west regions, comprises more than 1,600 team members and a mix of high-quality drive-thru and traditional restaurant formats. The acquisition strengthens the Group's customer proposition and is highly complementary to existing operations and the Group's long-term growth plans for the Foodservice business.
- On October 2, 2021, the Group acquired CS Food Group Holdings Limited ("Cooplands"), a business which owns and operates bakery assets in the UK, including three bakeries that process ingredients and manufacture fresh food distributed through its supply and logistics network to c.200 stores and cafés, predominantly across the north-east and Yorkshire regions. This acquisition, our second proprietary Foodservice brand, will accelerate the Group's successful diversification strategy, whilst also providing a platform to extend the geographic reach and diversification of the Cooplands brand through our extensive forecourt network.
- On December 14, 2021, the Group completed the acquisition of 34 company-operated fuel and convenience stores from Sprint Food Stores in the USA, expanding our presence to two additional states, Georgia and South Carolina, as well as enhancing our Foodservice proposition through the proprietary 'Sprint Kitchen' Foodservice brand.

Subsequent to the year end, on May 1, 2022 we completed the acquisition of OMV's high-quality German forecourt business, consisting of 285 sites in Southern Germany. This transaction demonstrates our confidence in the German market and we believe there is significant opportunity to build upon our scale and market share.

OUR STRATEGY CONTINUED

INNOVATION IN ACTION

Consumer demands are continually evolving, with more emphasis than ever being placed on time constraints and product choice. We continue to evolve our technology platform to develop a 'forecourt of the future', focused on broadening the product range and driving quality to meet changing demands.

MOBILITY

As the world transitions to a lower carbon future, the demand for electric vehicles continues to increase, as described in our environmental considerations on page 41. The Board believes the long-term trend towards electrification of vehicles presents a significant opportunity for the Group.

EG Group has invested approximately \$3m in 2021 to continue its rollout programme for chargers across the UK and some sites in France. We now operate 250 electric charging points across 98 sites in the UK&I, Germany and France and have identified over 500 additional sites that, due to their locations and nature, are suitable for additional electric charge points as part of the next wave of site developments. The Group plans to continue the rollout of chargers in 2022, to have over 300 electric charging points operating by the end of the year.

We are in discussions with leading players for the deployment of infrastructure and services to support electric charging demand across our network.

We are conscious that alternative forms of power, other than electric, are being explored as a means to fuel cars, light vehicles and trucks. Beyond EV chargers, we are also actively considering how compressed natural gas ("CNG"), liquified petroleum gas ("LPG") and hydrogen may form part of a broader strategic programme of retail fuels at our sites to sit alongside traditional transport fuels, with a particular focus on the potential for hydrogen to power light and heavy-duty vehicles.

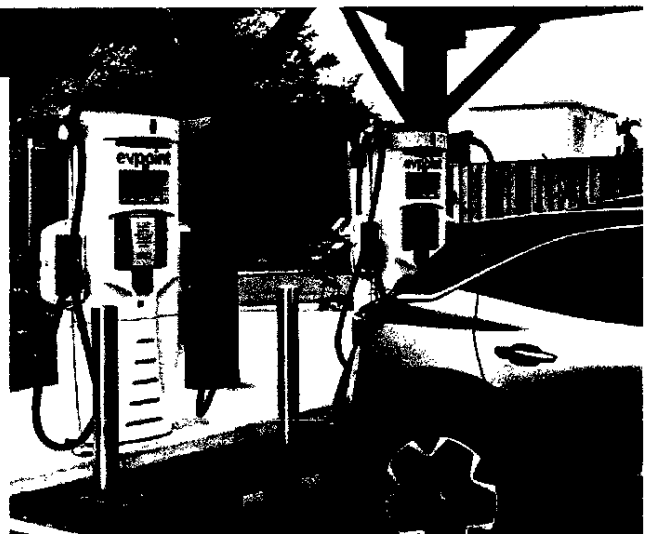
MOBILITY INNOVATION CASE STUDY:

EV POINT

Established in 2021, EG Group launched EV Point, our proprietary branded ultra-fast electric vehicle ("EV") charging proposition. Our flagship location, the home of six ultra-fast chargers opened in August 2022 at our Frontier Park site in Blackburn.

By the end of this year, we aim to have at least 20 of our UK&I sites providing customers with ultra-fast charging. Beyond 2022, we will explore the opportunity to roll out further EV chargers across more sites in the UK&I as well as Continental Europe, with selected sites typically having between two and six chargers.

Our current software provider, ChargePoint, are the back-office operator for our EV chargers which allows customers to find EG locations and pay for usage through the ChargePoint app, or alternatively pay on site with a simple tap of their credit/debit cards. The energy customers will be using to charge their vehicles will come from 100% renewable energy sources (a combination of hydro, solar and wind power).



DIGITAL

EG Group's digital vision is to deliver market-leading technology to increase transaction value, frequency of visits and attraction of new customers, whilst enabling efficiencies in operations.

Highlights of our strategy delivery include:

- Furtherance of our highly successful 'last-mile' delivery integrations, we are enhancing our capabilities with unique trials of 'Deliveroo Hop', integration of delivery options into our mobile application and enhancement of delivery capabilities with major food service brands
- Method of payment options continuing to increase year on year; this year has seen our mobile application offer customers more ways to pay and in the USA our SmartPay features continue to drive customer retention and attract new users of the application
- Digital applications growing out at scale with the launch of a UK application; features including order ahead for Foodservices, loyalty schemes and pay for fuel are in live trials. In the USA the SmartPay application has been delivered to all banners, where we continue to see strong adoption of the platform. In Australia, pay for fuel is now proven and in the final stages of a marketing campaign to launch the functionality
- Personalised loyalty offers being trialled in the USA market with an aim to roll the solution out globally; targeted offers based on customer preference and historic buying patterns will see the average transaction value increase and the frequency of visits uplifted
- Staff communication platforms remaining a significant operational benefit; there are further exciting enhancements in test with Microsoft's Viva suite
- Continuous enhancement of security products and improved security culture within the organisation. As customer-facing digital products are expanding, our partnerships with leading security providers continue to grow and expand

DIGITAL INNOVATION CASE STUDY:

KIOSKS

The co-location of multi-brands within EG sites has prompted our latest market-leading kiosk offering. Able to provide a single interface for customers to shop across the various brands, it effortlessly handles the complex administration, such as routing payments to different processors or handing out orders to the correct kitchen management systems. In a first for the fuel retail sector, the kiosks can now act as a self-service checkout for convenience goods. Provision of this technology is helping us to improve customer experience, add to the loyalty offers and redirect staff resources to enhancing the store operations. The kiosk will soon link to the EG Group mobile applications and provide a seamless experience for on-the-move customers to get what they need.



OUR STRATEGY CONTINUED

SITE NETWORK IN ACTION

From one UK site in 2001 to over 6,300⁽¹⁾ sites across three continents and ten countries today, we have been on an incredible growth journey, facilitated by our extensive recent acquisitions and NTI opening programme.

A significant proportion of our sites are company owned and company operated and our sites are typically larger than the average site size in that geography.

Additionally, our site network is diverse, incorporating: 354 highway and highway-like sites that operate on highways/motorways/inter-state roads. These sites are located on main commuter traffic routes and in urban conurbations. They are typically strategically located, generating strong footfall.

We also operate a number of unmanned sites which typically operate from smaller footprints; and sites operated by third-party operators such as dealers and agents.

We have a dynamic approach to managing our site estate, where we look to add to the number of sites we operate through acquisitions or the development of new-to-industry sites. We will also, and have, exited sites that are believed to be non-core to the Group's wider strategy.

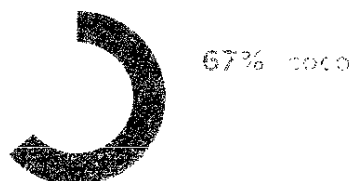
In addition to growing our site numbers, we continually look to upgrade the quality of our estate through knock-down-rebuilds and site conversions as described in our organic growth strategy on page 22.

We have a mix of company-owned, company-operated ("COCO"), company-owned, not company-operated ("CONCO"), and retailer or dealer-owned and operated ('other') sites. Different models result in different levels of revenue generation and require different levels of capital expenditure. The Group's operating models can be described in more detail as follows:

- COCO operations are directly managed by the Group and for which the Group recognises all aspects of the performance and maintenance of the site
- At CONCO sites, the dealer, franchisee or retailer is responsible for all non-fuel operations, as well as the operating costs associated with the management of the site, whereas the Group is responsible for any capital and maintenance costs associated with the fuel equipment, and in some instances the Group has a consignment arrangement for fuel sales and inventory
- 'Other' sites are owned and operated by a third party who has full responsibility for the performance and maintenance of the site. The Group either has a fuel supply arrangement in place with the third party, or, alternatively, the fuel supply is on a consignment basis

We have a proven track record of performance improvement through the conversion of sites to COCO to benefit from greater control of operations, with EG assuming responsibility for all employees on site. Whilst this model means we incur the full cost base of the site, the Company benefits from capturing the full margin potential with little to no conversion costs typically incurred.

GROUP SITE NUMBERS BY OPERATING MODEL



⁽¹⁾ At December 31, 2021

Our site network



In addition to our growth strategy, which includes opening new and redeveloped sites, during 2021 we saw the development of our site network through the following actions:

- Recognising the enhancement to our Grocery & Merchandise offering in the UK&I through our strategic relationship with Asda, we continued to focus on expanding our customer proposition and earnings potential through the rollout of the 'Asda On the Move' convenience retail offering at our UK locations, converting an additional 26 of our forecourt convenience stores during 2021, bringing the total to 31 by the end of the year. We intend to roll out the Asda On the Move proposition across our UK&I PFS network
- Our European estate represents the highest proportion of CONCO sites, with 2,027 dealer-operated sites at the end of 2021, largely in Italy. We converted 46 CONCO sites to our preferred COCO operating model during the year
- As part of our site network assessment to ensure the appropriate brands are being leveraged, at the end of 2021 we took the decision to commence a rebranding programme of 60 sites in the USA from our Tom Thumb brand to our Cumberland Farms brand
- Also in the USA, as part of ongoing reviews of our site network, we decided to exit 35 of our sites across the states of Wisconsin, Minnesota and Indiana, with these sites held for sale at the balance sheet date and sold in early 2022. This decision was made due to the small number of sites that we operated in these states, that limited our ability to operate efficiently
- In Australia, we continue to focus on the transformation of the existing network through the upgrade and rebranding of stores. Through the year, 212 stores have been upgraded with an additional 191 stores rebranded

Additionally, during November and December 2021, 32 sites were divested in the UK, addressing the findings of the CMA's review of the shareholders' separate acquisition of Asda.

Similarly, as per the German Anti-Trust Authorities clearance decision relating to the completion of the OMV acquisition, the Group has agreed to divest 48 sites, 24 of which are in our existing German estate and 24 in the OMV estate. These divestments are expected to complete in the second half of 2022, following the OMV acquisition completing in May 2022.

The strength of our site network offers a number of distinct strategic advantages over our competitors:

- We are more attractive to third-party brand partners, who are looking for new routes to market with trusted partners, often across multiple geographies. We have a strong pipeline of sites that are suitable for roll out of new Foodservice and Grocery & Merchandise propositions, whilst having established a strong track record as a responsible brand ambassador
- By being so diversified, the Group is able to exert a strong resilience if a natural event, such as a hurricane, adversely impacts certain regions of our operations. This geographic diversification was demonstrated during the pandemic, where our operating countries experienced lockdown restrictions at different times, enabling the sharing of best practice across the Group whilst the adverse financial impact from individual countries were able to be offset from the recovery of others
- An unrivalled global platform to build an extensive electric vehicle, and other alternative fuels, network. A vast number of sites are large enough to operate both fossil and alternative fuel offerings and already host a number of attractive non-fuel propositions for customers, and our high-quality sites are able to provide a strong Foodservice and Grocery & Merchandise offering for consumers to take advantage of whilst using our charging facilities on site

OUR STRATEGY CONTINUED

FOODSERVICE IN ACTION



The Group has been successfully operating Foodservice outlets for over a decade and we are a partner of choice for many leading third-party brands.

Across the Group we now operate over 1,800 Foodservice outlets, of which 590 are located at standalone Foodservice locations.

We are a significant operator of scale of Foodservice sites and have established a position as a leading franchisee for our brand partners.

Since the reopening of our Foodservice outlets during the pandemic, performance has exceeded our expectations, with growing demand from consumers for accessible Foodservice solutions including the expansion of home delivery.

Our penetration within the Foodservice market is increasingly important given the sector is expected to experience secular growth over the next few years, driven by changing lifestyles:

- Changing eating habits and hybrid working routines mean convenience is increasingly important
- Increasing urbanisation, mobility and travel by car
- Increasing number of single households and households with multiple incomes

Foodservice offerings on a forecourt platform remains underdeveloped across most countries, in terms of penetration and rollout of more sophisticated propositions. Unlocking the opportunity requires high traffic sites and the operating know-how to provide compelling customer propositions.

We are continually reviewing our brand portfolio and evaluating opportunities to partner with leading Foodservice brands and to develop high-quality proprietary offerings.

During 2021, we made continued investment in Foodservice outlets globally with a total of 145 new outlets opening in the year, including those at Asda locations (see UK&I operating update on page 30) and several new brand partnerships developed.

On May 9, 2021, we completed the acquisition of LEON Restaurants. LEON which was established in the UK in 2004 and serves healthy, fresh and naturally fast food – from a largely London-centric site network but also from an increasing number of airport, train station and travel hubs.

We see the LEON brand as being a highly complementary addition to our Foodservice brands portfolio, which already includes the strong third-party brands noted above. It is, however, the first acquisition that EG has made of a proprietary brand and we are excited by the growth flexibility that is available from operating our own brand – particularly given LEON is on trend for the evolving themes of healthy eating and having an ethical and sustainable heritage, currently being played out in Foodservice.

We intend to invest in the LEON brand and broaden the current Foodservice offer across our extensive global site network, with plans to open around 20 LEONs per year from 2022. We also see significant potential for LEON's products across our convenience retail network and the broader supermarket ecosystem.

Following the acquisition of LEON Restaurants, in October 2021 we acquired our second proprietary brand in Cooplands bakery. Cooplands owns and operates high-quality bakery assets in the UK, including three bakeries that process ingredients and manufacture fresh food, distributed through its supply and logistics network to about 180 stores and cafés, predominantly across the north-east and Yorkshire regions. The acquisition further accelerates our successful diversification strategy and adds another highly complementary proprietary branded Foodservice asset that will drive development opportunities into other parts of the business.

We have exciting plans to invest in the Cooplands brand and fresh food offering to extend Cooplands' geographic reach beyond its largely north of England base and diversify the brand into the transient petrol forecourt and retail convenience store channel, alongside the bakery chain's traditional store formats.

We also expanded our KFC network further in September 2021, with the acquisition of 52 KFC restaurants from Amsric Foods, and following the year end with two smaller acquisitions in Continental Europe of a further nine KFC sites.

During 2021 we opened our 200th Greggs store, meaning we account for approximately 10% of the total Greggs estate. We are also the largest Starbucks franchisee in Europe and the largest KFC franchisee in Western Europe.



OUR FOODSERVICE NETWORK⁽¹⁾:



Key

■ Proprietary brands ■ Third-party brand partners

⁽¹⁾ Outlet numbers as at December 31, 2021

OPERATING REVIEW

EUROPE: UK & IRELAND



OPERATIONAL REVIEW

From a single site in 2001, to a network of 380 petrol filling stations and 579 standalone Foodservice outlets at the end of 2021, our UK & Ireland ("UK&I") business represents the Group's most mature business in terms of our forecourt strategy and customer proposition. We continue to operate with strong third-party branded Grocery & Merchandise and Foodservice offerings, and more recently under our newly acquired proprietary Foodservice brands: LEON and Cooplands.

During the year, our UK&I Grocery & Merchandise business was enhanced through our strategic relationship with Asda, where we continue to focus on expanding our customer proposition and earnings potential through the rollout of the 'Asda On the Move' convenience retail offering at our UK locations, as detailed on page 27.

Our UK&I Foodservice operations continued to go from strength to strength, driven by increased customer demand for 'to go' and delivery offerings and more favourable trading conditions compared to 2020, augmented by our new Foodservice outlet openings and the three Foodservice acquisitions completed during the year.

The acquisition of LEON Restaurants on May 9, 2020 was a complementary addition to our existing Foodservice brands portfolio and provides further diversification and growth opportunities from owning a proprietary Foodservice brand. LEON offers healthy, fresh and natural fast food under its proprietary brand LEON at its 43 company-operated sites across the UK.

On September 27, 2021 we acquired 52 KFC restaurants from Amsric Foods, expanding our KFC network in the south and south-west of the UK and establishing our position as the largest franchisee in Western Europe for the KFC brand.

The acquisition of Cooplands, the UK's second largest bakery chain, completed on October 2, 2021 and adds highly complementary assets including a second proprietary brand, driving development and expansion opportunities for the brand to our UK forecourt network.

In addition to the acquisitions that completed during 2021, there has also been continued site development during the year to expand and enhance our UK&I estate through the opening of 14 new-to-industry sites, bringing our total number of forecourts in UK&I to 380 at the end of the year. Furthermore, we have continued to invest in our Foodservice and Grocery & Merchandise offering through the opening of 95 new Foodservice outlets in the year, including 13 new outlets at Asda locations.

During November and December 2021, 32 sites were divested in the UK, addressing the findings of the CMA's review of the shareholders' separate acquisition of Asda.

FINANCIAL REVIEW

Revenue for the UK&I business in 2021 increased by \$1,217m, or 49%, to \$3,678m (2020: \$2,461m). The revenue increase is largely due to incremental earnings from new sites and an increase in footfall following the easing of lockdown restrictions.

Adjusted EBITDA^(1,2) increased by \$148m to \$396m (2020: \$248m) and operating profit^(1,3) increased by \$160m to \$314m (2020: \$154m).

These increases were partly driven by the incremental profitability generated by the acquisitions of LEON Restaurants, Amsric Foods and Cooplands, with Foodservice gross profit of \$493m increasing year-on-year by \$254m (2020: \$239m), of which \$59m relates to the performance of our newly acquired businesses. Excluding the impact of acquisitions, Foodservice gross profit increased by \$195m, reflecting the growth in demand for Foodservice delivery services, the recovery from reduced 2020 trading levels and the benefit observed from the temporary reduction in VAT. The performance of the UK&I business was also supported by the continued business rates relief introduced by the UK government in response to the pandemic.

Investments made to UK&I capital expenditure totalled \$174m in 2021 (2020: \$154m) and included the building of 14 new-to-industry sites, significant investment made in acquiring land for future development and investment in developing our Foodservice offering. This is in addition to the total of \$371m invested to complete the LEON, Amsric and Cooplands acquisitions.

STRATEGIC PRIORITIES:

Our UK&I business is well positioned in the market and we aim to continue to grow and develop through the following strategic activities:

- Almost 60% of the gross profit of our UK&I business is generated by our Foodservice operations; we continue to see this as a huge opportunity for future development, including the rollout of additional Foodservice offerings,

including the integration and expansion of the recently acquired LEON Restaurants and Cooplands brands

- Continued investment in the estate through new site development. In order to have a constant pipeline of future new-to-industry sites, we place significant focus on the acquisition of land, with 36 land banks held at December 31, 2021 that have been identified for future development
- Expanding the 'Asda On the Move' Grocery & Merchandise concept to more sites across our UK&I network, to enhance our customer convenience offering

2021 GROSS PROFIT BY BUSINESS STREAM

GROCERY & MERCHANDISE⁽⁴⁾

18%

SPAR⁽⁴⁾ASDA
On the Move

Woolworths

FOODSERVICE

59%

LEON.
BUTTER & BREAD

WAY

CINNABON

GREGGS

FUEL

23%

ADJUSTED EBITDA⁽¹⁾

\$396m

(2020: \$245m)

PFS LOCATIONS⁽²⁾

380

(2020: 397)

FOODSERVICE OUTLETS⁽³⁾

€1,048

(2020: 705)

CUSTOMERS SERVED DURING 2021⁽⁴⁾

180m

(2020: 131m)

NUMBER OF EMPLOYEES⁽¹⁾

25,687

(2020: 12,974)

SITE NUMBERS BY OPERATING MODEL



DRIVE THRU

DRIVE THRU



⁽¹⁾ Adjusted EBITDA and operating profit excludes shared service centre costs

⁽²⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 170

⁽³⁾ Operating profit includes the impact of depreciation, amortisation and impairment

⁽⁴⁾ Also includes other gross profit

⁽⁵⁾ As at December 31, 2021 (and at December 31, 2020 for the comparative period)

⁽⁶⁾ Petrol Filling Station ("PFS") locations, where each site includes the forecourt and any co-located Foodservice outlets and Grocery & Merchandise stores

OPERATING REVIEW CONTINUED

EUROPE: CONTINENTAL EUROPE



OPERATIONAL REVIEW

Our Continental European business consists of the French and Benelux operations of EFR acquired in 2016, and the 2018 acquisitions of Esso Italy, NRGValue (the Netherlands) and Esso Germany. Within the Continental European region we operate a highway site network of 276 sites, whilst 309 of our sites are unmanned and offer fuel only (in France and Benelux).

Our European estate also represents the highest proportion of company-owned, not company-operated ("CONCO") sites, with 2,027 dealer-operated sites at the end of 2021, with a large concentration in Italy. We continued to review and identify dealer-operated sites suitable for conversion to our preferred COCO model, with 46 conversions taking place during the year.

During the year we completed on the acquisition of ten German truck stops and six Burger King restaurants and subsequent to the year end we completed our acquisition of OMV's German forecourt business, consisting of 285 sites in southern Germany. As per the German Anti-Trust Authorities clearance decision relating to the completion of the OMV acquisition, the Group have agreed to divest 48 sites, 24 of which are in EG's existing estate and 24 in the OMV estate. These transactions demonstrate our confidence in the German market and we believe there is significant opportunity to build upon our scale and market share.

In addition to the above acquisitions, a number of smaller acquisitions were completed during 2021 and early 2022 in the Netherlands and Germany which introduced twelve standalone KFC outlets to our estate and demonstrates the Group's desire to improve our non-fuel offering across Continental Europe.

FINANCIAL REVIEW

Revenue for Continental Europe in 2021 increased by \$1,981m, or 21%, to \$11,333m (2020: \$9,352m). This increase was largely due to trading returning back to more 'normalised' conditions when compared with 2020, a time when all of our markets across Continental Europe were under severe pandemic related lockdown restrictions, which resulted in a significant decrease in road travel and tourism, and saw the temporary closure of non-essential retail stores.

Adjusted EBITDA^(1,2) increased by \$139m to \$571m (2020: \$432m) and operating profit^(1,3) decreased by \$77m to \$95m (2020: \$172m), following the impact of impairments to fixed assets in the year. Growth in EBITDA was seen across each country within Continental Europe and was driven by increases in both fuel and non-fuel gross profit.

Fuel gross profit of \$645m increased by \$70m (2020: \$575m) and non-fuel gross profit of \$450m increased by \$72m (2020: \$378m). These increases are attributable to increased footfall at sites with fewer lockdowns imposed in 2021 than in the prior year, but also reflect strong performance in Grocery & Merchandise as the shift towards convenience stores continues to be observed and further growth from the rollouts of our branded third-party Foodservice outlets.

European capital expenditure totalled \$78m in 2021 (2020: \$56m) with over 40% of this amount being spent on maintenance of our sites and the remainder largely focused on knock-down-rebuilds and Foodservice rollouts.

STRATEGIC PRIORITIES:

We remain focused on developing and expanding our Continental European business through the following initiatives:

- In France, a key focus area is the success in our strategy on motorway site tenders, with subsequent Grocery & Merchandise and Foodservice rollouts at these lucrative high-throughput sites. Additionally, we want to enhance our existing forecourt offering with new Foodservice and bakery brands as well as the installation of new car washes
- Our Benelux strategy is focused on further rollout of Foodservice outlets and the continued enhancement of our Grocery & Merchandise offering through branded offerings
- A large number of our dealer-operated sites in Italy have been identified for conversion to our preferred COCO business model. Whilst these conversions are already underway, with 46 taking place during 2021, we will seek to undertake additional conversions when our current dealer agreements expire
- Furthermore, there is an opportunity to establish and develop the Grocery & Merchandise and Foodservice offerings at our forecourts which are currently under-developed in the Italian and German markets
- A successful integration of the OMV acquisition into our existing German estate
- Continued promotion of the Cumberland Farms SmartPay loyalty platform following the roll out across all USA banners during 2021



⁽¹⁾ Adjusted EBITDA and operating profit excludes shared service centre costs

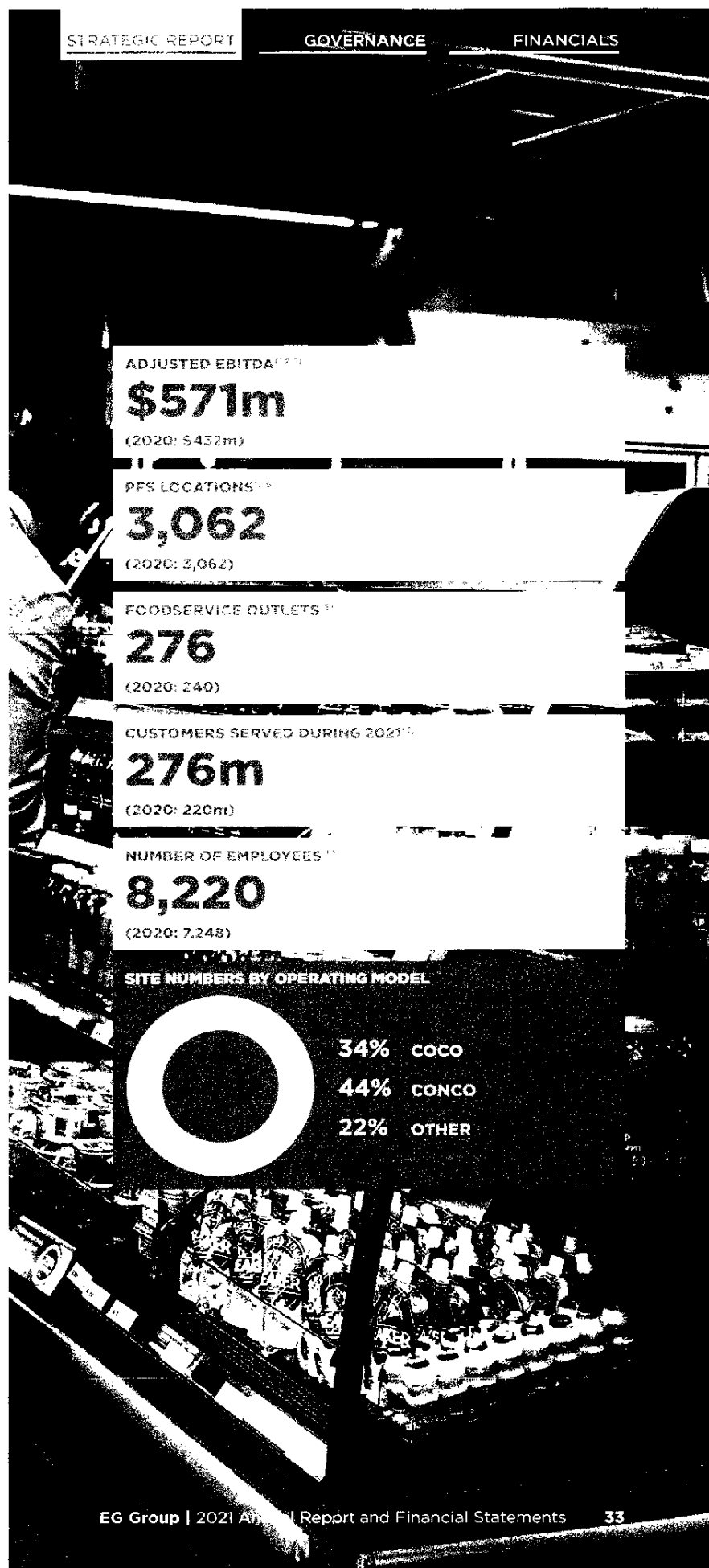
⁽²⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 170

⁽³⁾ Operating profit includes the impact of depreciation, amortisation and impairment

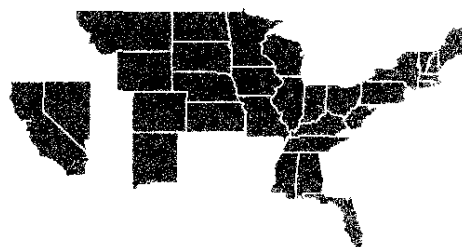
⁽⁴⁾ Also includes other gross profit

⁽⁵⁾ As at December 31, 2021 (and at December 31, 2020 for the comparative period)

⁽⁶⁾ Petrol Filling Station ("PFS") locations, where each site includes the forecourt and any co-located Foodservice outlets and Grocery & Merchandise stores



OPERATING REVIEW CONTINUED



OPERATIONAL REVIEW

Contributing almost 40% of Group EBITDA, our USA region is the largest within our Group in terms of profitability and second largest in terms of store count. Our USA business is a scalable, nationwide platform and one which we continue to look at for further opportunities, evidenced by the recent acquisition of Sprint Food stores in December 2021, which added 34 company-operated fuel and convenience stores to our USA estate and expands our presence to two additional states: Georgia and South Carolina.

Following this acquisition, EG USA now operates in 33 states and is the fourth largest independent c-store estate in the country by store number, with 1,737 sites (2020: 1,703 sites). We expect our store numbers to continue increasing year-on-year as a result of our investment in new-to-industry sites.

As part of the ongoing review of our portfolio, we took the decision to exit 35 of our sites across the states of Wisconsin, Minnesota and Indiana, with these sites held for sale at the balance sheet date and sold in early 2022. This decision was made due to the small number of sites that we operated in these states, which limited our ability to operate efficiently.

FINANCIAL REVIEW

Revenue in the USA increased by \$1,357m, or 19%, to \$8,643m (2020: \$7,286m), and Adjusted EBITDA⁽¹⁾ increased by \$19m to \$615m (2020: \$634m); this increase was largely driven by a significant improvement in profitability from enhanced product mix and sales of coffee and beverages. Operating profit⁽²⁾ decreased by \$28m to \$363m (2020: \$391m); this was driven by the challenging trading and economic conditions during the year, with higher pre-COVID-19 trading level in the comparative period.

Fuel gross profit of \$774m decreased by \$61m (2020: \$835m), attributable to the increased fuel margins observed during 2020 as a result of market volatility resulting from the impact of the pandemic on wholesale fuel. Non-fuel gross profit of \$968m increased by \$67m (2020: \$901m), in part due to the rollout of 14 new Foodservice outlets during the year, including six of the proprietary Farmhouse Fresh to Go brand, coupled with improved Grocery & Merchandise performance from an enhanced sales mix including increased beverage sales.

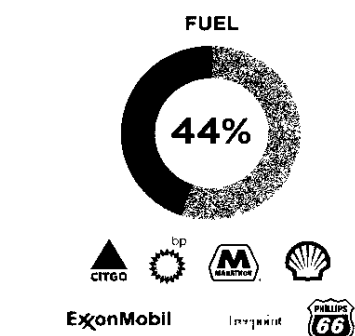
USA capital expenditure totalled \$191m in 2021 (2020: \$139m), which included site maintenance expenditure and investment in seven new-to-industry sites and land bank acquisitions.

STRATEGIC PRIORITIES:

After the successful integration of our 2018 and 2019 USA acquisitions, EG USA is well positioned in the market and we aim to continue expansion through the following strategic activities:

- Continued rollout of Foodservice and coffee offerings through third-party and proprietary brands in line with our proven successful business model
- Enhance overall site offering through optimising the Grocery & Merchandise ranges in store and upgrade and optimise the operations of our existing car wash programme

- Continuing to identify locations to acquire and develop new sites to expand our presence across the USA and to improve our existing estate through our capital expenditure programme, including raze and rebuilds, site remodelling and refurbishment programmes
- Assessing our site network to ensure the appropriate brands are being leveraged, including the rebranding programme of 60 sites from our Tom Thumb brand to our Cumberland Farms brand
- Continued promotion of the Cumberland Farms SmartPay loyalty platform following the roll out across all USA banners during 2021



⁽¹⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 170

⁽²⁾ Operating profit includes the impact of depreciation, amortisation and impairment

⁽³⁾ Also includes other gross profit

⁽⁴⁾ As at December 31, 2021 (and at December 31, 2020 for the comparative period)

⁽⁵⁾ Petrol Filling Station ("PFS") locations, where each site includes the forecourt and any co-located Foodservice outlets and Grocery & Merchandise stores



OPERATING REVIEW CONTINUED

AUSTRALIA



OPERATIONAL REVIEW

Acquired by EG Group in April 2019, our Australian site network is the second largest independent c-store retailer by site numbers. The Australian business consists of 538 COCO sites, of which over 99% are leasehold, with nearly 40% of these sites having a remaining lease life of over 20 years. Throughout 2021, we expanded our presence in Australia through the opening of four new-to-industry sites alongside the addition of eleven food outlets to the existing network, including Café Aurora and Pizza Hut. The rollout of delivery services extended to 160 stores in the year, through partnership with Uber Eats, Deliveroo and Door Dash.

During 2021, our Australian business was impacted more heavily by COVID-19 than our other regions, with severe lockdown restrictions in place for a large portion of the second half of the year. Despite lower footfall in our stores, our convenience earnings remained resilient as a result of the investment made in our non-fuel offering.

Management remain focused on their investment in the transformation of the existing network through the continued upgrade and rebranding of stores. Through the year, 212 stores have been upgraded with an additional 191 stores rebranded. 2021 also saw the completion of the transition from the Woolworths Transitional Service Agreement ("TSA").

FINANCIAL REVIEW

Revenue for Australia during 2021 increased by \$402m, or 17%, to \$2,766m (2020: \$2,364m). This revenue increase was primarily related to the impact of increased wholesale fuel prices.

Adjusted EBITDA⁽¹⁾ decreased by \$15m to \$204m (2020: \$219m), and operating profit⁽²⁾ decreased by \$147m to an operating loss of \$47m (2020: \$100m), with the comparative period benefiting from the Australian Government's wage support scheme that was in place at the outset of the pandemic, totalling \$28m. The operating profit decrease includes a \$100m impairment to the Australia goodwill which resulted from the decrease in performance in the year. Fuel gross profit of \$328m increased by \$17m (2020: \$311m) with volumes declining against last year due to the impact of COVID-19 lockdowns during 2021, offset by stronger fuel margins. Non-fuel gross profit of \$95m increased by \$8m (2020: \$87m) due to the sales in Foodservice and hot beverages growing in the year as a result of the continued rollout of the refresh programme.

Capital expenditure for Australia totalled \$74m in 2021 (2020: \$37m) and includes the store refresh programme, four new-to-industry sites and investment in IT systems following the transition of its systems and process from the TSA with Woolworths.

On April 1, 2022, our Australia business resolved its Federal Court proceedings with Ampol Limited ('Ampol'). In resolving the dispute, the parties agreed updated commercial terms, and agreed to rebrand our sites to Ampol. Further details are provided in note 36 to the financial statements.

STRATEGIC PRIORITIES:

The Australian business continues to present a number of opportunities for EG Group to grow and develop through the following strategic activities:

- To further develop our Grocery & Merchandise offering with the development of our site network through the continued execution of our store refresh programme
- To remain focused on the introduction and rollout of Foodservice through the Australian estate, by continuing the expansion of delivery services across outlets and the introduction of new Foodservice brands including the partnerships developed with Oliver's and Pizza Hut
- To develop our Fuel capabilities through our product offering and the expansion of our broader forecourt offering

2021 GROSS PROFIT BY BUSINESS STREAM

GROCERY & MERCHANDISE⁽³⁾

22%

woolworths
the fresh food people



oliver's
THE FRESH FOOD PEOPLE

FOODSERVICE

0%

oliver's
THE FRESH FOOD PEOPLE



FUEL

78%



ADJUSTED EBITDA⁽¹⁾

\$204m

(2020: \$219m)

PFS LOCATIONS⁽²⁾

538

(2020: 540)

FOODSERVICE OUTLETS⁽²⁾

19

(2020: 8)

CUSTOMERS SERVED DURING 2021⁽⁴⁾

122m

(2020: 94m)

NUMBER OF EMPLOYEES⁽⁴⁾

4,358

(2020: 4,485)

SITE NUMBERS BY OPERATING MODEL



100% coco

⁽¹⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 170

⁽²⁾ Operating profit includes the impact of depreciation, amortisation and impairment

⁽³⁾ Also includes other gross profit

⁽⁴⁾ As at December 31, 2021 (and at December 31, 2020 for the comparative period)

⁽⁵⁾ Petrol Filling Station ("PFS") locations, where each site includes the forecourt and any co-located Foodservice outlets and Grocery & Merchandise stores



ENVIRONMENT, SOCIAL AND GOVERNANCE

**WE BELIEVE EG GROUP
HAS A RESPONSIBILITY TO
RESPOND TO THE ESG ISSUES
WHERE WE CAN HAVE
THE BIGGEST IMPACT ON
PEOPLE AND THE PLANET**

The world faces a number of critical environmental and societal challenges, from climate change and biodiversity loss to the continuing recovery from COVID-19 and rising energy and food prices. Expectations on businesses to deliver long-term value to shareholders and wider stakeholders continue to increase. Against this backdrop, in 2021, we continued to invest in our people, infrastructure and local communities.

We are committed to being a responsible business and are developing a strategy on environment, social and governance (ESG) issues to enable us to identify and manage risks and opportunities and ensure our business is prepared for the future. This section provides an overview of our current activity, and our plans to progress on our ESG journey.

ENVIRONMENT

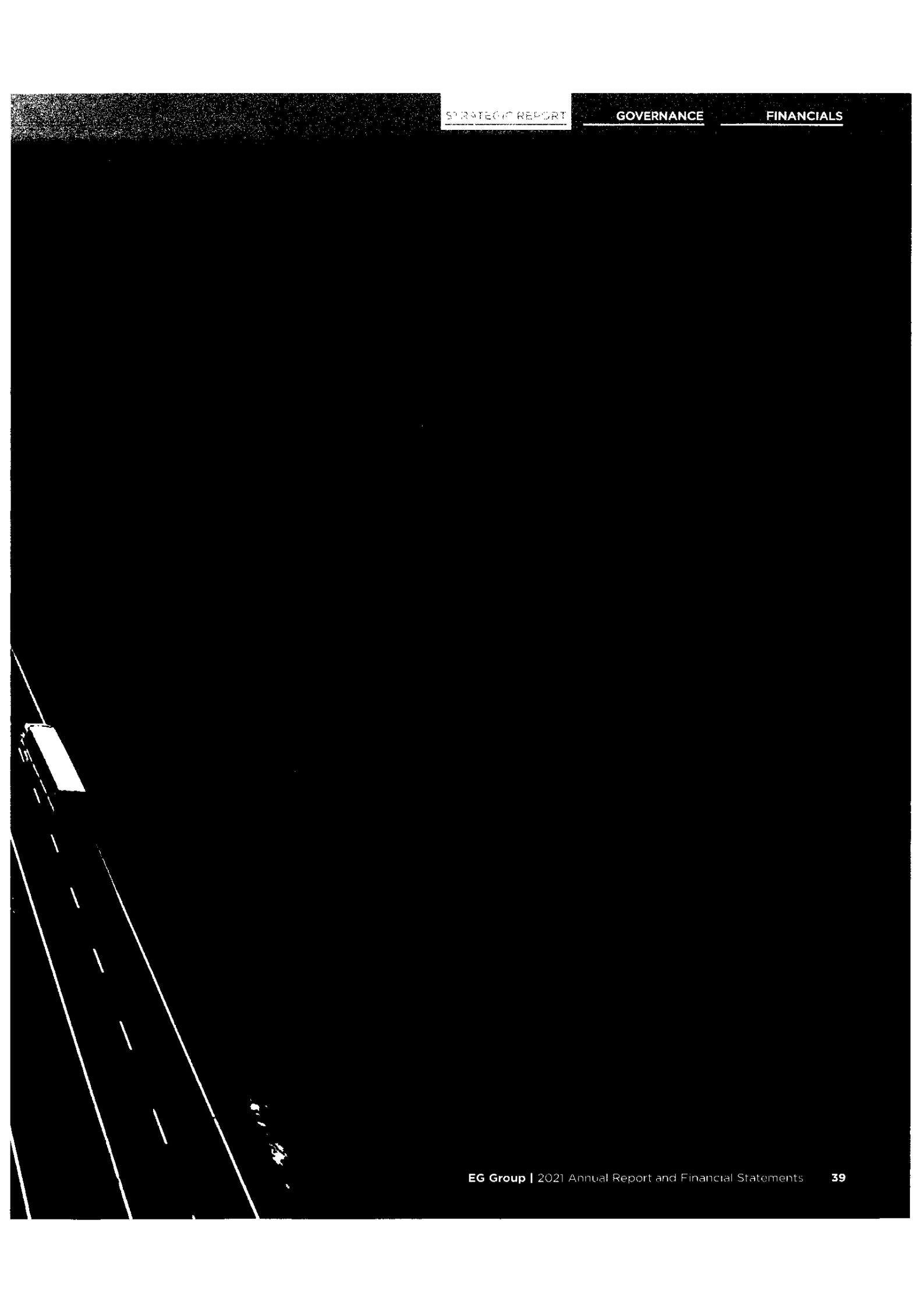
See page 41

GOVERNANCE

See page 50

SOCIAL

See page 45



ENVIRONMENT, SOCIAL AND GOVERNANCE CONTINUED

ESG MATERIALITY ASSESSMENT AND REPORTING

As a retailer with global operations and supply chains, our impacts are extensive and varied. We know that we can't focus on every ESG issue, and so we focus on those that matter most to our business and to our stakeholders, including our colleagues and investors. We recognise that we are on a journey towards good practice on ESG and sustainability, and that we need to strengthen and improve our approach to managing this increasingly important agenda.

In early 2022, we conducted our first comprehensive ESG materiality assessment, to identify and define our ESG priorities. This was based on an assessment of stakeholder expectations, peer benchmarking and horizon scanning. Listening to our stakeholders and defining our most material ESG issues, means we can prioritise resources and time to activities where we can have the greatest impact.

To identify our most material ESG issues, we reviewed different areas of our business, including our products and supply chain; our own operations; our people and communities; and our governance.

With the support of external consultants PwC, our ESG materiality assessment involved a review of:

- Our current ESG activity
- Emerging ESG trends, best practice, risks and opportunities in our sector
- Legislation and the regulatory landscape
- External standards and frameworks
- Peer benchmarking
- Stakeholder perspectives, including our shareholders, colleagues, investors, customers and brand partners

OUR MATERIAL ESG ISSUES

Our most material ESG issues have been selected based on 'double materiality' i.e. topics that are most material to our business value (based on financial perspectives) and those that are most material to society (based on wider stakeholder perspectives). Based on our research, the most material ESG issue for EG is:

Climate change and the transition to a lower-carbon economy - this includes fuel retail, lower-carbon transport and alternative fuels, and energy use at site operations

Diversity, Equality & Inclusion

Employee reward and wellbeing

Waste management including food waste

Corporate disclosure

ESG REPORTING

In 2022 we will publish our first ESG Report, in which we will set out our ESG targets and disclose ESG data and information in line with good practice and external reporting frameworks. This will create a baseline against which we will measure our performance on ESG in future. We are also developing our reporting to comply with future requirements, including the UK's Taskforce on Climate-Related Financial Disclosures in 2022, and the EU's Corporate Sustainability Reporting Directive.

The process of measuring and reporting is important for us to drive performance and accountability, and to demonstrate continued progress on ESG to our stakeholders.



ENVIRONMENT

As the world transitions to a lower-carbon future, the demand for more sustainable products continues to increase. We operate a number of electric vehicle chargers across our sites and continue to develop our mobility strategy which will see a significant increase in charging points in the coming years.

CLIMATE CHANGE AND THE TRANSITION TO A LOWER-CARBON ECONOMY

We recognise our responsibility when it comes to measuring and reducing our carbon footprint. As a global convenience retailer with sites in local communities across the world, we also understand we are especially well-placed to play a role in the transition to a lower-carbon economy through our products and services.

Measuring and reporting

We report our greenhouse gas emissions for our UK business operations in line with UK legislation (see the table on the next page). In our ESG Report to be published in 2022, we will report Group-wide carbon emissions across our operations (scope 1 and 2) and our products and supply chain (scope 3). We will also develop a carbon reduction target and a detailed roadmap to achieve emissions reductions, in line with good practice, against which we will report progress in subsequent years.

Renewable energy use

We have switched to a renewable electricity tariff at a number of sites, including all our sites in the Netherlands, and all LEON sites in the UK where we are responsible for purchasing the energy. In addition, in 2021 we acquired 52 KFC sites in the UK (Pollo Ltd), all of which are now supplied by 100% renewable energy.

We install solar panels wherever possible at new-to-industry sites, including petrol filling stations (PFS) and all suitable Foodservice sites. In 2021, our solar panels in the UK generated over 5 million kWh of electricity, taking pressure off the grid and reducing costs at the same time. Separately, we continue to explore battery storage, with the aim of securing self-generated electricity for our own use; and generating revenue by supplying national grid infrastructure during peak demand times.

Energy efficiency

We aim to reduce our overall energy consumption. In the UK and Europe we continue to roll out Automated Meter Reading contracts to monitor live energy consumption, which allows us to monitor and manage consumption in real time.

In 2021 we also continued the rollout of LED lighting across our estate in the UK, Europe and the USA. Additionally, we continue to trial solar thermal systems to heat hot water tanks naturally through sunlight. And our 'Smart Cool' systems help to increase the efficiency and performance of air conditioning systems, helping to reduce energy consumption by optimising the performance of the units.

Lower-carbon fuels and transport

As demand for electric vehicle (EV) charging increases, we are actively exploring options with automotive manufacturers and leading players in the industry to offer charging solutions. This will allow us to scale up EV charging within our network of sites, which are well positioned in convenient locations and adaptable to meet the changing needs of our customers. The latest developments towards our mobility strategy are summarised on page 24.

Having been an early adopter (our first EV charger was installed at one of our sites near Heathrow Airport more than ten years ago), we now have 250 EV charging points across 98 sites in the UK and Europe. We have invested \$3m in FY21 in the UK and Continental Europe on rolling out ultra-fast EV chargers. In the USA we continue to explore the rollout of EV charging in agreement with partners, with approximately 50 sites in various stages of development, from agreement to installation.

Lower-carbon fuels will enhance our portfolio and provide an opportunity to drive greater footfall onto our estate. Whilst a transition away from petrol and diesel has not materially impacted our forecourt operations as yet, we are conscious of the importance of a lower-carbon future and will continue to explore strategic options around those alternative fuels.

ENVIRONMENT, SOCIAL AND GOVERNANCE CONTINUED

OUR UK EMISSIONS

We report data on our UK carbon emissions and energy consumption from operations in line with our obligations as a Large Private Company⁽¹⁾. Material carbon emissions sources associated with our operations include natural gas and electricity used across EG's UK site network and head office, and vehicles used by EG employees in the UK.

We show 2021 data in the table below, as well as previous years' data for comparison. Operations in 2020 were significantly impacted by the pandemic, and therefore we have used 2019 as a baseline. Whilst total energy consumption and emissions

increased in 2021 against previous years, this is primarily due to the inclusion of data from our 2020 and 2021 new sites and acquisitions⁽²⁾. Excluding the impact of acquisitions, the data would have shown a smaller increase when compared with 2019.

In order to express our emissions in relation to a quantifiable factor associated with our activities, we have used Adjusted EBITDA⁽³⁾ as our intensity ratio as this is a relevant indication of our growth and is aligned with our business strategy. The intensity ratio shows a decrease of 19% versus 2019, reflecting that whilst total absolute emissions increased, they show a decrease when normalised against EBITDA.

UK emissions (tonnes of CO ₂ e)	2021	2020	2019	2021 variance vs 2019 baseline
Scope 1 (fuel combustion and operation of facilities)	4,368	2,590	2,656	65%
Scope 2 (purchased electricity, heat and steam generated)				
Location based	29,435	17,520	19,895	50%
Market based	25,618	14,880	17,513	46%
Scope 3 (indirect emissions from employee transport) ⁽⁴⁾	1,004	759	855	17%
TOTAL scope 1, 2 (location based) and 3	35,327	20,869	23,406	51%
TOTAL scope 1, 2 (market based) and 3	31,910	18,229	21,024	47%
Intensity ratio (tCO₂e / EBITDA £m)	141.13	132.93	174.69	-19%

UK energy consumption (kWh)

Scope 1 (fuel combustion and operation of facilities)				
Natural gas	10,016,574	942,102	995,199	906% ⁽⁵⁾
Gas oil	18,600	11,097	586,347	-68%
LPG	787,307	531,928	883,842	-11%
TOTAL scope 1	10,991,481	1,485,127	2,465,388	346%
Scope 2 (purchased electricity)	140,931,570	75,149,563	77,837,638	81%
Scope 3 (indirect emissions from employee transport) ⁽⁴⁾	3,062,664	3,010,103	3,311,547	17%
TOTAL scope 1, 2 and 3 energy consumption	155,655,715	79,644,794	83,614,573	86%

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (i.e. the UK's Streamlined Energy & Carbon Reporting regulations). The methodology used to calculate our emissions and energy use is in accordance with the GHG Protocol and Environmental Reporting Guidelines including Streamlined Energy and Carbon Reporting guidance, and we have adopted DEFRA 2021 emissions factors.

Limited data was available for 2020 and 2021 acquisitions. Therefore, only electricity and gas consumption from these entities has been included in the data table on this page, from the date of acquisition.

Adjusted EBITDA for all UK entities including SSC.

⁽¹⁾ Transport data was previously categorised as Scope 1 (direct emissions relating to company-owned cars), however it has come to light that vehicles used by EG are leased vehicles and therefore indirect emissions, which have been re-categorised as Scope 3. Data is therefore amended to reflect this. This does not affect the calculations on carbon emissions it is purely a categorisation of scopes.

⁽²⁾ This significant increase is as a result of the acquisitions of Copplands Ltd and Pollo Ltd, along with the gas consumption for Scotco Restaurants.

ENVIRONMENT

CONTINUED

WASTE MANAGEMENT

Operational waste

We work with waste management contractors to manage our waste responsibly. We minimise stock loss through optimised stock management and ordering, and we are working to maximise the proportion of waste which is appropriately segregated and recycled.

Food waste

According to the UN, every year across the globe, one third of all food produced for human consumption is wasted. As a convenience and foodservice retailer we have a role in ensuring food doesn't go to waste. We are working with Too Good To Go (TGTG) in the UK and Continental Europe. TGTG is an organisation which seeks to prevent food waste, via an app that allows anyone to pick up unsold, surplus food in 'magic bags' at a discount at the end of the working day. In 2021, our partnership with TGTG was operational across the UK, France, Germany, Belgium and the Netherlands. Since the start of our partnership, we have sold 1,029,552 magic food bags (2021: 734,482), helping to avoid an estimated 2,573,880 kg of CO₂ (2021: 1,836,205 kg).

WATER

We continue to explore options to reduce water consumption. In 2021, we started the rollout of Automatic Meter Reading devices in the UK to help monitor our water consumption on a half-hourly basis in the UK. This allows us to identify and proactively fix leaks and inefficiencies on site, and helps to reduce overall water consumption and costs.

We have also rolled out push-button taps and flush control systems for urinals across our UK estate, and there is rainwater harvesting at some of our larger locations.

In addition, in 2021 we recycled almost 241,000 gallons of groundwater on new store development projects in the USA via Globalcycle. Globalcycle has a permit to accept non-hazardous industrial wastewaters, and uses filtration systems and activated carbon to recycle wastewaters into a reusable water source for industrial applications.

Over 1 million

FOOD BAGS SAVED FROM GOING TO WASTE SINCE THE START OF OUR PARTNERSHIP WITH TOO GOOD TO GO - AVOIDING FOOD WASTE AND CARBON EMISSIONS



ENVIRONMENT, SOCIAL AND GOVERNANCE CONTINUED

ENVIRONMENT

CONTINUED

SUSTAINABILITY AT LEON:

In 2021, EG acquired LEON. Founded by John Vincent, Henry Dimbleby and Chef Allegra McEvedy in 2004, LEON is a pioneer of “naturally fast food”, changing people’s expectations of what is possible in quick service restaurants. The company has created a menu that tastes good and is kind to the planet, driven by a passion to help everyone eat and live well. By adding LEON to our proprietary own brands we are actively expanding our product offering to a wider market.

KEY SUSTAINABILITY INITIATIVES AT LEON INCLUDE:

Lower-carbon menus:

A significant amount of the menu is vegan or vegetarian, which has a low carbon footprint – beef was removed from menus in 2019. Carbon offsets are purchased so that the **burgers and fries are carbon neutral**.

Responsible sourcing:

LEON seeks to source locally where it can, but this isn’t always possible. It aims to work with suppliers who promote good working conditions and environmental protection in the supply chain. For example, coffee is triple certified: Fairtrade, organic and World Land Trust. For every seven cups of coffee purchased at LEON, **one square metre of forest or natural habitat is protected** through a donation to the World Land Trust.

Diet and health:

LEON’s menu is based on the principles of the Mediterranean diet. This means it is full of plants and a variety of wholegrains, healthy fats, well-sourced meat and fish, and live cultured products. Herbs and spices are used to season food, rather than an over-reliance on salt. All of LEON’s menus have a strong balance of vegetarian and vegan dishes, balancing out their ever-decreasing use of well-sourced meat. And, though cereals aren’t bad for everyone, modern wheat production differs to ancient methods and processed carbohydrates can be difficult to digest. That’s why, where possible, LEON also offers naturally gluten-free options.

Animal welfare:

British chicken and British pork (minimum Red Tractor) are used across the menu. All eggs are free-range and British too.

Renewable energy:

All LEON sites use 100% renewable electricity to reduce carbon emissions (where we are responsible for purchasing the energy).

Plastics:

All plastic cutlery and straws have been replaced with biodegradable and paper alternatives.



SOCIAL

We have a committed, diverse and talented workforce. We strive to create the conditions where every colleague is proud of working at EG, feels able to be their true self at work and deliver to their full potential.

In 2021, we continued to focus on the wellbeing of our colleagues, enhancing our already diverse and inclusive environment, and creating opportunities for jobs, training, skills and development.

We also play a role in wider communities, as a retailer at the heart of local communities across our ten operating markets.

COLLEAGUE ENGAGEMENT

Our colleagues' skills and expertise make a significant contribution to EG, and we want to ensure that our colleagues are engaged in our growth and future plans. Having engaged colleagues who feel connected to EG and who feel valued for their contribution, is vital to our continued success.

In 2021, we carried out our inaugural 'Better Together' Group-wide colleague survey, to measure colleague engagement and experience. This is a crucial first step in better understanding our team, what is working well, where the opportunities are for improvement and what we can do to improve engagement and ultimately our employee experience.

Our Group-wide score is 62%, with over 16,000 colleagues responding to the survey. This score reflects key themes including: 'engagement' (how the business supports colleagues to perform at their best, driving productivity); 'empowerment' (the sense of personal ownership over day-to-day tasks); and 'energised' (the sense of pride, belonging, purpose and connection to the business).

Our analysis shows that pay and benefits; wellbeing; and communications are the key issues that influence engagement scores and drive our colleagues' everyday experiences at EG.

In 2022, teams in all countries have been distilling the outputs from the survey, conducting additional listening sessions with colleagues and creating improvement action plans. HR leads in all countries conduct a quarterly review and feedback session, and report into the Remuneration Committee. Through this 'feedback, respond and improve' cycle, we expect our colleague response rate and engagement score to improve in future years.

62%

OUR 2021 GROUP-WIDE COLLEAGUE
ENGAGEMENT SCORE

Whilst the survey is important, our engagement with colleagues is not a one-off exercise but a continuous listening process where we review our practices and culture, explore them further with our teams and take actions to ensure that EG is a great place to work right across the globe.

REWARD AND WELLBEING

We care about the wellbeing of our colleagues, and aim to be an employer of choice. We want to reward and recognise our colleagues fairly for their contribution to the business' success.

Pay and benefits

Oversight of workforce pay and conditions is a key responsibility of the Remuneration Committee. See details of key activities overseen by the Committee, as well as future plans, on pages 87. This includes enhancement to pay and benefits for our colleagues in 2021, including: increases in pay; increase to colleagues' life assurance policy; bonuses; discounts at EG brands; access to development such as professional qualifications; and our EG Cares portal for colleagues which offers a wide range of benefits.

In 2022 we are working to create job grading which will be implemented across the business, for head office middle and senior management positions.

Wellbeing support

EG offers support to colleagues via the Employee Assistance Programme, introduced to provide counselling and support to colleagues whenever they need it. We are aware of the toll that the pandemic has taken on people, and this service offers support across a range of issues.

We also deliver training on wellbeing-related issues throughout the year, and we ensure colleagues are supported through their line management. We ensure line managers are equipped with the necessary training and awareness to support colleagues.

In the USA, the Hope Fund provides emergency funding for EG colleagues experiencing unforeseen economic hardships. Since 2012, the Hope Fund programme has donated over \$1m to more than 430 colleagues. The Fund is an interest-bearing account, supported primarily by voluntary donations from colleagues, which are then matched by EG in the USA.

Gender pay

We are committed to rewarding all our colleagues fairly for their work, and we are actively working on actions to close our gender pay gap (the average difference between remuneration for women and men). This includes monitoring the gender impact of our reward processes – a practice that plays a fundamental role in helping us to identify and improve our gender pay gap. To read more, see our 2021 UK Gender Pay Statement on our website.

ENVIRONMENT, SOCIAL AND GOVERNANCE CONTINUED

SOCIAL CONTINUED

DIVERSITY, EQUALITY AND INCLUSION

We are committed to being a diverse, equitable and inclusive business, which reflects the diversity of our colleagues, customers, communities and countries in which we operate. We aim to create a workplace culture where all colleagues are respected, valued and feel safe to be their authentic self, regardless of colour, gender, age, ethnicity, sexual orientation, career experience, political allegiance, interest or passion.

We have an Anti-bullying and Harassment policy, and a Diversity, Equality and Inclusion (DE&I) policy which sets out our approach and activities on supporting our diverse workforce.

As part of our approach, we are working on the following actions:

- Measure and publish key DE&I data (where possible and where compliant with local legislation), which will allow us to monitor our objectives and set improvement actions
- Develop an agile, diverse and inclusive workforce, with a diverse talent pipeline
- Develop a DE&I Plan in each of our operating countries to deliver on our objectives
- Develop a colleague-led EG Inclusion Group, to represent colleagues on DE&I issues including ethnicity, gender, LGBTQ+, age and ability
- Collaborate with external organisations and partner brands to positively influence the DE&I agenda

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with EG continues and that appropriate training is arranged. As far as possible, we ensure that the training, career development and promotion of disabled persons is the same as that of other colleagues.

Collaborating on Diversity, Equality & Inclusion

In the USA, EG partners with the National Association of Convenience Stores (NACS), to inform our work on Diversity, Equality & Inclusion. In 2021, EG participated in a NACS conference designed to provide C-suite leaders and HR professionals with first-hand insight into retailers' challenges and opportunities around this agenda, and to explore ways in which retailers can foster an inclusive culture. We also partner with 'AWE' in the USA, a firm that provides consulting and development in this area. Our Senior Leadership team in the USA attended a session facilitated by 'AWE' to develop their knowledge and awareness on topics including unconscious bias, and to equip them with the skills to lead our diverse teams.

Diversity in Retail – UK

We are proud to be a founding member of Diversity in Retail (DIR), working alongside other leading UK retailers. DIR is devoted to increasing women's and ethnic minorities' representation at all levels and in leadership positions across the retail sector. In 2021, a number of our colleagues participated in leadership, mentoring and development programmes through DIR, helping them to build networks across the retail industry.



TRAINING AND DEVELOPMENT

Providing our colleagues with training and development opportunities is fundamental in providing best-in-class customer service. We are committed to equipping our colleagues with the tools and resources for their current and future roles at EG. Our experienced global Learning & Development (L&D) teams provide advice and guidance, supporting colleagues through onboarding and induction, and throughout their career at EG.

We carry out an annual review of learning needs to inform the provision of L&D activity, and our commitment is outlined in our Learning and Development Policy launched in 2021.

Induction

We have a comprehensive induction programme for colleagues across all roles, functions and brands. This includes training on compliance issues, including Health & Safety and GDPR. Once completed, our colleagues then complete operational training, including specific brand training if they are to work within one of our third-party brand partner outlets. Each of our third-party brand partners has set job roles which have a clearly defined career pathway.

Food Safety Training

We are committed to the highest standards of food safety and provide training for colleagues working in food service. For example, in 2022 in the UK, we were approved by the Royal Society for Public Health as a training provider for delivery of Food Safety qualifications from Levels 2 to 4. We have started the rollout of Level 3 Food Safety to all our 'Above Store Leaders' across our UK Foodservice brands. In 2022 and 2023 we will expand this to include our Store Manager colleagues.

Career development

We invest in colleagues' professional development to ensure they develop skills, gain qualifications and strengthen their long-term career prospects, supported by our Professional Qualifications Policy launched in 2021. We provide, for example, sponsorship opportunities for professional qualifications where required for a colleague's current role, or for an identified future role. We have embarked on an ambitious learning programme supported by significant investment in professional qualifications across our head Office and our operations.

A new two-day management and leadership programme is being rolled out to colleagues across the business. This will equip managers with the skills and confidence to lead teams across the organisation.

In the USA we have designed training focused on 'Living & Leading our Values' for people leaders to reflect on our values and the accompanying behaviours expected of them. Every leader is expected to identify areas of personal strength and set goals for continuous improvement. We provide leaders with the tools and support to facilitate a development session on our values with their own teams. We will start to roll out training in 2022, and it is intended to cover all our colleagues in the USA.

Apprenticeships

Our UK business has invested significantly in the development of career pathways through apprenticeships funded by the Apprenticeship Levy. We assess skills gaps and align our apprenticeships offer with our business needs. In 2021 we increased our committed levy spend from £132,000 in 2020 to £675,000.

Apprenticeships offer the opportunity to develop skills, behaviour and knowledge while gaining practical experience. Our first cohort of 33 apprentices graduated in September 2021. This group completed a 24-month Retailer Level 2 apprenticeship with 25% graduating with a distinction, and 45% progressing into more senior roles.

In 2022, we announced our ambition to create 500 apprenticeships over the next three years. This includes opportunities at our head office, as well as our proprietary brands LEON and Cooplands. Apprentices will be offered opportunities across a range of disciplines and departments, including HR, finance, legal, surveying and insurance. It also includes opportunities at site level, including courses in retail and hospitality management. 200 apprentices are already signed up to the scheme for 2022.

During 2021, in response to the COVID-19 pandemic, we secured a national contract with the UK's Department for Work and Pensions to support young people (aged 16-24) to develop employability skills, in a sector of their choice, as part of the Kickstart Scheme. We provided 100 placements, with specifically designed employability learning, to young people whose employment opportunities were disadvantaged by the pandemic. The Kickstart Scheme ended in June 2022 and data to date shows our 'placement to job conversion rate' is 78%.



ENVIRONMENT, SOCIAL AND GOVERNANCE CONTINUED

SOCIAL CONTINUED

OUR COMMUNITIES

Charitable giving

Our colleagues are passionate about fundraising and give their time to good causes in the communities where they live and work – helping to make a difference where it's needed. Across the ten markets in which we operate, colleagues have an active calendar of fundraising events for charitable causes, from sponsored walks and hill climbs to bake sales and raffles.

EG Foundation

The EG Foundation was established in 2019 as an independent charity with EG Group as its corporate sponsor – aiming to create 'a brighter tomorrow' by supporting education, children and young people, and health and wellbeing. In 2021, the EG Foundation provided grants totalling over \$299,000 to individuals, community groups and charities. This included hospices, schools, individuals with dementia and learning disabilities, and support for young people.

EG Foundation funding for Star Readers

In 2021, the EG Foundation supported Star Academies through its grant-making scheme. Star Academies is a mixed Multi-Academy Trust that runs a diverse network of primary and secondary schools, in some of the most deprived locations across the UK. Helping children to achieve their potential is critical to the Academy's ethos, and developing reading and literacy skills is a key part of this. Star Readers is a reading programme designed to engage and challenge children, by encouraging and rewarding them for reading from a recommended list of specifically selected books. The programme is helping to improve reading and writing ability, enhance vocabulary, and improve progress in other subjects through better literacy – as well as fostering a love of reading for its own sake.

\$834,000

FUNDRAISED IN 2021 FOR THE AMERICAN CANCER SOCIETY, DISABLED VETERANS AND THE UNITED WAY, IN THE USA

\$163,000

FUNDRAISED IN 2021 FOR ROYAL MANCHESTER CHILDREN'S HOSPITAL CHARITY AND ALDER HEY CHILDREN'S CHARITY, IN THE UK

\$299,000

IN GRANTS MADE BY
THE EG FOUNDATION IN 2021



HEALTH & SAFETY

Keeping our colleagues and customers safe is critical to our business, and throughout the course of the pandemic, we made significant investment in, and adaptations to, our operations to keep our colleagues and customers safe.

We are committed to meeting our legal obligations but also ensure we continually improve in order to meet the highest standards of health and safety practice for our colleagues, customers, visitors, contractors and anyone affected by our business activities. We have a commitment to zero accidents and incidents.

We have invested heavily in a variety of training courses, externally hosted, in-house and online, to ensure that our colleagues are trained and competent to deliver tasks safely.

Good health, environment and safety management are considered an essential part of our business performance and culture, and practices are regularly reviewed by the Board.

Our health and safety policies and procedures include, but are not limited to:

- Appropriate training for all colleagues to adhere to legal compliance and best practice
- Proactive and regular risk assessments, with root cause analyses to maintain safe and healthy working environments which helps to reduce occupational injury or illness
- Internal and external audits to review a number of areas (including health and safety) are conducted across all PFS and Foodservice sites on a regular basis

We formally monitor health and safety incident rates – all incidents are logged and reported on a software system.

In terms of tank safety, we have emergency response procedures and escalation processes in place in all our markets, for any potential spill or leaks, and we use external environmental specialists if required to respond to such incidents.

All tanks are monitored 24 hours a day by an external global partner to measure potential variances or losses. In addition, each site has automatic tank gauges (to detect potential leaks, losses and water ingress), and overfill protection devices (to detect high levels during delivery of product).

Safe spaces

Retailers are at the heart of local communities and retail sites are open and accessible spaces. In 2022, EG, along with other retailers, joined 'Safe spaces' in the UK – an initiative designed to provide a place of safety and support, for any person who feels immediately threatened or vulnerable for any reason. This means any member of the public can seek a place of safety at our sites, and we have raised awareness with our colleagues to ensure they are able to respond in such situations.

OUR SUPPLY CHAIN

Our procurement activities take place predominantly from our Group head office and shared services centre in Blackburn (UK), with support from regional offices in France, Italy, Germany, the Netherlands, the USA and Australia.

We aim to work with trusted brand partners that are well recognised globally or in their local markets and that have well-established ESG policies and programmes. We expect our suppliers and brand partners to ensure they monitor, manage and mitigate ESG risks in their business and supply chains, and we engage with them regularly on ESG issues to learn and share good practice.

We recognise that there are ESG risks across our supply chain, including risks of modern slavery and labour exploitation. Our Modern Slavery Statement, which is published on our external website, sets out our approaching to identifying, managing and mitigating risks of modern slavery incidents in our operations and supply chain.



ENVIRONMENT, SOCIAL AND GOVERNANCE CONTINUED

GOVERNANCE

As set out in the *Wates* disclosure section on page 71, the Group has applied the *Wates* Corporate Governance Principles for 2021

GROUP BOARD OF DIRECTORS

The Board consists of Directors including our Co-Founders and Co-CEOs Mohsin Issa and Zuber Issa alongside TDR Capital (TDR) representatives Manjit Dale, Founding Partner of TDR, and Gary Lindsay, Partner of TDR. TDR is a leading international private equity firm, managing capital on behalf of institutional, governmental and private investors worldwide.

Between November 2020 and March 2021 we welcomed three independent, Non-Executive Directors onto the Board to strengthen the Board's expertise and capabilities. Our independent Non-Executive Directors are Lord Stuart Rose, Dame Alison Carnwath and John Carey. The composition of the Board and biographies of all our Directors can be found on pages 72 and 73.

The Board has overall responsibility for ensuring that EG maintains a system of internal controls, and to provide reasonable assurance regarding the reliability of financial information that is used within the business. We have also established additional committees to strengthen our governance structure and controls, namely our Audit & Risk Committee (page 82); Remuneration Committee (page 87) and Nomination Committee (page 80). We also have an Executive Risk & Disclosure Committee which meets at least quarterly.

See pages 74 to 79 for further detail on the Board and Group governance structure.

DATA PROTECTION AND INFORMATION SECURITY

We are subject to regulations and data protection and privacy laws within the jurisdictions in which we operate, regarding the use of personal data and debit and credit card data. We secure systems and databases to our own standards and legally required measures, such as Payment Card Industry compliance. We ensure that procedures are in place to comply with data protection laws and regulations. We also have policies and procedures in place to help prevent information security breaches and carry out detailed root cause analysis on any breach that does occur, to ensure we learn from these and can stop similar occurrences arising.

ANTI-BRIBERY AND CORRUPTION AND WHISTLEBLOWING

We have a formal Anti-Bribery and Corruption Policy and we ensure colleagues complete training to understand their responsibilities and where to seek further information for support on any anti-bribery issue. In 2021 we also launched our formal whistleblowing procedure and will be rolling out communications to all colleagues on this in 2022.

STAKEHOLDERS

The Board's approach to business decisions and the long-term impact on stakeholders is presented in our Section 172 disclosure on pages 16 to 19.



PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management aids decision-making, underpins the delivery of our strategy and objectives, and helps ensure that risks taken by the Group are adequately assessed and actively managed.

RISK MANAGEMENT

As with all businesses, we are affected by a number of risks and uncertainties, some of which are beyond our control.

During 2021, Management with support from the Board and Audit & Risk Committee, developed a Group Risk Framework. A Group risk register and risk appetite statements were compiled and reviewed by the Executive Risk & Disclosure Committee and Audit & Risk Committee, prior to approval from the Board.

Our framework, whilst being simple and pragmatic, seeks to strike the right balance of achieving the Group's strategy and delivering on its mission, but within the accepted risk levels determined by the Board. Our processes and controls are not designed to eliminate risk, but to identify, assess and mitigate both existing and emerging risks to ensure that the business continues to meet its strategic objectives.

During 2022 and 2023, we will continue to develop our risk management framework and to work with in-house teams to consolidate and align both a "top-down" and "bottom-up" approach.

COMPONENTS OF OUR RISK MANAGEMENT FRAMEWORK

RISK IDENTIFICATION

A review of our risk universe, including an appraisal of the business, external environment and regulatory landscape was undertaken and Group risks were identified. Each risk was categorised into a key area of the business (as listed below) and an Executive level risk owner was assigned to each category.

RISK ASSESSMENT

Risks were assessed and scored against a scoring matrix measuring the likelihood and impact (both financial and non-financial) of the risk occurring. Assessments were undertaken by Executive sponsors assigned to the risks and the risks were then presented and challenged at the Executive Risk & Disclosure Committee.

With operations in ten markets, providing fuel and retail convenience, including proprietary food brands, we may be exposed to high levels of inherent risk across the business. As our risk framework is not intended to eliminate risk, but to support the Company in achieving its strategic objectives, adequate risk appetite levels have been assigned to each category to ensure our response is appropriate and proportionate.

The risks identified to be most significant to our operations are detailed on pages 53 to 61 but are not listed in order of significance. This list is not exhaustive and there may be risks that are presently unknown. We have revised our external risk reporting from the previous year as we feel this reflects our business and operations more accurately.

- Previously, we reported risks individually in relation to exchange rate, interest rate, liquidity, tax and insurance. These risks have now been combined into one overarching 'Risk of Financial Performance'
- Due to increasing exposure in relation to cyber-attacks and reliance on technology, Information Security Risk and Technology Risk has been included as separate risks within the Principal Risks statement
- As a result of our developing strategy and the acquisition of proprietary food brands during 2021, in addition to increasing regulation, we have separately including Health & Safety and Food Preparation and Storage Risks within the Statement

RISK RESPONSE

For each risk identified and assessed, we have detailed how the Group responds against the likelihood or impact of the risk materialising. For risks where we have low appetite i.e. risks that could impact our ability to continue operations (usually Finance, Compliance, H&S Technology), these risks will require policies, processes and standards. Group-wide initiatives have and continue to be designed to identify current gaps and roll out action plans. These will continue to be implemented throughout 2022 and 2023 and include:

- Business Improvement & Internal Controls Programme
- SAP implementation working group
- Health & Safety Committees
- ESG Working Group

For risks where the business is willing to accept a higher level of risk, usually strategic risks given their dynamic nature, these risks require judgements to be made by Executive Management on the most appropriate action. Executive sponsors take responsibility for the risk response and the response is presented and challenged at the Executive Risk & Disclosure Committee meetings.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

MONITORING & ASSURANCE

The Board maintains overall responsibility and oversight for risk management across the Group and sets the 'tone from the top' in relation to the Group Risk Framework and appetite. Monitoring and assurance is provided by the Executive Risk & Disclosure Committee who report on risk matters to the Audit & Risk Committee, chaired by Alison Carnwath. For further information regarding the workings of the Audit & Risk Committee please refer to pages 82 to 86.

The activities of the Group's Internal Audit were reprioritised during 2021 to help support the business with the design and development of internal controls. A strategy and recruitment plan has been agreed for H2 2022. Further detail can be found in the Audit & Risk Committee Statement on pages 82 to 86.

EMERGING RISKS

Currently there is an increased level of macroeconomic uncertainty impacting the business, our customers and our suppliers. Rising inflation is resulting in increased salary, utility and supply costs for the business in addition to a reduction in disposable income for our customers. This situation has been exacerbated by the conflict within Ukraine resulting in supply issues and increases in wholesale prices. This uncertainty is a risk to our financial performance and we are continuously monitoring the situation and implementing contingency measures as appropriate. The financial outlook for 2021 is described in further detail on pages 62 to 69 and has been considered as part of our going concern review on page 102.

WHAT WE ARE DEVELOPING

Risk landscape

Current risks:

Risks that could affect our business, customers, supply chain, employees and stakeholders and impact the achievement of strategic goals

Emerging risks:

'New' risks with a potential future impact, identified through the internal risk assessment process

Risk categories

STRATEGIC

OPERATIONAL

COMPLIANCE

PEOPLE

TECHNOLOGY/IT

FINANCIAL

HEALTH & SAFETY

What we assess

Risk ownership:

Each risk has a named owner

Risk scoring:

Each risk is assessed in terms of impact and likelihood, using a standard scoring scale

Inherent risk:

Before mitigating controls are put in place


Residual risk:

After mitigating controls are applied


KEY


 Newly reportable risk

 Growth


 Awareness and responsiveness


 Increased risk

 Innovation


 Commitment to infrastructure

 Remains a principal risk

 Site network

 Support local communities




 Decreased risk

 Foodservice













 Deliver value




Risk	Impact/Movement	Controls
<p>STRATEGIC RISK</p> <p>ACQUISITION A core element of the Group's growth strategy is through selective acquisitions.</p> <p>LINKS TO VALUES:</p>  <p>CHANGE FROM 2020</p>  <p>LINK TO OUR STRATEGY</p> 	<p>Acquired businesses may fail to realise expected synergies, growth targets and performance, impacting Group profitability and cash flows.</p>	<p>The Group has detailed targeted appraisal procedures in place, including appropriate due diligence, and has a dedicated M&A function and transition teams who focus on the acquisition and integration of new businesses.</p> <p>We have robust Board approval procedures to ensure thorough and detailed review of acquisition proposals.</p> <p>Integration plans are finalised prior to acquisitions to ensure newly acquired businesses are integrated efficiently and swiftly. We regularly assess the business strategy and performance of each entity within the portfolio against strategic KPIs, while the Executive Management and the Board review performance of the acquisitions on a monthly basis and complete post-acquisition hindsight reviews in the following year.</p>
<p>CLIMATE CHANGE AND TRANSITION TO LOWER-CARBON ECONOMY Developments in policy, law, regulation, technology and markets. Changing societal and investor sentiment, related to the issue of climate change and increased preferences for alternatives to fossil fuels including hybrid and electric vehicles.</p> <p>LINKS TO VALUES:</p>  <p>CHANGE FROM 2020</p>  <p>LINK TO OUR STRATEGY</p> 	<p>Significant changes to the forecourt industry, which would adversely affect our business plans and financial performance.</p>	<p>The Group remains aware of changing industry and consumer trends and operates an agile business model which is committed to being environmentally responsible, positively managing our impact on the environment.</p> <p>Significant investment in our non-fuel offering is a cornerstone of the Group's long-term diversification strategy. A significant, and increasing, proportion of the Group's gross profit is non-fuel.</p> <p>In developing a well-invested network of sites, the Group's focus is on developing multi-use retail sites that are well placed to adapt and evolve beyond a traditional fuel offering to cater for changing customer demands for convenience retail as well as new motor vehicle fuel sources, such as alternative fuels and sources of power. Whilst not yet materially impacting site operations, the Group remains highly conscious of the importance of alternative, lower-carbon fuels. We have invested in the provision of facilities for electric vehicles and developing a strategy to significantly increase their number in the coming years.</p> <p>The Group appointed a Head of ESG and Sustainability during 2021 to advance the Group's ESG strategy. Further details of our response to environmental issues and challenges can be found in the ESG section on pages 38 to 50 and our mobility strategy on page 24.</p>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Impact/Movement	Controls
STRATEGIC RISK CONTINUED		
<p>DELIVER GROWTH STRATEGY</p> <p>The Group's strategy for expansion is based on a mix of organic growth and selective acquisitions. The strategy is subject to a number of risks, including:</p> <ul style="list-style-type: none"> • Failure to identify, acquire and develop new sites or upgrade existing sites • Failure to convert sites to our preferred COCO model • Inadequate acquisition due diligence • Inability to meet capital expenditure requirements for development or refurbishment <p>LINKS TO VALUES:</p>  <p>CHANGE FROM 2020</p>  <p>LINK TO OUR STRATEGY</p> 	<p>Failure to successfully implement our growth strategy could adversely affect Group profitability, leading to an inability to attract further investment and stalled growth.</p>	<p>All material acquisitions require Board approval and to date all acquisitions have been in sectors (PFS, Foodservice) that the Group knows well. For large acquisitions, and or Group acquisitions in new territories, the Group engages with investment banks to increase its chance of success. Organic growth is achieved both through operational improvements and through growth capex.</p> <p>Operational performance of the Group is monitored in weekly calls with the management of all countries of operation, chaired by the Co-CEO and attended by the Group CFO.</p> <p>Annual capex budgets and capital plans are approved by the Board. Allocation of capital spend is approved by the Co-CEO in the monthly property meetings with criteria and thresholds for investment well established. Updates on budgeted capex versus actual spend are provided to the Board via monthly financial reporting.</p>







KEY

-  Newly reportable risk
-  Increased risk
-  Remains a principal risk
-  Decreased risk
-  Growth
-  Innovation
-  Site network
-  Foodservice
-  Awareness and responsiveness
-  Commitment to infrastructure
-  Support local communities
-  Deliver value













Risk	Impact/Movement	Controls
OPERATIONAL RISK		
<p>COMPETITION</p> <p>The Group faces significant competition within each of our operating regions from other existing forecourt retailers, c-stores, food retailers, grocery stores, supermarkets and fast-food concessions drawn from local and large-scale multinational corporations, as well as from new competitors entering the markets that we serve.</p> <p>We may face difficulties competing in the highway concession market in continental Europe. These operations, which are among our most profitable, depend on authorisations from governmental regulatory agencies in the countries in which we operate, which are subject to bid, expiration, limitation on renewal and various other risks and uncertainties. There can be no guarantee we will obtain or be able to renew highway concessions on favourable terms or at all in both the public and private sectors. This is in turn influenced by macroeconomic factors, consumer confidence and government spending policy in our key markets.</p> <p>LINKS TO VALUES:</p> 	<p>Competitive pressures could result in a loss of market share and may require us to lower prices, increase capital, marketing and advertising expenditures or increase the use of discounting or promotional campaigns. This may also restrict our ability to increase prices, including in response to commodities or other cost increases.</p>	<p>Management continually assess the Group's competitive position in relation to price, customer service, choice and quality of product to ensure the Group continues to meet changing customer demands. We continue to evolve our proposition through investment in our site infrastructure, the rollout of non-fuel brand partnerships and training of colleagues to deliver the highest possible standard of service.</p>
<p>CHANGE FROM 2020</p> 	<p>LINK TO OUR STRATEGY</p> 	







PRINCIPAL RISKS AND UNCERTAINTIES

CONTINUED













Risk	Impact/Movement	Controls
OPERATIONAL RISK CONTINUED		
<p>FUEL PRICING</p> <p>The Group's margin on fuel can be impacted by fluctuations in wholesale fuel pricing. These fluctuations can be influenced by global supply, weather events, political decisions or changes in regulations.</p> <p>LINKS TO VALUES:</p> <div>   </div>	<p>An inability to pass on cost increases to customers could impact the Group's margins.</p> <p>During 2022, the Group has observed the impact on wholesale fuel costs caused by the conflict in Ukraine</p>	<p>The Group's fuel inventory holdings average between five and eight days and turns more than 70 times per year. Furthermore, fuel retail prices will normally adjust to movements in wholesale fuel costs within a short period meaning the Group has limited exposure to reductions in fuel margins. In addition, experienced commercial teams develop and monitor fuel pricing strategies and maintain a strong commercial focus on fuel procurement to further manage and mitigate this risk.</p> <p>Also, a significant, and increasing, proportion of the Group's gross profit is non-fuel, reducing the relative importance of fuel gross profit to overall Group profit.</p>
<p>CHANGE FROM 2020</p> <div>  </div>	<p>LINK TO OUR STRATEGY</p> <div>    </div>	




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Risk	Impact/Movement	Controls
COMPLIANCE RISK		
<p>COMPLIANCE WITH LAWS AND REGULATIONS</p> <p>The Group's operations are affected by various statutes, regulations and standards in the countries and markets in which it operates. The amount of such regulation and the penalties can vary. The Group is subject to the laws governing businesses generally, including laws relating to competition, product safety, data protection, labour and employment practices, accounting and tax standards, international trade, fraud, bribery and corruption, anti-money laundering, terrorist financing, land usage, environment, health and safety, transportation and other matters.</p> <p>LINKS TO VALUES:</p>  <p>CHANGE FROM 2020</p>  <p>LINK TO OUR STRATEGY</p> 	<p>Significant and long-term changes across the political and environmental landscape combined with changes in societal expectations on how businesses should operate and engage with various stakeholders resulting in increased legislative and regulatory reform, in addition to increasing consequences for breaches.</p> <p>The war in Ukraine has resulted in increased challenges in this area as a result of import/export restrictions and increased political, public and media scrutiny.</p> <p>Failure to comply with such regulations could result in civil or criminal penalties and/or disruption to the business from the temporary or permanent shutdown of operations.</p>	<p>The legal and compliance functions are headed by the Group General Counsel and Company Secretary who has direct access to the Board members including the Chairman of the Board.</p> <p>Expert legal teams are appointed in all markets in which we operate and non-compliance is escalated. Teams are supported by technical experts and external advisers. A list of laws and regulations across all jurisdictions is maintained and reviewed annually to include future changes.</p> <p>The Group has robust procedures, systems and controls in place to manage and monitor compliance with relevant legislation and ensure operations are conducted safely and to the highest possible standard. Following the establishment of the Audit & Risk Committee in May 2021, the Group continues to enhance and streamline reporting with regard to regulatory compliance reporting.</p>
TECHNOLOGY/IT RISK		
<p>INFORMATION SECURITY</p> <p>Failure to prevent a cyber security incident resulting in unauthorised access or misuse of EG's systems, networks or data resulting in a leak of sensitive information or asset.</p> <p>LINKS TO VALUES:</p>  <p>CHANGE FROM 2020</p>  <p>LINK TO OUR STRATEGY</p> 	<p>This risk was previously titled 'business systems' within the operational risk category. Given the ever-increasing frequency and sophistication of cyber attacks and the threat this presents not only to EG, but to our suppliers and other businesses, cyber risk has been reported as a standalone risk within the technology risk category, with executive oversight from the Group's CIO.</p>	<p>24/7 Security Operations Centre to monitor threats and vulnerabilities which has been strengthened as a result of the increased threat factors in the fuel retail sector.</p> <p>We operate a layered security defence model across the business.</p> <p>External penetration testing on critical infrastructure, simulation testing and backups.</p> <p>Regular reporting of cyber threats, incidents and security to the Board.</p> <p>Training and communications across the business for new starters and existing colleagues.</p>

KEY













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Risk	Impact/Movement	Controls
<p>PEOPLE RISK</p> <p>TALENT, CULTURE AND CAPABILITY</p> <p>The success of the Group depends on our ability to attract, retain and develop colleagues and to embed our culture and values in order for the business to achieve its purpose and strategic objectives.</p> <p>LINKS TO VALUES:</p>  <p>CHANGE FROM 2020</p>  <p>LINK TO OUR STRATEGY</p> 	<p>Loss of skills, key contacts, relationships and important knowledge could affect the operational ability of the business.</p> <p>Market competition for key leadership remains strong, with increased challenges as a result of macro-political and economic factors such as Brexit, inflation and cost of living increases particularly felt across the retail sector.</p>	<p>Recognising the increased scale and operations of the business and to enhance the mix of knowledge, skills and experience of the Board, the Group appointed three highly experienced Non-Executive Directors, including a Non-Executive Chairman. For details of the composition of the Board, please refer to pages 72 and 73.</p> <p>A Group-wide people strategy to make EG an 'employer of choice' is being developed and overseen by the Remuneration Committee, where retention, starters and leavers information and salary data is reported on a quarterly basis.</p> <p>Transparent remuneration structures and salary benchmarking have been reviewed and enhanced to incentivise colleagues across the Group.</p> <p>Management teams are focused on recruitment, development and retention of key local talent in each of the markets in which we operate.</p> <p>Succession planning and development of key employees also continues to be a key priority for consideration by the Board. For further information on our people strategy and training and development programmes please refer to pages 45 to 47.</p>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Impact/Movement	Controls
HEALTH & SAFETY RISK		
<p>FOOD PREPARATION AND STORAGE</p> <p>Failure to meet regulatory standards and customer expectations relating to product safety including food sourcing, preparation and storage which may result in illness, death or injury.</p> <p>H&S</p> <p>Failure to meet safety standards in our workplace may unfortunately result in death or injury to our customers and colleagues which may result in damage to our operations and reputation as well as adverse financial and legal consequences.</p> <p>LINKS TO VALUES:</p> 	<p>Increased legislative requirements following the implementation of Natasha's law, evolution of customer preferences and the development of EG's strategy with the acquisition of three proprietary brands including food service has seen an increase in the risks associated with food preparation and storage.</p> <p>Providing a safe environment for our colleagues and customers is important to EG and we continue to review and monitor our controls and processes to ensure safety.</p> <p>The pandemic had a significant impact on our operations, resulting in new ways of working to serve our customers.</p>	<p>We have increased investment for additional recruitment of roles including the appointment of a Food Safety Manager, Quality Assurance and Technical Support personnel.</p> <p>Health & Safety Committees are in place across the business for each region, reporting into the Group's Health & Safety Manager who has direct access to the Group General Counsel and Company Secretary and quarterly reports are presented to the Executive Risk & Disclosure Committee and the Board.</p> <p>We have a robust H&S risk register identifying, assessing and monitoring specific H&S risks across the business and brands with key controls and control owners identified. Every brand has established operational support, robust reporting systems and support functions for food and Health and Safety; this includes Food Safety Managers, Safety Managers, Technical advisers, Quality Assurance advisers and Primary Authority Partnerships ("PAP").</p> <p>We closely monitor changes in regulations and legislation to ensure our British Retail Consortium ("BRC") members as well as controls and process are compliant. Colleagues are provided with H&S training and bespoke training is identified and provided based on roles. This includes NEBOSH, IOSH, Food Safety RSPH Levels 2, 3 and 4. Audits and risk assessments are carried out for all areas and emergency response plans are in place with clear escalation and recall protocols. Sample testing and supplier audits are completed where required for own brands, additional resource has been provided to important functions such as Food Technical and Quality Assurance.</p>
<p>CHANGE FROM 2020</p> 	<p>LINK TO OUR STRATEGY</p> 	

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Risk	Impact/Movement	Controls
FINANCIAL RISK		
<p>FINANCIAL PERFORMANCE</p> <p>Failure to achieve our financial performance objectives impacted by macroeconomic conditions including inflation, increased commodity prices, currency and interest rate fluctuations and tax exposure across our global markets.</p> <p>These conditions may impact our cash liquidity position and the Group's ability to fund capital investments and meet our fixed costs.</p> <p>LINKS TO VALUES:</p> 	<p>Global markets are experiencing volatility as a result of geopolitical and macroeconomic factors which may impact commodity prices, taxes and tariffs and may result in increased costs for the business.</p> <p>As a result of inflation and cost of living increases, customers may be negatively impacted by a reduction in disposable income which may then cause a decline in revenue and potentially reducing the Group's ability to pay its financial liabilities.</p>	<p>We maintain an infrastructure of systems, policies and reporting to ensure discipline across all financial matters, including treasury, tax, and financial reporting and performance.</p> <p>The Group Chief Financial Officer and senior finance executives monitor adherence on principles and policies.</p> <p>Weekly and monthly trading updates are circulated to the Directors and Executive Management analysing performance against budget and prior year.</p> <p>Monthly Board reports are prepared providing additional detail such as Group cash forecasts over the short and medium term, working capital and liquidity positions which are reviewed and discussed by the Directors.</p> <p>We regularly review rolling cash flow and earnings forecasts, capital expenditure plans and liquidity levels and access to committed credit facilities to ensure the Group maintains appropriate liquidity positions. We forward plan and implement refinancing of existing debt maturities well ahead of scheduled maturity dates.</p> <p>Risk management strategies reflect the defined risk appetite ensuring risk mitigation using cost-effective strategies. Where appropriate, the risk is managed by the Group through the use of interest rate hedging instruments and fixed rate borrowings.</p> <p>The Audit & Risk Committee maintains regular oversight and governance of key areas including liquidity and funding strategy, our going concern statements and Group financial controls.</p>
<p>CHANGE FROM 2020</p> 	<p>LINK TO OUR STRATEGY</p> 	

FINANCIAL REVIEW

HOW WE PERFORMED IN 2021

REVENUE \$26,420m (2020: \$21,463m) – UP 23%
GROSS PROFIT \$4,096m (2020: \$3,607m) – UP 14%
ADJUSTED EBITDA⁽¹⁾ \$1,660m (2020: \$1,443m) – UP 15%
ADJUSTED EBITDA⁽²⁾ BEFORE IFRS 16 \$1,429m (2020: \$1,248m) – UP 14%
NET OPERATING CASH FLOW \$1,455m (2020: \$1,835m ⁽⁴⁾) – DOWN 21%

2021 HIGHLIGHTS

- Our performance in the 2021 financial year demonstrates the Group's continued earnings resilience during the pandemic, with significant investments being made to enhance our Foodservice proposition
- Despite the continued COVID-19 restrictions during 2021, our geographic reach and diversified earnings enabled the business to continue to deliver profitability and generate cash in all our operating regions
- Operating cash flow generated by the Group was \$1,455m, being 102% of adjusted EBITDA before IFRS 16
- The Group has continued to invest in its estate through new-to-industry sites and refits, with our site network now standing at over 5,650 petrol filling stations globally, and over 1,800 Foodservice outlets, following growth capital spend of \$387m
- The Group continues to focus on growth opportunities, with the acquisitions of the Group's first proprietary Foodservice brands: LEON Restaurants in May 2021 and Cooplands, a UK bakery business, in October 2021. In addition, in September, the Group completed its acquisition of 52 KFCs from Amsric Foods Limited in the UK, and in December 2021 the acquisition of Sprint Food stores in the USA

Detailed below and opposite is a summary of our performance for the year ended December 31, 2021.

The Group has delivered a strong financial performance, with operations showing an increase across all business streams, with improved market conditions as our global markets saw the easing of COVID-19 restrictions following the successful vaccination programmes in 2021.

Group gross profit grew year-on-year by 14% and Adjusted EBITDA⁽¹⁾, before IFRS 16, increased by 15%; this growth is attributable the Group's recovery from the more notable COVID-19 restrictions in 2020, with a standout performance from our Foodservice business and the full-year impact of our 2020 acquisitions and acquisitions during 2021.

Please note, a number of Alternative Performance Measures⁽³⁾ ("APMs") have been adopted by the Directors to provide additional information on the trading performance of the Group. These measures are intended to supplement, rather than replace, the measures provided under IFRS, and further detail on these measures and how they are derived from the financial statements can be found from page 170 onwards.

⁽¹⁾ Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, before exceptional items

⁽²⁾ Adjusted EBITDA is stated before the impact of IFRS 16. Please refer to the APM section from page 170 onwards

⁽³⁾ Please refer to the Alternative Performance Measures section from page 170 onwards

⁽⁴⁾ Net operating cash flow for 2020 includes the impact of \$626m relating to indirect tax deferrals (see note 38). Excluding the impact of this, net operating cash flow for 2020 would have been \$1,209m, meaning the year on year movement is an increase of 15%, aligned with the year on year increase in EBITDA

SUMMARY GROUP INCOME STATEMENT

	2021			2020		
	Before exceptional items \$m	Exceptional items \$m	After exceptional items \$m	Before exceptional items \$m	Exceptional items \$m	After exceptional items \$m
Revenue	26,420	—	26,420	21,463	—	21,463
Cost of sales	(22,324)	—	(22,324)	(17,856)	—	(17,856)
Gross profit	4,096	—	4,096	3,607	—	3,607
Operating profit⁽¹⁾	680	(54)	626	724	(28)	696
Net finance costs	(404)	(15)	(419)	(857)	(6)	(863)
Profit/(loss) before tax	276	(69)	207	(133)	(34)	(167)
Tax	(147)	(6)	(153)	(72)	7	(65)
Profit/(loss) for the year	129	(75)	54	(205)	(27)	(232)

ADJUSTED OPERATING PROFIT AND ADJUSTED EBITDA^(2,3)

	2021 \$m	2020 \$m
Profit/(loss) after tax	54	(232)
Add tax	153	65
Add net finance costs	419	863
Operating profit⁽¹⁾	626	696
Operating exceptional items (note 5) ⁽⁴⁾	54	28
Adjusted operating profit	680	724
Add depreciation	515	414
Add impairment	180	65
Add IFRS 16 depreciation	197	151
Add amortisation	87	89
Loss on disposal	1	—
Adjusted EBITDA⁽²⁾	1,660	1,443
Impact of IFRS 16 on EBITDA	(231)	(195)
Adjusted EBITDA⁽²⁾ before IFRS 16	1,429	1,248

⁽¹⁾ Operating profit includes the impact of depreciation, amortisation and impairment

⁽²⁾ Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, before exceptional items

⁽³⁾ Please refer to the Alternative Performance Measures section from page 170 onwards

⁽⁴⁾ Exceptional items presented reflect those impacting EBITDA, and therefore exclude exceptional finance costs and tax on exceptionals

FINANCIAL REVIEW CONTINUED

ADJUSTED OPERATING PROFIT AND ADJUSTED EBITDA^(2,3) CONTINUED

Group revenue increased by 23% to \$26,420m (2020: \$21,463m) reflecting the Group's continued geographical and earnings resilience during the pandemic-related restrictions in place for the majority of 2021 and 2020.

In line with our revenue growth, the Group's EBITDA performance remained resilient with Group Adjusted EBITDA^(1,2) for 2021 of \$1,660m, an increase of \$217m, or 15%, (2020: \$1,443m). This increase is attributed to the impact of 2021 acquisitions and the full-year impact of 2020 acquisitions, which collectively contributed an additional \$11m of EBITDA in 2021.

As noted above, supporting the performance of the Group for 2021 was the growth of our site network to over 6,300 sites globally (2020: 6,000), largely attributable to the over 200 sites acquired following the Group's acquisition of proprietary brands, LEON Restaurants and Cooplands, as well as the acquisition of 52 KFCs from Amsric Foods Limited and 34 company-operated fuel and convenience stores from Sprint Food Stores. In addition, the Group completed two smaller acquisitions of KMS Autohof and Mercury Fuel Services in the year.

Overheads, which consist of distribution costs and administration costs, largely relating to people and property costs, increased by \$629m to \$3,553m (2020: \$2,924m). The increase reflects the overheads from our acquired businesses, new sites opened in the year and continued investment in the Group's shared service centre. Additionally, the increase includes the impact of the normalisation of COVID-19-related cost savings observed in 2020, including the reduced support from government grants which totalled \$35m in 2021 compared to \$79m in 2020 (see note 38 to the financial statements).

Group profit before tax was \$207m, an increase of \$374m from the loss before tax of \$167m in 2020.

More detail on our 2021 financial performance by region and by each of our three income streams is summarised on pages 10 to 15 and 30 to 37 respectively.

FINANCE COSTS

Excluding exceptional items, net finance costs decreased by \$453m to \$404m (2020: \$857m). A large component of this movement is the gain on retranslation of our non-functional currency borrowings, where we saw retranslation gains of \$256m in 2021, a swing of \$459m from the loss on retranslation of \$203m in 2020.

Excluding these retranslation gains and losses, net finance costs for the year were \$664m (2020: \$662m). These costs are largely attributable to the costs to service the Group's Senior Secured Notes, term loans and short-term borrowing facilities, in addition to interest on lease liabilities, the amortisation of debt arrangement fees and non-utilisation fees.

The Group's external interest expense and debt servicing costs marginally increased as a result of additional facilities drawn in the year, with this increase offset by the receipt of \$66m interest income on the financial asset purchased in February 2021.

Further detail on finance income and costs can be found in notes 12 and 13 on page 118.

EXCEPTIONAL ITEMS

In order to provide users of our accounts with insight into the trading performance of the business, items recognised in reported profit or loss before tax which, by virtue of their size and/or nature, do not reflect the Group's underlying performance are excluded from the Group's underlying results. These are detailed in note 5 to the financial statements.

The Group adopts a minimum threshold of \$1m for the separate identification of exceptional items.

During 2021, the Group presented net exceptional costs within operating profit of \$54m (2020: \$28m). This was primarily driven by the exceptional net impairments totalling \$115m, offset by the \$72m profit on disposal in the UK. In profit before tax the exceptional costs presented are \$69m (2020: \$34m), with this additional amount relating to the write off of arrangement fees in the year.

⁽¹⁾ Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, before exceptional items

⁽²⁾ Please refer to the Alternative Performance Measures section from page 170 onwards

The \$72m profit on disposal in the year relates to the sale of a number of UK sites sold following the outcome of the CMA's review of the shareholders' separate acquisition of Asda, which required the Group to divest a number of petrol filling station sites by the end of 2021.

An exceptional impairment charge in the year relates to the \$19m intangible impairment of the Tom Thumb brand name, and the \$3m impairment of property, plant and equipment, both in the USA. An impairment reversal of \$7m recognised in the year relates to the reversal of a previously recognised exceptional impairment charge, where operational performance development plans have been implemented and the site-level performance was sufficient to support the increased carrying value. Following the completion of the goodwill impairment review, a \$100m impairment has been recognised, and presented as exceptional, in relation to the Australian group of cash generating units as described on the following page.

Acquisition and transaction-related costs within operating profit of \$14m predominantly relate to directly attributable incremental costs incurred as a result of the Group's growth acquisitions, and largely relate to professional and legal fees. Also included in acquisition-related costs is the release of \$5m contingent consideration relating to the acquisition of Certified Oil, an acquisition in the USA which completed in 2019, where the criteria for payment was not met.

Litigation costs relate to legal and professional fees of \$4m regarding Federal Court proceedings with Ampol Limited, and an exceptional restructuring credit of \$2m relates to the release of a provision recognised in 2018 regarding the restructuring of the management and support teams in Continental Europe.

The transaction-related finance costs of \$41m relate to the financing costs which were directly incurred in relation to the GBP private placement notes which were agreed in March 2021 and subsequently redeemed in October 2021. The \$41m exceptional finance income from recharged finance costs reflects the reimbursement of these transaction related finance costs by Bellis Property Newco Ltd, a related party of the Group.

A further \$15m of exceptional costs were recognised outside operating profit, against the interest costs for the year. Following the refinancing of the Group's revolving credit facility, letter of credit facilities and second lien facilities during the year, the existing arrangement fees which had been capitalised onto the balance sheet, have been expensed as an exceptional item. \$5m relates to the allocated arrangement fees from the March 2021 refinancing which related to the GBP private placement notes. On the termination of this facility in October 2021, as a result of the aborted Asda forecourt business acquisition, these costs were expensed as exceptional.

TAX

The tax charge in the year was \$153m (2020: \$65m) which represents an effective tax rate ("ETR") of 74% (2020: 39%). The increase in tax charge is attributable to the increase in earnings in the year. Please see note 14 for additional details.

FINANCIAL REVIEW CONTINUED

SUMMARY GROUP BALANCE SHEET

	2021 \$m	2020 \$m
Goodwill	5,991	5,727
Tangible and intangible fixed assets	5,838	5,980
Right of use assets	2,105	1,992
Net working capital	(299)	(447)
Net debt before lease liabilities	(9,601)	(9,001)
Lease liabilities	(2,022)	(1,777)
Indirect tax deferrals	(546)	(626)
Current tax liabilities (net)	(142)	(42)
Deferred tax liabilities (net)	(379)	(395)
Provisions	(839)	(983)
Retirement benefit obligations	(56)	(67)
Other non-current assets/liabilities	521	209
Net assets classified as held for sale	12	14
Net assets	583	584
Leverage		
Net debt ⁽¹⁾ /Adjusted EBITDA ⁽²⁾	7.0	7.5
Net debt before lease liabilities ⁽³⁾ /Adjusted EBITDA ⁽²⁾ before IFRS 16	6.7	7.3
Net debt before lease liabilities ⁽³⁾ /Pro forma Adjusted EBITDA before IFRS 16 ^(3,4)	6.1	6.0
Covenant leverage ⁽⁵⁾	5.5	5.5

⁽¹⁾ Net debt includes lease liabilities, current and non-current borrowings net of cash and cash equivalents

⁽²⁾ Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, before exceptional items. Refer to the Alternative Performance Measures section from page 170 onwards

⁽³⁾ Net debt before lease liabilities includes current and non-current borrowings net of cash and cash equivalents

⁽⁴⁾ Pro forma Adjusted EBITDA includes an estimate to reflect the full-year EBITDA of acquisitions which completed mid-year and the full annualised benefit of synergies expected to be realised

⁽⁵⁾ Covenant leverage is calculated as Group senior net debt (i.e. Group's net debt excludes second lien facilities totalling \$691m) before lease liabilities adjusted for certain items set out in the covenant agreement (predominantly unamortised debt costs and accrued interest), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined on page 171). Please refer to the APM section from page 170

GOODWILL

Goodwill of \$509m was recognised for acquisitions that completed in 2021, comprising \$3m on the acquisition of KMS in Germany, \$128m from the acquisition of the LEON Group in the UK & Ireland, \$21m on the acquisition of Mercury Fuel in the USA, \$6m on the acquisition of the Nebiolo Group in Germany, \$129m on the KFC site acquisition from the Amsric Group, \$79m on the acquisition of CS Food Group in the UK & Ireland and \$191m on the acquisition of Sprint in the USA.

More detail on the completed acquisitions, and their strategic rationale, is included in the growth strategy updates on pages 22 and 23.

\$18m of Goodwill was disposed in the year (2020: \$nil) relating to disposals of operations within the UK&I and Australia groups of cash-generating units.

An impairment of \$100m was recognised on the goodwill for the Australia Group of cash generating units (2020: \$nil), as part of the Group's annual impairment review process. This impairment arises due to the reduction in the fair value of the business resulting from the pandemic (see note 15 on page 120).

TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets (excluding goodwill) decreased by \$142m to \$5,838m (2020: \$5,980m). In addition to assets acquired from new businesses totalling \$273m in the year, our continued capital expenditure projects totalled \$516m (2020: \$386m) which funded the investment in 145 new branded Foodservice outlets, 30 new-to-industry sites and the continued development and maintenance of the site portfolio. The Group also continues to develop its land bank to further facilitate expansion in its chosen geographies.

Other intangibles consist of acquired brand names in the USA, dealer relationships acquired in Europe and other intangible assets such as software, with the decrease from December 2020 of \$27m largely relating to the amortisation charge for the year and the \$19m impairment of the Tom Thumb trade name following the decision to rebrand to Cumberland Farms, offset by \$79m additions from brands acquired in the year; LEON, Cooplands and Sprint Foods.

These increases were offset by total depreciation and amortisation of tangible and intangible fixed assets (excluding leases) of \$602m (2020: \$503m) and impairment losses of \$125m which were recognised for loss-making or low-performing sites (see page 123).

LEASES

Right of use ("RoU") assets represent the present value of leased assets recognised under IFRS 16, which is largely the Group's portfolio of 3,331 leased sites, which are systematically depreciated over the remaining life of the lease. Lease liabilities represent the present value of future payments for leasehold sites, in which lease payments are discounted at the Group's incremental borrowing rate, with the unwinding of the discount recognised as an interest cost in the period. The increase in right of use assets of \$113m in the year to \$2,105m (2020: \$1,992m) and the increase in lease liabilities by \$245m to \$2,022m (2020: \$1,777m) is driven by leases acquired by the Group in the acquisitions which completed during the year.

WORKING CAPITAL

The Group generally benefits from a negative working capital profile, reflecting accounts payable payment terms exceeding stock holding and accounts receivable cash collections. Transactional activity levels remained broadly consistent versus December 2020, with inventories increasing to \$772m (2020: \$654m) and trade and other payables increasing to \$1,672m (2020: \$1,653m). Current trade and other receivables increased marginally to \$547m (2020: \$545m).

DEBT AND LIQUIDITY

At December 31, 2021, net debt before lease liabilities was \$9,601m, compared to \$9,001m at December 31, 2020. This increase of \$600m reflects the purchase of financial assets totalling \$233m and the acquisition spend totalling \$710m. These have been offset by the business generating cash flows and the revaluation of the US Dollar reporting currency relative to the Euro, Sterling and Australian Dollar at December 31, 2021 of \$395m.

Gross debt increased by \$585m to \$10,247m (2020: \$9,662m), due to the financing activity executed in the year, as detailed below, offset by non-cash movements of \$312m relating to gains on translation and the amortisation of bank fees.

On March 11, 2021, the Group allocated \$510m in aggregate principal amount of additional loans due 2026 under a new Term B Facility (issue price 99%, spread L+425 bps, LIBOR floor 0.5%) and €610m (\$726m) in aggregate principal amount of additional loans due 2027 under a new Second Lien Facility (issue price 99%, spread E+700 bps, EURIBOR floor 0%). The proceeds were used to pay related fees and expenses and to refinance an existing bilateral bridge facility and the existing second lien facilities in full. The incremental funds raised of \$614m were used to fund the acquisition of OMV's German forecourts.

As part of the financing process, the Group also secured an increase in its committed letter of credit ("LC") facilities by \$240m and an extension to the maturity of RCF and LC facilities to 2024.

In December 2021, the Group completed the drawdown on a term GBP loan of £220m (\$297m), to fund the acquisitions of LEON and Amsric, which completed in 2021. The loan is repayable on maturity in 2025 and carries interest at 4.75% above LIBOR (SONIA from January 1, 2022).

On October 18, the Group's proposed acquisition of the Asda forecourts business was terminated, as detailed in the Group's 2020 Annual Report and Financial Statements. Consequently, the £675m 6.25% Senior Secured Notes issued on March 12, 2021 were redeemed on October 26, 2021 at par including accrued interest of \$37m, and the related escrow agreement was unwound.

Allowing for the full-year impact of acquisitions, the Group's net debt (before lease liabilities) to pro forma Adjusted EBITDA before IFRS 16^(1,2) ratio was 6.1x (2020: 6.0x), demonstrating the Group's discipline to operate at a consistent leverage whilst continuing to execute its growth strategy.

INDIRECT TAX DEFERRALS

Indirect tax deferrals of \$626m were agreed with various tax authorities during 2020, as part of the government support packages to support businesses during the pandemic. At the end of 2021, the remaining amount payable was \$546m, with the majority of this balance being repaid over a 60-month period from October 2022.

PROVISIONS

Provisions primarily reflect the Group's obligations for site-level environmental remediation works and dismantling obligations for leased properties. The decrease of \$144m reflects \$49m exchange rate movements and \$183m of utilised provisions; these decreases have been offset by \$14m of provisions; arising on 2021 acquisitions, and a \$107m increase in provisions driven by amounts provided for other provisions, relating primarily to legal claims, restructuring costs, onerous contracts and obligations to retailers/dealers and property provisions.

OTHER NON-CURRENT ASSETS AND LIABILITIES

Other non-current assets and liabilities increased by \$312m to \$521m (2020: \$209m). This is largely relating to the Group's purchase of a financial asset of £165m (\$226m) in January 2021. As at December 31, 2021, the valuation of this financial asset had increased to £179m (\$241m) as interest accrued on the asset, with this presented as financial income.

On January 13, 2022 the Group received full cash settlement of the financial asset including accrued interest.

Also included in this caption is \$85m, relating to the deposit paid for the acquisition of OMV in Germany which completed in May 2022.

⁽¹⁾ Pro forma Adjusted EBITDA includes an estimate to reflect the full-year EBITDA of acquisitions which completed mid-year and the full annualised benefit of synergies expected to be realised

⁽²⁾ Please refer to the Alternative Performance Measures section from page 170 onwards

FINANCIAL REVIEW CONTINUED

ASSETS HELD FOR SALE

At December 31, 2021, \$12m of real estate assets and \$2m of liabilities are presented as held for sale (2020: \$14m of assets). This reflects 35 sites in the USA for which a signed agreement to sell was in place at the year end. The writedown of the assets reclassified to held for sale has been recognised as an exceptional impairment charge of \$2m, as detailed on the previous page. The majority of these assets were sold in April 2022.

SUMMARY GROUP CASH FLOWS

	2021 \$m	2020 \$m
Operating cash flows before movements in working capital	1,592	1,362
Working capital inflow/(outflow)	(66)	508
Tax paid	(71)	(35)
Net cash from operating activities	1,455	1,835
Interest received	—	—
Proceeds on disposal of fixed assets	237	26
Capital expenditure	(610)	(386)
Purchase of financial assets	(243)	—
Acquisition of businesses	(708)	(209)
Deposits paid for acquisitions	(88)	—
Investments in joint ventures and associates	(6)	—
Loans to related parties	(112)	—
Net cash used in investing activities	(1,530)	(569)
Interest paid	(524)	(545)
Repayment of lease liabilities	(280)	(190)
Loan issuance costs paid	(44)	(2)
Net (decrease)/increase in bank borrowings	941	(322)
Net cash (used in)/provided by financing activities	93	(1,059)
Net increase in cash and cash equivalents	18	207
Cash and cash equivalents at beginning of the year	661	415
Effect of foreign exchange rate changes	(33)	39
Cash and cash equivalents at end of the year	646	661

Cash flows from operating activities totalled \$1,455m (2020: \$1,835m) as we showed continued resilience in our performance, as detailed in our regional operating reviews on pages 30 to 37.

In 2021, we observed a working capital outflow of \$66m (2020: \$508m inflow). The movement in working capital in the comparative period was impacted by the deferral of \$626m of indirect taxes agreed as part of the Group's liquidity management during the pandemic, of which \$80m was repaid in 2021. Excluding the impact of these deferred indirect taxes, working capital inflows for the year were \$14m, compared to a \$118m outflow in 2020.

Utilising the cash generated from operations, the Group continued to invest in the growth of the business through its capital expenditure, which totalled \$610m (2020: \$386m). 2021 saw an increase in growth capital expenditure following the controlled reduction implemented during 2020 in response to the pandemic. During the year, the Group purchased a financial asset for \$243m, which was subsequently repaid in full in early 2022.

Continued investment was made in the growth of the business, through the completion of acquisitions for total consideration (net of cash acquired) of \$708m (2020: \$209m). In addition, during the year, we paid \$88m as a deposit for the OMV acquisition which completed in May 2022, and a \$6m investment in joint ventures and associates.

In June and November 2021, the Group advanced a total of \$112m as a related party loan to Optima Bidco (Jersey) Limited, the ultimate parent Company of the Group, in order for them to meet their obligations to preference shareholders. The loan has been provided at rates comparable with commercial rates of interest.

The increase in bank borrowings of \$941m reflects the drawdowns of the new instruments in the year as described on the previous page, which were drawn to fund the completed 2021 acquisitions and the OMV Germany acquisition business which completed in May 2022.

DIVIDENDS

The Directors are not proposing to recommend a dividend from the Company in respect of the financial year ended December 31, 2021. No dividends were paid to shareholders from the Company during the year ended December 31, 2021 (2020: same).

POST BALANCE SHEET EVENTS

On January 1, 2022, the Group completed the acquisition of a network of seven KFC restaurants across Germany for a total consideration of €27m (\$31m). The acquisition relates to sites with a mix of drive-thru and traditional restaurant formats.

On January 13, 2022, the Group received a full repayment in relation to the financial asset that it purchased on February 8, 2021 for \$220m. The total amount received was \$240m, which included accrued interest of \$19.8m.

On April 1, 2022, the Group resolved its Federal Court proceedings with Ampol Limited ('Ampol'). In resolving the dispute, the parties agreed updated commercial terms, which will result in a decrease in the carrying value of provisions by \$46m and a decrease in the carrying value of deferred tax assets by \$14m, increasing the Group's net assets by \$32m. This has been determined to be a non-adjusting post balance sheet event.

On May 1, 2022, the Group completed its acquisition of a service station network comprising 285 sites from OMV Deutschland GmbH for \$511m following approval by the German Federal Cartel Office. The acquisition was completed to further enhance our footprint in Continental Europe and to realise expected synergies, rather than solely generate cash flows from its existing assets. The provisional net assets of the acquisition were \$86m generating goodwill of \$425m. The finalised position will be included in the next Annual Report. During 2021, \$6m of costs have been recognised in exceptionals in relation to this transaction. As per the German Anti-Trust Authorities clearance decision, the Group has agreed to divest 48 sites in order for the acquisition to proceed, 24 of which are in EG's existing estate and 24 in the OMV estate.

OUTLOOK

We are pleased to have reported a strong performance for FY21; the Group has repeatedly proved to be a highly resilient business, including during the recent pandemic.

Like many other businesses, the Group faces a challenging macroeconomic backdrop over the next 12-18 months, particularly with market volatility caused by the conflict in Ukraine creating unprecedented rises to wholesale fuel costs and inflationary pressures impacting product costs and consumer spending. The Directors remain confident in the strategy, geographic diversity of our business and highly complementary Foodservice, Grocery & Merchandise and Fuel retail operations to underpin our resilience in the coming months.



As Chairman of EG Group, I am pleased to present the governance report for financial year ending December 31, 2021, including the Nomination Committee report on page 80.

A strong corporate governance framework provides the foundation for EG to achieve its strategic objectives and provide long-term sustainable growth. During 2021, the Group made a number of key changes and developments to its governance structure and processes including the appointment of a Non-Executive Board and the establishment of Board Committees.

I am pleased with the changes made so far and would like to express my gratitude to my fellow Board members, Executive and Country Management Teams and all our colleagues here at EG for their commitment and dedication in what has been yet another challenging year for us all. However, we recognise the need for improvement and will continue to review, monitor and develop our governance agenda throughout 2022 and beyond.

This governance report sets out the key activities and decisions made at Board and Committee level and our priorities for 2022, as we continue to embrace this journey and look to the future.

As a privately held business, and following a review of our corporate governance arrangements, the board agrees that the Wates Corporate Governance Principles remain appropriate. How we have applied the principles is detailed throughout this report and has been signposted on page 71. The legislative and regulatory landscape is ever-evolving, we remain cognoscente of industry best practice and are committed to continuing to develop our governance framework and practices to ensure it is appropriate for the size and scale of the business.

Chairman

August 22, 2022



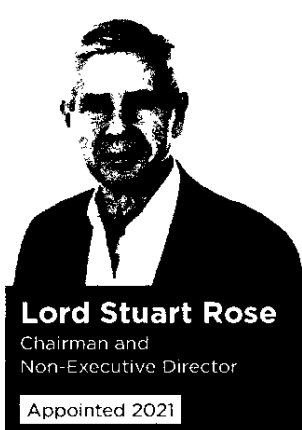
WATES PRINCIPLES

For the year ended December 31, 2021, under The Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council ("FRC") in December 2018 and available on the FRC website).

Principle	Page reference
1 An effective board develops and promotes the purpose of the company and ensures that its values, strategy and culture align.	Refer to page 74
2 Board composition – Effective board composition requires an effective chairman and a balance of skills, backgrounds and knowledge with individual directors having sufficient capacity to make a valued contribution. The size of the board should be guided by the scale and complexity of the business.	Refer to page 74 and 75
3 Director responsibilities – The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.	Refer to page 75
4 Opportunity and risk – A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risk.	See principal risks section on page 51 to 61
5 Remuneration – A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.	See Remuneration Committee report on page 87
6 Stakeholders – Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.	See our stakeholders and Section 172 on pages 16 to 19 which maps out our stakeholders and the engagement with them during the year. Also see the Remuneration Committee report and environment, social and governance

BOARD OF DIRECTORS

EG Group Limited is governed by the Board of EG Group Holdings Limited (the 'Board') as set out below.



Appointed:

EG Group Holdings Limited
January 21, 2021

Biography:

Lord Stuart Rose was appointed to the Board in January 2021. He has worked in retail for over 40 years and has held CEO positions at Argos, Booker, Iceland, Arcadia Group and Marks & Spencer and Chairman positions at Marks & Spencer and Ocado Group. Stuart has extensive experience of UK corporate governance requirements and best practice having served on boards and committees of some of the UK's largest businesses. Stuart was knighted in 2008 for services to the retail industry and corporate social responsibility, and granted a life peerage in August 2014.



Appointed:

EG Group Holdings Limited
May 23, 2017 and EG Group Limited
January 29, 2016

Biography:

Mohsin is Co-Founder and Co-CEO of EG Group and has been active in the fuel forecourt and retail convenience industry since 2001. He is a resourceful business leader and has been a major driving force behind the growth and development of EG Group, including being actively involved in negotiations with major brand partners, capital raising and financing transactions. Prior to founding EG Group, he held senior leadership roles at various Issa family businesses. He was jointly named the 2018 EY Entrepreneur of the Year in the UK alongside his brother Zuber, and more recently, honoured in the Queen's Birthday Honours List 2020 for his contribution to business and charity.



Appointed:

EG Group Holdings Limited
November 2, 2020 and
EG Group Limited
January 29, 2016

Biography:

Zuber is Co-Founder and Co-CEO of EG Group and entered into the business world at an early age. He is a natural leader and a versatile strategist and tactician and actively leads on extending the new-to-industry land bank, site investment and development, and Group operations. Prior to founding EG Group in 2001, Zuber established a number of enterprises including a chain of newsagents in busy mall locations in the North West of England. Zuber was jointly named the 2018 EY Entrepreneur of the Year in the UK alongside his brother Mohsin, and more recently, honoured in the Queen's Birthday Honours List 2020 for his contribution to business and charity.



Appointed:

EG Group Holdings Limited
March 1, 2021

Biography:

Dame Alison has served as Chairwoman of Land Securities and Director at BP, Friends Provident, Gallaher, Barclays and Man Group. She is currently Chairman of the Audit & Risk Committee at Zurich Insurance and BASF, Chairman of the Strategic Advisory Board at Livingbridge Private Equity, a Director of Collier Capital and a Non-Executive Director at Paccar. She is a trustee of the Economist Group and a former member of the United Kingdom Takeover Panel. Dame Alison is a Chartered Accountant and has two honorary doctorates. She was made a Dame Commander of the British Empire in 2014 for services to business and received a Lifetime Achievement award at the 2020 Non-Executive Director of the Year Awards.

Key

E Executive Audit & Risk Committee**S** Shareholder Remuneration Committee**I** Independent Nomination Committee Chairman

We have strengthened the composition of the Board and developed appropriate governance structures.

**John Carey**

Non-Executive Director

**Manjit Dale**

TDR Representative and Non-Executive Director

**Gary Lindsay**

TDR Representative and Non-Executive Director

**Imraan Patel**

Group General Counsel and Company Secretary

**Appointed:**EG Group Holdings Limited
November 11, 2020**Biography:**

John was appointed as a Non-Executive Director in November 2020 and is a highly respected business leader with diverse international experience, most recently holding executive positions at BP and ADNOC Distribution. He led ADNOC's IPO in 2018, the largest recent IPO of an entity that includes c-store operations, and has extensive experience in a number of areas that are highly relevant to EG Group's global business.

Appointed:EG Group Holdings Limited
November 2, 2020**Biography:**

Manjit founded TDR Capital with Stephen Robertson in 2002, with whom he had previously worked at DB Capital Partners. He has over 25 years of experience in private equity, leveraged finance and consulting. Previously, Manjit was Managing Director and Head of DB Capital Partners Europe and its predecessor firm BT Capital Partners, which he joined in 1994. He started his career in the Management Consultancy division of Arthur Andersen and moved into private equity in 1989 with 3i plc, and later with NM Rothschild. Manjit holds a Master's degree in Economics from Cambridge University.

Appointed:EG Group Holdings Limited
October 21, 2016**Biography:**

Gary joined TDR Capital in June 2008. He is involved in the day-to-day management of TDR's investments in EG Group, Modulaire Group, William Scotsman-Mobile Mini and Target Hospitality and responsible for originating new transactions. Gary is a board member at EG Group, Modulaire Group, William Scotsman-Mobile Mini and Target Hospitality and has 18 years' private equity and investment banking experience. Prior to joining TDR, he worked at both Citi and Bear Stearns in London and New York. Gary received a Master's degree in Finance with distinction from the University of Strathclyde and a Master's degree in Chemistry, with first class honours, from the University of Edinburgh.

**Appointed:**EG Group Holdings Limited
May 23, 2017 and EG Group Limited July 19, 2016**Biography:**

Imraan joined EG Group in 2016. He qualified as a Solicitor in the City of London in 2003 and has been involved in negotiating and delivering legal and commercial advice on complex, frequently high-profile transactions around the world ever since. At EG Group, he plays a central role in all M&A activity and has broader responsibility for all Legal, Compliance and HESS functions. Prior to joining EG Group, he held roles at businesses of Orange SA and BT Group plc, and law firm, Ashurst LLP. Imraan is highlighted in the GC Powerlist 2021 as one of the UK's most influential in-house lawyers, and holds an LLB (Hons) in Law from the University of Lancaster and a Postgraduate Diploma in Legal Practice (PGDipl) from the College of Law.

GOVERNANCE

EG Group Limited is governed by the Board of EG Group Holdings Limited. The Group's ultimate parent, Optima Bidco (Jersey) Limited, is owned by Mohsin Issa and Zuber Issa, representing 25% of the shares each alongside funds managed by TDR Capital LLP, a leading international private equity firm, holding the remaining 50%.

PURPOSE, STRATEGY AND CULTURE

Our purpose is to make customers' lives easier by offering them convenience in their travel, retail and foodservice choices. Our strategy focuses on four key areas: growth, innovation, site network and foodservice.

The Board provides leadership to the Group and is collectively responsible for the long-term, sustainable success of the business, creating value for our shareholders and wider stakeholder group. The discussions and decisions taken at Board level detailed on pages 78 and 79 supplement the achievement of our purpose and strategy and are reflective of our values, details of which can be found on page 6.

The implementation of these decisions is delegated to the Executive Directors and their Executive Management Team who are charged with embedding the values and culture throughout the business.

Achievement of our strategy is underpinned by our talented, passionate and innovative people. We are committed to the development of our people, strengthening our leadership capabilities and enhancing employee performance. For further details around our People strategy please refer to the ESG section on pages 45 to 47.

BUILDING A GOVERNANCE FRAMEWORK THAT IS FIT FOR PURPOSE

In order to ensure that the Board makes the right decisions for the Company and its stakeholders, it is vital that we have good corporate governance in place. During 2021, we developed our governance framework with the appointment of a Non-Executive Chairman and independent Non-Executive Director and throughout 2022, we will continue to review and build up on our processes and systems.

The Board is primarily responsible for agreeing and challenging strategy, overseeing performance and ensuring appropriate financial processes and internal controls.

To do this effectively, the Board established three non-executive-lead Committees – Nomination, Audit & Risk and Remuneration, each chaired by an independent Non-Executive Director. The roles and responsibilities of the Committees are set out in their Terms of Reference and further details around key decisions, achievements and priorities can be found in the Committee reports on pages 80 to 89. Whilst a number of activities and responsibilities have been delegated to the Committees, the Board maintains oversight and overall responsibility of key areas, which are detailed in the matters reserved.

In addition, a number of Executive Management Committees, or working groups, have been established to ensure effective information flows between the business, the Group's Co-CEOs and the Board. These include Senior and Country Leadership Meetings, the Executive Risk & Disclosure Committee, Health & Safety Committees, Works Councils and a Learning & Development Committee.

A disciplined reporting structure ensures the Board is appropriately appraised on activities, opportunities and risks in order to provide strategic direction.

The Group's General Counsel and Company Secretary provides regular updates in relation to changing regulatory, legislative and governance requirements. The Board keeps all aspects of corporate governance under review and will continue to develop in line with the Group.

Composition

Composition of the Board changed significantly during 2021 with the appointment of Lord Stuart Rose as Chairman of the Board and Dame Alison Carnwath an independent Non-Executive Director and Chairman of the Audit & Risk Committee.

Stuart and Alison joined fellow independent Non-Executive Director John Carey, Non-Executive Directors and TDR Representatives Manjit Dale and Gary Lindsay and Executive Directors Mohsin Issa and Zuber Issa.

Details of the Directors' biographies and committee membership can be found on pages 72 and 73 and details of all Directors' skills and backgrounds can be found on page 75.

The current size, composition and diversity of the Board is sufficient for the size, scale and complexity of the Group and the skills and knowledge aligns with the growing diversity of the Group's portfolio and future strategic objectives. There is appropriate representation from the Group's ultimate shareholder and the addition of the independent Non-Executive Directors facilitates independence and constructive challenge.

Induction

During the first half of 2021, the newly appointed Non-Executive Directors undertook a detailed and tailored induction. Meetings were arranged virtually, due to COVID-19 travel restrictions, with the existing members of the Board, Executive Management and Country Management Teams. In-person meetings were held at the Group's head office and in the USA once permitted and teach-in sessions were arranged.

Service agreements are in place for the Non-Executive Directors detailing roles and responsibilities and expected time commitment.



Skills

The criteria for appointment focused on ensuring the Board had the appropriate balance of skills, knowledge, competence, diversity and independence. The workings and skills of the Board will remain under close review via the Nomination Committee (see page 80) to ensure any gaps are identified and resolved. Details of the Directors' knowledge and previous experience can be found in the table below.

Independence		Investment & Private Equity	
Retail & Food Services		Corporate Governance	
Oil & Gas		Risk Management	
Global Operations		Audit & Risk Committee	
Strategy Development		Remuneration Committee	
Finance & Accounting		Nomination Committee	
M&A			

Roles and responsibilities

The Group has clear lines of responsibility from shareholder to Board, Board to Co-CEOs and Co-CEOs to Executive and Country Management Teams.

The Board, as a whole, is collectively responsible for promoting the long-term sustainable success of the Group and agreeing and executing strategy.

There is a distinct and defined division of responsibilities between the Chairman and the Co-CEOs. Whilst the Chairman is responsible for the effective workings of the Board, the Co-CEOs are responsible for the operational management of the business and for the implementation of the agreed strategy by the Board and its shareholders.

The Chairman is responsible for ensuring that all Directors are properly briefed on issues and that they have full and timely access to accurate and relevant information. To ensure the Directors fully discharge their duties, briefing papers are circulated in advance of all meetings.

The Board delegates responsibility for the day-to-day operational management of the Company to the Group's Co-CEOs, who are supported by an Executive Management Team including the Group Chief Financial Officer, Group General Counsel and Company secretary, Group Chief Information Officer, Group Chief Operating Officer and Group Commercial Director, in addition to Country Management Teams. During 2021 the Executive Management Team also consisted of a Group Chief Strategy Officer; this position has remained vacant since December 2021.

GOVERNANCE CONTINUED

BUILDING A GOVERNANCE FRAMEWORK THAT IS FIT FOR PURPOSE CONTINUED

Roles and responsibilities continued

The Board		
CHAIRMAN Effective leadership of the Board. Maintains a culture of openness and transparency. Promotes effective contribution, debate and constructive challenge.	CO-CEOS Effective day-to-day management of the Group and operations Ensure Board decisions are implemented. Responsible for ensuring the Board is kept up to date on all matters regarding operations and reputation.	INDEPENDENT NON-EXECUTIVES Insight and experience to the Board. Responsible for constructively challenging strategies, scrutinising performance and bringing independent thinking and judgement.

Board Committees		
AUDIT & RISK Independent assessment and oversight of the financial reporting processes and makes recommendations to the Board around the integrity of the financial information. On behalf of the Board, oversees risk management and internal controls.	REMUNERATION Reviews remuneration structures and packages for Executive Management. Reviews workforce pay and conditions.	NOMINATION Reviews the size and composition of the Board, its Committees and Executive Management. Makes recommendations around gaps identified and appointments as necessary. Reviews the Group's corporate governance arrangements as well as performance and effectiveness of the Board and its Committees.

Executive Management

We have a number of mechanisms in place to ensure information flows between the Board, Co-CEOs, Executive and Country Management Teams and colleagues at EG.

During 2021 an executive level Risk & Disclosure Committee was established, reporting to the Audit & Risk Committee. Meetings were scheduled on a quarterly basis aligned to the Group's financial reporting calendar, with ad hoc sessions arranged as necessary to review and validate the information being reported both internally and externally.

In addition, weekly country leadership calls are held with the Co-CEOs to discuss performance and trading.

A monthly Senior Leadership Meeting is convened to discuss any pertinent matters.



Time commitments and independence

Independent Non-Executive Directors are required to provide a minimum time commitment which is stipulated in their service contracts; however, throughout 2021 and 2022 and due to the volatility of the markets, they continue to make themselves available at short notice to deal with matters as they arise.

All Directors are required to report any external appointments to the Group Company Secretary; a list of appointments is maintained by the Group Secretariat and reviewed annually.

Stuart Rose, Alison Carnwath and John Carey were deemed independent on appointment. They assess, challenge and monitor the Executive Directors' delivery of strategy within the risk and governance framework agreed by the Board and, following advice and guidance from the Audit & Risk Committee, review the integrity of the Group's financial information. The Board therefore considers them to be independent in both character and judgement.

As Executive Directors, co-founders and shareholders, Mohsin Issa and Zuber Issa, alongside TDR Representative Directors Manjit Dale and Gary Lindsay, are not deemed independent.

Before all Board meetings, the Chairman directs Directors to confirm any conflict of interests and the Directors are required to inform the Group Company Secretary of any conflicts of interest as they arise.

Details of related parties are monitored and reported to the Group's Financial Reporting Team. During 2021, a review of Directors' related parties was undertaken and an annual Director disclosure was completed.

Following the year end, a review of the Group's conflicts of interest and related party processes has been undertaken and an updated policy has been approved.

As reported in the financial statements, details of any related party transactions can be found in note 37 on 161 to 163.

Performance and evaluation

The Directors can request access to independent and professional advice at the Company's expense.

The Board has agreed to undertake an internally facilitated Board and Committee evaluation during H2 2022, supported by the Nomination Committee. The results and any action plans will be reported in the 2022 Annual Report and Financial Statements.

ACTIVITIES DURING THE YEAR

The Board held four formal meetings scheduled in each quarter; in addition, three ad hoc sessions were arranged, focused specifically on strategy, mergers and acquisitions ("M&A") and the FY22 budget. Regular dialogue is maintained between the Directors and Group Company Secretary and private offline sessions are held between the Non-Executive and Executive Management separately to ensure the Board is updated on developments.

Agendas are prepared in conjunction with the Chairman, meetings and key decisions are minuted and actions are tracked and updates reported at the next meeting. Standing items include Committee updates, CEO, CFO, M&A and Health, Environment, Safety & Security ("HESS") updates. Deep dives into topic areas are agreed by the Board and Executive Management Team and include ESG, digital strategy and technology.

During 2021 and as part of the Board's induction programme, a number of virtual strategic sessions were held, led by the Group's CSO in conjunction with external advisers and subject matter experts, to better understand market trends, opportunities for growth, potential risks and technological developments to ensure the strategic objectives of the business align with customers' existing and future needs.

GOVERNANCE

KEY AREAS OF FOCUS



ACTIVITIES AND DECISION-MAKING

MATTERS CONSIDERED	OUTCOME	LINKS TO STRATEGY
CO-CEO UPDATES	<ul style="list-style-type: none"> • Overview of opportunities and challenges facing the different segments and regions provided at each meeting • Overview of performance and trends, customer trends and preferences • Updates around investment and organic growth including NTI sites • Brand initiatives and strategic partnerships including Asda On the Move 	
CFO UPDATES	<ul style="list-style-type: none"> • Overview of financial performance including revenue, EBITDA and cash flow • Performance measured against prior quarters, years and budget • Reforecasting and action planning 	

KEY

Growth

Innovation

Site network

Foodservice

**AUDIT & AUDITOR****OUTCOME**

- Review and approval of Group Annual Report and Financial Statements for FY20
- Review and approval of FY21 audit strategy and re-appointment of KPMG as external auditor for the period

**AD HOC FINANCIAL MATTERS**

- Agreed Group and country budgets for FY21 and FY22
- Review of liquidity, leverage and revolving credit facility
- Approval of termination of proposed Asda forecourts transaction and redemption of \$675m 6.5% Senior Secured Notes
- Approval of change of LIBOR to SONIA

M&A

- Quarterly updates on potential acquisition opportunities
- Approval of proprietary brand acquisitions of LEON and Cooplands
- Approval of Sprint and Amsric acquisitions
- Approval of divestment of sites to address the CMA resolution agreed following the shareholders' separate acquisition of Asda

TECHNOLOGY

- Review of risks and controls around technology and information security

HESS UPDATES

- Quarterly reports presented detailing HESS performance for country and Group
- Approved expenditure for implementation of software to facilitate improvements regarding reporting and the granularity of data

LEGAL, GOVERNANCE & COMPLIANCE MATTERS

- Approval of Committees and membership
- Updates from the Committee Chairmen and from the Group's General Counsel on material contracts and agreements including purchase of financial assets in January 2021
- Review of minimum volume commitments across fuel supply contracts
- Review and approval of enhanced risk management framework and Group risk register

ESG

- Approval of appointment of Head of ESG and Sustainability
- Deep dive into ESG initiatives and strategy

PRIORITIES FOR 2022

The Board held an in-person annual strategy and planning session at the start of 2022. Key priorities and areas of focus for the Board during 2022 include:

- Continue to closely monitor the performance of the Group, segments and industry as a result of the geopolitical and macroeconomic factors
- Determination of Group strategy with particular focus around alternative fuels
- Review and consider the Group's refinancing strategy
- Development of ESG strategy including Director training, development of carbon targets and a published Sustainability Report
- EG's digital strategy and technology
- Continue to develop the governance framework and associated policies and procedures
- In conjunction with the Nomination Committee, agree succession planning in relation to Executive Management and key personnel
- Undertake a Board and Committee evaluation and implement any agreed action plans

NOMINATION COMMITTEE REPORT



COMPOSITION OF THE BOARD AND COMMITTEES IS REFLECTIVE OF THE SIZE, SCALE AND COMPLEXITY OF THE BUSINESS AND ALIGNS WITH THE GROWING DIVERSITY OF THE GROUP'S PORTFOLIO AND FUTURE OBJECTIVES

Lord Stuart Rose
Chairman of the Nomination Committee

COMMITTEE COMPOSITION AND ATTENDANCE

Committee members 2021	Meetings attended
Stuart Rose (Chairman)	●
Alison Carnwath	●
John Carey	●

All other Directors are invited and expected to attend; however, they are not members and do not form a quorum. In addition, the Group General Counsel and Company Secretary supports the Chairman to prepare the agendas, attend and minute the meetings.

In accordance with the Terms of Reference, the Committee is required to meet at least twice yearly; ad hoc meetings may be called at the request of the Chairman as required.

RESPONSIBILITIES

Board and Committee composition and effectiveness

The Committee reviews the composition of the Board and its Committees to ensure effective leadership and long-term success.

Ensures the Board and committees have the appropriate balance of skills, knowledge and diversity.

Identifies and evaluates candidates for future appointments as required.

Succession

The Committee is responsible for ensuring a pipeline of talent for the Board and Executive Management Team to support succession.

Governance

The Committee is responsible for ensuring the Group satisfies the required standards of corporate governance.

ACTIVITIES DURING 2021

Board and Committee composition and effectiveness

During 2021, the composition of the Board changed significantly with the appointment of Lord Stuart Rose and Dame Alison Carnwath as independent Non-Executive Directors, following the appointment of John Carey in November 2020.

The appointments of Stuart, Alison and John brought a level of independence to deliberations and constructive challenge to Board meetings to ensure the Board remains balanced and effective.

Meetings

In May 2021, the Board established three supporting Committees, Audit & Risk, Nomination and Remuneration. The roles and responsibilities of each Committee are clearly set out in the Committees' Terms of Reference.

Whilst the Nomination Committee is required by its Terms of Reference to meet twice a year, due to timings, only one meeting was held during 2021, with the purpose of reviewing and confirming the Board and Committee composition and the corporate governance arrangements of the Group. A subsequent meeting was held following the year end where a more in-depth review of the corporate governance arrangements against the Wates Principles took place. The composition of the Board and Committees, as well as the skills, backgrounds and diversity of the Directors, was also reviewed. Areas of development and key priorities were also agreed.

Balance of skills, background and diversity

Having reviewed the members of the Board and its Committees alongside the balance, skills, backgrounds and diversity of the Directors, the Committee believes the current composition is reflective of the size, scale and complexity of the business and aligns with growing diversity of the Group's portfolio and future strategic objectives.

Alongside the Board, the Committee continues to champion the benefits of diversity, whether it be religious, ethnic or gender diversity and the current composition is reflective of this.

THE BOARD AND COMMITTEE DASHBOARD



3 BAME

Training and development

All Directors can request further information and support in order to fulfil their individual and collective duties. During 2021 a number of strategic sessions lead by internal and external advisers were held with the Board to review strategy, understand key markets, opportunities and risks.

One-on-one sessions were held between the Non-Executive Directors and the Co-CEOs as well as Executive Management Team, including the CFO, Group General Counsel and Company Secretary and Head of HR to ensure a consistent and timely dialogue outside of the boardroom.

Time commitment

Time commitments for the independent Non-Executive Directors were agreed at appointment and are set out in writing as part of their service agreements.

A list of Directors' external directorships is maintained by the Group Secretariat Team and is reviewed annually by the Board. Directors are required to inform the Company Secretary and the Board of any external appointments.

Evaluation

The Committee agreed that during H2 2022 an anonymised, internally facilitated Board and Committee evaluation will be held. The results and any agreed actions will be presented to the Committee in November 2022 and detailed in the FY22 Annual Report and Financial Statements.

LEADERSHIP AND SUCCESSION

The Executive Management Team consists of the most senior leaders, business unit and functional leads from across the business and supports the Co-CEOs in the implementation and delivery of the Group's strategy as set by the Board.

During 2021, the Executive Management Team consisted of the Group Strategy Officer, Group Chief Financial Officer, Group General Counsel and Company Secretary, Group Chief Information Officer, Group Chief Operations Director and Group Commercial Director. Throughout 2022, the Nomination Committee will continue to support the Board and the Company in reviewing the Group's Executive Management Team to ensure delivery of the Group's strategy and objectives.

GOVERNANCE

Directors' conflicts of interest will be reported annually to the Nomination Committee to ensure any conflicts are considered as part of the Directors' independence assessment and will take place simultaneously as part of the Board and Committee evaluation process scheduled for H2 2022.

Following the year end, a review of the Group's corporate governance arrangements took place. As a large private business, the Group applies the Wates Principles of Corporate Governance. Details of EG's application can be found throughout this governance section of the Annual Report and Financial Statements. A signpost to various sections can be found on page 71.

Given EG's size and scale, the Board and the Committee are mindful of additional corporate governance requirements that apply to our suppliers, investors and competitors. The Committee ensures that Directors are made aware of best practices as well as developments in the corporate governance arena.

2022 PRIORITIES

- A key area of focus during 2022 is to ensure appropriate succession plans and talent pipelines are in place for key roles across the business
- Undertake a Board and Committee evaluation and agree an action plan for 2023
- Continue to review and monitor developments across the governance agenda and the impact on EG and ensure the Group's governance arrangements are appropriate, proportionate and reflective of best practice

Chairman of the Nomination Committee

August 22, 2022

AUDIT & RISK COMMITTEE REPORT



THE COMMITTEE CONTINUES TO OVERSEE THE GROUP'S DESIGN, DEVELOPMENT AND IMPLEMENTATION OF FINANCIAL CONTROLS. A KEY PRIORITY FOR THE COMMITTEE WILL BE TO SUPPORT THE GROUP TO IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF THE AUDIT AND STATUTORY REPORTING TIME FRAMES

Dame Alison Carnwath
Chairman of the Audit & Risk Committee

MEMBERSHIP AND ATTENDANCE

Committee members 2021

Alison Carnwath (Chairman)

John Carey

Meetings attended

● ● ● ● ● ● ● ●

● ● ● ● ● ● ● ●

The core responsibilities of the Committee include:

- **Financial statements and statutory reporting** - On behalf of the Board, the Committee is responsible for reviewing the appropriateness of the financial controls and processes and the integrity of the Group's reported financial information including key judgements and disclosures
- **External auditor** - The Committee is responsible for overseeing the external auditor relationship, recommending to the Board their appointment and remuneration and assessing the effectiveness of the external audit programme
- **Internal controls and risk management** - The Committee has supported the Group in the design and development of its internal controls and risk management framework and the identification and assessment of principal and emerging risks
- **Internal audit** - During 2021 and 2022, the Committee supported the Group with reorienting the activities of the internal audit function to support with the design and development of internal controls. It is a responsibility of the Committee to ensure appropriate arrangements are in place

I am pleased to present the Audit & Risk Committee (the 'Committee') report for the period ended December 31, 2021. Following my appointment to EG, the Committee was established in May 2021 and I was appointed Chairman of the Committee.

2021 saw the continued development of EG's governance framework. This report sets out how the Committee has supported the Group in achieving its objectives in this area and how it has supported the Board in providing regular oversight and assurance.

Looking ahead to 2022, the Committee will continue to assess the macroeconomic factors which may impact the Group's operations as well as the evolving legislative and regulatory landscape including the UK Government's Audit Reform Programme. Further details regarding the Committee's priorities can be found on pages 86.

AUDIT & RISK COMMITTEE GOVERNANCE

Composition

The Committee comprises Non-Executive Directors including John Carey alongside myself.

As a Chartered Accountant, I have extensive and relevant financial experience having served as a member and chairman of other audit committees and am able to provide the appropriate level of challenge to management. The Committee as a whole has competence relevant to the sector in which the Group operates. Further details of the Directors' experience and skills can be found on page 75.

The remaining Directors, including the Chairman of the Board, though invited to attend are not members and therefore do not count as quorum. Composition is therefore in line with and is appropriate for the needs of the business.



Meetings

The Committee's objectives and requirements as detailed in the Terms of Reference were mapped out for 2021 and a schedule of activity was prepared. Reporting responsibilities and timelines were clearly defined from the outset and the schedule was reviewed and updated following the year end for the activities relating to 2022.

The Committee is required to meet at least quarterly and meetings are aligned to the Group's financial reporting activities. Agendas are prepared based on the schedule of activity and, in conjunction with the CFO and the Committee Chairman, time is allocated to each agenda item and allowance is made for any additional matters that arise. Updates are prepared and presented by management in relation to quarterly financial results prior to publication. The Committee also receives regular updates on internal controls, risk management, governance and compliance, as well as updates from the external auditor relating to the audit process. Additional meetings were arranged covering the Group's key accounting policies and judgements and preliminary and year-end audit processes in preparation for approval of the 2020 Annual Report and Financial Statements.

Minutes are taken of all meetings and actions tracked, which are reviewed and approved at the subsequent meeting.

Performance and evaluation

Following the 2021 year end, a gap analysis was undertaken against the Committee's Terms of Reference; the outcome and an action plan were reported to the Committee in February 2022 and key priorities agreed, including a thorough review of the audit timetable, which continues to be a key priority for the Committee and the Company. The period from December 31, 2021 to the publication of the Annual Report and Financial Statements was shortened from the prior year and the Committee continues to support management to achieve a more normalised reporting timetable for FY22.

The action plan helped formulate the Committee's schedule of activity and updates are reported at each quarterly meeting to track progress.

A Committee evaluation will be undertaken during H2 2022 and the actions and progress will be reported in the 2022 Annual Report and Financial Statements.

ACTIVITIES DURING 2021

Financial statements and statutory reporting

During 2021, an Executive Risk and Disclosure Committee was established to ensure the Company satisfies its disclosure obligations. The Executive Risk & Disclosure Committee meets at least quarterly to review the Group's quarterly financial results and the Annual Report and Financial Statements. Ad hoc meetings are arranged as needed to review press releases and statements prior to circulation to the Audit and Risk Committee or the Board.

Following review by the Executive Risk & Disclosure Committee the Group's quarterly results and investor presentations were reviewed by the Committee to assure the accuracy of the disclosures prior to release. Management's analysis and accounting considerations were also provided to support the Committee in its review.

In October 2021, the Committee reviewed and recommended that the Board approve the 2020 Annual Report and Financial Statements.

In addition, the Committee has considered this Annual Report and Financial Statements for 2021 and is satisfied that the conclusions and related disclosures are appropriate. The Committee has recommended to the Board that the Annual Report and Financial Statements for 2021 is a fair, balanced and understandable assessment of the Company's position and prospects. In reviewing the Annual Report and Financial Statements, the Committee has considered reports from management on accounting policies and key judgements and assessed the suitability and reasonableness of these. The following table highlights the most significant issues/judgements considered by the Committee.

AUDIT & RISK COMMITTEE REPORT

ACTIVITIES DURING 2021 CONTINUED

Financial statements and statutory reporting continued

The areas of focus and actions taken by the Committee in relation to the 2021 Annual Report and Financial Statements are outlined below. The Committee was satisfied in each case with the accounting and the related disclosure in the financial statements and recommended that the Board approve the matter.

SIGNIFICANT FINANCIAL MATTERS

GOING CONCERN

- See Going concern within note 1 on page 102

IMPAIRMENT OF GOODWILL

- See note 15, Goodwill on page 120

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT ("PPE") AND RIGHT OF USE ("ROU") ASSETS

- See Impairment of PPE and Intangibles within key sources of estimation uncertainty in note 4, on page 113

ACQUISITION ACCOUNTING

- See note 35, Business Combinations on pages 155 to 161

EXCEPTIONAL ITEMS

- See note 5, Exceptional Items on pages 114 and 115

RELATED PARTY TRANSACTIONS

- See note 37, Related Party Transactions on page 161 to 163

CONSIDERATIONS

The Committee reviewed and challenged management's assessment of forecast cash flows in the Going Concern Assessment Period, including sensitivity to trading performance and the potential impact of uncertainties including those resulting from macroeconomic and geopolitical factors.

These forecasts also considered the ability of the Group to service its financing facilities and to comply with its relevant covenants.

The Committee reviewed the assumptions with management and are satisfied that they support the Group as a Going Concern.

The Committee also considered the disclosures relating to Going Concern assumption, including those relating to the potential strategic options being considered by the Directors.

The Committee reviewed and challenged management's impairment testing of goodwill, in particular in relation to the Australia and Benelux Groups of Cash Generating Units (CGUs).

The Committee considered the methodology and key assumptions for the adopted fair value approach in order to conclude on the appropriateness of the impairment losses recognised, which consisted of a \$100m impairment for the Australia Group of CGUs for 2021 (2020: nil). This included challenging the independent third-party valuation multiples against the latest known market information.

Given the impairment in Australia and the low headroom in Benelux, the Committee also reviewed the related incremental disclosures.

The Audit Committee reviewed management's impairment conclusions relating to site level impairment indicators for PPE and RoU assets, which included challenge of key judgements, in particular discount rates and the estimated future cash flows.

The Committee noted the impairment charge for the year of \$178m (2020: \$25m) and reviewed the related disclosure.

There have been six acquisitions in the year. Management have engaged valuation specialists where required to support on the purchase price accounting and other key judgements made as part of this exercise and a summary of the proposed accounting was presented to the Committee.

The Audit Committee reviewed the accounting treatment and disclosures, and the application of IFRS 3 Business Combinations in relation to these acquisitions.

The Committee considered the presentation of the Group's financial statements and the appropriateness of the presentation of exceptional items. The Committee reviewed the nature of the adjusting items identified and concurred with management that the treatment was clear, balanced and consistently applied across years. The Committee also considered the presentation of Alternative Performance Measures ("APMs") including Adjusted EBITDA throughout this report and whether this enables a clear and fair understanding of performance.

The Group has entered into a number of transactions in the year, including those between Bellis Topco Limited and its subsidiaries following the Shareholders separate acquisition of Asda Supermarkets Limited, which completed in February 2021.

The Audit Committee reviewed the related party disclosure in the financial statements. The Audit Committee satisfied themselves that there were no additional related parties that had not already been identified nor related party transactions that had not been adequately disclosed.



External auditor

Following the Committee's establishment in May 2021, the Committee reviewed the scope of the FY20 audit and quarterly reports were presented at each meeting from the external auditor as to the progress of the FY20 audit, key risks and challenges.

Following approval of the Group's 2020 Annual Report and Financial Statements, KPMG have presented their management letter detailing their findings from the FY20 audit, FY21 audit plan and strategy including their initial assessment of risks, scoping and materiality. Following a detailed review of the audit strategy, KPMG's independence assessment and management's response to the representation letter, the Committee recommended that the Board re-appoint KPMG LLP for the FY21 audit.

FY21 audit fees have been agreed on a comparable basis and are expected to reduce in future years following the implementation of the Internal Controls over Financial Reporting and Business Improvement and Internal Controls programme.

KPMG did not undertake any non-audit services on behalf of the Group during FY21. However, the Company engaged PwC LLP on matters relating to purchase price allocation, new acquisitions and valuations and engaged EY LLP in relation to the design and development of the internal controls programme.

Following the conclusion of the FY21 audit and publication of the Group's Annual Report and Financial Statements, the Committee will undertake an effectiveness review of the audit process and will prepare an update for the Board in relation to the outcome and associated actions.

The Group was informed that the UK Financial Reporting Council's Audit Quality Review ("AQR") Team would review the FY20 audit undertaken by KPMG. The key findings of the report will be presented to the Committee once available.

The Committee Chairman and external auditor work closely on all audit matters with regular discussions taking place outside of the scheduled meetings, with communications based on open and honest dialogue.

INTERNAL CONTROLS AND RISK MANAGEMENT

We continue to develop our internal controls and risk management framework, whilst significant progress has been made to date, the Committee is aware there is still more work to be done. This is a key priority for the business and the Committee throughout 2022 and 2023.

Internal controls of financial reporting

The Committee continues to oversee the Group's design, development and implementation of financial controls. Both the previous auditor Deloitte LLP and current auditor KPMG do not place reliance upon internal controls over financial reporting in undertaking their statutory audits of the Group and as such the Committee has a clear objective for the Group to improve the financial processes, internal controls and documentation of controls. During 2021 a dedicated Business Improvement and Internal Controls programme was established and quarterly reports were and continue to be presented to the Committee to track progress and identify potential risks in advance.

This programme is focused on reviewing and implementing further improvements to financial processes and internal controls to ensure that the Group has high quality internal controls over Financial Reporting processes. This work is being undertaken in conjunction with the implementation of a common finance ERP across the Group with common reporting protocols including standardized global charts of account and reporting structures. The Committee expects to see significant progress in these areas in 2022 and 2023.

Technology and information security controls

A key focus for the Committee during 2021 related to technology and information security controls. Reliable, available and secure technology services and applications underpin the delivery of our operations to achieve our strategic objectives. The Group's Chief Information Officer attended all Committee meetings to ensure the Committee was kept up to date with any developments, risks and opportunities.

Following the year end, strategic priorities for technology were presented to the Board and the Committee will continue to monitor progress in line with the plan during 2022.

INTERNAL CONTROLS & RISK MANAGEMENT CONTINUED

Risk management

During the year, the Committee reviewed and considered the Group's risk management framework and processes.

A Group-level principal risk register and high-level risk appetite statements were reviewed prior to Board approval to ensure alignment of the risk framework.

Risks have been categorised into key areas with executive sponsors and risk owners assigned.

FY22 will see the continued rollout of the Group's risk framework and to align risk activities from a top-down and bottom-up approach. For further information regarding the Group's risk framework and principal risks, please refer to pages 51 to 61.

Internal audit

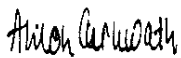
During 2021, the Group's Internal Audit team reprioritised its focus on actions across core financial processes and internal improvement areas. These activities are designed to implement common processes and controls across all countries in the Group. As the Group continues to evolve its Internal Controls over Financial Reporting, the Committee will re-institute regular internal audit reviews of these processes and controls to ensure there is an adequate third line of defence.

PRIORITIES FOR 2022

A key priority for 2022 for the Committee will be to support the Group to improve the efficiency and effectiveness of the audit and statutory reporting timeframes and the Group intends to publish its 2022 Annual Report and Accounts within a more normalised timeframe.

This will be supported by continued momentum from the Group's Financial Controls Implementation Programme and tracking of progress will continue to be reviewed and challenged by the Committee throughout 2022. In addition, following the extensive Business Improvement process and Internal Controls programme activities during 2021 and 2022, the Committee will support management to establish an appropriate internal audit function that will be operational in 2023.

Also during 2022, the Committee will review management's refinancing strategy, in light of the Group's maturing term loans and secured notes in 2024 and 2025.



Chairman of the Audit & Risk Committee

August 22, 2022

REMUNERATION COMMITTEE REPORT

RECOMMENDED FOR APPROVAL



WE ARE COMMITTED TO DEVELOPING A SUSTAINABLE APPROACH TO REMUNERATION THAT ATTRACTS, RETAINS AND INCENTIVISES OUR COLLEAGUES

John Carey
Chairman of the Remuneration Committee

COMPOSITION AND ATTENDANCE	
Committee members 2021	Meetings attended
John Carey	● ● ●
Stuart Rose	● ● ●
Alison Carnwath	● ● ●

ROLES AND RESPONSIBILITIES	
<p>The purpose of the Committee is to work with the Group's Go-CEOs and Executive Management to harmonise and develop a Group-wide, sustainable approach to remuneration that attracts, retains and incentivises key personnel across EG, to deliver the Group's strategic objectives and is aligned with shareholder interests.</p> <p>This includes:</p> <ul style="list-style-type: none"> Proposing appropriate remuneration structures, ensuring the performance criteria are fair and rewarding of successful performance and are sufficiently balanced to include financial and non-financial KPIs Ensuring there is consideration of the need for clarity, simplicity, risk mitigation, proportionality and cultures in all proposed structures Keeping sufficiently aware and up to date regarding remuneration in other companies of similar size and scale as well as changes in laws and regulations Ensuring appropriate reviews of, and that consideration is given to, workforce pay and policies to ensure alignment with best practice 	

As Chairman of the Remuneration Committee, I am pleased to present the Remuneration Committee report for the financial year ended December 31, 2021.

During 2021 the Committee has supported the Executive Directors and management to establish a simple, pragmatic and transparent pay structure across all our markets that attracts, retains and incentivises our colleagues to deliver the strategic objectives of the Group.

The team delivered strong financial results despite a continuing global pandemic impacting on our operations and requiring increased investment to keep our colleagues and customers safe, as well as labour and supply chain shortages, particularly across the retail sector. 2022 will see continuing challenges as a result of increased inflation and the rising cost of living, further exacerbated by the conflict in Ukraine.

REMUNERATION ACTIVITIES REPORT

Meetings

During the year the Committee held three virtual meetings in quarters two, three and four. Meetings will increase to four during 2022 in line with the Committee's Terms of Reference.

All Directors are invited to attend but do not count as quorum. To ensure the global needs of our colleagues are considered, representatives from the UK & Europe, Australia and USA HR teams attend the meetings on a bi-annual basis to provide updates on labour market trends, retention and initiatives.

REMUNERATION COMMITTEE REPORT

REMUNERATION ACTIVITIES REPORT CONTINUED

Key decisions and achievements

AREA	OUTCOME
PAY STRUCTURES	During the year, the Committee prioritised the introduction of a performance related, consistent and transparent pay structure to incentivise key personnel. A proposal was approved by the Committee which established both a long and short-term incentive plan ("LTIPS" and "STIPs"), which will provide a foundation for a consistent and standardised reward mechanism in all regions, with a key focus on retention. LTIP schemes were developed to drive long-term growth in the business whilst retaining key leadership, with participants identified from around the business and categorised according to levels of strategic influence and control. Performance metrics were also agreed for STIP, and cover both financial and non-financial KPIs and delivery of personal objectives. This includes all UK head office/shared service colleagues and above store leaders, with a view to rolling out similar mechanisms in Continental Europe. Details of the LTIP and STIP performance metrics and weightings can be found on page 89.
ANNUAL PAY RISE AND BONUSES	In December, the Committee approved an annual pay rise across the Group. In addition, and in lieu of the STIP arrangements, annual bonuses were awarded for FY21 which will be paid in H2 2022.
MINIMUM WAGE	Workforce pay and conditions is a key responsibility of the Committee. In the UK, EG's minimum wage was increased to 9.50p in October 2021 for all UK employees over 18. This was further increased to 10.05p in April 2022.
EXECUTIVE BENCHMARKING	A UK salary benchmarking exercise was undertaken against Merca and the outcome reported to the Committee to ensure pay is competitive and reflective of job roles. The Committee approved additional expenditure for the salary benchmarking exercise to be rolled out across our other markets.
ENGAGEMENT SURVEY	During Q4 an inaugural global engagement survey was rolled out. Workshops and feedback sessions have been held with teams in order to disseminate the information across the Group. Results were reported to the Committee during 2022 and key areas were identified and prioritised. A half-yearly update on progress will be reported to the Committee in September 2022 and the engagement survey will be repeated in December 2022.
UK GENDER PAY	The UK's gender pay gap report was presented to the Committee. Further details can be found via the following link on our website https://www.eg.group/media/14xncwtw/gender-pay-gap-statement.pdf?culture=en

STIPs AND LTIPs

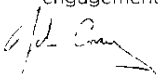
Awarded December 2021	Payable Q3 2022		
To be awarded December 2022	Payable Q2 2023		
Financial KPI – Group & Company EBITDA 50%	Non-Financial – Company KPI including ESG carbon reduction target 25%	Non-Financial – Personal Performance 20%	
Awarded December 2021	Three-year vesting period	Payable April 2025	

GOVERNANCE

Following the year end, a gap analysis against the Committee's Terms of Reference was conducted, and the outcome and associated actions were reported at the following Committee meeting. The actions were used to formulate a schedule of activity and agree deadlines for various work streams.

PRIORITIES FOR 2022

- Schedule pay reviews for the Board and Executive Directors for FY23
- Establish a process for half-yearly reporting to LTIP participants
- Develop KPIs and standard reporting dashboard to present at all Committee meetings detailing staff turnover, retention, engagement etc



Chairman of the Remuneration Committee
August 22, 2022

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended December 31, 2021.

RESEARCH AND DEVELOPMENT

The Group is committed to undertaking research and development activities with regard to the markets and sectors in which the business operates, particularly in relation to alternative fuels as well as our digital offerings to continue to provide best-in-class services to our customers.

BUSINESS REVIEW, POST-BALANCE SHEET EVENTS AND FUTURE DEVELOPMENTS

A review of the financial performance of the Group during the year is included in the strategic report. Details of significant events since the balance sheet date are contained in note 36 to the financial statements. An indication of likely future developments in the business of the Company is included in the strategic report.

FINANCIAL RISK MANAGEMENT

Information relating to the principal risks and uncertainties of the Group has been included within the strategic report. Further information relating to the financial risks of the Group has been included in note 34.

OWNERSHIP

The ultimate parent Company of EG Group Limited is Optima Bidco (Jersey) Limited, a company incorporated in Jersey, that is 25% owned by Mohsin Issa, 25% owned by Zuber Issa and 50% owned by funds managed by TDR Capital LLP.

DIRECTORS

The Directors who held office during the year were as follows:

- Zuber Vali Issa
- Mohsin Issa

The Company's Articles of Association provide for the indemnification of its Directors to the extent permitted by the Companies Act 2006 and other applicable legislation, out of the assets of the Company, in the event that they incur certain expenses in connection with the execution of their duties. In addition, and in common with many other companies, the Company has directors' and officers' liability insurance, in respect of certain losses or liabilities to which officers of the Company may be exposed in the discharge of their duties.

PROPOSED DIVIDEND

The Directors are not proposing to recommend a dividend from the Company in respect of the financial year ended December 31, 2021 (2020: \$nil). No dividends were paid to shareholders from the Company during the year ended December 31, 2021 (2020: \$nil).

CAPITAL STRUCTURE

Details of the issued share capital, together with details of the movements in the Company's issued shares during the year, are shown in note 28. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at a general meeting of the Company. The percentage of the issued nominal value of the ordinary shares is 100% of the total issued nominal value of all share capital.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

GOING CONCERN

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. In their consideration of going concern, the Directors have reviewed the Group's future cash flow forecasts and profit projections, on both a base case and sensitised basis, considering the principal risks and uncertainties of the Group.

These forecasts have been prepared based on market data, past experience, expected trading on newly acquired businesses and reflect the impact from COVID-19 on trading activity and liquidity. The Directors have reviewed these forecasts and have also considered sensitivities in respect of potential downside scenarios and the mitigating actions available to the Group.

Under all scenarios, there was sufficient headroom on covenants and cash headroom. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 in the financial statements.

EMPLOYEE ENGAGEMENT

We are committed to the investment of our employees at all levels. Further information on our workforce policies, including disability and diversity and inclusion as well as how we engage with our employees, is detailed in our ESG statement on pages 38 to 50 and our Section 172 statement on pages 16 to 19.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE COMPANY

Suppliers and customers are key stakeholders of the Group; details of our arrangements as well as other business relationships can be found in the strategic report. Details of how we engage with our key stakeholders, decisions taken during 2021 and the impact of these decisions on our key stakeholder groups can be found in our Section 172 statement on pages 16 to 19.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Throughout the year the Group has applied the Wates Principles of Corporate Governance. A statement on the Group's compliance with the principles can be found on page 71.

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

We comply with all relevant environmental legislation and have clear objectives to reduce energy consumption and waste production. Details of our carbon reporting are set out in the ESG report on pages 41 and 42.

POLITICAL CONTRIBUTIONS

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the current and prior year.

GUIDELINES FOR DISCLOSURE AND TRANSPARENCY IN PRIVATE EQUITY

The Directors consider that the Annual Report and Financial Statements comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

STRATEGIC REPORT

The Directors confirm that, to the best of their knowledge, the strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- The Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the Board



General Counsel and Company Secretary

August 22, 2022

The Directors are responsible for preparing the Annual Report, strategic report, the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with international Financial Reporting Standards ("IFRSs") as adopted by the European Union and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Group and parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable, relevant, reliable and prudent
- For the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006
- For the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Co-Founders and Co-Chief Executive Officers

August 22, 2022

INDEPENDENT AUDITOR'S REPORT

to the members of EG Group Limited

OPINION

We have audited the financial statements of EG Group Limited ("the Company") for the year ended December 31, 2021 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, company balance sheet, company statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at December 31, 2021 and of the Group's profit for the year then ended
- The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards
- The parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework;
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard, as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the entity, its industry and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's available financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- The impact of rising inflation on revenue, margins, overheads and interest rates

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period
- We found the going concern disclosure in note 1 to be acceptable

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT (continued)

to the members of EG Group Limited

FRAUD AND BREACHES OF LAWS AND REGULATIONS - ABILITY TO DETECT

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit & Risk Committee, Group General Counsel and inspection of policy documentation as to the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud
- Inspection of Board of Directors and Audit & Risk Committee meeting minutes
- Consideration of the Group's results against performance targets and the Group's remuneration policies

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because the incentive/pressure and opportunity for management for fraudulent revenue recognition using revenue account at a transactional level is limited. Performance targets and other pressures on management are focused on EBITDA metrics rather than revenue metrics and the nature of the operations provide limited opportunities to engage in fraudulent revenue recognition.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by users who typically do not create or post journals; seldom used accounts; journals posted with little or no description and journals with unusual descriptions or key words
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation (direct and indirect). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect:

- Relevant regional fuel storage and related environmental regulations which control spillages arising from delivery, storage, and sale of fuel products, relevant food quality, hygiene and safety regulations, employee health and safety and Consumer Rights Legislation, reflecting the Group's business model
- Data privacy laws, reflecting the Group's growing amounts of personal data held

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

OTHER INFORMATION

The Directors are responsible for the other information, which comprises the strategic report, directors' report and the governance report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatements in the other information
- In our opinion the information given in those reports for the financial year is consistent with the financial statements
- In our opinion those reports have been prepared in accordance with the Companies Act 2006

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us
- The parent Company financial statements are not in agreement with the accounting records and returns
- Certain disclosures of directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit

We have nothing to report in these respects.

DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 92, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view, such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company'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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

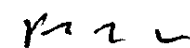
AUDITOR'S RESPONSIBILITIES

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

August 22, 2022

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2021

		2021			2020		
		Before exceptional items	Exceptional items (note 5)	After exceptional items	Before exceptional items	Exceptional items (note 5)	After exceptional items
	Note	\$m	\$m	\$m	\$m	\$m	\$m
Continuing operations							
Revenue	6	26,420	—	26,420	21,463	—	21,463
Cost of sales		(22,324)	—	(22,324)	(17,856)	—	(17,856)
Gross profit		4,096	—	4,096	3,607	—	3,607
Distribution costs		(2,965)	(22)	(2,987)	(2,410)	—	(2,410)
Administrative costs		(462)	(104)	(566)	(486)	(28)	(514)
Other operating income		10	72	82	13	—	13
Share of profit of equity accounted investments	19	1	—	1	—	—	—
Operating profit/(loss)		680	(54)	626	724	(28)	696
Finance income	12	283	41	324	7		7
Finance costs	13	(687)	(56)	(743)	(864)	(6)	(870)
Profit/(loss) before tax		276	(69)	207	(133)	(34)	(167)
Tax	14	(147)	(6)	(153)	(72)	7	(65)
Profit/(loss) for the year		129	(75)	54	(205)	(27)	(232)



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

	2021	2020
	\$m	\$m
Profit/(loss) for the financial year	54	(232)
Other comprehensive income/(expense)		
Items that may be subsequently reclassified to profit and loss		
Exchange differences on translation of foreign operations	(69)	93
Items that will not be reclassified subsequently to income statement		
Remeasurement on defined benefit pension plan	16	(4)
Related tax	(3)	—
Other comprehensive income/(expense) for the year	(56)	89
Total comprehensive loss for the year	(2)	(143)

CONSOLIDATED BALANCE SHEET

As at December 31, 2021

	Note	2021 \$m	2020 \$m
Non-current assets			
Goodwill	15	5,991	5,727
Other intangible assets	16	1,017	1,043
Property, plant and equipment	17	4,821	4,937
Right of use assets	24	2,105	1,992
Interests in joint ventures and associates	19	15	8
Deferred tax asset	23	138	138
Financial assets	34	13	2
Trade and other receivables	21	229	121
Deposit paid for acquisition of subsidiaries	35	85	—
		14,414	13,968
Current assets			
Inventories	20	772	654
Trade and other receivables	21	547	545
Financial assets	34	241	—
Current income tax assets	14	22	16
Derivative financial instruments	34	2	1
Assets held for sale	8	12	14
Cash and cash equivalents	31	646	661
		2,242	1,891
Total assets		16,656	15,859

	Note	2021 \$m	2020 \$m
Current liabilities			
Trade and other payables	25	(1,672)	(1,653)
Contract liabilities	26	(20)	(36)
Current income tax liabilities	14	(164)	(58)
Borrowings	22	(92)	(64)
Lease liabilities	24	(197)	(177)
Provisions for other liabilities and charges	27	(134)	(154)
Derivative financial instruments	34	(5)	—
Employee benefit obligations	33	(22)	(19)
Liabilities held for sale	8	(2)	—
		(2,308)	(2,161)
Net current liabilities		(66)	(270)
Non-current liabilities			
Trade and other payables	25	(485)	(461)
Contract liabilities	26	(44)	(43)
Borrowings	22	(10,155)	(9,598)
Lease liabilities	24	(1,825)	(1,600)
Derivative financial instruments	34	—	(2)
Provisions for other liabilities and charges	27	(705)	(829)
Deferred tax liabilities	23	(517)	(533)
Employee benefit obligations	33	(34)	(48)
		(13,765)	(13,114)
Total liabilities		(16,073)	(15,275)
Net assets		583	584
Equity			
Share capital	28	—	—
Share premium account	29	2,159	2,159
Merger reserve	30	(1,297)	(1,297)
Other reserves	30	(10)	58
Retained (losses)/earnings		(269)	(336)
Total equity		583	584

The financial statements on pages 96 to 164 of EG Group Limited, registered number 09826582, were approved by the Board of Directors and authorised for issue on August 22, 2022. They were signed on its behalf by:

Co-Founders and Co-Chief Executive Officers
August 22, 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2021

Equity attributable to equity holders of the Company

				Other reserves				
	Note	Share capital	Share premium account	Merger reserve	Capital contribution reserve	Currency translation reserve	Retained earnings/(losses)	Total equity
		\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance at January 1, 2020		—	2,159	(1,297)	—	(35)	(100)	727
Loss for the year		—	—	—	—	—	(232)	(232)
Other comprehensive income/(loss) for the year		—	—	—	—	93	(4)	89
Total comprehensive income/(loss)		—	—	—	—	93	(236)	(143)
Balance at December 31, 2020		—	2,159	(1,297)	—	58	(336)	584
Profit for the year		—	—	—	—	—	54	54
Other comprehensive income/(loss) for the year		—	—	—	—	(69)	13	(56)
Total comprehensive income/(loss)		—	—	—	—	(69)	67	(2)
Share-based compensation charges	39	—	—	—	1	—	—	1
Balance at December 31, 2021		—	2,159	(1,297)	1	(11)	(269)	583



CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2021

	Note	2021 \$m	2020 \$m
Net cash from operating activities	31	1,455	1,835
Investing activities			
Proceeds on disposal of property, plant and equipment	8	237	26
Purchases of property, plant and equipment	17	(598)	(364)
Purchases of other intangibles	16	(12)	(22)
Purchases of financial assets	34	(243)	—
Investments in joint ventures and associates	34	(6)	—
Acquisition of businesses	35	(708)	(209)
Deposits paid for acquisitions	35	(88)	—
Loans to related parties	37	(112)	—
Net cash used in investing activities		(1,530)	(569)
Financing activities			
Interest paid		(524)	(545)
Repayment of lease liabilities	24	(280)	(190)
Loan issuance costs paid	31	(44)	(2)
Repayments of borrowings	31	(598)	(498)
Proceeds from new borrowings	31	1,539	176
Net cash inflow/(outflow) from financing activities		93	(1,059)
Net increase in cash and cash equivalents		18	207
Cash and cash equivalents at beginning of the year	31	661	415
Effect of foreign exchange rate changes		(33)	39
Cash and cash equivalents at end of the year	31	646	661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

EG Group Limited is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales (registration number 09826582), and the address of the registered office is Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, United Kingdom, BB1 2FA.

The principal activities of the Company and its subsidiaries (the 'Group') are to operate as a forecourt retailer providing three primary categories of products: retailing of Grocery & Merchandise, Foodservice and Fuel and an additional category of other services.

Basis of preparation

The consolidated financial statements have been prepared for the year ended December 31, 2021 (2020: year ended December 31, 2020) in accordance with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards. The consolidated financial statements are presented in US Dollars, generally rounded to the nearest million. They are prepared on the historical cost basis, except for certain financial instruments and plan assets of defined benefit pension schemes that are measured at fair value at the end of each reporting period, as explained in the accounting policies in note 3.

Going concern

The financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Group has adequate resources for a period of at least twelve months from the date of approval to August 31, 2023 (the 'going concern assessment period'), having assessed the principal and emerging risks facing the Group and determined that there are no material uncertainties to disclose.

In determining whether the Group's financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities together with factors likely to affect its financial performance and liquidity position. These factors included actual trading performance during the pandemic, the trading performance since lockdown restrictions have begun to be lifted and expectations of the future macroeconomic environment.

The Directors have also considered a number of key factors, including the Group's business model, strategy, principal risks and uncertainties and the financial position of the Group, including the current cash position and available working capital facilities, financial forecasts for a period until August 31, 2023, and the ability to adhere to the covenants contained within the Group's financing agreements.

Furthermore, this review has considered the impact of the integration of the Group's acquisition activity. The Group's senior debt facilities, as set out in note 22, are subject to a financial covenant measuring net debt to pre-IFRS 16 EBITDA (leverage), which is tested at the end of each calendar quarter based on the utilisation levels of the revolving credit facility ("RCF").

At July 31, 2022, the Group's net debt position was \$9,257m comprising \$443m in cash at bank, \$270m cash in transit and on site, and \$9,970m of borrowings. In addition, the Group had access to undrawn committed facilities of \$221m giving total available liquidity at that time of \$934m. The Group's net debt benefited from \$546m relating to the deferral of tax and duties payable, presented within trade and other payables, with the majority of the balance being repaid over a 60 month period from October 2022.

FORECASTS

The resilience of the Group's earnings have been demonstrated during the COVID-19 pandemic, where retail and fuel operations were designated as an essential retailer. Current macroeconomic factors have also had an impact on the Group including the impact of inflationary cost increases, driven by growing commodity prices and rising labour costs. The impact of inflationary pressures on margins, overheads and general recession related risks have been built into the Group's forecast scenarios.

Consideration was also given to the conflict in Ukraine which has continued to develop subsequent to the Group's balance sheet date. Resulting from this, there has been significant oil price volatility in 2022; however, as retail prices adapt to wholesale cost movements, there has been no material adverse impact on the Group's profitability. Inflationary pressures which may be caused by the conflict are already incorporated into the overall going concern assessment, as such the impact of the conflict in Ukraine does not impact the conclusions reached over going concern.

The Directors have prepared base and sensitised cash flow forecasts for a period until August 31, 2023, which indicate that the Group and Company will remain compliant with its covenants and will have sufficient funds through its existing cash balances and available facilities to meet its liabilities as they fall due for that period, without any structural changes to the business needed. In developing the forecasts, the Directors considered the estimated ongoing impact of the pandemic and the outlook for the business. This includes the modelling of a number of severe but plausible scenarios based on the experiences during the pandemic, recognising the degree of uncertainty that continues to exist. The scenarios considered include (a) a severe but plausible downside scenario, and (b) a 'reverse stress test' scenario. These are described in further detail below.

The Group's severe but plausible downside scenarios reflect the impact of costs increasing above what can be passed on through retail prices, where doing so may result in a loss of sales. The principal trading and recovery assumptions are broadly aligned to those observed in the Group's historical performance as described above. Whilst not a key factor in the Directors' going concern conclusion, the Group does also have other significant potential mitigations at its disposal to improve its short-term liquidity position and to comply with financial covenants should the need arise, including scaling back its capital investment programme. As a result of the uncertainties surrounding the forecasts due to the current macroeconomic climate, the Group has also modelled a reverse stress test scenario. The reverse stress test models the decline in gross margin that the Group would be able to absorb before requiring additional sources of financing in excess of those that are available and committed. On the basis of the Group's resilient trading performance during the COVID-19 pandemic, and the observed inverse correlation between fuel margins and volumes, the Directors have considered that the sequence of events leading to this scenario would be considered remote.

The Directors continue to consider and assess strategic options for the Group, which could include refinancing of existing Group debt, or an Initial Public Offering or trade sale of some or all of the Group's operations. The forecast scenarios modelled for Going Concern do not include the impact of these potential options.

The Directors would only approve such strategic options if appropriate financing arrangements are in place and there is no impact on the Group's ability to meet its liabilities as they fall due. Appropriate financing arrangements could include repayment or refinancing the Group's debt in the event of a change of control.

CONCLUSION

The Directors are confident that the Group is well positioned to manage its business risks and have considered a number of factors including current trading performance, the outcomes of a range of possible future trading impacts, current liquidity and the available mitigating actions. Under the Group's severe but plausible downside scenario there was sufficient headroom on covenants and cash headroom during the going concern assessment period. The Directors continue to consider and assess strategic and acquisition opportunities as they arise and the Directors would only approve such strategic options and/or acquisitions if they are accretive to the value and position of the Group and sufficient funding is available. Consequently, the Directors are confident that the Group and the Company will have sufficient funds to continue to meet their liabilities as they fall due in the going concern assessment period to August 31, 2023 and therefore have prepared the financial statements on a going concern basis.

The Group's accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2. ADOPTION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following new standards were adopted in the current financial year:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) - interest rate benchmark reform - phase 2
- Annual improvements - cycle 2018-2020 - Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41
- IFRS 16 COVID-19 Related Rent Concessions

New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

- Amendments to IFRS 3 Business Combinations (amendments) - references to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment (amendments) - proceeds before intended use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amendments) - cost of fulfilling a contract
- Amendments to IAS 1 Presentation of Financial Statements (amendments) - classification of liabilities as current or non-current
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
- Amendments to IAS 12 Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- IFRS 17 Insurance Contracts

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Presentational currency

The presentational currency for the Group is US Dollars. Exchange rate differences arising on translation of subsidiaries with different functional currencies to US Dollars for presentation purposes in the Group's financial statements, are recognised in the foreign currency translation reserve in shareholders' equity.

The exchange rates prevailing were as follows:

£/US\$ exchange	Year ended December 31, 2021	Year ended December 31, 2020
Opening rate	1.36492	1.32040
Closing rate	1.34788	1.36492
Average rate	1.37563	1.28232

€/US\$ exchange	Year ended December 31, 2021	Year ended December 31, 2020
Opening rate	1.22710	1.12340
Closing rate	1.13260	1.22710
Average rate	1.18283	1.13953

A\$/US\$ exchange	Year ended December 31, 2021	Year ended December 31, 2020
Opening rate	0.77196	0.70234
Closing rate	0.72533	0.77196
Average rate	0.75161	0.69026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Presentational currency continued

The principal accounting policies adopted are set out below.

Foreign currencies and functional currency

The individual financial statements of each Group subsidiary are prepared in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in US Dollars, the presentational currency for the Group and its consolidated financial statements.

The assets and liabilities of the Group's foreign operations are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Profits and losses are translated at average exchange rates for the relevant accounting periods. Exchange differences arising are recognised in the Group statement of comprehensive income/(loss) and are included in the Group's translation reserve.

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rates of exchange at the reporting date. Exchange differences on monetary items are recognised in the income statement.

Intragroup loans are translated at the year-end exchange rate with the resulting exchange differences recognised within finance costs.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent Company, EG Group Limited, all entities controlled by the Company (its subsidiaries) and the Group's share of its interests in joint ventures made up to December 31 each year. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable return from its involvement with the investee, and has the ability to use its power to affects its returns.

SUBSIDIARIES

Subsidiaries are consolidated in the Group's financial statements from the date that control commences until the date that control ceases. Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

A list of all the subsidiaries of the Group is included in note 18 of the Group financial statements. All apply accounting policies which are consistent with those of the rest of the Group.

JOINT VENTURES

The Group's share of the results of joint ventures is included in the Group income statement and Group statement of other comprehensive income/(loss) using the equity method of accounting.

Investments in joint ventures are carried in the Group balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the entity, less any impairment in value.

The carrying values of investments in joint ventures include acquired goodwill. If the Group's share of losses in a joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture. Dividends received from joint ventures with nil carrying value are recognised in the income statement as part of the Group's share of post-tax profits/(losses) of joint ventures.

Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the entity. The Group's interests in joint ventures are detailed in note 19.

Exceptional items

In addition to presenting information on an IFRS basis, the Group also presents an income statement that separately identifies exceptional items, including the impact of related tax, as shown in a separate column. This adjusted information is disclosed to allow a better understanding of the underlying trading performance of the Group and is consistent with the Group's internal management reporting. These measures are used for performance analysis.

Exceptional items are those which are separately identified by virtue of their size or incidence and include, but are not limited to, acquisition costs, impairment charges, reorganisation costs, profits and losses on disposal of subsidiaries and other one-off items which meet this definition. The Group adopts a minimum threshold of \$1m for the separate identification of exceptional items, which is applied to the aggregate value over the relevant accounting periods. The Group exercises judgement in assessing whether items should be classified as exceptional. This assessment covers both the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Reversals of previous exceptional items are also classified as exceptional.

Revenue recognition

The Group provides three primary categories of products and services to its customers: Grocery & Merchandise, Foodservice and Fuel. The Group also provides ancillary services such as car washes, lotteries, payzones, ATMs etc. through its forecourt operations which are recognised within other revenue.

Revenue is recognised when the Group has a contract with a customer and a performance obligation has been satisfied, at the transaction price allocated to that performance obligation. The Group does not adjust any of the transaction prices for the time value of money due to the nature of the Group's transactions being completed shortly after the transaction is entered into with the customer.

SALE OF GOODS

Revenue from the sale of fuel and goods in store is recognised when the transaction is completed in store or at the filling station.

Revenue from fuel sales to authorised dealers is recognised when the goods are delivered to the specific site location and control passes.

The transaction price is the value of the goods net of VAT.

Fuel and each good sold in store is considered distinct as it is sold to customers on a standalone basis. The standalone selling price of fuel and goods is estimated on the basis of the retail price, except for sales to authorised dealers which is determined on the basis of the wholesale price. Discounts are not considered as they are only given in rare circumstances and are not material.



Payment of the transaction price is due immediately when the customer purchases the fuel at the filling station or takes delivery of the goods in store. A receivable is recognised by the Group when the goods are delivered to the authorised dealers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Given the nature of the business and products sold, expected returns are not considered as they are infrequent and are not material.

GROSS VERSUS NET PRESENTATION - FUEL DUTY

The treatment of fuel duty is determined by local laws and regulations as to when the duty becomes legally payable and who carries the risks and obligations to the tax authorities. In all markets where fuel duty is applicable to fuel purchases and sales, the cost of sales and revenues are reported including these duties, as the Group's role in the transaction is that of principal.

LOYALTY PROGRAMMES

The Group operates certain customer loyalty programmes where customers accumulate points for all purchases made, which entitles them to discounts on future purchases. These loyalty programmes are accounted for in accordance with IFRS 15.

AGENT V PRINCIPAL - DEALER SITES

Within the Group, there are a number of 'dealer' or 'retailer' arrangements in place, whereby a third party will be responsible for some part of the operation of a site.

In line with IFRS 15, when another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is acting as principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). In making this assessment, a principal is identified as being the party that obtains control of the assets, which are then transferred to the customer. When the Group acts as principal, revenue is recognised in respect of the gross amount of consideration paid by the customer.

When the Group does not control the goods which are transferred, it acts as an agent and recognises revenue only in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Generally, the Group's revenue streams from dealer sites fall into the following broad categories:

- Supply of goods to dealers – the Group acts as a principal in supplying goods to dealers, transferring control and recognising revenue at the point of sale to the dealer as the Group is primarily responsible for fulfilling the order of goods from the dealers and has the latitude in establishing the price
- Goods sold on consignment from dealer sites – the Group acts as a principal in selling the goods to end customers as it retains ownership of goods on consignment until they are sold to an end consumer and the latitude to establish the price. The Group recognises revenue in respect of the full sales value to the end consumer at the point the goods are sold, with commissions paid to the dealer in respect of the transaction recognised within cost of sales
- Site rental fees – rental fees earned from dealers on sites are recognised in other income over the life of the lease in accordance with IFRS 16

The redemption of points is treated as a separate performance obligation under IFRS 15, with the transaction price allocated to issued points with reference to the likelihood of redemption and the discounts to be given to the customer on redemption of the points. Revenue from loyalty points is recognised when the customer redeems the points. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers. A contract liability is recognised in respect of the price allocated to points which remain unredeemed and are expected to be exercised by the customer at year end.

PROVISION OF SERVICES

Revenue from the provision of services such as car washes, lotteries, payzones, ATMs etc. is recognised when the service is provided as that is the point in time at which the customer benefits from the service. Where the Group acts as an agent selling goods or services, only the commission income is included within revenue.

COMMERCIAL INCOME

Supplier incentives, rebates and discounts are collectively referred to as commercial income. Commercial income is recognised as a deduction from cost of sales on an accruals basis based on the expected entitlement which has been earned up to the balance sheet date for each relevant supplier contract.

Amounts due relating to commercial income are recognised within trade and other receivables, except in cases where the Group currently has a legally enforceable right of set-off and intends to offset amounts due from suppliers against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognised. Accrued commercial income is recognised within accrued income when commercial income earned has not been invoiced at the balance sheet date.

FRANCHISE COSTS

The Group operates a number of brands under franchise agreements across its jurisdictions. Costs paid to franchise owners are presented within cost of sales.

FINANCE INCOME AND COSTS

Finance income and costs are recognised in the consolidated income statement in the year to which it relates using the effective interest rate method.

Finance income comprises of:

- Interest receivable which is recognised in the consolidated income statement as it accrues using the effective interest method
- Foreign exchange gains arising on financing
- Finance income is recognised in the consolidated income statement in the year in which it occurs

Finance costs comprise of:

- Interest payable which is recognised in the consolidated income statement as it accrues using the effective interest method
- Foreign exchange losses arising on financing
- Finance costs incurred on finance leases which are recognised in profit or loss using the effective interest method
- Financing costs of raising debt

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For the year ended December 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Business combinations and goodwill

The Group accounts for all business combinations by applying the acquisition method. All acquisition-related costs are expensed as incurred. On acquisition, the assets (including intangible assets), liabilities and contingent liabilities of an acquired entity are measured at their fair value. Non-controlling interest is stated at the non-controlling interest's proportion of the fair values of the assets and liabilities recognised. Where an acquisition of trade and assets takes place, an assessment is initially made as to whether it should be accounted under IFRS 3 or not.

Goodwill arising on consolidation represents the excess of the consideration transferred over the net fair value of the Group's share of the net assets, liabilities and contingent liabilities of the acquired subsidiary, joint venture and the fair value of the non-controlling interest in the acquiree.

If the consideration is less than the fair value of the Group's share of the net assets, liabilities and contingent liabilities of the acquired entity (i.e. a discount on acquisition), the difference is credited to the Group income statement in the period of acquisition.

At the acquisition date of a subsidiary, goodwill acquired is recognised as an asset and is allocated to each of the cash-generating units expected to benefit from the business combination's synergies and to the lowest level at which management monitors the goodwill. Goodwill arising on the acquisition of joint ventures is included within the carrying value of the investment.

On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Where the Group obtains control of a joint venture, the Group's previously held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in the Group income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the twelve-month measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the net results of discontinued operations are presented separately in the consolidated income statement (and the comparatives restated) and the assets and liabilities of these operations are presented separately in the consolidated balance sheet. Refer to note 8 for further details.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Properties in the course of construction are carried at cost, less any recognised impairment loss.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation of these assets commences when the assets are ready for their intended use. Freehold land is not depreciated.

Assets under construction are not depreciated until they are ready for use and transferred to the appropriate group of assets.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold land	not depreciated
Buildings	20 to 30 years
Fixtures and fittings	3 to 30 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

For periods ended December 31, 2018 and prior, assets held under finance leases were depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership would be obtained by the end of the lease term, assets were depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. When a decision has been made to dispose of or scrap an asset in the future, the remaining useful life is re-evaluated to reflect the period over which the Group will derive economic benefits from its use.

The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of property, plant and equipment

The Group reviews the carrying amounts of its property, plant and equipment if there are indications that assets might be impaired. In performing the review, assets are grouped together into the smallest group of assets that is largely independent of the Group's other cash-generating streams. If events or changes in circumstances indicate that the carrying value of property, plant and equipment may not be recoverable, the Group determines the recoverable amount. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing the value-in-use, the Group considers site performance and development plans that have been established at the balance sheet date. Where there is a plan to knock down and rebuild a site, the carrying value of the site is deemed to be the land value and impaired.



Fair value is determined as the price that would be received to sell the cash-generating unit ("CGU") in an orderly transaction between market participants at the measurement date. To the extent that the carrying amount exceeds the recoverable amount, the asset is impaired and is written down. Any impairment loss arising is recognised in the consolidated income statement. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversals are recognised in the consolidated income statement. Where there is a plan to knock down and rebuild a site, the carrying value of the site is deemed to be the land value and it is impaired. Any impairment loss arising is recognised in the consolidated income statement.

Intangible assets

Intangible assets, such as trade names, customer relationships and software, are measured initially at acquisition cost or costs incurred to develop the asset.

Development expenditure incurred on an individual project is capitalised only if specific criteria are met, including that the asset created will generate future economic benefits. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the consolidated income statement in administrative expenses on a straight-line basis over the estimated useful lives of each asset as shown below.

Trade names	20 years or indefinite in specific instances
Customer/dealer relationships	10 to 15 years
Other intangible assets	3 to 16 years according to the estimated life of the asset

In accordance with IAS 38, amortisation methods, useful lives and residual values are reviewed at each balance sheet date with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of non-financial assets

Goodwill and indefinite life brands are not amortised but are reviewed for impairment at least annually by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. The Group allocates goodwill to groups of cash-generating units, where each country represents a group of cash-generating units.

The recoverable amount is the higher of fair value less costs of disposal and value-in-use. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised immediately in the Group income statement, and is not subsequently reversed.

Fair value is determined based on forecast earnings before interest, taxes, depreciation and amortisation ("EBITDA", which is a non-IFRS measure) and EBITDA valuation multiples of comparable corporations and market transactions. For the purpose of the impairment test, management uses estimates and assumptions to establish the fair value of the Group's cash-generating units. If these assumptions and estimates prove to be incorrect, the carrying value of the goodwill may be overstated.

For all other non-financial assets (including intangible assets, property, plant and equipment and right of use assets) the Group performs impairment testing where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the unit, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the consolidated income statement.

Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Group recognises the lease payments as an operating expense within distribution costs on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

LEASE LIABILITIES

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2021

For the year ended December 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Leases continued

LEASE LIABILITIES continued

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payment's change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate. The Group did not make any such adjustments during the periods presented

The variable lease payments that do not depend on an index or a rate are recognised as an expense within distribution costs in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate ("IBR") at the lease commencement date if the interest rate implicit in the lease is not readily determinable. As the rate implicit in the lease generally cannot be readily determined for property leases, the Group uses incremental borrowing rates, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

In order to calculate the IBR for the Group in each territory, a risk-free rate is obtained, linked to the length of the lease in the jurisdiction in which the lease is taken, and an adjustment is then made to reflect credit risk based on the Group's credit rating.

RIGHT OF USE ASSETS

The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs, and lease payments made at or before the commencement date less any lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right of use asset, the costs are included in the related right of use asset.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right of use assets are presented as a separate line in the consolidated balance sheet and are subject to impairment under IAS 36.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

DETERMINATION OF THE LEASE TERM

Extension and termination options are included in a number of property and equipment leases across the Group.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). This is a subjective assessment made at an individual lease level, reflecting the facts and circumstances applicable to each arrangement. Generally, at the commencement date of property leases, the Group determines the lease term to be the full term of the lease and the first two periods covered by extension options (to the extent that these are within the Group's control) as the Group is reasonably certain that it will continue in occupation for the periods covered by these extension options.

In determining whether termination options will be exercised, the Group makes reference to the economic incentives to not exercise a termination option for both the Group and the lessor along with the anticipated costs of termination for both parties.

This assessment is judgemental and reflects the Group's expectations at the time of lease inception. Should facts and circumstances change, the Group may reassess lease terms, resulting in a remeasurement of lease liabilities and right of use assets.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

SALE AND LEASEBACK TRANSACTIONS

In a sale and leaseback transaction, the Group transfers control of an asset to another entity for consideration, and leases that asset back from the buyer. The Group immediately recognises a lease liability in respect of the present value of the expected lease payments. The carrying value of the asset is divided between the value of the rights retained by the Group (recognised as a lease asset under IFRS 16) and the rights transferred to the purchaser on a pro-rata basis based on the respective fair values of the property and lease payments at the time of sale. Any profit or loss on disposal is similarly allocated between the retained and transferred rights, with the portion relating to the buyer's rights in the asset being recognised immediately.

Taxation

The tax expense for the year represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.



CURRENT TAX

Current tax is the expected tax payable or receivable on taxable profit or loss for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods or items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Group will be required to settle that tax.

A provision is made for uncertain tax positions when it is considered probable that there will be a future outflow of funds to a tax authority. The provision is calculated using the single best estimate where that outcome is more likely than not and a weighted average probability in other circumstances. The position is reviewed on an ongoing basis, to ensure appropriate provision is made for each tax jurisdiction. This is assessed on a case-by-case basis using in-house tax experts, professional firms and previous experience. See note 14

DEFERRED TAX

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

No deferred tax liabilities are recognised for temporary differences that arise on the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, that affects neither the taxable profit nor the accounting profit.

Employee benefits

I) POST-EMPLOYMENT SCHEMES

The Group operates various post-employment schemes, including both defined benefit and defined contribution plans. For defined benefit plans, obligations are measured at discounted present value (using the projected unit credit method) whilst plan assets are recorded at fair value. The operating and financing costs of such plans are recognised separately in the Group income statement; service costs are spread systematically over the expected service lives of employees and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately in the Group consolidated statement of comprehensive income. Payments to defined contribution schemes are recognised as an expense as they fall due.

II) OTHER EMPLOYEE BENEFITS

Some Group companies provide jubilee benefits, rewarding employees for long years of service. The liability recognised in the balance sheet is the present value of the obligation at the reporting date. The jubilee benefits are calculated annually by independent actuaries.

III) TERMINATION BENEFITS/RESTRUCTURING PROVISION

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Benefits falling due more than twelve months after the reporting date are discounted to present value. The Group recognises termination benefits at the earlier of the following dates:

- When the Group can no longer withdraw the offer of those benefits
- When the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits

Long-term employee benefits are accounted for in the same way as defined benefit pension benefits with the exception that remeasurements are recognised immediately through profit or loss.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly before the reporting date. Future operating costs are not provided for.

IV) BONUS PLANS

The Group recognises a liability and an expense for bonuses. The Group recognises an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

Inventories

Inventories comprise goods held for resale and are valued at the lower of cost or net realisable value. The Group applies the weighted average cost method to value inventories. The cost of fuel and oil purchased for resale includes all costs incurred in transporting the goods to their present location. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

For the year ended December 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities principally consist of trade and other receivables, accrued income, cash and cash equivalents, trade and other payables, borrowings and derivative financial assets/liabilities held at fair value through profit and loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank, in hand, short-term deposits with banks and other financial institutions with an initial maturity of three months or less, and credit/debit card receivables, which are settled within 72 hours.

Bank overdrafts are presented as short-term borrowings, and are reflected as a financing activity in the statement of cash flows.

TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at the amount of consideration that is unconditionally due from customers for goods sold or services performed in the ordinary course of business.

The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Loss allowances are recognised based on expected irrecoverable amounts determined by reference to past default experience and are adjusted to reflect current and forward-looking information based on macroeconomic factors and other factors which affect the ability of the customers to settle the receivables.

TRADE AND OTHER PAYABLES

Trade and other payables (excluding derivative financial liabilities) are recorded at cost.

FINANCIAL LIABILITIES AND EQUITY COMPONENTS

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

FINANCIAL ASSETS

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Subsequently, financial assets will be measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), or fair value through profit and loss ("FVTPL"), on the basis of both the Company's model for managing the assets and the contractual cash flows associated with them. Where a trade receivable does not contain a significant financing component under IFRS 15, it will be measured at its transaction price.

EQUITY INSTRUMENTS

The Group holds investments in unlisted shares that are not traded in an active market but that are stated at fair value. Fair value is determined in the manner described in note 34. Where an equity instrument is not held for trading and does not involve contingent consideration to which IFRS 3 applies, a determination may be made on an asset-by-asset basis to recognise gains and losses arising from changes in fair value in other comprehensive income or through profit or loss.

Where an election is made to recognise gains and losses arising from changes in fair value in other comprehensive income, the cumulative gain or loss previously recognised in the investments revaluation reserve will remain in this reserve on disposal.

Where this election is not made for an equity instrument, all gains and losses arising from changes in fair value will be recognised in the income statement as they arise. Dividends on all equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AMORTISED COST

Financial assets are measured at amortised cost where the asset is held for the objective of collecting contractual cash flows and the terms of the asset give rise to cash flows on specific dates that are solely payments of principal and interest on the amount outstanding.

The effective interest method is utilised in the calculation of amortised cost of a debt instrument and for allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss ("FVTPL").

FINANCIAL ASSETS AT FVTOCI

Financial assets are measured at FVTOCI if the asset is held within a business model for the dual objectives of collecting contractual cash flows and selling financial assets, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount.

FINANCIAL ASSETS AT FVTPL

All financial assets which do not meet the criteria for measurement at amortised cost or FVTOCI are measured at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 34.

IMPAIRMENT OF FINANCIAL ASSETS

- At each balance sheet date, financial assets are assessed for indicators of impairment, considering all reasonable and supportable information available, including that which is forward-looking where this is available without undue cost and effort. If the credit risk on a financial asset has increased significantly since initial recognition, an impairment equivalent to the lifetime expected credit losses on the instrument will be recognised immediately. If the credit risk has not significantly increased since initial recognition, a loss allowance shall be measured equivalent to twelve-month expected credit losses

- Loss allowances for trade receivables resulting from transactions under IFRS 15 will always be measured at an amount equal to the lifetime expected credit loss ("ECL")

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, or when there is no reasonable expectation of recovering the asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss, with the exception of those equity instruments where a determination has been made to recognise gains and losses arising from changes in fair value in other comprehensive income.

FINANCIAL GUARANTEE CONTRACT LIABILITIES

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9
- The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the Group's revenue recognition policies

FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' ("FVTPL") or 'other financial liabilities' carried at amortised cost. Financial liabilities are initially measured at fair value less directly attributable transaction costs (except those measured at FVTPL which are initially measured at fair value).

FINANCIAL LIABILITIES AT FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, or it is designated as at FVTPL. A financial liability will be designated as FVTPL where this significantly reduces a measurement inconsistency which would otherwise arise, or where the group of liabilities (or assets and liabilities as a combined group) is managed and evaluated on a fair value basis, and information about the Group is provided on that basis to key management personnel.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 34

OTHER FINANCIAL LIABILITIES

Other financial liabilities, including interest-bearing bank loans and credit facilities, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Where the change in terms reflects only a non-substantial modification, a gain or loss equal to the difference between the present value of cash flows under the new and the old terms will be immediately recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF 2021

For the year ended December 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments continued

DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 34.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material) using a pre-tax discount rate that reflects current market assessments of the time value of money. The increase in the provision due to passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where asset retirement obligations ('dismantling') and other asset-related provisions are recorded, a corresponding asset is recognised which is depreciated over the period for which the provision relates.

CONTINGENT LIABILITIES ACQUIRED IN A BUSINESS COMBINATION

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date, and recognised as a provision in accordance with IFRS 3 Business Combinations.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Grants that compensate the Group for expenses incurred are recognised in the income statement in the relevant financial statement line on a systematic basis in the periods in which the expenses are recognised, to present the net expense to the Group.

Share-based compensation

EG Group Holdings Limited, as the ultimate parent Company of the Group, has issued cash-settled shares to the Non-Executive Directors of the business. Cash-settled share-based payment transactions are measured at fair value at the date of grant and remeasured at the end of each reporting period and at the date of settlement. The fair value is expensed on a straight-line basis over the expected vesting period, with any changes in fair value recognised in profit or loss for the period. As the shares awarded are issued by the ultimate parent Company without charge to the Company, an amount equivalent to the expense recorded in the consolidated income statement is recorded as a credit to a capital contribution reserve.

Fair value is measured using a Monte Carlo simulation pricing approach in calculating the expected returns to the management shares. This is seen as an appropriate method for estimating the value of instruments with growth potential and is based upon information about the business and forecast performance.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described above, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below) and have been identified as being particularly complex or involve subjective assessments.

CARRYING VALUE OF GOODWILL

For the year ended December 31, 2021 impairment reviews were performed by comparing the carrying value of the cash-generating units with their recoverable amount. The recoverable amounts for cash-generating units have been determined based on their fair value less costs to sell. Management determined that due to the potential for increased use of alternative fuel vehicles in the long term, it was more appropriate to use fair value to assess impairment because accounting standards do not permit in a value-in-use calculation the inclusion of earnings generated from future expansionary capital expenditure on the Group's existing multi-use retail sites.

EXCEPTIONAL ITEMS

The Directors consider that an adjusted profit measure provides useful information for the underlying trends, performance and position of the Group. These measures are consistent with how business performance is measured internally by the Board.

Profit before exceptionals is not a recognised measure under IFRS and may not be directly comparable with adjusted measures used by other companies.

The Directors exercise judgement in determining the items to classify as exceptional items. This assessment considers the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Reversals of previous exceptional items are recognised as exceptional items. Directors exercise judgement in ensuring there is an equal focus by management in classifying both expenses and revenue items as exceptional.

The Group's definition of exceptional items, together with further details of adjustments made during the period, is provided in note 3 and note 5.

INDEFINITE LIFE BRANDS

The brand of Cumberland Farms is a well-known long-standing brand in the USA and as a result of the reputation and association with quality there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. The brand is therefore deemed to have an indefinite useful economic life and the value of \$337m will not be amortised. Details of intangible assets are set out in note 16.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet 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 discussed below.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. In performing the review, assets are grouped together into the smallest group of assets that is largely independent of the Group's other cash-generating streams.

Goodwill and indefinite life brands are reviewed for impairment on an annual basis. The Group allocates goodwill to groups of cash-generating units, where each country represents a group of cash-generating units.

When a review for impairment is conducted, the recoverable amounts for cash-generating units are the higher of fair value less cost of disposal, and value-in-use. In assessing value-in-use, the estimated future cash flows (which is a key source of estimation uncertainty) 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 for which the estimates of future cash flows have not been adjusted.

Fair value is determined based on forecast earnings before interest, taxes, depreciation and amortisation ("EBITDA", which is a non-IFRS measure) and EBITDA valuation multiples of comparable corporations and market transactions. For the purpose of the impairment test, management uses estimates and assumptions to establish the fair value of the Group's cash-generating units. If those assumptions and estimates prove to be incorrect, the carrying value of the goodwill may be overstated.

Other sources of estimation uncertainty

FAIR VALUES IN BUSINESS COMBINATIONS

In assessing the fair value of assets and liabilities acquired in business combinations, estimation is used in a number of areas. To assist in this work, the Group engages external valuation experts to assess the fair value. Management then review the work and assess the results. Details of the fair value of the acquired assets and liabilities are detailed in note 35.

Measurement of provisions

The Group has recognised provisions totalling \$839m (2020: \$983m) for environmental costs, dilapidations and onerous contracts.

The provision for environmental costs and dilapidations is based on the current cost escalated at an inflation rate and discounted at a risk-free rate. The provision for onerous contracts is based on the lower of our current estimates of cost of fulfilling the contracts and any compensation or penalties and discounting to present value when the effect of time value of money is material. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events and market conditions.

Because actual outflows can differ from estimates due to changes in laws, regulations, prices and conditions, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. The carrying amount of provisions will be impacted by changes in the discount rate. Details of provisions are set out in note 27.

Presentation of related party transactions

A number of related party transactions have occurred in the year, including an amount reimbursed to cover the finance costs incurred by the Group for the financing obtained for the aborted acquisition of the Asda Forecourt Business. The value of this reimbursement was \$41m, which has been presented as finance income on the basis of the commercial rationale which supports the reimbursement. The related external financing costs have been presented as finance costs. The Group's related party transactions and balances, which includes additional information on this reimbursement and the commercial rationale are detailed in note 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2021 (14/17)

For the year ended December 31, 2021

5. EXCEPTIONAL ITEMS

In order to allow a better understanding of the underlying trading performance of the Group, items recognised in reported profit or loss before tax which, by virtue of their size and/or nature, do not reflect the Group's underlying performance, are shown as exceptional items (in accordance with the Group's accounting policies in note 3). Exceptional items are those which are separately identified by virtue of their size or incidence and include, but are not limited to, acquisition costs, impairment charges, reorganisation costs, profits and losses on disposal of subsidiaries and other one-off items which meet this definition. These items are as follows:

	2021 \$m	2020 \$m
Included within operating profit:		
Acquisition and transaction-related costs	(14)	(40)
Litigation costs	(4)	—
Contingent consideration release	5	2
Restructuring costs	2	(18)
Profit on disposal	72	—
Impairment charge	(22)	—
Impairment reversal of 2019 charge	7	40
Goodwill impairment	(100)	(12)
	(54)	(28)
Included within finance costs:		
Transaction-related finance costs	(41)	(6)
Loss on extinguishment of debt on refinancing	(15)	—
	(56)	(6)
Included within finance income:		
Finance income from recharged finance costs (see note 37)	41	—
	41	—
Tax on exceptional items	(6)	7
Total exceptional items	(75)	(27)

All items are shown gross, unless IFRS permits netting of such expenditure.

Tax on exceptional items has been calculated using the applicable statutory tax rate for taxable items.

For the year ended December 31, 2021

Acquisition and transaction-related costs within operating profit of \$14m predominantly relate to directly attributable incremental costs incurred as a result of the Group's growth acquisitions, and largely relate to professional and legal fees.

Litigation costs relate to legal and professional fees regarding Federal Court proceedings with Ampol Limited.

Contingent consideration release of \$5m reflects the release of the contingent consideration relating to the acquisition of Certified Oil, an acquisition in the USA which completed in 2019, where the criteria for payment were not met.

Exceptional restructuring credit of \$2m relates to the release of a provision recognised in 2018 through exceptionals regarding the restructuring of the management and support teams in Continental Europe.

The profit on disposal in the year is in relation to the sale of a number of UK sites sold following the outcome of the CMA's review of the shareholders' acquisition of Asda. The Group was required to divest a number of petrol filling station sites by the end of 2021.

The exceptional impairment charge in the year relates to the \$19m intangible impairment of the Tom Thumb brand name, and the \$3m impairment of property, plant and equipment, both in the USA. The impairment reversal of \$7m recognised in the year relates to the reversal of a previously recognised exceptional impairment charge, where operational performance development plans have been implemented and the site level performance was sufficient to support the increased carrying value.

Following the completion of the goodwill impairment review, an impairment has been recognised in relation to the Australian group of cash generating units of \$100m. See note 15 for further details.

The transaction-related finance costs relate to the financing costs which were directly incurred in relation to the GBP private placement notes which were agreed in March 2021 and subsequently redeemed in October 2021. The finance income from recharged finance costs reflects the reimbursement of these transaction related finance costs by Bellis Property Newco Ltd, a related party of the Group. See note 37 for further details.

Following the refinancing of the Group's revolving credit facility, letter of credit facilities and second lien facilities during the year, the existing arrangement fees which had been capitalised onto the balance sheet have been expensed in the year. Furthermore, financing costs were incurred in relation to the GBP private placement notes which were agreed in the year; however, as this facility was terminated as a result of the aborted Asda forecourt acquisition, these costs were expensed as exceptional.



For the year ended December 31, 2020

Exceptional costs for the year of \$34m primarily related to acquisitions and restructuring costs, before income tax. Acquisition and transaction-related costs within operating profit of \$40m and within finance costs of \$6m predominantly relate to directly attributable incremental costs incurred as a result of the Group's growth acquisitions, and largely relate to professional and legal fees.

Contingent consideration release of \$2m reflects a remeasurement of the fair value of contingent consideration relating to the acquisition of Certified Oil, an acquisition in the USA which completed in 2019.

Exceptional restructuring costs of \$18m relates to the 2020 costs incurred during the year in restructuring the management and support teams in the USA and associated system transition costs, following the significant restructure and relocation of the EG America central business during 2020.

The impairment reversal of \$40m recognised in the year relates to the reversal of a previously recognised exceptional impairment charge, where operational performance development plans have been implemented and the site level performance was sufficient to support the increased carrying value.

As part of finalising the purchase price accounting of acquisitions made in Europe, adjustments were identified. These adjustments resulted in a reduction in the goodwill balance and an increase in the pre-acquisition reserves totalling \$12m. These adjustments were identified outside of the measurement period and therefore could not be adjusted through the opening balance sheet as measurement period adjustments. Since the adjustments are not material, the 2020 financial statements reflect an adjustment to decrease goodwill by \$12m.

Threshold

A threshold of \$1m is applied in determining the items to classify as exceptional items.

6. REVENUE

An analysis of the Group's revenue is as follows:

	2021 \$m	2020 \$m
Continuing operations		
Sale of goods		
Grocery & Merchandise sales	4,606	4,417
Foodservice sales	940	466
Fuel sales	20,346	16,078
Other sales	528	502
Revenue per income statement	26,420	21,463

Revenue from the provision of services includes dealer and franchise revenues, commissions received for ancillary services and car wash revenues, and is presented within other. Also included within other are \$336m (2020: \$318m) of Grocery & Merchandise stock sales to dealers in Europe, where the Group facilitates the sale and purchase of dry stock between a wholesale supplier and our portfolio of dealers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

7. OTHER INFORMATION

The Group has chosen to voluntarily disclose certain disaggregated income statement information about its operations as set out in the table below. This information is not intended to meet the requirements of IFRS 8 Operating Segments and therefore does not apply.

Adjusted EBITDA is the measure reported to the Group's Executive Directors and Board.

The reconciliations to the respective statutory items included in the Group income statement are as follows:

\$m	2021				2020			
	USA ⁽¹⁾	Europe ⁽²⁾	Australia	Group Total	USA	Europe ⁽³⁾	Australia	Group Total
Revenue								
Grocery & Merchandise	2,852	1,453	301	4,606	2,856	1,270	291	4,417
Foodservice	68	871	1	940	37	429	—	466
Fuel	5,610	12,275	2,461	20,346	4,292	9,716	2,070	16,078
Other	113	412	3	528	101	398	3	502
Total revenue	8,643	15,011	2,766	26,420	7,286	11,813	2,364	21,463
Gross profit	1,742	1,932	422	4,096	1,736	1,473	398	3,607
Adjusted EBITDA	615	841	204	1,660	634	590	219	1,443
Operating exceptional costs ⁽⁴⁾				(54)				(28)
Right of use asset depreciation				(197)				(151)
Depreciation				(515)				(414)
Amortisation				(87)				(89)
Impairment ⁽⁵⁾				(180)				(65)
Loss on disposal				(1)				—
Operating profit				626				696
Finance income				324				7
Finance costs				(743)				(870)
Profit/(loss) before tax				207				(167)
Tax charge				(153)				(65)
Profit/(loss) after tax				54				(232)

⁽¹⁾ The results of USA incorporate the acquisitions of Mercury and Sprint from their acquisition dates of June 1, 2021 and December 14, 2021 respectively

⁽²⁾ The results of Europe incorporate the acquisitions of KMS, Leon, Amsric and Cooplands from their acquisition dates of January 18, 2021, May 9, 2021, September 26, 2021 and October 2, 2021 respectively

⁽³⁾ The Europe comparatives incorporate the results of the UK & Ireland Foodservice acquisition from The Herbert Group from the acquisition date of March 10, 2020

⁽⁴⁾ Exceptional items presented reflect those impacting EBITDA, and therefore exclude exceptional finance costs and tax on exceptionals

⁽⁵⁾ Excludes the impairment reversal of \$7m (2020: \$40m) recognised in the year which relates to the reversal of a previously recognised exceptional impairment charge and the exceptional impairment charge in the year relating to the \$19m intangible impairment of the Tom Thumb brand name, and the \$3m impairment of property, plant and equipment, both in the USA

8. DISPOSAL GROUPS AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

USA

2021

At December 31, 2021, \$12m of real estate assets and \$2m of liabilities are presented as held for sale. This reflects 35 sites in the United States for which a signed agreement to sell was in place at the year end. The write down of the assets reclassified to held for sale has been recognised as an exceptional impairment charge of \$3m, see note 5 for further details. The majority of the sales were completed in April 2022.

2020

At December 31, 2020, \$14m of real estate assets were presented as held for sale. This reflects six sites in the United States for which a signed agreement to sell was in place at the year end. The sales were completed in Q1 2021.



9. PROFIT BEFORE TAX FOR THE YEAR

Profit before tax for the year has been arrived at after (crediting)/charging:

	2021 \$m	2020 \$m
Net foreign exchange (gains)/losses	(247)	201
Acquisition-related transaction costs (net)	14	38
Depreciation of property, plant and equipment	515	414
Depreciation of right of use assets	197	151
Impairment of property, plant and equipment	122	47
Impairment of right of use assets	53	(22)
(Profit)/loss on disposal of PPE	(71)	2
Amortisation of intangible assets	87	89
Impairment of intangible assets	20	—
Recognition of 2019 net expenses in 2020	—	33
Goodwill impairment	100	12
Cost of inventories recognised as an expense	21,020	16,975
Staff costs (see note 11)	1,409	1,249

10. AUDITOR'S REMUNERATION

	2021 \$m	2020 \$m
Fees payable to the Company's auditor and their associates for:		
The audit of the parent company and the consolidated financial statements	10.4	12.2
The audit of the Company's subsidiaries performed by overseas associates of KPMG ⁽¹⁾	2.2	2.5
The audit of the Company's subsidiaries performed by UK associates of KPMG ⁽¹⁾	10.0	9.7
The audit of the Company's subsidiaries relating to the year ended December 31, 2020	2.2	—
Fees payable to other auditors for other services to the Group:		
The audit of the financial statements of the Company's subsidiaries	1.1	0.8
Total audit fees	25.9	25.2

⁽¹⁾ Comprises the fees in respect of the subsidiary work performed for the consolidated financial statements of the Company and the fees for the statutory audit of the subsidiaries, as performed by both the UK and overseas associates of KPMG.

No non-audit services have been provided by the auditor during the year ended December 31, 2021 (2020: nil).

11. STAFF COSTS

The average number of employees (including Executive Directors) was:

	2021 Number	2020 Number
Sales	45,818	43,131
Administration	2,821	1,640
	48,639	44,771

Their aggregate remuneration comprised:

	2021 \$m	2020 \$m
Aggregate payroll costs of these persons were as follows:		
Wages and salaries	1,257	1,100
Social security costs	119	113
Other pension costs	32	36
Cash-settled share-based payments	1	—
	1,409	1,249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

12. FINANCE INCOME

	2021	2020
	\$m	\$m
Fair value gains on derivatives not designated in a fair hedge accounting relationship	2	1
Foreign exchange gain on financing activities	256	—
Other foreign exchange gains	—	4
Interest receivable	66	2
	324	7

Included within interest receivable is \$41m relating to the reimbursement of costs in relation to the GBP private placement notes which was agreed in the year. These were reimbursed by Bellis Property Newco Ltd, a related party of the Group. See note 37 for further details.

13. FINANCE COSTS

	2021	2020
	\$m	\$m
Interest on bank overdrafts and loans	(608)	(551)
Debt extinguishment loss (see note 5)	(15)	—
Total interest expense	(623)	(551)
Other finance charges	(21)	(20)
Unwinding of discount on provisions	10	(15)
Finance charges on leases	(96)	(81)
Foreign exchange losses on financing activities	—	(203)
Other foreign exchange losses	(13)	—
	(743)	(870)

Debt extinguishment losses in 2021 of \$15m were recognised in the income statement. Following the refinancing of the Group's revolving credit facility, letter of credit facilities and second lien facilities during the year, the existing arrangement fees which had been capitalised onto the balance sheet have been expensed in the year. Furthermore, financing costs were incurred in relation to the GBP private placement notes which were agreed in the year; however, as this facility was terminated as a result of the aborted Asda forecourt acquisition, these costs were expensed as exceptional. The total finance cost for financial liabilities measured at amortised cost is \$623m (2020: \$551m).

14. TAX

The charge/(credit) for the year is as follows:	2021	2020
	\$m	\$m
Corporation tax:		
Current year	(112)	(50)
Adjustments in respect of prior period	(64)	2
	(176)	(48)
Deferred tax:		
Origination and reversal of temporary differences	(15)	(42)
Adjustments in respect of prior period	56	38
Effect of changes in tax rates	(18)	(13)
Total tax (charge)/credit	(153)	(65)



	2021	2020
	\$m	\$m
Profit/(loss) before tax	207	(167)
Tax (charge)/credit at the UK corporation tax rate of 19% (2020: 19%)	(39)	32
Tax effect of non-deductible expenses	(49)	(11)
Tax effect of non-deductible expenses on exceptional items	6	(6)
Effect of interest restriction	(81)	(94)
Effect of differences in overseas tax rates	10	(8)
Effect of changes in tax rates	(18)	(13)
Adjustments in respect of prior years	(7)	40
Movement in deferred tax not recognised	20	(17)
Other	5	12
Tax (charge)/credit for the year	(153)	(65)

The current tax rate used for the year is 19%, based on rates already enacted in previous periods.

For the United Kingdom operations, the Finance Act 2021 included legislation to increase the UK's main corporation tax rate from 19% to 25%, which is due to be effective from April 1, 2023. The change to the main rate of corporation tax was substantively enacted by the balance sheet date and therefore included in these financial statements. Deferred tax has been calculated using these rates based on the timing of when each individual deferred tax balance is expected to reverse in the future.

For the Netherlands, on December 21, 2021 the Dutch Senate accepted the Dutch Tax Plan 2022. This means that the measures as included in the Dutch Tax Plan 2022 are considered to be substantively enacted under IFRS. The corporate income tax rate for profits up to €395,000 (\$467,216) will be taxed at 15%. Profits beyond €395,000 (\$467,216) will be taxed at 25.8%. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements.

For Belgium, on July 26, 2017 the Belgian Federal government reached an agreement on an important corporate tax reform to gradually reduce the corporate income tax rate. The standard rate has been reduced in steps from 29% to 25% in 2021. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements.

On September 27, 2017 the French government released the French finance bill for 2018 in which they announced a gradual reduction in the headline rate of corporate income tax from 31% to 27.5% in 2021 and finally 25% in 2022 and 2023. The 3.3% social surcharge will continue to apply, bringing the 25% standard rate in 2022 to an effective rate of 25.8%. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements.

Deferred tax has been calculated using these rates based on the timing of when each individual deferred tax balance is expected to reverse in the future.

In December 2021, the OECD issued model rules for a new global minimum tax framework and the UK has announced the intention to bring these into effect from December 31, 2023. Whilst the overarching framework has been published, we are awaiting the legislation and detailed guidance to assess the full implications upon EG Group.

The effect of interest restriction represents the impact of the UK Corporate Interest Restriction rules (effective from April 1, 2017), the Dutch ATAD 1 interest restriction rules (effective from January 1, 2020) and the USA s163j interest limitation rules (effective from January 1, 2019), which restrict the amount of interest that can be deducted for tax purposes with reference to a proportion of the profits of an entity or group.

No material amounts relating to tax have been recognised in other comprehensive income during the year (2020: no material amounts).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2021

15. GOODWILL

	\$m
Cost	
January 1, 2020	5,403
Recognised on acquisition of subsidiaries	142
Impairment of goodwill	(12)
Exchange differences	194
At December 31, 2020	5,727
Recognised on acquisition of subsidiaries	509
Impairment of goodwill	(100)
Disposal of goodwill	(18)
Exchange differences	(127)
At December 31, 2021	5,991
Carrying amount	
At December 31, 2021	5,991
At December 31, 2020	5,727

Goodwill acquired in a business combination is allocated, at acquisition, to the groups of cash-generating units ("CGUs") that are expected to benefit from that business combination according to the level at which management monitor that goodwill.

The Group has determined that for the purposes of goodwill impairment testing, each country is a group of cash-generating units and represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, with the exception of Benelux, where this is the lowest level at which results and forecasts are prepared for the combined Belgium, Netherlands and Luxembourg operations. Groups of cash-generating units are tested for impairment annually at the balance sheet date.

The groups of CGUs for goodwill impairment testing purposes have been allocated to the individual countries. The carrying amounts of goodwill have been allocated as follows:

	2021 \$m	2020 \$m
UK & Ireland ("UK&I")	438	178
France	410	461
Italy	36	39
Germany	466	479
USA	3,113	2,900
Benelux	678	649
Australia	850	1,021
	5,991	5,727

Goodwill of \$509m arose on acquisitions that completed in 2021, comprising \$18m on the acquisition of KMS in Germany, \$79m from the acquisition of the LEON Group in the UK&I, \$21m on the acquisition of Mercury Fuel in the USA, \$8m on the acquisition of the Nebiolo group in Germany, \$129m on the KFC acquisitions from the Amsric group, \$62m on the acquisition of CS Food Group in the UK&I and \$191m on the acquisition of Sprint in the USA.

\$18m of Goodwill was disposed in the year (2020: nil) relating to disposals of operations within the UK&I and Australia groups of cash-generating units.

Included in the carrying amounts presented above are a foreign exchange loss of \$6m on the Sterling-denominated goodwill, a foreign exchange loss of \$61m on the Euro-denominated goodwill, and a foreign exchange loss of \$62m on the Australian goodwill, which have been recognised on translation to US Dollars at the year-end closing rate.

Acquisitions made during 2020 generated goodwill of \$142m. This comprised of \$118m on the acquisition of the Scotco Group in the UK&I and from the Herbert Group in the UK, \$22m on the acquisition of Schrader Oil in the USA, and \$2m on additions in Benelux.

For the year ended December 31, 2021 impairment reviews were performed by comparing the carrying value of the cash-generating units with their recoverable amount. The recoverable amounts for cash-generating units have been determined based on their fair value less costs to sell. Management determined that due to the potential for increased use of alternative fuel vehicles in the long term, it was more appropriate to use fair value to assess impairment because accounting standards do not permit in a value in use calculation the inclusion of earnings generated from future expansionary capital expenditure on the Group's existing multi-use retail sites.

To determine these values, the Group used an approach based on forecast earnings before interest, taxes, depreciation and amortisation ("EBITDA", which is a non-IFRS measure) and EBITDA valuation multiples of comparable corporations and market transactions ranging from 7.5 times to 14 times (2020: 6.9 times to 15 times). The Group's goodwill impairment assessment is performed at a country level for each group of cash generating units ("CGUs"). The mid point of the EBITDA valuation multiple range for each group of CGUs is used as the basis for the conclusion on the impairment review.



The key assumptions in determining fair value relate to forecast EBITDA and the EBITDA valuation multiples used.

Forecast EBITDA has been determined taking into account past experience and includes our expectations of post-pandemic performance of the business. Due to the interrelated nature of the trading performance and profitability assumptions, forecast EBITDA sensitivities are provided where a movement of less than 10% would lead to an impairment for any group of CGUs.

The assessment of the Board determined that, following the recognition of an impairment of \$100m in respect of Australia noted below, the recoverable amount of all the CGUs exceeded their carrying value using the mid-point of the EBITDA valuation multiples.

- For the USA, UK&I, France, Germany and Italy groups of CGUs, no reasonably possible change in the key valuation assumptions would lead to an impairment
- For the Benelux group of CGUs, management reviewed the market multiples of comparable corporations and market transactions ranged from 9.0 to 10.5 times (2020: 8.0 to 11 times). The mid-point EBITDA valuation multiple used of 9.75 times results in headroom of \$43m. Using an EBITDA multiple of 9.0 times would lead to an impairment of \$42m and a multiple of 10.5 times results in total headroom of \$128m. A reduction in the forecast EBITDA of 5% (2020: a reduction of 4%) for Benelux may lead to an impairment of the carrying value of the group of CGUs. The breakeven EBITDA valuation multiple for the Benelux group of CGUs is 9.26 times
- For the Australia group of CGUs, market multiples of comparable corporations and market transactions ranged from 7.5 to 9.0 times (2020: 6.9 to 11 times). The mid-point EBITDA valuation multiple used of 8.25 times results in an impairment of \$100m. This impairment would be \$190m at the low end EBITDA multiple of 7.5 times and \$8m at the high end multiple of 9.0 times. The breakeven EBITDA valuation multiple for the Australia group of CGUs is 9.15 times. Consistent with the Group's approach of using the mid-point EBITDA valuation multiple for the conclusion, an impairment of \$100m is required for the Australia group of CGUs for the year ended December 31, 2021, which has been recognised as an impairment charge for the year and presented as an exceptional item.

16. OTHER INTANGIBLE ASSETS

	Note	Customer /dealer relationships \$m	Trade names \$m	Other intangible assets \$m	Total \$m
Cost					
Balance at December 31, 2020		575	614	94	1,283
Additions		—	—	12	12
Additions from acquisition of subsidiaries	35	7	79	12	98
Disposals		—	—	(2)	(2)
Exchange differences		(39)	(3)	(4)	(46)
Balance at December 31, 2021		543	690	112	1,345
Accumulated amortisation and impairment					
Balance at December 31, 2020		(149)	(52)	(39)	(240)
Provided in year		(52)	(21)	(14)	(87)
Impairment		—	(19)	(1)	(20)
Disposals		—	—	2	2
Exchange differences		14	1	2	17
Balance at December 31, 2021		(187)	(91)	(50)	(328)
Carrying amount					
Balance at December 31, 2021		356	599	62	1,017
Balance at December 31, 2020		426	562	55	1,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2021

For the year ended December 31, 2021

16. OTHER INTANGIBLE ASSETS CONTINUED

	Note	Customer /dealer relationships \$m	Trade names \$m	Other intangible assets \$m	Total \$m
Cost					
Balance at January 1, 2020		527	611	/8	1,216
Additions		1	1	20	22
Additions from acquisitions of subsidiaries		—	—	5	5
Transfers	8	—	—	2	2
Disposals		—	—	(18)	(18)
Exchange differences		47	2	7	56
Balance at December 31, 2020		575	614	94	1,283
Accumulated amortisation and impairment					
Balance at January 1, 2020		(81)	(28)	(35)	(144)
Charge for the year		(51)	(22)	(16)	(89)
Transfers	8	—	—	(2)	(2)
Disposals		—	—	18	18
Exchange differences		(17)	(2)	(4)	(23)
Balance at December 31, 2020		(149)	(52)	(39)	(240)
Carrying amount					
Balance at December 31, 2020		426	562	55	1,043
Balance at January 1, 2020		446	583	43	1,072

Of the total amortisation expense for the year ended December 31, 2021 of \$87m (2020: \$89m), \$56m (2020: \$57m) has been charged to administrative expenses and \$31m (2020: \$32m) to distribution costs.

The trade name additions of \$79m in 2021 reflect the fair value attributable to trade names acquired in the UK as part of the LEON (\$53m) and Cooplands (\$23m) acquisitions and in the USA (\$3m) from the Sprint acquisition.

During the year, a Board decision was taken to rebrand a majority of the Tom Thumb stores in the USA to Cumberland Farms over the next 24 months, meaning there is a significant reduction of the expected use of the Tom Thumb trade name. At December 31, 2020, the Tom Thumb trade name had a net book value of \$25m with a remaining life of 16.3 years. As a result of the decision to rebrand, the expected remaining useful life was estimated to be two years. This has been deemed as an impairment indicator and therefore in the year \$19m has been booked in relation to the impairment of this brand name.

The remaining useful life of the following trade names at December 31, 2021 is 16 years and the carrying amounts are as follows: 'Turkey Hill' \$81m, 'Kwik Shop' \$24m, 'Loaf 'n' Jug' \$43m and 'Quik Stop' \$23m. The 'Minit Mart' and 'Tom Thumb' trade names had carrying values of \$2m and \$7m respectively at December 31, 2021, both with remaining useful lives of two years. The 'Woolworths' trade name (acquired on April 1, 2019) had a carrying value of \$2m and a remaining useful life of one year. The remaining useful life of the following trade names as at December 31, 2021 is three years and the carrying amounts are as follows: 'Fastrac' \$1m and 'Certified Oil' \$1m.

The newly acquired trade names for LEON and Sprint have carrying values as at December 31, 2021 of \$51m and \$3m and remaining useful lives of 25 and five years respectively.

Cooplands trade name

The newly acquired brand name for Cooplands has been deemed to have an indefinite economic life based on management's assessment that it will generate net cash inflows indefinitely. Cooplands was founded in 1885 and therefore the trade name has been used for over 135 years. Management expect the Company to use the trade name into the foreseeable future and, as a result, it will not be amortised, but tested for impairment annually beginning in 2022.



Cumberland Farms trade name

The Cumberland Farms trade name (\$337m at December 31, 2021) has an indefinite economic life based on management's assessment that it will generate net cash inflows indefinitely. The trade name has been used in the marketplace for over 80 years and management expect the Company to use the trade name into the foreseeable future. As a result, the trade name is not amortised, but is tested for impairment at least annually.

For the year ended December 31, 2021 an impairment review was performed by comparing the carrying value of the trade name and recoverable amount. The recoverable amount of the asset was determined by calculating the higher of fair value less costs of disposal and value-in-use. The relief from-royalty method is utilised to calculate the fair value and the key estimates are the discount rate, growth rate and the royalty rate.

Management estimate discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the cash-generating units. The pre-tax discount rate used to calculate fair value was derived from a post-tax weighted average cost of capital for the USA group of CGUs, 8.2% (2020: 9.0%).

Revenue projections for Cumberland Farms' non-fuel offerings have been generated based on the Group's forecast through to 2027. The forecasts incorporated annualised growth ranging from 1.2% to 3.0% (2020: 1.2% to 2.1%) in the forecast period to reflect the continuing trend towards convenience retail offset by declines in volumes due to the knock-on impact from a decline in fuel volumes. The long-term growth rate incorporated in the forecast beyond 2028 was 1.3% (2020: 1.2%).

Based on a search of licence agreements for similar trade names and the consideration of the profitability of Cumberland Farms, a royalty rate of 2% was utilised to value the trade name.

Management has performed sensitivity analysis on the reasonably possible changes in key assumptions in the impairment tests of the brand name. Neither a reasonably possible one percentage point increase in discount rates nor a one percentage point decrease in non-fuel revenues would indicate an impairment of the brand name.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings \$m	Fixtures and fittings \$m	Assets under construction \$m	Total \$m
Cost				
At January 1, 2021	4,012	2,074	82	6,168
Additions	184	138	276	598
Acquisitions	128	49	2	179
Disposals	(132)	(46)	(7)	(185)
Transfers	(27)	123	(135)	(39)
Exchange difference	(125)	(78)	(4)	(207)
At December 31, 2021	4,040	2,260	214	6,514
Depreciation				
At January 1, 2021	(588)	(643)	—	(1,231)
Provided in year	(263)	(252)	—	(515)
Disposals	48	36	—	84
Transfers	23	4	—	27
Impairment	(77)	(45)	—	(122)
Exchange difference	36	28	—	64
At December 31, 2021	(821)	(872)	—	(1,693)
Net Book Amount				
At December 31, 2021	3,219	1,388	214	4,821
At December 31, 2020	3,424	1,431	82	4,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 2021 - 2022

For the year ended December 31, 2021

17. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Land and buildings \$m	Fixtures and fittings \$m	Assets under construction \$m	Total \$m
Cost				
At January 1, 2020	3,592	1,843	104	5,539
Additions	115	102	160	377
Acquisitions	33	60	—	93
Disposals	(52)	(43)	(3)	(98)
Transfers	163	15	(181)	(3)
Exchange difference	161	97	2	260
At December 31, 2020	4,012	2,074	82	6,168
Depreciation				
At January 1, 2020	(385)	(411)	—	(796)
Provided in year	(156)	(258)	—	(414)
Disposals	27	40	—	67
Transfers	—	3	—	3
Impairment	(42)	(5)	—	(47)
Exchange difference	(32)	(12)	—	(44)
At December 31, 2020	(588)	(643)	—	(1,231)
Net Book Amount				
At December 31, 2020	3,424	1,431	82	4,937
At December 31, 2019	3,207	1,432	104	4,743

The carrying amount of land and buildings shown above includes \$1,114m (2020: \$1,018m) in relation to land that is not depreciated.

Of the total depreciation expense for the year ended December 31, 2021 of \$515m (2020: \$414m), \$3m (2020: \$nil) has been charged to cost of sales, \$58m (2020: \$181m) has been charged to administrative expenses and \$454m (2020: \$233m) to distribution costs.

Further details of the impairment recorded in 2021 and 2020 are set out in note 9.

Assets pledged as security

Freehold land and buildings with a carrying amount of \$3,219m (2020: \$3,424m) have been pledged to secure borrowings of the Group (see note 22).



18. SUBSIDIARIES

The Group consists of a parent Company, EG Group Limited, incorporated in the UK, and a number of subsidiaries held directly and indirectly by EG Group Limited, which operate and are registered in either the UK, Jersey, Continental Europe, USA or Australia.

All undertakings are indirectly owned by EG Group Limited unless otherwise stated. A full list of the Group's related undertakings, registered office addresses and the percentage of share class owned as at December 31, 2021 are disclosed below:

Subsidiary undertakings incorporated and operating in the United Kingdom

Name of undertaking	Principal activity	Principal place of business	Proportion of ordinary shares and voting power held %
EG Asiapac Ltd ^(1,2)	Holding company	UK	100
EG Finco Limited ^(1,2)	Holding company	UK	100
EG Foodservice Limited ⁽¹⁾	Holding company	UK	100
CS Food Group Holdings Limited ⁽³⁾	Holding company	UK	100
CS Food Group Limited ⁽³⁾	Restaurant operator	UK	100
Coopland & Son (Scarborough) Limited ⁽²⁾	Restaurant operator	UK	100
Euro Garages Limited ⁽¹⁾	Trading of fuel/other products	UK	100
Wolfson Trago Limited ⁽¹⁾	Restaurant operator	UK	100
Urban Origin Limited ⁽¹⁾	Holding company	UK	100
GB3 Limited ⁽¹⁾	IT consultancy	UK	100
Wycliffe Moore Limited ⁽¹⁾	Restaurant operator	UK	100
EG Global Finance PLC ⁽¹⁾	Holding company	UK	100
Scotco Central Ltd ⁽¹⁾	Holding company	UK	100
Scotco Midlands Ltd ⁽¹⁾	Restaurant operator	UK	100
Scotco NI Ltd ⁽¹⁾	Restaurant operator	UK	100
Scotco One Four Five Ltd ⁽²⁾	Restaurant operator	UK	100
Scotco Trowbridge Ltd ⁽¹⁾	Restaurant operator	UK	100
JRC Holdings Ltd ⁽¹⁾	Holding company	UK	100
Kram Management Ltd ⁽¹⁾	Holding company	UK	100
Kram Restaurants Limited ⁽²⁾	Restaurant operator	UK	100
Scotco Restaurants Limited ⁽¹⁾	Restaurant operator	UK	100
Scotco Restaurants Southern Limited ⁽¹⁾	Restaurant operator	UK	100
Scotco (Northern) Ltd ⁽¹⁾	Restaurant operator	UK	100
Scotco One Five Five Limited ⁽¹⁾	Restaurant operator	UK	100
Beehive Equity Limited ⁽¹⁾	Holding company	UK	100
Pollo Limited (previously Amsric Foods Limited) ⁽¹⁾	Restaurant operator	UK	100
Harland South Limited ⁽¹⁾	Restaurant operator	UK	100
Leon Restaurants ⁽¹⁾	Holding company	UK	100
Leon Naturally Fast Food Limited ⁽¹⁾	Restaurant operator	UK	100
Leon Grocery Ltd ⁽¹⁾	Restaurant operator	UK	100
FeedBritain Ltd ⁽¹⁾	Restaurant operator	UK	100
Herbel (Western) Ltd ⁽⁴⁾	Restaurant operator	UK	100
Herbel (Northern) Ltd ⁽⁴⁾	Restaurant operator	UK	100

⁽¹⁾ Registered address: Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, United Kingdom BB1 2FA

⁽²⁾ Interest held by EG Group Limited

⁽³⁾ Registered address: Eastfield, Scarborough, North Yorkshire, United Kingdom, YO11 3YT

⁽⁴⁾ Registered address: Lindsay's Caledonian Exchange, 19a Canning Street, Edinburgh, Scotland, EH3 8HE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2021

18. SUBSIDIARIES CONTINUED

International subsidiary undertakings

Subsidiaries	Principal activity	Place of incorporation/ registration and operation	Proportion of ordinary shares and voting power held %
Eurogarages (Jersey) Limited ⁽¹⁾	Holding company	Jersey	100
Scotco Restaurants (Jersey) Ltd ⁽¹⁾	Restaurant operator	Jersey	100
EG Dutch Finco B.V. ⁽²⁾	Holding company	Netherlands	100
EG Holdings B.V. ⁽²⁾	Holding company	Netherlands	100
EG Europe B.V. ⁽²⁾	Holding company	Netherlands	100
EG Retail B.V. ⁽²⁾	Holding company	Netherlands	100
EG (Benelux) B.V. ⁽²⁾	Holding company	Netherlands	100
EG Retail (Netherlands) B.V. ⁽²⁾	Trading of fuel/other products	Netherlands	100
EG Services (Netherlands) B.V. ⁽²⁾	Operator of service stations	Netherlands	100
EG (Italy) BV ⁽²⁾	Holding company	Netherlands	100
EG Fuels (Kampen Terminal) B.V. ⁽³⁾	Fuel depot operations	Netherlands	100
EG Fuels (Logistics) B.V. ⁽³⁾	Fuels transportation	Netherlands	100
EG (France) B.V. ⁽²⁾	Holding company	Netherlands	100
NRGValue Branding Nederland BV ⁽²⁾	Trading of fuel/other products	Netherlands	100
NRGValue Retail Nederland BV ⁽²⁾	Trading of fuel/other products	Netherlands	100
NRGValue Tankstations Nederland BV ⁽²⁾	Trading of fuel/other products	Netherlands	100
The Tasty Company BV ⁽⁴⁾	Restaurant operator	Netherlands	100
EG Food Services (Netherlands) BV ⁽²⁾	Restaurant operator	Netherlands	100
The Spicy Company BV ⁽⁵⁾	Restaurant operator	Netherlands	100
AJJ Hermes BV ⁽²⁾	Real estate development	Netherlands	100
Paul Mahieu NV ⁽⁶⁾	Trading of fuel/other products	Netherlands	99
FFR Arnhem BV ⁽⁷⁾	Trading of fuel/other products	Netherlands	100
FFR Nijmegen BV ⁽⁸⁾	Trading of fuel/other products	Netherlands	100
FFR Uden BV ⁽⁹⁾	Trading of fuel/other products	Netherlands	100
EG Retail (Belgium) B.V. ⁽⁶⁾	Trading of fuel/other products	Belgium	100
Raga BV ⁽⁶⁾	Real estate development	Belgium	100
Station Services B.V. ⁽⁶⁾	Dormant	Belgium	100
EG Retail (Station Support) B.V. ⁽⁶⁾	Employer of service station colleagues	Belgium	100
Stars Loyalty Belgium BV ⁽⁶⁾	Loyalty card business	Belgium	100
EG Services (Belgium) BV ⁽⁶⁾	Employer of service station colleagues	Belgium	100
EG Services (Belgium Property) BV ⁽⁶⁾	Real estate development	Belgium	50
EG Retail (Luxembourg) S.à.r.l. ⁽¹⁰⁾	Trading of fuel/other products	Luxembourg	100
EG Services (Luxembourg) S.à.r.l. ⁽¹⁰⁾	Trading of fuel/other products	Luxembourg	100
EG (Luxembourg) Holdings S.à.r.l. ⁽¹⁰⁾	Holding company	Luxembourg	100
EG Business GmbH ⁽¹¹⁾	Trading of fuel/other products	Germany	100
EG (Germany) BV ⁽⁷⁾	Holding company	Netherlands	100
EG Deutschland GmbH ⁽¹²⁾	Holding company	Germany	100
Echo Tankstellen GmbH ⁽¹²⁾	Trading of fuel/other products	Germany	100
Retail Operating Company Deutschland GmbH ⁽¹²⁾	Trading of fuel/other products	Germany	100
EG Deutschland Food Services GmbH ⁽¹²⁾	Trading of fuel/other products	Germany	100
EG Deutschland K-Holding GmbH ⁽¹²⁾	Holding company	Germany	100
KMS Autohof-Betriebsgesellschaft mbH ⁽¹³⁾	Trading of fuel/other products	Germany	100
KMS Fast Food GmbH ⁽¹³⁾	Trading of fuel/other products	Germany	100
Qualitel Hotel GmbH ⁽¹³⁾	Real estate development	Germany	100



Subsidiaries	Principal activity	Place of incorporation/ registration and operation	Proportion of ordinary shares and voting power held %
EG Retail (Food Services France) SAS ⁽¹⁴⁾	Trading of fuel/other products	France	100
EG Holdings (France) SAS ⁽¹⁴⁾	Holding company	France	100
EG Retail (France) SAS ⁽¹⁴⁾	Trading of fuel/other products	France	100
EG Services (France) SNC ⁽¹⁴⁾	Operator of service stations	France	100
EG Italia SPA ⁽¹⁵⁾	Trading of fuel/other products	Italy	100
EGI-2 GO S.R.L. ⁽¹⁵⁾	Trading of fuel/other products	Italy	100
EG America LLC ⁽¹⁶⁾ (17)	Holding company	USA	100
EG Retail (America) LLC ⁽¹⁶⁾	Holding company	USA	100
EG Shared Services (America) LLC ⁽¹⁶⁾	Holding company	USA	100
EG America Treasury Co, LLC ⁽¹⁶⁾	Holding company	USA	100
Cumberland Farms Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Cumberland Farms of Massachusetts, Inc. ⁽¹⁶⁾	Holding company	USA	100
Cumberland Farms of Vermont, Inc. ⁽¹⁶⁾	Holding company	USA	100
CFI GC LLC ⁽¹⁶⁾	Holding company	USA	100
CFI Propco 1, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
CFI Propco 2, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Conven-Petro Insurance Company ⁽¹⁶⁾	Holding company	USA	100
Fastrac Transportation EG LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
PLK-Rest LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
INS-Rest LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
PH-Rest LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Certified Oil Corporation ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Spizza-Rest LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Crave-Rest LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
TH Midwest Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Kwik Shop Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Quick Stop Markets Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Mini Mart Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
TH Minit Markets LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Junior Food Stores of West Florida Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Fastrac EG, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
B Rest LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Serve-Rest, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Tmex-Rest, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Minit Mart, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
EG Group Australia Pty Ltd ⁽¹⁷⁾	Holding company	Australia	100
EG Fuelco (Australia) Limited ⁽¹⁸⁾	Trading of fuel/other products	Australia	100
EG (Retail) Australia Pty Ltd ⁽¹⁸⁾	Trading of fuel/other products	Australia	100
EG AsiaPac Holdings Pty Ltd ⁽¹⁸⁾	Holding company	Australia	100
EG AsiaPac Services Pty Ltd ⁽¹⁹⁾	Service company	Australia	100
EG AsiaPac Ventures Pty Ltd ⁽¹⁸⁾	Holding company	Australia	100
EG AsiaPac Ventures No. 1 Pty Ltd ⁽¹⁶⁾	Trading of fuel/other products	Australia	100
Scotco ROI Limited ⁽¹⁹⁾	Restaurant operator	ROI	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2021

18. SUBSIDIARIES CONTINUED

International subsidiary undertakings continued

- ⁽¹⁾ Registered address: 47 Esplanade, St Helier, Jersey JE1 0BD
- ⁽²⁾ Registered address: Princenhagelaan 9, 4813 DA, Breda, The Netherlands
- ⁽³⁾ Registered address: Genuakade 4, 8263 CG, Kampen, The Netherlands
- ⁽⁴⁾ Registered address: Jadestraat 11, 2665 NS, Bleiswijk, The Netherlands
- ⁽⁵⁾ Registered address: Harderwijkweg 1, 2803 PW, Gouda, The Netherlands
- ⁽⁶⁾ Registered address: Kapelsesteenweg 71, 2180 Ekeren, Belgium
- ⁽⁷⁾ Registered address: Dwingelstraat 4, 6811 BR, Arnhem, The Netherlands
- ⁽⁸⁾ Registered address: Ploin 1944 78, 6511 JE, Nijmegen, The Netherlands
- ⁽⁹⁾ Registered address: Voskestraat 1, 5406 PN, Uden, The Netherlands
- ⁽¹⁰⁾ Registered address: Bei der Härewiss 103, 1141 Luxembourg
- ⁽¹¹⁾ Registered address: Bentheimer Straße 120, 48529, Nordhorn, Germany
- ⁽¹²⁾ Registered address: Ludwig-Erhard-Straße 22, Hamburg, Germany
- ⁽¹³⁾ Registered address: Bentheimer Strasse 239, 48529 Nordhorn, Germany
- ⁽¹⁴⁾ Registered address: Immeuble Le Cervier B, 12, avenue des Béguines, Cergy Saint Christophe, 95800 Cergy Pontoise, France
- ⁽¹⁵⁾ Registered address: Viale Alexandre Gustave Eiffel 13 00148 Roma, Italy
- ⁽¹⁶⁾ Registered address: 165 Flanders Rd, Westborough, MA 01581, USA
- ⁽¹⁷⁾ Interest held by EG Group Limited
- ⁽¹⁸⁾ Registered address: Unit 3, Ivory, 25-31, Darley Street East, Mona Vale, NSW, 2103, Australia
- ⁽¹⁹⁾ Registered address: Unit 1, Gregg Court, Parnell Street, Dublin 1, 662880, Republic of Ireland

19. JOINT VENTURES AND ASSOCIATES

Details of joint ventures and associates

Details of each of the Group's joint ventures and associates at the end of the reporting year are as follows:

Name	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights held by the Group	
			2021	2020
Joint ventures				
Petroleum Products Storage & Transport Company S.A./N.V. ⁽¹⁾	Owens and manages fuel depots	Belgium	50%	50%
De Pooter Olie B.V. ⁽²⁾	Owens and operates fuel forecourts	Netherlands	50%	50%
De Pooter Olie B.V.B.A. ⁽³⁾	Owens and operates fuel forecourts	Belgium	50%	50%
Dépôt Pétrolier de Lyon S.A.S. ⁽⁴⁾	Owens and manages fuel depots	France	50%	50%
Associates				
HV Systems Ltd ⁽⁵⁾	Production of hydrogen vehicles	UK	31.4%	—%

⁽¹⁾ Registered address: Avenue de l'Indépendance 93, 4020 Luik (Wandre), Belgium

⁽²⁾ Registered address: Polenweg 16, 4538AP Terneuzen, The Netherlands

⁽³⁾ Registered address: Gebroeders Naudstlaan 14, 9185, Wachtebeke, Belgium

⁽⁴⁾ Registered address: 1, Rue d'Arles, Port Hériot, 69.007 Lyon, France

⁽⁵⁾ Registered address: 96 Caledonia St, Glasgow G5 0XG, Scotland

All of the above investments are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3. Summarised financial information in respect of each of the Group's material joint ventures and associates is set out below. The summarised financial information below represents amounts in joint ventures' financial statements prepared in accordance with IFRS adjusted by the Group for equity accounting purposes.



	Petroleum Products Storage & Transport Company S.A./N.V.	De Pooter Olie B.V.	Dépôt Pétrolier de Lyon S.A.S.	HV Systems Ltd	Total
2021	\$m	\$m	\$m	\$m	\$m
Summarised balance sheet					
Current assets	—	15	9	5	29
Non-current assets	4	4	4	—	12
Current liabilities	(1)	(11)	(1)	—	(13)
Non-current liabilities	(2)	(1)	—	—	(3)
Net assets	1	7	12	5	25
Summarised income statement					
Revenue	3	103	5	—	111
Profit after tax for the year	—	2	—	(1)	1

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures and associates recognised in the consolidated financial statements:

	Petroleum Products Storage & Transport Company S.A./N.V.	De Pooter Olie B.V.	Dépôt Pétrolier de Lyon S.A.S.	HVS Systems Ltd	Total
2021	\$m	\$m	\$m	\$m	\$m
Group's share in ownership	50%	50%	50%	31.4%	
Group's share of net assets/liabilities	1	4	6	2	13
Other adjustments	—	(1)	(2)	5	2
Carrying amount of the Group's interest in the joint venture and associates	1	3	4	7	15

	Petroleum Products Storage & Transport Company S.A./N.V.	De Pooter Olie B.V.	Dépôt Pétrolier de Lyon S.A.S.	Total
2020	\$m	\$m	\$m	\$m
Summarised balance sheet				
Current assets	1	7	8	16
Non-current assets	5	4	7	16
Current liabilities	(1)	(3)	(1)	(5)
Non-current liabilities	(2)	(1)	—	(3)
Net assets	3	7	14	24
Summarised income statement				
Revenue	3	57	5	65
Profit after tax for the year	—	1	—	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

19. JOINT VENTURES AND ASSOCIATES CONTINUED

Details of joint ventures and associates continued

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in the consolidated financial statements:

	Petroleum Products Storage & Transport Company S.A./N.V.	De Pooter Olie B.V.	Dépôt Pétrolier de Lyon S.A.S.	Total
2020	\$m	\$m	\$m	\$m
Group's share in ownership	50%	50%	50%	
Group's share of net assets/liabilities	1	4	7	12
Other adjustments	—	(1)	(3)	(4)
Carrying amount of the Group's interest in the joint venture	1	3	4	8

The Group holds a 19.64% investment stake in Multi Tank Card B.V. (2020: 19.64%). This investment is held as a financial asset at fair value through other comprehensive income in line with the accounting policy in note 3.

20. INVENTORIES

	2021	2020
	\$m	\$m
Grocery & Merchandise products	330	317
Foodservice products	16	5
Fuel and oil products	426	332
	772	654

The cost of inventories recognised as an expense during the year was \$21,020m (2020: \$16,975m). The carrying value of inventories recognised as an expense includes \$45m (2020: \$42m) in respect of write-downs of inventory to net realisable value.

Inventories with a carrying amount of \$772m (2020: \$654m) have been pledged as security for certain of the Group's bank facilities.

21. TRADE AND OTHER RECEIVABLES

	2021	2020
	\$m	\$m
Trade receivables	368	299
Allowance for doubtful debts	(12)	(6)
	356	293
Guarantee deposits	8	9
Loans to related parties (note 37)	187	85
Other receivables	88	153
Prepayments and accrued income	137	126
	776	666

The balances are analysed as follows:

	2021	2020
	\$m	\$m
Current	547	545
Non-current	229	121
	776	666

Trade receivables are recognised initially at the amount of consideration that is unconditionally due from customers in the ordinary course of business. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures trade receivables subsequently at amortised cost. Trade and other receivables are generally non-interest-bearing. Credit terms vary by country and the nature of the debt.



Trade and other receivables include \$7m (2020: \$26m) within prepayments of amounts due from suppliers in relation to commercial income which has been earned but not yet invoiced.

Allowances against doubtful debts are recognised based on expected irrecoverable amounts determined by reference to past default experience and are adjusted to reflect current and forward-looking information based on macroeconomic factors and other factors which affect the ability of the customers to settle the receivables.

The ageing analysis of trade receivables and the provision for impairment of trade receivables is as follows:

	Current	0-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
	%/\$m	%/\$m	%/\$m	%/\$m	%/\$m	\$m
2021						
Gross carrying amount – trade receivables	251	53	23	10	31	368
Expected credit loss rate	—%	—%	—%	—%	40%	3%
Provision for impairment of trade receivables	—	—	—	—	(12)	(12)

	Current	0-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
	%/\$m	%/\$m	%/\$m	%/\$m	%/\$m	\$m
2020						
Gross carrying amount – trade receivables	215	44	19	6	15	299
Expected credit loss rate	—%	—%	—%	—%	40%	2%
Provision for impairment of trade receivables	—	—	—	—	(6)	(6)

As at December 31, 2021 and December 31, 2020, trade receivables that were neither past due nor impaired related to a receivable for whom there is no recent history of default and therefore the expected credit loss rate applied resulted in an immaterial allowance against doubtful debts. The other classes of receivables do not contain impaired assets and the expected credit loss rate applied to these receivables results in an allowance against doubtful debts of less than \$1m.

At December 31, 2021, trade and other receivables of \$31m (2020: \$15m) were past due and impaired. Movement in the allowance for doubtful debts:

	2021 \$m	2020 \$m
Balance at the beginning of the year	(6)	(9)
Impairment losses recognised	(13)	—
Amounts written off during the year as uncollectible	2	3
Amounts recovered during the year	4	—
Exchange differences	1	—
At December 31, 2021	(12)	(6)

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2021

22. BORROWINGS

	2021 \$m	2020 \$m
Secured borrowing at amortised cost		
Bank Loans	(6,973)	(6,271)
Secured loan notes	(3,274)	(3,391)
Total borrowings	(10,247)	(9,662)
Amount due for settlement within twelve months	(92)	(64)
Amount due for settlement after twelve months	(10,155)	(9,598)
	(10,247)	(9,662)

	Sterling \$m	Euros \$m	US Dollar \$m	Australian Dollar \$m	Total \$m
Analysis of borrowings by currency:					
December 31, 2021					
Bank loans	(809)	(3,088)	(2,800)	(276)	(6,973)
Secured loan notes	—	(1,887)	(1,387)	—	(3,274)
	(809)	(4,975)	(4,187)	(276)	(10,247)
December 31, 2020					
Bank loans	(708)	(2,786)	(2,482)	(295)	(6,271)
Secured loan notes	—	(2,024)	(1,367)	—	(3,391)
	(708)	(4,810)	(3,849)	(295)	(9,662)

At December 31, 2021 the Group has the following term loans:

- A facility B GBP loan of £400m. The loan was agreed on February 6, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.75% above LIBOR (SONIA from January 1, 2022) and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- A facility B EUR loan of €2,160m. The loan was agreed on February 6, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above EURIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- A facility B US\$ loan of US\$500m. The loan was agreed on February 6, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above US\$ LIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- A term US\$ loan of US\$1,700m. The loan was agreed on April 6, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above US\$ LIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- A term facility EUR loan of €75m. The loan was agreed on April 6, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above EURIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- A term facility US\$ loan of US\$225m. The loan was agreed on November 28, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above US\$ LIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- A facility B A\$ loan of A\$400m. The loan was agreed on March 27, 2019. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 5% above BBSY and is secured on the assets of the Group and is guaranteed by certain entities of the Group.
- A term B facility US\$ loan of \$510m. The loan was agreed on March 12, 2021. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2026. The loan carries interest at 4.25% above US\$ LIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- A second lien EUR loan of €610m. The loan was agreed on March 12, 2021, repayable on maturity in 2027. The loan carries interest at 7% above EURIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- A term GBP loan of £220m. The loan was agreed on November 16, 2021, repayable on maturity in 2025. The loan carries interest at 4.75% above LIBOR (SONIA from January 1, 2022) and is secured on the assets of the Group and guaranteed by certain entities of the Group.



At December 31, 2021 the Group has the following Senior Secured Notes:

1. Six-year EUR senior secured loan notes of €670m issued on May 13, 2019 repayable on maturity in 2025. The loan notes carry interest at 4.375% and are secured on the assets of the Group.
2. Six-year US\$ senior secured loan notes of US\$750m issued on May 13, 2019 repayable on maturity in 2025. The loan notes carry interest at 6.75% and are secured on the assets of the Group.
3. Five-year EUR senior secured loan notes of €300m issued on May 13, 2019 repayable on maturity in 2024. The loan notes carry interest at 3.625% and are secured on the assets of the Group.
4. Six-year EUR senior secured loan notes of €700m issued on October 21, 2019 repayable on maturity in 2025. The loan notes carry interest at 6.25% and are secured on the assets of the Group.
5. Six-year US\$ senior secured loan notes of US\$635m issued on October 21, 2019 repayable on maturity in 2025. The loan notes carry interest at 8.5% and are secured on the assets of the Group.

The other principal features of the Group's borrowings are as follows:

The Group has GBP revolving credit facilities available for £250m (for utilisation in GBP, EUR, US\$ or A\$) (2020: £250m) and US\$ revolving credit facilities available for US\$150m and US\$100m (2020: US\$150m and US\$100m); the maturity of the majority of the revolving credit facility has been extended to August 2024. These carry an interest rate of LIBOR/EURIBOR/BBSY +3% depending on the currency drawn down (2020: +3%) and are secured on the Group's assets. A commitment fee is payable quarterly in arrears on the aggregate undrawn at a rate of 1.05% of the applicable margin for the revolving credit facility.

The weighted average interest rates paid during the year were as follows:

	2021	2020
Bank overdrafts	3.07%	3.64%
Revolving credit facilities	—%	3.77%
Secured loan notes	6.09%	6.04%
Bank loans	4.51%	4.83%

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the Group to liquidity risk, credit risk, interest rate risk, foreign currency risk and market risk, are given in note 34.

On February 26, 2021, the Group negotiated the private placement at par of £675m in aggregate principal amount of 6.25% Senior Secured Notes due 2026. The proceeds were intended to fund the Group's acquisition of the Asda forecourt business. As a consequence of the termination of the agreement to acquire the Asda forecourt business on October 18, 2021, the Group initiated a process, also on October 18, 2021, to redeem the £675m (\$953m) in aggregate principal amount of 6.25% Senior Secured Notes due 2026 issued on February 26, 2021 and unwind the related escrow arrangement. This redemption process completed on October 26, 2021 Bellis Property Newco Ltd, a related party, reimbursed the Group a total of \$41m relating to the finance costs of the redeemed Senior Secured Notes (see note 37). This reimbursement has been presented as exceptional finance income in the Group income statement.

23. DEFERRED TAX

The following are the major deferred tax liabilities and (assets) recognised by the Group and movements thereon during the current year and prior reporting year.

	At December 31, 2020	Arising on acquisition/ balance sheet movements	Charged/ (credited) to income statement	Charged/ (credited) to OCI	Exchange differences	At December 31, 2021
	\$m	\$m	\$m	\$m	\$m	\$m
Fixed assets	501	3	(22)	—	(9)	473
Goodwill	(128)	—	20	—	3	(105)
Intangibles	346	24	56	—	(7)	419
Rolled over gain	61	—	(58)	—	(3)	—
IFRS 16	27	—	(21)	—	(2)	4
Pensions	(5)	—	(2)	3	1	(3)
Tax losses	(132)	—	(8)	—	1	(139)
Change of accounting policy	8	—	1	—	—	9
Excess interest capacity	(29)	—	(11)	—	1	(39)
Provisions	(178)	—	48	—	7	(123)
Inventory	16	(18)	2	—	—	—
Unfavourable contracts	(92)	(2)	(28)	—	6	(116)
Other	—	—	(1)	—	—	(1)
Total	395	7	(24)	3	(2)	379

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For the year ended December 31, 2021

23. DEFERRED TAX CONTINUED

	At December 31, 2019	Reclassifications	Arising on acquisition/ balance sheet movements	Charged/ (credited) to income statement	Exchange differences	At December 31, 2020
	\$m	\$m	\$m	\$m	\$m	\$m
Fixed assets	533	—	9	(56)	15	501
Goodwill	(127)	—	—	(1)	—	(128)
Intangibles	310	—	3	30	3	346
Rolled over gain	48	—	—	7	6	61
IFRS 16	(3)	—	(1)	29	2	27
Pensions	(4)	—	—	—	(1)	(5)
Tax losses	(160)	3	4	23	(2)	(132)
Change of accounting policy	8	—	—	—	—	8
Excess interest capacity	(78)	13	—	36	—	(29)
Provisions	(99)	(13)	(4)	(52)	(10)	(178)
Inventory	20	(3)	—	—	(1)	16
Unfavourable contracts	(86)	—	(1)	3	(8)	(92)
Other	(1)	—	—	1	—	—
Total	361	—	10	20	4	395

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 \$m	2020 \$m
Deferred tax liabilities	(517)	(533)
Deferred tax assets	138	138
	(379)	(395)

The Group offsets certain deferred tax assets and deferred tax liabilities related to the same taxation authority, in accordance with the accounting policy for deferred tax described in note 3 to the financial statements.

At the balance sheet date, the Group has unused tax losses of \$1,319m (2020: \$1,040m) and excess interest capacity of \$174m (2020: \$488m) available for offset against future profits. Of the \$1,319m (2020: \$1,040m) of tax losses, \$510m (2020: \$259m) are USA state and local jurisdictions which are recognised at a lower blended rate of 5.54%, on a post-apportioned basis. The 2020 accounts disclosed \$1,516m of unused tax losses including various USA state and local jurisdiction tax losses calculated on a pre-apportioned lower tax rates basis of 6.95%.

A deferred tax asset has been recognised in respect of \$815m (2020: \$1,136m) of losses and \$174m (2020: \$155m) in respect of excess interest capacity. The losses recognised are those which have arisen in the current period in entities in the UK, USA (including various state and local jurisdictions on a post-apportioned basis and pre-apportioned basis for 2021 and 2020 respectively), Belgium and Luxembourg which are expected to have future taxable profits against which these losses can be offset, losses brought forward in entities which are utilising their brought-forward losses each year, and losses in respect of the head of the German fiscal group which should be available for offset against the future taxable profits of the consolidated fiscal group. The deferred tax asset on excess interest capacity relates to interest restrictions in the UK, USA and Netherlands.

No deferred tax asset has been recognised in respect of the remaining \$504m (2020: \$380m) of losses or \$nil (2020: \$333m) of excess interest capacity. There are restrictions in place against these losses such that it is not considered probable that there will be future taxable profits available against which to offset them. It is also not considered probable that there will be sufficient interest capacity in the foreseeable future to enable the remaining excess interest capacity to be utilised.

No deferred tax liabilities have been recorded with respect to investments in subsidiaries and joint ventures as any unremitted earnings may be repatriated tax free.



24. LEASES

	Land and buildings	Vehicles	Total
Net book amount	\$m	\$m	\$m
Balance at December 31, 2020	1,975	17	1,992
Additions	223	12	235
Remeasurement	(12)	1	(11)
Recognition on acquisition of subsidiaries	237	—	237
Depreciation charge for the year	(187)	(10)	(197)
Impairment charge for the year	(53)	—	(53)
Exchange differences	(98)	—	(98)
Balance at December 31, 2021	2,085	20	2,105

	Land and buildings	Vehicles	Total
Net book amount	\$m	\$m	\$m
Balance at January 1, 2020	1,474	15	1,489
Additions	346	12	358
Remeasurement	29	—	29
Recognition on acquisition of subsidiaries	136	—	136
Depreciation charge for the year	(143)	(8)	(151)
Impairment charge for the year	22	—	22
Exchange differences	111	(2)	109
Balance at December 31, 2020	1,975	17	1,992

The Group leases land and buildings and vehicles. The average lease term on a weighted average is 26 years (2020: 27 years).

The Group's obligations under leases are secured by the lessors' title to the leased assets.

Details of the impairment recognised in the year are set out in note 9.

Approximately 2.7% of the leases for land and buildings expired in the current financial year. Of these expired contracts, 6.4% were replaced by new leases for identical underlying assets. This resulted in additions to right of use assets of \$7.2m in 2021.

	2021 \$m	2020 \$m
Lease liabilities		
Balance at January 1	(1,777)	(1,414)
Remeasurement of leases	(31)	(28)
Additions	(233)	(216)
Interest expense	(96)	(81)
Payments	280	190
Arising on acquisition	(248)	(132)
Exchange differences	83	(96)
Balance at December 31	(2,022)	(1,777)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2021

24. LEASES CONTINUED

	2021 \$m	2020 \$m
Lease liabilities		
Maturity analysis:		
Within one year	223	205
Greater than one year but less than two years	224	200
Greater than two years but less than three years	213	193
Greater than three years but less than four years	204	181
Greater than four years but less than five years	192	173
After five years	2,587	2,452
Less: unearned interest	(1,621)	(1,627)
	2,022	1,777
Analysed as:		
Non-current	1,825	1,600
Current	197	177
	2,022	1,777

The Group does not face a significant liquidity risk with regard to its lease liabilities.

	2021 \$m	2020 \$m
Amounts recognised in profit and loss		
Depreciation expense on right of use assets	(197)	(151)
Interest expense on lease liabilities	(96)	(81)
Expense relating to short-term leases	(9)	(2)
Expense relating to leases of low-value assets	(1)	—
Expense relating to variable lease payments not included in the measurement of the lease liability	(51)	(58)

At December 31, 2021, the Group is committed to \$nil for short-term leases (2020: \$nil).

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased sites. The breakdown of lease payments for these sites is as follows:

	2021 \$m	2020 \$m
Fixed payments	(19)	(7)
Variable payments	(52)	(58)
Total payments	(71)	(65)

The total cash outflows for leases amount to \$341m (2020: \$250m).

During the year, the Group entered into the sale-and-leaseback of a number of sites. The assets relating to these sites were sold for \$42m and had a net book value of \$29m. A gain of \$1m was recognised in the year with the remaining gain of \$12m deferred as a reduction to the right of use asset relating to the leaseback.

The Group does not have any restrictions or covenants imposed by leases.



25. TRADE AND OTHER PAYABLES

	2021 \$m	2020 \$m
Trade payables	(752)	(535)
Amounts due to related parties (note 37)	(25)	(21)
Social security and other taxes	(925)	(971)
Accrued expenses	(398)	(559)
Other payables	(57)	(28)
	(2,157)	(2,114)

The balances are analysed as follows:

	2021 \$m	2020 \$m
Current	(1,672)	(1,653)
Non-current	(485)	(461)
	(2,157)	(2,114)

The average credit period taken for trade purchases is 12 days (2020: 10 days). The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Directors consider that the carrying amount of trade payables approximates to their fair value. Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. Social security and other taxes principally comprise amounts payable in relation to VAT, payroll taxes and excise duties.

Social security and other taxes includes \$546m (2020: \$626m) of indirect tax payment deferrals, of which \$473m (2020: \$554m) are included within non-current liabilities.

Accrued expenses principally comprise invoices to be received from suppliers, rent payable and employee-related costs.

26. CONTRACT LIABILITIES

The balances are analysed as follows:

	2021 \$m	2020 \$m
Current	(20)	(36)
Non-current	(44)	(43)
	(64)	(79)

Contract liabilities includes of \$7m (2020: \$6m) representing customer loyalty points which have not yet expired or been redeemed.

27. PROVISIONS

	Note	Property \$m	Unfavourable contract \$m	Other \$m	Total \$m
At December 31, 2020		(484)	(302)	(197)	(983)
Arising on acquisition	35	(10)	—	(4)	(14)
Additional provision in the year		(19)	—	(88)	(107)
Utilisation of provision		16	24	143	183
Unwinding of discount		6	—	(1)	5
Adjustment for change in discount rate		27	—	1	28
Exchange differences		26	17	6	49
At December 31, 2021		(438)	(261)	(140)	(839)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

27. PROVISIONS CONTINUED

The balances are analysed as follows:

	2021	2020
	\$m	\$m
Current	(134)	(154)
Non Current	(705)	(829)
	(839)	(983)

Property provisions (December 31, 2021: \$438m; 2020: \$484m)

Property provisions comprise asset retirement obligation provisions, environmental provisions for remediation works at petrol filling stations ("PFS"), debranding provisions and dilapidation provisions. The nature of the provisions and the judgements applied in determining the amount to be provided are described in further detail below:

- **Asset retirement obligation ('dismantling') (December 31, 2021: \$302m; 2020: \$338m)**
Dismantling provisions relate to sites for which the Group only has a right to operate the site for a number of years under a lease arrangement with a third party. After the right to use has expired, the Group is obliged to dismantle all assets on the specific site and to restore the site to its original condition. Amounts provided are based on prior experience of costs incurred. The provision is expected to be utilised in the medium to long term.
- **Environmental restoration (December 31, 2021: \$97m; 2020: \$114m)**
Environmental protection requirements for remediation works at petrol filling stations ("PFS") vary by country and are regulated by different agencies in each country. In all countries, a provision is made in full when a liability is identified and assessed. A provision is recognised for the present value of costs to be incurred for the restoration of sites, based on third-party reports. The provision is expected to be utilised in the medium to long term.
- **Debranding (December 31, 2021: \$10m; 2020: \$12m)**
Debranding provisions relate to sites where, on termination of existing contracts with fuel suppliers and brand licensors, the Group is obliged to debrand, at its own cost, sites and motorway concessions. Amounts provided are based on prior experience of costs incurred. The provision is expected to be utilised in the medium to long term.
- **Dilapidations (December 31, 2021: \$29m; 2020: \$20m)**
Dilapidation provisions relate to sites acquired on leases which contain clauses under which the Group has to make good dilapidations or other damage which occurs to the property during the course of the lease or restore the property to a specified condition. Amounts provided are based on prior experience of costs incurred. The provision is expected to be utilised in the medium to long term.

Unfavourable contracts (December 31, 2021: \$261m; 2020: \$302m)

The amount provided represents unfavourable contracts acquired through business combinations in which the business was committed to a contract with less favourable cash inflows/outflows than those which could have been obtained in an equivalent contract negotiated at arm's length as at the date of acquisition. Amounts provided for relate to the difference between the estimated fair value of the contract at acquisition date and the estimated fair value of an equivalent contract negotiated on the acquisition date. The provision is expected to be utilised in the medium to long term. Post year end, the Group resolved their Federal Court proceedings with Ampol Limited. In resolving the dispute, the parties agreed updated commercial terms, which will result in a decrease in the carrying value of provisions by \$46m in the year ended December 31, 2022. See note 36 for further details.

Other provisions (December 31, 2021: \$140m; 2020: \$197m)

Other provisions relate primarily to legal claims, restructuring costs, onerous contracts and obligations to retailers/dealers who operate sites in the Group. The nature of the provisions and the judgements applied in determining the amount to be provided are described in further detail below:

- **Legal claims (December 31, 2021: \$24m; 2020: \$33m)**
The amount provided primarily represents several legal claims brought against the Group (i) by retailers, wholesalers, suppliers and sub-lessees for wrongful termination of contracts and/or alleged contractual breach, or (ii) by landlords for an amendment of the rent, or (iii) by customers and employees claiming for injury or damages. Based on prior experience with such claims, the expected settlement date is uncertain and can extend for several years. Amounts provided for are based on estimated outcomes of the claims determined by internal and external legal counsel. The provision is expected to be utilised in the medium to long term.
- **Retailer/dealer contract premiums (December 31, 2021: \$22m; 2020: \$28m)**
The Group provides for expected outflows to reflect the accumulated rights of the retailer/dealer. In certain jurisdictions, where the Group has an arrangement for a third-party retailer/dealer to operate a site, the third party is legally or contractually entitled to certain benefits relating to the length of their service. The Group provides for the expected outflows arising from this obligation on the basis of the award accumulated at the reporting date. The provision is expected to be utilised in the medium to long term.
- **Other (December 31, 2021: \$94m; 2020: \$136m)**
The Group has a number of other smaller provisions which make up this total balance. This balance includes items such as expected costs for the Group's committed restructuring activity, insurance excess reserves, and real estate transfer taxes



28. SHARE CAPITAL

	Number of shares	\$
Authorised, issued and fully paid ordinary shares of £1 each		
Balance at January 1, 2020 and December 31, 2020	2,011	2,940
Balance at December 31, 2021	2,011	2,940

The Company has one class of ordinary shares, which carry no right to fixed income.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

29. SHARE PREMIUM ACCOUNT

	\$m
Balance at January 1, 2020 and December 31, 2020	2,159
Balance at December 31, 2021	2,159

The share premium account arose on issue of ordinary shares on January 29, 2016 for consideration of \$964m and a further issue of ordinary shares on November 17, 2016 for consideration of \$749m. On October 21, 2019, the Group issued 100 ordinary shares for consideration of \$446m.

30. OTHER RESERVES

The analysis of movements in reserves is shown in the statement of changes in equity. Details of the amounts included in other reserves are set out below.

Merger reserve

The merger reserve arose on the acquisition of Eurogarages (Jersey) Limited by EG Group Limited. In the case of the Group, the merger reserve represents the difference between the fair value and the nominal value of the share capital issued by EG Group Limited.

Capital contribution reserve

The Company received a capital contribution from EG Group Holdings of \$1m (2020: \$nil) in relation to the allocation of share-based payment charges.

	\$m
Balance at January 1, 2020 and December 2020	—
Capital contribution from parent relating to share-based payments	1
Balance at December 31, 2021	1

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency into the Group's presentational currency, being US Dollars, are recognised directly in the translation reserve.

	\$m
Balance at January 1, 2020	(35)
Exchange differences on translating the net assets of foreign operations	93
Balance at December 31, 2020	58
Exchange differences on translating the net assets of foreign operations	(69)
Balance at December 31, 2021	(11)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2021

31. NOTES TO THE CASH FLOW STATEMENT

	2021			2020		
	Before exceptional items \$m	Exceptional items \$m	After exceptionals \$m	Before exceptional items \$m	Exceptional items \$m	After exceptionals \$m
Cash flows from operating activities						
Profit/(loss) for the year	129	(75)	54	(204)	(28)	(232)
Adjustments for:						
Share of profit of equity accounted investments	(1)	—	(1)	—	—	—
Finance income	(283)	(41)	(324)	(7)	—	(7)
Finance costs	687	56	743	864	6	870
Income tax expense/(credit)	147	6	153	72	(7)	65
Loss/(profit) on disposal of property, plant and equipment	1	(72)	(71)	2	—	2
Depreciation of property, plant and equipment and right of use asset	712	—	712	565	—	565
Amortisation of intangible assets	87	—	87	89	—	89
Impairment of property, plant and equipment and right of use asset	179	(4)	175	65	(40)	25
Impairment of intangible assets	1	19	20	—	—	—
Goodwill impairment	—	100	100	—	12	12
Share based compensation charge	1	—	1	—	—	—
Movement in retirement benefit obligations	10	—	10	—	—	—
Decrease in provisions	(67)	—	(67)	(27)	—	(27)
Operating cash flows before movements in working capital	1,603	(11)	1,592	1,419	(57)	1,362
Changes in working capital						
(Increase)/decrease in inventories			(132)			39
(Increase)/decrease in receivables			(18)			109
Increase in payables			84			360
Cash generated by operations			1,526			1,870
Income taxes paid			(71)			(35)
Net cash from operating activities			1,455			1,835

Cash and cash equivalents comprise cash and short-term bank deposits (see accounting policy in note 3). The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position.

Included in the cash and cash equivalents balance of \$646m (2020: \$661m) at the year end is \$74m (2020: \$112m) of credit card receivables that are due within 72 hours of the year-end date.

Analysis of changes in net debt

	Non-cash movements						December 31, 2021 \$m
	January 1, 2021 \$m	Financing cash flow ⁽¹⁾ \$m	Acquisition of subsidiary \$m	New leases \$m	Exchange movements \$m	Other non-cash movements \$m	
2021							
Bank loans	(6,271)	(892)	(5)	—	242	(47)	(6,973)
Secured loan notes	(3,391)	(5)	—	—	166	(44)	(3,274)
Revolving credit facilities	—	—	—	—	—	—	—
Bank overdrafts	—	—	—	—	—	—	—
Lease liabilities	(1,777)	280	(248)	(233)	83	(127)	(2,022)
Total liabilities arising from financing activities	(11,439)	(617)	(253)	(233)	491	(218)	(12,269)
Cash and bank balances	661	13	5	—	(33)	—	646
Net debt	(10,778)	(604)	(248)	(233)	458	(218)	(11,623)

	Non-cash movements						December 31, 2020 \$m
	January 1, 2020 \$m	Financing cash flow ⁽¹⁾ \$m	Acquisition of subsidiary \$m	New leases \$m	Exchange movements \$m	Other non-cash movements ⁽²⁾ \$m	
2020							
Bank loans	(5,843)	(123)	—	—	(283)	(22)	(6,271)
Secured loan notes	(3,213)	—	—	—	(172)	(6)	(3,391)
Revolving credit facilities	(406)	406	—	—	—	—	—
Bank overdrafts	(22)	22	—	—	—	—	—
Lease liabilities	(1,414)	190	(132)	(216)	(96)	(109)	(1,777)
Total liabilities arising from financing activities	(10,898)	495	(132)	(216)	(551)	(137)	(11,439)
Cash and bank balances	415	201	6	—	39	—	661
Net debt	(10,483)	696	(126)	(216)	(512)	(137)	(10,778)

⁽¹⁾ Financing cash flows consist of the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement for borrowings, and lease repayments for lease liability movements

⁽²⁾ Other non-cash movements relate to additions to capitalised borrowing fees in the year offset by amortisation of borrowing fees and the unwind of discounting on lease liabilities

Balances at December 31, 2021 comprise:

	Non-current assets \$m	Current assets \$m	Current liabilities \$m	Non-current liabilities \$m	Total \$m
Cash and bank balances	—	646	—	—	646
Borrowings	—	—	(92)	(10,155)	(10,247)
Lease liabilities	—	—	(197)	(1,825)	(2,022)
Net debt	—	646	(289)	(11,980)	(11,623)

Balances at December 31, 2020 comprise:

	Non-current assets \$m	Current assets \$m	Current liabilities \$m	Non-current liabilities \$m	Total \$m
Cash and bank balances	—	661	—	—	661
Borrowings	—	—	(64)	(9,598)	(9,662)
Lease liabilities	—	—	(177)	(1,600)	(1,777)
Net debt	—	661	(241)	(11,198)	(10,778)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2021

32. COMMITMENTS AND CONTINGENCIES

Capital commitments

Capital commitments are due to the acquisition or renewal of new highway stations, concessions and other capital projects where the Group has an obligation to undertake specified constructions and refurbishment. The commitment as at December 31, 2021 is \$90m (2020: \$77m).

Fuel supply contracts

In the regular course of business, the Group enters into relationships with fuel suppliers whereby the Group commits itself to purchase certain minimum quantities of fuel in order to benefit from better pricing conditions. The durations of these contracts range from one to five years. The total volume of these purchase commitments over the remaining contract duration is 11,774m litres (2020: 19,497m litres). The fuel price at the time of purchase is not in excess of current market prices and reflects normal business operations.

Contingent liabilities

The Group recognises provisions for liabilities when it is more likely than not that a settlement will be required and the value of such a payment can be reliably estimated. On review of ongoing matters at the reporting date, management have concluded that all such claims other than those that are provided for are remote, and accordingly contingent liabilities have not been recognised. Contingent liabilities identified through business combinations are recognised on the balance sheet as provisions in accordance with IFRS 3.

Subsidiary audit exemptions

The following wholly owned subsidiary undertakings, consolidated into the Group financial statements for the year ended December 31, 2021, are exempt from the requirements for the audit of individual accounts by virtue of Section 479a of the Companies Act 2006 in England. Information on the countries of incorporation, registered offices and principal activities are detailed in note 18.

Name	Company number
EG Asiapac Limited	11658440
EG Foodservice Limited	10948832
GB3 Limited	05147753
Herbel (Northern) Limited	SC147755
Herbel (Western) Limited	SC143267
JRC Holdings Limited	05322705
Kram Management Limited	09225102
Kram Restaurants Limited	05165526
Scotco Midlands Limited	06436061
Scotco One Five Five Limited	10916356
Scotco One Four Five Limited	00930481
Scotco Restaurants Southern Limited	04382569
Scotco Trowbridge Limited	10697442
Scotco (Northern) Limited	09294355
Urban Origin Limited	08201483

EG Group Limited will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial year ended December 31, 2021 in accordance with Section 479a of the Companies Act 2006 in England.

33. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates a variety of post-employment benefit arrangements, covering both funded defined benefit schemes and funded defined contribution schemes. These benefits have been valued in conformity with IAS 19 and in accordance with the Group accounting policies described in note 3.

The table below outlines where the Group's post-employment amounts and activity are included in the financial statements.

	2021 \$m	2020 \$m
Balance sheet obligations for:		
Defined benefit plan	(29)	(41)
Jubilee premium plan	(3)	(4)
Long service award	(24)	(22)
Liability in the balance sheet	(56)	(67)
Income statement charge:		
Defined benefit plan	(7)	(2)
Defined contribution plan	(29)	(22)
Jubilee premium plan	—	(1)
	(36)	(25)

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

Other employee benefits

The Group provides long service awards and jubilee benefits, rewarding employees for long years of service. The liability recognised in the consolidated balance sheet represents the present value of the obligation at the reporting date.

Defined benefit schemes

Following the acquisition of EFR in November 2016 and Echo Tankstellen GmbH and Retail Operating Company GmbH in October 2018, the Group now operates the following long-term employee benefit plans for its working and retired personnel: retirement benefit plan, jubilee benefits for long years of service and bridge pension plan for employment terminated before the normal retirement date.

The Group operates five defined benefit plans (2020: five), one for employees in Belgium, three for employees in the Netherlands and one for employees in Germany. Employee contributions are required regarding the defined benefit plan.

In Belgium the defined benefit plan is subject to Belgian law and is insured by AG Insurance. The pension plan is an annuity plan, which also provides an option for a lump sum payment at the retirement age based on the average salary. These arrangements are typical in the Belgian market. The plan in Belgium is funded. If the plan assets are below the legal minimum funding requirement, the employer is obliged to make an immediate contribution to the plan. The legal requirement is based on a 6% interest rate and the mortality table. The investments are governed by the insurer, who oversees all investment decisions.

In the Netherlands, the defined benefit plans are subject to Dutch law and are insured by Aegon Levensverzekering N.V. and Nationale-Nederlanden Levensverzekering Maatschappij N.V. One of the defined benefit plans is a final pay plan, which provides benefits to members in the form of annuities based on final salary. The other defined benefit plans are average pay plans, which provide benefits to members in the form of annuities based on average salary. The annuity arrangements are typical in the Dutch market and are required by Dutch law. After retirement or withdrawal, pensions are indexed conditionally with inflation. All of the plans in the Netherlands are funded. The plan assets are governed by the insurer, who also bears the risks and responsibility of the plan assets – overseeing all investment decisions and guaranteeing the accrued benefits in the case of a deficit position of the scheme.

In Germany, the defined benefit plan is unfunded. Members are eligible to receive life-long benefit payments in case of death, disability and when reaching normal retirement age. The amount of benefits depends mainly on the length of service and final salary of the plan members, while the exact details of the pension benefits vary based on the employee's date of hire. Benefit payments will be paid directly from the Company.

The risks of the Group in the Netherlands are limited to pension increases and transfer of value. In Belgium an additional risk for the Group arises if the plan assets are below the legal minimum funding requirement. This requirement does not exist for the Group's plans in the Netherlands. In Germany, as the plans are unfunded, the Group bears the risks of longevity, future salary increases, inflation (pension increases) and interest risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

33. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED

Defined benefit schemes continued

The schemes typically expose the Group to the following actuarial risks:

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high-quality corporate bond yields, if the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent full actuarial valuations of the plan assets and the present value of the defined benefit liabilities in Belgium, the Netherlands and Germany were carried out at December 31, 2021 by Mercer. The present value of the defined benefit liability, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the Netherlands actuarial valuations were as follows:

Key assumptions used:	2021	2020
Discount rate (%)	1.4	1.3
Expected rate of salary increase (%)	—	—
Future inflation (%)	2.0	1.5
Average age of active participants (years)	—	50.1
Average service of active participants (years)	—	20.5
Average longevity at retirement age for current pensioners (years)		
Male	21.7	21.7
Female	24.0	24.0
Average longevity at retirement age for current employees (future pensioners) (years)		
Male	—	24.0
Female	—	26.1

The principal assumptions used for the purposes of the Belgium actuarial valuations were as follows:

Key assumptions used:	2021	2020
Discount rate (%)	1.3	1.2
Expected rate of salary increase (%)	2.1	2.0
Future inflation (%)	1.8	1.5
Average age of active participants (years)	53.0	56.6
Average service of active participants (years)	24.2	29.3
Average longevity at retirement age for current pensioners (years)		
Male	20.5	20.5
Female	24.1	24.1
Average longevity at retirement age for current employees (future pensioners) (years)		
Male	23.5	23.5
Female	26.4	26.4

The principal assumptions used for the purposes of the Germany actuarial valuations were as follows:

Key assumptions used:	2021	2020
Discount rate (%)	1.4	1.2
Expected rate of salary increase (%)	3.0	3.0
Future inflation (%)	1.8	1.5
Average age of active participants (years)	51.7	50.2
Average service of active participants (years)	23.8	22.3



The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement schemes is as follows:

2021

\$m	Belgium	Netherlands	Germany	Total
Present value of defined benefit obligations	3.0	9.8	27.5	40.3
Fair value of plan assets	(1.3)	(9.8)	—	(11.1)
Net liability arising from defined benefit obligation	1.7	—	27.5	29.2

2020

\$m	Belgium	Netherlands	Germany	Total
Present value of defined benefit obligations	4.2	11.1	39.5	54.8
Fair value of plan assets	(1.8)	(11.1)	—	(12.9)
Net liability arising from defined benefit obligation	2.4	—	39.5	41.9

Movements in the present value of defined benefit obligations in the year were as follows:

2021

\$m	Belgium	Netherlands	Germany	Total
Opening defined benefit obligation	(4.2)	(11.1)	(39.5)	(54.8)
Current service cost	(0.1)	—	(1.6)	(1.7)
Interest cost	—	(0.1)	(0.5)	(0.6)
Actuarial gains and losses arising from changes in financial assumptions	0.2	0.4	4.5	5.1
Actuarial gains and losses arising from experience adjustments	0.5	—	6.8	7.3
Benefits paid	0.4	0.1	—	0.5
Exchange differences	0.2	0.9	2.8	3.9
Closing defined benefit obligation	(3.0)	(9.8)	(27.5)	(40.3)

2020

\$m	Belgium	Netherlands	Germany	Total
Opening defined benefit obligation	(6.0)	(9.9)	(30.6)	(46.5)
Current service cost	(0.1)	—	(1.4)	(1.5)
Interest cost	(0.1)	(0.1)	(0.5)	(0.7)
Remeasurement losses/(gains):				
Actuarial gains and losses arising from changes in demographic assumptions	—	0.2	—	0.2
Actuarial gains and losses arising from changes in financial assumptions	(0.2)	(0.4)	(2.8)	(3.4)
Actuarial gains and losses arising from experience adjustments	2.6	—	(1.7)	0.9
Benefits paid	0.1	0.1	—	0.2
Exchange differences	(0.5)	(1.0)	(2.5)	(4.0)
Closing defined benefit obligation	(4.2)	(11.1)	(39.5)	(54.8)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

33. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Defined benefit schemes continued

Movements in the fair value of plan assets in the year were as follows:

2021				
\$m	Belgium	Netherlands	Germany	Total
Opening fair value of plan assets	1.8	11.1	—	12.9
Interest income	—	0.1	—	0.1
Remeasurement loss	—	(0.4)	—	(0.4)
Employer contributions	—	—	—	—
Benefits paid	(0.4)	(0.1)	—	(0.5)
Exchange differences	(0.1)	(0.9)	—	(1.0)
Closing fair value of plan assets	1.3	9.8	—	11.1

2020				
\$m	Belgium	Netherlands	Germany	Total
Opening fair value of plan assets	1.2	9.9	—	11.1
Interest income	—	0.1	—	0.1
Remeasurement gain	—	0.2	—	0.2
Employer contributions	0.5	—	—	0.5
Benefits paid	(0.1)	(0.1)	—	(0.2)
Exchange differences	0.2	1.0	—	1.2
Closing fair value of plan assets	1.8	11.1	—	12.9

The major categories and fair values of plan assets at the end of the reporting year for each category are as follows:

2021				
\$m	Belgium	Netherlands	Germany	Total
Assets held by insurance companies	1.3	9.8	—	11.1

2020				
\$m	Belgium	Netherlands	Germany	Total
Assets held by insurance companies	1.8	11.1	—	12.9

The average duration of the defined benefit obligations at the end of the reporting year is 21.6 years (2020: 22.8 years) relating to active, deferred and retired members.

The Group expects to make a contribution of \$nil (2020: \$nil) to the defined benefit schemes during the next financial year. There has been no change in the processes used by the Group to manage its risks from prior years.

Sensitivity analyses

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior periods.

If the discount rate was 25bps higher/(lower) the defined benefit obligation would decrease/(increase) by \$2.2m/(\$2.1m).

If the expected salary growth increases/(decreases) by 0.25%, the defined benefit obligation would (increase)/decrease by (\$1.3m)/\$1.4m



34. FINANCIAL INSTRUMENTS

A summary of the financial assets and liabilities at the balance sheet date is included below.

	2021 \$m	2020 \$m
Financial assets		
At amortised cost		
Cash and bank balances	646	661
Trade and other receivables (excluding prepayments)	639	540
External debt instrument receivable	241	—
Investments at fair value through OCI	13	2
Fair value through profit and loss ("FVTPL") – mandatorily measured		
Forward fuel contracts	2	1
	1,541	1,204
Financial liabilities		
At amortised cost		
Borrowings (excluding finance lease liabilities)	(10,247)	(9,662)
Trade and other payables (excluding social security and other taxes)	(1,232)	(1,143)
Lease liabilities	(2,022)	(1,777)
Fair value through profit and loss ("FVTPL") – mandatorily measured		
Interest rate swaps	(1)	(2)
FX swap	(4)	—
	(13,506)	(12,584)

External debt instrument receivables classified as at amortised cost have cash interest rates at a margin of 4.25% (plus LIBOR) (2020: nil) and a Payment-in-Kind margin of 3.75%. Post year end, on January 13, 2022, the debt instrument was repaid in full.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance and sustaining the future development of the business.

The capital structure of the Group consists of net debt (borrowings disclosed in notes 22 and 31 after deducting cash and bank balances) and equity of the Group (comprising issued capital, share premium and other reserves as disclosed in notes 28 to 30). The Group is not subject to any externally imposed capital requirements.

The Board can manage the Group's capital structure by diversifying the debt portfolio, recycling capital through sale and leaseback transactions and flexing capital expenditure. Part of the Group's capital risk management is to monitor a broad range of financial metrics and ensure compliance with the general covenants included in the Group's various borrowing facilities. There have been no breaches of financial covenants in the financial year ended December 31, 2021 or December 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2021

For the year ended December 31, 2021

34. FINANCIAL INSTRUMENTS CONTINUED

Leverage

Leverage at the year end is as follows:

	2021	2020
	\$	\$
Pro forma Adjusted EBITDA before IFRS 16	1,585	1,508
Net debt before lease liabilities (see above)	(9,601)	(9,001)
Leverage	6.1	6.0
Adjustments to net debt per financial covenant calculation	885	753
Adjusted net debt	(8,716)	(8,248)
Covenant leverage	5.5	5.5

Leverage is calculated as the Group's net debt before lease liabilities (as defined on page 171), adjusted for certain items set out in the covenant agreement (predominantly unamortised debt costs), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined on page 171).

Covenant Leverage is calculated as Group Senior net debt (i.e. Group's net debt excluding second lien facilities) before lease liabilities adjusted for certain items set out in the covenant agreement (predominantly unamortised debt costs and accrued interest), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined on page 171).

Financial risk management objectives

Risks facing the Group include market risk (including foreign currency risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The objective is to identify, quantify, manage and then monitor events or actions that could lead to financial losses. The Group occasionally seeks to minimise the effects of these risks by using derivative financial instruments (interest rate swaps or forward exchange contracts) to hedge certain risk exposures.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Forward foreign exchange contracts to hedge the exchange rate risk arising on purchase of fuel in US Dollars by European subsidiaries
- Interest rate swaps to mitigate the risk of rising interest rates

The Group has not applied cash flow hedge accounting on forward foreign exchange contracts.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.



Foreign currency risk management

The Group's exposure to foreign currency risk is as follows. Amounts represent balances carried in non-functional currencies by Group entities. This is based on the carrying amount for monetary financial instruments except derivatives, when it is based on notional amounts:

	Euro	US Dollar	GBP	AUD	Total
	\$m	\$m	\$m	\$m	\$m
2021					
Cash and cash equivalents	4	2	—	—	6
Trade and other receivables	79	34	—	—	113
Trade and other payables	(14)	(16)	—	—	(30)
Borrowings	(4,942)	(1,866)	—	—	(6,808)
Balance sheet exposure	(4,873)	(1,846)	—	—	(6,719)
	Euro	US Dollar	GBP	AUD	Total
	\$m	\$m	\$m	\$m	\$m
2020					
Cash and cash equivalents	227	9	—	—	236
Trade and other receivables	—	15	—	—	15
Trade and other payables	(16)	(16)	—	—	(32)
Borrowings	(4,695)	(1,848)	—	—	(6,543)
Balance sheet exposure	(4,484)	(1,840)	—	—	(6,324)

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro in relation to the servicing of Euro-denominated debt held by subsidiaries with a GBP functional currency, the servicing of US Dollar-denominated debt held by subsidiaries with a GBP functional currency and the US Dollar liabilities in relation to fuel purchases by European subsidiaries with a Euro functional currency.

The following table details the Group's sensitivity to a 10% increase and decrease in GBP against the Euro and the Euro against the US Dollar. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the functional currency strengthens 10% against the relevant foreign currency. For a 10% weakening of the functional currency against the relevant foreign currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Income statement		Equity	
	2021	2020	2021	2020
	\$m	\$m	\$m	\$m
EUR:GBP	369	326	369	326
USD:GBP	(140)	(132)	(140)	(132)

In management's opinion, a change in exchange rate of 10% of US Dollars against GBP, Euro or Australian Dollars would be offset against the foreign currency translation within equity. The table above therefore does not show the impact of the translation of foreign subsidiaries into presentational currency. A 10% change in US Dollars against GBP at year end would have an impact of \$2m on equity, a 10% change in US Dollars against Euro at year end would have an impact of \$8m on equity, and a 10% change in US Dollars against Australian Dollars at year end would have an impact of \$99m on equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

34. FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and a defined risk appetite, ensuring the most cost-effective hedging strategies are applied. The risk is managed through the use of interest rate swap contracts.

Interest rate swap contracts

Under interest rate swap contracts, the Group exchanges the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the earnings and cash flow risk of changing interest rates on the variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

OUTSTANDING RECEIVE FLOATING PAY FIXED CONTRACTS

	Average contract fixed		Notional principal value		Fair value	
	2021	2020	2021	2020	2021	2020
Interest rate	%	%	\$m	\$m	\$m	\$m
Less than 1 year	5.5	—	20	—	(1)	—
1 to 2 years	—	5.5	—	20	—	(2)
2 to 5 years	—	—	—	—	—	—
5 years +	—	—	—	—	—	—
			20	20	(1)	(2)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months LIBOR/EURIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analysis below has been determined based on the interest rate exposure for both derivative and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared on the assumption that the liability outstanding at the balance sheet date was outstanding for the full year. A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit and other equity for the year would be impacted as follows:

	Income statement		Equity	
	2021	2020	2021	2020
	\$m	\$m	\$m	\$m
Variable rate borrowings	+/-53	+/-49	+/-53	+/-49
	+/-53	+/-49	+/-53	+/-49

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, derivatives in an asset position, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. Sales to retail customers are settled in cash or using major credit cards. The Group has unsecured trade and other receivables of \$639m (2020: \$540m), reflecting its maximum exposure to credit risk. These receivables are normally settled when due and are spread across a number of counterparties so the likelihood of material losses arising as a result of this exposure is considered insignificant for the reasons set out below.

The Group's trade receivable balances comprise a number of individually small amounts from unrelated customers, over a number of geographical areas. Concentration of risk is therefore limited.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties, taking into account the financial position of customers, past experience and other factors, are continuously monitored.

The Group has no significant concentration of credit risk. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out on the following page.

Liquidity risk tables

	Carrying amount \$m	1 year or less \$m	1 to <2 years \$m	2 to <5 years \$m	5+ years \$m	Total contractual cash flows \$m
December 31, 2021						
Non-derivative financial liabilities:						
Trade and other payables	(2,157)	(1,672)	(112)	(298)	(75)	(2,157)
Contract liabilities	(64)	(20)	(44)	—	—	(64)
Lease liabilities	(2,022)	(223)	(224)	(609)	(2,587)	(3,643)
Fixed interest rate instruments	(3,274)	(200)	(200)	(3,507)	—	(3,907)
Variable interest rate instruments	(6,973)	(381)	(381)	(6,768)	(703)	(8,233)
	(14,490)	(2,496)	(961)	(11,182)	(3,365)	(18,004)
December 31, 2020						
Non-derivative financial liabilities:						
Trade and other payables	(2,114)	(1,653)	(461)	—	—	(2,114)
Contract liabilities	(79)	(36)	(43)	—	—	(79)
Lease liabilities	(1,777)	(205)	(200)	(547)	(2,452)	(3,404)
Fixed interest rate instruments	(3,391)	(208)	(208)	(3,905)	—	(4,321)
Variable interest rate instruments	(6,271)	(369)	(369)	(6,621)	(346)	(7,705)
	(13,632)	(2,471)	(1,281)	(11,073)	(2,798)	(17,623)

The above tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates or foreign exchange rates as illustrated by the yield curves existing at the reporting date.

	Carrying amount \$m	1 year or less \$m	1 to <2 years \$m	2 to <5 years \$m	5+ years \$m	Total contractual cash flows \$m
2021						
Net settled:						
Interest rate swaps	(1)	(1)	—	—	—	(1)
Forward fuel contracts	2	2	—	—	—	2
	1	1	—	—	—	1
2020						
Net settled:						
Interest rate swaps	(2)	—	(2)	—	—	(2)
Forward fuel contracts	1	1	—	—	—	1
	(1)	1	(2)	—	—	(1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
For the year ended December 31, 2021

34. FINANCIAL INSTRUMENTS CONTINUED
Financing facilities

	2021	2020
	\$m	\$m
Secured bank overdraft facility, reviewed annually and payable at call:		
- amount used	—	—
- amount unused	67	75
	67	75
Secured revolving credit facilities maturing in 2022⁽¹⁾:		
- amount used	—	—
- amount unused	100	522
	100	522
Secured revolving credit facilities maturing in 2024⁽¹⁾:		
- amount used	—	—
- amount unused	419	—
	419	—
Secured term loan facilities maturing in 2025 and 2026:		
- amount used	6,973	6,271
- amount unused	—	—
	6,973	6,271
Secured loan notes maturing in 2024 and 2025:		
- amount used	3,274	3,391
- amount unused	—	—
	3,274	3,391
Letter of credit facilities maturing in 2022⁽¹⁾:		
- amount used	3	464
- amount unused	37	158
	40	622
Letter of credit facilities maturing in 2024⁽¹⁾:		
- amount used	444	—
- amount unused	328	—
	772	—
Bilateral letter of credit facilities⁽²⁾:		
- amount used	51	57
- amount unused	16	13
	67	70

⁽¹⁾ In 2021 certain secured revolving credit facilities and letter of credit facilities were renegotiated with extension out to 2024. The letter of credit facilities have been increased from \$622m to \$832m in the year

⁽²⁾ The bilateral letter of credit facilities mature between 2022 and 2034

Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting year. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Fair value as at						
Financial assets/financial liabilities	December 31, 2021	December 31, 2020	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
1) Quoted equity shares	Assets ~ \$7m Liabilities - \$nil	Assets - \$nil Liabilities - \$nil	Level 1	Quoted equity share price as at the balance sheet date multiplied by the quantity of shares held.	N/A	N/A
2) Fuel purchase forwards	Assets ~ \$2m Liabilities - \$nil	Assets - \$1m Liabilities - \$nil	Level 2	Discounted cash flow. Future cash flows are estimated based on forward purchase prices (from observable forward purchase prices at the end of the reporting year) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
3) Interest rate swaps	Assets ~ \$nil Liabilities - \$1m	Assets - \$nil Liabilities - \$1m	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting year) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
4) Foreign exchange swaps	Assets ~ \$nil Liabilities - \$4m	Assets - \$nil Liabilities - \$nil	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
5) Unquoted equity shares ⁽¹⁾	Assets ~ \$6m Liabilities - \$nil	Assets - \$2m Liabilities - \$nil	Level 3	Discounted cash flow. Future cash flows are estimated using an income-based approach and discounted at the Group's weighted average cost of capital ("WACC").	Discount rate and future cash flow forecasts	A 1% increase/ (decrease) in the discount rate would result in a decrease/ (increase) in fair value of \$nil

⁽¹⁾ The unquoted equity shares at FVTOCI financial asset included under Level 3 related to the Group's non-controlling interest in Multi Tank Card B.V. in the Netherlands and a non-controlling interest in the Vasuki India Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

34. FINANCIAL INSTRUMENTS CONTINUED

Fair value measurements continued

FAIR VALUE MEASUREMENTS RECOGNISED IN THE BALANCE SHEET

	Fair value hierarchy as at December 31, 2021			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Financial assets/liabilities at FVTOCI				
Quoted equities	7	—	—	7
Unquoted equities	—	—	6	6
Total	7	—	6	13
Financial assets/liabilities at FVTPL				
Derivative financial assets	—	2	—	2
Derivative financial liabilities	—	(5)	—	(5)
Total	—	(3)	—	(3)

	Fair value hierarchy as at December 31, 2020			
	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Unquoted equity shares at FVTOCI				
Unquoted equities	—	—	2	2
Total	—	—	2	2
Financial assets/liabilities at FVTPL				
Derivative financial assets	—	1	—	1
Derivative financial liabilities	—	(2)	—	(2)
Total	—	(1)	—	(1)

There were no transfers between Level 1 and Level 2 during the current year or prior year.

Fair value gains and losses for derivative financial assets and liabilities are included within finance income and finance costs in the income statement.

The unquoted equity shares at FVTOCI relates to the investment in Multi Tank Card B.V. It has been classified as such because the investment was made for strategic purposes.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

	Financial assets at fair value \$m
Balance at December 31, 2020	2
Total gains or losses:	
- in other comprehensive income	—
Balance at December 31, 2021	2

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

	Carrying value		Fair value	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m
Financial assets				
Financial assets held at amortised cost:				
- loans to related parties	187	85	187	85
- trade and other receivables	444	446	444	446
- guarantee deposits	8	9	8	9
Total	639	540	639	540
Financial liabilities				
Financial liabilities held at amortised cost:				
- borrowings	(10,247)	(9,662)	(10,125)	(10,312)
- amounts due to related parties	(25)	(21)	(25)	(21)
- trade and other payables	(1,207)	(1,122)	(1,207)	(1,122)
Lease liabilities	(2,022)	(1,777)	(2,022)	(1,777)
Total	(13,501)	(12,582)	(13,379)	(13,232)

35. BUSINESS COMBINATIONS

Continental Europe

On January 18, 2021, the Group acquired KMS Autohof ("KMS") in Germany. The acquisition consists of ten petrol fillings stations ("PFS"), six Burger King Restaurants and ten gaming halls. The acquisition forms part of the Group's core growth strategy and enables the Group to further expand into the European market.

FAIR VALUE OF ASSETS AND LIABILITIES

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The finalisation of the fair value of the acquired assets and liabilities is now complete.

	Note	\$m
Property, plant and equipment		10
Right of use assets		102
Inventories		1
Cash and cash equivalents		1
Trade and other payables		(7)
Borrowings		(5)
Lease liabilities		(110)
Total identifiable assets/(liabilities)		(8)
Goodwill		18
Total consideration		10
Satisfied by:		
Cash		10
Net cash outflow arising on acquisition:		
Cash consideration		(10)
Less: cash and cash equivalent balances acquired		1
		(9)

- i. The goodwill arising on acquisition of \$18m reflects the fact that the value of the acquired business is based on its existing cash-generating potential and the expected synergies that the Group expects to realise, rather than its existing assets, and that many of its strengths such as scale and location do not represent intangible assets as defined by IFRS.

The results of KMS have been consolidated from January 18, 2021, contributing \$52m of revenue and \$4m loss after tax between the date of acquisition and December 31, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

35. BUSINESS COMBINATIONS CONTINUED

UK & Ireland - Leon

On May 9, 2021, the Group completed the acquisition of LEON Restaurants. The fast food chain operates 43 standalone sites in the UK & Ireland plus an additional 28 franchised sites, largely in the UK & Ireland, with a number located in Continental Europe. The acquisition enables the Group to further enhance its Foodservice portfolio and provides significant growth potential, bringing LEON's non-restaurant products to its convenience retail proposition.

FAIR VALUE OF ASSETS AND LIABILITIES

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The finalisation of the fair value of the acquired assets and liabilities is now complete.

	Note	\$m
Property, plant and equipment		19
Intangible assets		66
Right of use assets		55
Inventories		1
Cash and cash equivalents		4
Trade and other receivables	i	4
Trade and other payables		(17)
Deferred tax liabilities		(12)
Lease liabilities		(56)
Provisions		(4)
Total identifiable assets/(liabilities)		60
Goodwill	ii	79
Total consideration		139
Satisfied by:		
Cash		139
Net cash outflow arising on acquisition:		
Cash consideration		(139)
Less: cash and cash equivalent balances acquired		4
		(135)

- The fair value of the acquired receivables is equal to the gross contractual amounts receivable.
- The goodwill arising on acquisition of \$79m reflects the fact that the value of the acquired business is based on its existing cash-generating potential and the expected synergies that the Group expects to realise, rather than its existing assets, and that many of its strengths such as scale and location do not represent intangible assets as defined by IFRS.

Transaction costs of \$1.5m relating to stamp duty, professional and legal fees have been recognised as exceptional administrative expenses in the income statement.

The results of the LEON business have been consolidated from May 9, 2021, contributing \$42m of revenue and \$6m loss after tax between the date of acquisition and December 31, 2021.

USA – Mercury

On June 1, 2021, the Group completed the acquisition of assets from Mercury Fuel Service, Inc at eight leased locations in Connecticut. The Group already operates a network of Cumberland Farms locations in Connecticut and the addition of the Mercury sites will enable the Group to further expand the presence of its Cumberland Farms brand in Connecticut.

FAIR VALUE OF ASSETS AND LIABILITIES

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The finalisation of the fair value of the acquired assets and liabilities is now complete.

	Note	\$m
Property, plant and equipment		13
Right of use assets		16
Inventories		1
Lease liabilities		(16)
Provisions		(1)
Total identifiable assets/(liabilities)		13
Goodwill	i	21
Total consideration		34
Satisfied by:		
Cash		34
Net cash outflow arising on acquisition:		
Cash consideration		(34)
Less: cash and cash equivalent balances acquired		—
		(34)

- i. The goodwill arising on acquisition of \$21m reflects the fact that the value of the acquired business is based on its existing cash-generating potential and the expected synergies that the Group expects to realise, rather than its existing assets, and that many of its strengths such as scale and location do not represent intangible assets as defined by IFRS.

The results of the Mercury business have been consolidated from June 1, 2021, contributing \$39m of revenue and \$nil profit after tax between the date of acquisition and December 31, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2021

35. BUSINESS COMBINATIONS CONTINUED

UK & Ireland - AMSRIC Group

On September 26, 2021, the Group acquired 52 Kentucky Fried Chicken ("KFC") restaurants in the UK & Ireland from Amsric Group. The acquired network, across the south and south-west regions, comprises more than 1,600 team members and a mix of high-quality drive-thru and traditional restaurant formats. The acquisition strengthens the Group's customer proposition and is highly complementary to existing operations and the Group's long-term growth plans for the Foodservice business.

FAIR VALUE OF ASSETS AND LIABILITIES

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The finalisation of the fair value of the acquired assets and liabilities is now complete.

	Note	\$m
Property, plant and equipment		27
Intangible assets		1
Right of use assets		31
Inventories		1
Cash and cash equivalents		(3)
Trade and other receivables	i	2
Trade and other payables		(10)
Corporation tax liabilities		(2)
Deferred tax liabilities		(3)
Lease liabilities		(31)
Provisions		(3)
Total identifiable assets/(liabilities)		10
Goodwill	ii	129
Total consideration		139
Satisfied by:		
Cash		139
Net cash outflow arising on acquisition:		
Cash consideration		(139)
Less: cash and cash equivalent balances acquired		(3)
		(142)

i. The fair value of the acquired receivables is equal to the gross contractual amounts receivable.

ii. The goodwill arising on acquisition of \$129m reflects the fact that the value of the acquired business is based on its existing cash-generating potential and the expected synergies that the Group expects to realise, rather than its existing assets, and that many of its strengths such as scale and location do not represent intangible assets as defined by IFRS.

The results of the Amsric Group business have been consolidated from September 26, 2021, contributing \$29m of revenue and \$2m profit after tax between the date of acquisition and December 31, 2021.

In addition to the acquired restaurants, a further 15 KFC sites were purchased by the Group. The value of the property, plant and equipment and consideration was \$20m.

UK & Ireland - Cooplands

On October 2, 2021, the Group acquired CS Food Group Holdings Limited ('Cooplands') for a total consideration of \$93m. Cooplands owns and operates bakery assets in the United Kingdom, including three bakeries that process ingredients and manufacture fresh food distributed through its supply and logistics network to c.200 stores and cafes, predominantly across the north-east and Yorkshire regions.

FAIR VALUE OF ASSETS AND LIABILITIES

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The finalisation of the fair value of the acquired assets and liabilities is now complete.

	Note	\$m
Property, plant and equipment		21
Intangible assets		28
Right of use assets		13
Inventories		2
Trade and other receivables	i	2
Trade and other payables		(8)
Deferred tax liabilities		(7)
Lease liabilities		(15)
Provisions		(5)
Total identifiable assets/(liabilities)		31
Goodwill	ii	62
Total consideration		93
Satisfied by:		
Cash		93
Net cash outflow arising on acquisition:		
Cash consideration		(93)
Less: cash and cash equivalent balances acquired		—
		(93)

- i. The fair value of the acquired receivables is equal to the gross contractual amounts receivable.
- ii. The goodwill arising on acquisition of \$62m reflects the fact that the value of the acquired business is based on its existing cash-generating potential and the expected synergies that the Group expects to realise, rather than its existing assets, and that many of its strengths such as scale and location do not represent intangible assets as defined by IFRS.

The results of the Cooplands business have been consolidated from October 2, 2021, contributing \$24m of revenue and \$nil profit after tax between the date of acquisition and December 31, 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2021

35. BUSINESS COMBINATIONS CONTINUED

USA – Sprint

On December 14, 2021, the Group completed the acquisition of 34 company-operated fuel and convenience store locations in Georgia and South Carolina, USA and the proprietary 'Sprint Kitchen' Foodservice brand from Sprint. The consideration for the acquisition was \$283m and the net assets recognised are \$92m, with goodwill of \$191m.

FAIR VALUE OF ASSETS AND LIABILITIES

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The finalisation of the fair value of the acquired assets and liabilities is now complete.

	Note	\$m
Property, plant and equipment		85
Intangible assets		3
Right of use assets		15
Inventories		5
Lease liabilities		(15)
Provisions		(1)
Total identifiable assets/(liabilities)		92
Goodwill	ii	191
Total consideration		283
Satisfied by:		
Cash		283
Net cash outflow arising on acquisition		
Cash consideration		(283)
Less: cash and cash equivalent balances acquired		—
		(283)

i. The goodwill arising on acquisition of \$191m reflects the fact that the value of the acquired business is based on its existing cash-generating potential and the expected synergies that the Group expects to realise, rather than its existing assets, and that many of its strengths such as scale and location do not represent intangible assets as defined by IFRS.

Transaction costs of \$1.5m relating to stamp duty, professional and legal fees have been recognised as exceptional administrative expenses in the income statement.

The results of the Sprint business have been consolidated from December 14, 2021, contributing \$8m of revenue and \$1m profit after tax between the date of acquisition and December 31, 2021.

Other 2021 Acquisitions

On June 30, 2021, the Group completed the acquisition of two existing KFC drive-thru restaurants in South Germany from Klink Betriebe GmbH & Co.s. As part of this acquisition, property, plant and equipment of \$4m was acquired for consideration of \$11m, generating goodwill of \$7m.

GERMANY

OMV

During 2021 a total of \$88m has been paid in relation to the acquisition of 285 OMV service stations. In Q1 2021, the Group paid a deposit of €25m (\$31m) with an additional deposit paid in Q4 2021 of €50m (\$57m), which has been presented as a 'Deposit paid for acquisition of subsidiaries' on the Group balance sheet. The acquisition of the 285 OMV service stations was completed on May 1, 2022. As per the German Anti-Trust Authorities clearance decision, the Group has agreed to divest 48 sites in order for the acquisition to proceed. 24 of which are in EG's existing estate and 24 in the OMV estate.

2020 acquisitions

UK

On March 10, 2020, the Group acquired 100% of the issued share capital of the largest KFC franchise in the UK & Ireland from Belfast-headquartered The Herbert Group. The acquisition consists of 145 KFC restaurants and one Pizza Hut. This acquisition increases the Group's Foodservice presence in the UK & Ireland.

As part of this acquisition, net assets of \$42m were acquired for consideration of \$160m, generating goodwill of \$118m.

Transaction costs of \$1.0m relating to stamp duty, professional and legal fees have been recognised as exceptional administrative expenses in the income statement.

USA

On December 31, 2020, the Group completed the acquisition of the trade and assets that constitute the business of Schrader Oil, comprising their 18-site network in Northern Colorado, USA, for purchase consideration of \$51m. The acquisition forms part of the Group's core growth strategy and enabled the Group to further expand into the USA market.

As part of this acquisition, net assets of \$29m were acquired for consideration of \$51m, generating goodwill of \$29m.

BENELUX

On October 1, 2020, the Group completed the acquisition of all shares of The Spicy Company BV and The Tasty Company BV, comprising two trading sites in the Netherlands. As part of this acquisition, net assets of \$1m were acquired for consideration of \$3m, generating goodwill of \$2m.

36. POST BALANCE SHEET EVENTS

On January 1, 2022, the Group completed the acquisition of a network of seven KFC restaurants across Germany for a total consideration of €27m (\$31m). The acquisition relates to sites with a mix of drive-thru and traditional restaurant formats.

On January 13, 2022, the Group received a full repayment in relation to the financial asset that it purchased on February 8, 2021 for \$220m. The total amount received was \$240m which included accrued interest of \$19.8m.

On April 1, 2022, the Group resolved its Federal Court proceedings with Ampol Limited ('Ampol'). In resolving the dispute, the parties agreed updated commercial terms, which resulted in a decrease in the carrying value of provisions by \$46m and a decrease in the carrying value of deferred tax assets by \$14m, increasing the Group's net assets by \$32m. This has been determined to be a non-adjusting post balance sheet event.

On May 1, 2022, the Group completed its acquisition of a service station network comprising 285 sites from OMV Deutschland GmbH for \$511m following approval by the German Federal Cartel Office. The acquisition was completed to further enhance our footprint in Continental Europe and to realise expected synergies, rather than solely generate cash flows from its existing assets. The provisional net assets of the acquisition were \$86m generating goodwill of \$425m. The finalised position will be included in the next Annual Report. During 2021, \$6m of costs have been recognised in exceptionals in relation to this transaction. As per the German Anti-Trust Authorities clearance decision, the Group has agreed to divest 48 sites in order for the acquisition to proceed, 24 of which are in EG's existing estate and 24 in the OMV estate.

37. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures are disclosed below.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Sale of goods/services		Purchase of goods/services	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m
De Pooter Olie B.V.	19	20	—	—
Petroleum Products Storage & Transport Company S.A.	—	—	(1)	(2)
Asda Stores Limited	—	—	(45)	—
Monte Blackburn Limited	—	—	(5)	(4)
Total	19	20	(51)	(6)

In addition to those in the table above, as at December 31, 2021, \$0.2m (2020: \$0.3m) were paid in total to M Issa and Z Issa (Directors of the Company) relating to property lease costs.

Goods are sold based on the price list in force and terms that would be available to third parties. Sale of services are negotiated with related parties on a cost-plus basis. Goods and services are bought from related parties on normal commercial terms and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended December 31, 2021

37. RELATED PARTY TRANSACTIONS CONTINUED

Trading transactions continued

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	2021 \$m	2020 \$m	2021 \$m	2020 \$m
De Pooter Olie B.V.	1	—	—	(1)
EG Group Holdings Limited	—	—	(1)	—
Clearsky 1 LP	7	6	—	—
Clearsky 2 LP	14	12	—	—
Optima Bidco (Jersey) Limited	113	53	—	—
Optima Group S.a.r.l	42	—	—	—
Asda Stores Limited	—	—	(16)	—
Bellis Select Warehouse Limited	—	—	(8)	—
Bellis Acquisition Company 3 Limited	10	—	—	—
M Issa and Z Issa	—	—	—	(20)
Total	187	71	(25)	(21)

De Pooter Olie B.V., Petroleum Products Storage & Transport Company S.A. and Depot Petrolier de Lyon S.A.S. are 50% joint ventures of the Group, to whom the Group provide fuel supplies.

Optima Bidco (Jersey) Limited is the ultimate parent Company of the Group. The Group has provided a loan at rates comparable to the average commercial rate of interest. Interest income of \$5m was recognised within finance income during 2021 (2020: \$1m).

Optima Group S.a.r.l is a shareholder of the Group. The Group has provided a loan at rates comparable to the average commercial rate of interest. Interest income of \$2m was recognised within finance income during 2021 (2020: \$nil)

Clearsky 1 LP is a partnership in which the controlling parties are also Directors of the Group. Purchases from Clearsky 1 LP in the year are for the provision of commercial air transport for the Group. Amounts owed by Clearsky 1 LP to the Group are for a short-term loan, repayable on demand.

Clearsky 2 LP is a partnership in which the controlling parties are also Directors of the Group. Purchases from Clearsky 1 LP in the year are for the provision of commercial air transport for the Group. Amounts owed by Clearsky 2 LP to the Group are for a short-term loan, repayable on demand.

Asda Stores Limited ('Asda') is a company that shares common control with the Group. Purchases from Asda include products for retail as part of the Asda On the Move proposition. During the year, one of Asda's fuel suppliers made deliveries direct to the Group's forecourts applying commercial terms between it and Asda. The Group has reimbursed Asda for the cost of these fuel supplies.

Monte Blackburn Limited is a company in which the controlling parties are also Directors of the Group. Purchases from Monte Blackburn Limited in the year are rental payments for sites which are leased to the Group on an arm's length basis.

The receivables are unsecured in nature, and unless otherwise stated, bear no interest. Except in relation to the amounts owed by Clearsky 1 LP and Clearsky 2 LP, no guarantees have been given or received. The Directors consider the ECL are insignificant with reference to the estimation of the amount and timing of future cash flows and underlying asset values of respective related parties, hence, no provisions have been made for doubtful debts in respect of the amounts owed by related parties. The payables to related parties are from purchase transactions for services due one month after the date of purchase. The payables from purchase transactions are unsecured and bear no interest.

Bellis Property Newco Ltd, a subsidiary of Bellis Topco Limited, a related party by virtue of common directors and shareholders, reimbursed EG Group a total of \$41m relating to the finance costs of the redeemed Senior Secured Notes. These Senior Secured Notes were arranged on March 12, 2021 to finance the acquisition of the Asda Forecourts Business, with the Share Purchase Agreement ("SPA") for this acquisition subsequently terminated on October 18, 2021. The associated finance costs incurred by EG Group were agreed to be reimbursed on the commercial grounds of the opportunity and separation costs that the Bellis Group avoided in the termination of the Asda Forecourts Business SPA. This reimbursement has been presented as exceptional finance income in the Group income statement.

Remuneration of Directors and key management personnel

The remuneration of the key management personnel of the Group, including the Directors, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2021	2020
Number of Directors	2	2
Other key management personnel	6	1

	2021	2020
	\$m	\$m
Short-term employee benefits	8.7	5.8
Share-based payments	0.9	—
Total	9.6	5.8

	2021	2020
Highest paid Director	\$m	\$m
Short-term employee benefits	0.7	0.7

No Directors or key management personnel are members of the Group's defined benefit pension scheme (2020: none). No Directors are members of money purchase schemes (2020: none).

In June 2021, EG Group Limited's parent Company, EG Group Holdings Limited, issued non-voting redeemable fixed return management shares in EG Group Holdings Limited to the Non-Executive Directors. A total of six management shares have been issued at a nominal value of £178,571 per share, with the return tied to the growth in the equity value of the Group, subject to certain return hurdles. The allocated share-based payment charge is in relation to services provided to the Group. Further information regarding share-based compensation is contained in note 39.

Close family members of M Issa and Z Issa were employed by the Group during the year and were remunerated on an arm's length basis. No dividends were paid in the year in respect of ordinary shares held by the Company's Directors (2020: \$nil).

38. GOVERNMENT GRANTS

During the year ended December 31, 2021, the Group received support from governments in connection with its response to the COVID-19 pandemic. This support included furlough and job retention scheme reliefs, tax payment deferral schemes and business rates relief. The Group has recognised government grant income of \$10m (2020: \$59m) in relation to furlough programmes, such as the Coronavirus Job Retention Scheme ("CJRS") in the UK and its equivalents in other countries. The amount is offset within employee costs across distribution costs and administrative expenses.

The Group has also benefited from the business rates holiday for the retail, hospitality and leisure sector in the UK of \$25m (2020: \$20m). Of the indirect taxes which were deferred during 2020, the outstanding balance as at December 31, 2021 was \$546m (2020: \$626m), of which \$497m is repayable over a 60 month period from October 2022. This has been presented within trade and other payables (see note 25).

There are no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

39. SHARE BASED PAYMENTS

Share purchase plan (cash-settled)

In June 2021, EG Group Limited's parent Company, EG Group Holdings Limited, issued non-voting redeemable fixed return management shares in EG Group Holdings Limited to Non-Executive Directors employed by EG Group Holdings Limited. A total of six management shares have been issued at a nominal value of £178,571 per share, with the return tied to the growth in the equity value of the Group, subject to certain return hurdles.

The shares entitle the holders to a return upon an exit event such as a sale or IPO.

The maximum payment on vesting of the awards is capped at 50 times the initial subscription price.

Measurement of fair values

The fair value of the share purchase plan has been measured using a Monte Carlo simulation approach to calculate the expected returns to the management shares.

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

	Share purchase plan 2021
Expected volatility	32.5%
Expected life	4.0 years
Dividend yield	0.0%
Risk-free interest rate	1.12%

The result of the valuation exercise performed has determined that the aggregate fair value of the management shares under IFRS 2 is \$6.1m as at the valuation date.

The volatility assumption is based on the average annualised historic equity value volatility of comparable companies over a period equal to the exit period.

The vesting period represents management's best estimate of the expected period between the issue of the contract and vesting of the benefit. Management expectation is that the timeframe to achieve an exit event is four years. This is an area of judgement and management will continue to assess the appropriateness of this estimate at each reporting date.

Expense recognised in profit and loss

As the Directors provide their services in the context of the governance of the Group as a whole, management has concluded that the majority of the services are provided to the Company. As a result, an expense has been recorded to the income statement of the Company.

For further details of the related employee benefit expense, see note 11.

As at December 31, 2021

	Notes	2021 £m	2020 £m
Non-current assets			
Investment in subsidiaries	6	2,305	2,305
Trade and other receivables	7	72	—
		2,377	2,305
Non-current liabilities			
Trade and other payables	8	(72)	—
		(72)	—
Net assets		2,305	2,305
Equity			
Share capital	9	—	—
Share premium account	9	1,558	1,558
Capital contribution reserve	9	1	—
Retained earnings		746	747
Total equity		2,305	2,305

The Company's loss for the year was £nil (2020: £nil).

The notes on pages 167 to 169 form part of these financial statements.

The financial statements of EG Group Limited (registered number 09826582) were approved by the Board of Directors and authorised for issue. They were signed on its behalf by:



Co-Founders and Co-Chief Executive Officers

August 22, 2022

COMPANY STATEMENT OF CHANGES IN EQUITY

As at December 31, 2021

	Share capital	Share premium	Capital contribution reserve	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance at January 1, 2020	—	1,558	—	747	2,305
Balance at December 31, 2020	—	1,558	—	747	2,305
Loss for the year	—	—	—	(1)	(1)
Total comprehensive income	—	—	—	(1)	(1)
Capital contribution in respect of share-based compensation	—	—	1	—	1
Other changes in equity in the year	—	—	1	—	1
Balance at December 31, 2021	—	1,558	1	746	2,305



NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. GENERAL INFORMATION

The principal activity of EG Group Limited (the 'Company') is as a holding company. The Company is incorporated and domiciled in the United Kingdom. The Company is a private company limited by shares and is registered in England and Wales, and the address of the registered office is Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, BB1 2FA, United Kingdom.

2. BASIS OF PREPARATION

The separate financial statements of the Company have been prepared on the historical cost basis, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and are presented as required by the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group accounts.

The Company's financial statements are presented in Pounds Sterling, its functional currency, rounded to the nearest million.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented an income statement or a statement of comprehensive income for the Company alone.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Financial guarantees of subsidiary obligations

The Company has provided financial guarantees in respect of the borrowings of certain subsidiaries. These are accounted for under IFRS 4 (rather than IFRS 9) as the Company regards such contracts as insurance for the lender against default by the borrower.

IFRS 17 'Insurance Contracts' has been released but is not yet adopted by the Group. The standard is effective from the year ended December 31, 2023 and introduces a new model for accounting for insurance contracts. We are assessing the impact of IFRS 17 on existing arrangements" and this will be disclosed in the next annual report.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no significant accounting judgements applied in preparation of the Company's financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet 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 discussed below.

Impairment of investments

The carrying amounts of the Company's investments are reviewed at each reporting date to determine whether there is any indication of impairment in accordance with the accounting policy set out in note 3 of the consolidated financial statements. Note 15 in the consolidated financial statements details the assumptions used together with an analysis of the sensitivity to changes in key assumptions.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2021

5. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITOR'S REMUNERATION

There were no employees other than the Directors during the current year (2020: none). None of the Directors received any emolument in respect of their services as Directors of the Company. Share-based payment expenses have been recorded to the Company's income statement in the year as outlined in note 39 of the consolidated financial statements. The total expense recognised is outlined below.

	2021	2020
	£m	£m
Cash-settled share-based payments	(1)	—
	(1)	—

The auditor's remuneration for the audit and other services is disclosed in note 10 to the consolidated financial statements.

6. INVESTMENT IN SUBSIDIARIES

	£m
Cost and net book value	
Balance at January 1, 2020	2,305
Balance at December 31, 2020	2,305
Balance at December 31, 2021	2,305

Details of the Company's direct subsidiaries at December 31, 2021 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
EG Finco Limited ⁽¹⁾	UK	100	100
EG AsiaPac Limited ⁽¹⁾	UK	100	100
EG America, LLC ⁽²⁾	USA	100	100

⁽¹⁾ Registered address: Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, BB1 2FA, United Kingdom

⁽²⁾ Registered address: 165 Flanders Rd, Westborough, MA 01581, USA

All direct subsidiaries are holding companies.

The investments in subsidiaries are all stated at cost.

The list of the Company's indirect subsidiary undertakings is provided in note 18 to the consolidated financial statements.

7. TRADE AND OTHER RECEIVABLES

	2021	2020
	£m	£m
Loans to related parties	72	—
	72	—

Included within loans to related parties are balances receivable from the Group's ultimate parent Company Optima Bidco (Jersey) Limited for £40.4m and Optima Group S.A.R.L for £31.2m. The balances carry interest at a fixed rate of 8% per annum. The receivables are unsecured in nature. No guarantees have been given or received and the Directors consider the ECL are insignificant with reference to the estimation of the amount and timing of future cash flows and underlying asset values of respective related parties, hence, no provisions have been made for doubtful debts in respect of the amounts owed by related parties.



8. TRADE AND OTHER PAYABLES

	2021	2020
	£m	£m
Amounts owed by fellow subsidiary undertaking	(72)	—
	(72)	—

Amounts owed by fellow subsidiary undertaking carry interest at a fixed rate of 8% per annum.

9. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND OTHER RESERVES

The movements on these accounts are disclosed within notes 28, 29 and 30 to the consolidated financial statements. The movements in the Group financial statements are presented in US Dollars, rather than Sterling, in the Company financial statements.

10. CONTROLLING PARTY

In the opinion of the Directors, the Company's ultimate parent Company and ultimate controlling party is Optima Bidco (Jersey) Limited, a company registered in Jersey, Channel Islands. The Company's immediate controlling party is EG Midco 1 Limited.

The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is EG Group Holdings Limited, a company incorporated in Great Britain, registered at Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, BB1 2FA, United Kingdom.

OTHER INFORMATION

Alternative Performance Measures

INTRODUCTION

When assessing and discussing the Group's reported financial performance, financial position and cash flows, management makes reference to Alternative Performance Measures ("APMs") of historical or future financial performance, financial position or cash flows that are not defined or specified under International Financial Reporting Standards ("IFRS").

The APMs used by the Group are financial APMs, usually derived from the financial statements prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the financial statements as they contain additional information such as financial estimates. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, substantially the same as those disclosed in the Group's consolidated financial statements for the year ended December 31, 2021. There is no change in APMs compared to the consolidated financial statements for the year ended December 31, 2020.

APMs are not uniformly defined by all companies, including those in the Group's industry, and consequently the APMs used by the Group may not be comparable with similarly titled measures or disclosures made by other companies. APMs should be considered in addition to, and not as a substitute for, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

PURPOSE

The Group uses APMs to improve the comparability of information between reporting periods and business units, either by adjusting for uncontrollable factors or special items which impact upon IFRS measures, or by aggregating measures, to aid the users of the Annual Report in understanding the activity taking place across the Group.

Their use is driven by characteristics particularly relevant to the EG Group:

- Adjustments to operating profit – the Group has a significant fixed asset base and consequently incurs a high proportion of depreciation and amortisation. APMs are used to provide adjusted measures for users of the financial statements to evaluate our operating performance and our ability to incur and service our indebtedness
- Transactional activity – the Group is in a growth phase in its lifecycle and has made significant acquisitions in the current and previous reporting periods. Consequently, a high volume of transaction, restructuring and financing costs are incurred within the Group which do not reflect its underlying business. APMs are used to provide an adjusted measure for users of the financial statements to consider performance after such items
- Interest cost – the Group is proportionately highly funded by debt when compared to other businesses in its industry and/or of similar size. APMs are used to provide an adjusted measure for users of the financial statements to consider performance before interest costs
- Certain of the Group's financial covenants are assessed on a fixed GAAP basis under IAS 17. APMs are used for covenant calculations and to provide information to users of the accounts which is more readily comparable with that presented in previous periods. Consequently, APMs are used by the Board and management for planning and reporting. APMs are also referred to in the Group's covenant calculations and debt facility arrangements. The measures are also used in discussions with investors in the Group's secured notes and credit ratings agencies



FINANCIAL APMs

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustments
Income statement			
Adjusted operating profit	Profit for the year	<ul style="list-style-type: none"> • Exceptional items 	<ul style="list-style-type: none"> • Excludes certain items due to their size and nature to aid comparability
Adjusted EBITDA	Profit for the year	<ul style="list-style-type: none"> • Depreciation and amortisation • Exceptional items • Tax • Net finance costs 	<ul style="list-style-type: none"> • Exceptional items excluded due to their size and nature to aid comparability
Adjusted EBITDA before IFRS 16	Profit for the year	<ul style="list-style-type: none"> • Depreciation and amortisation • Exceptional items • Tax • Net finance costs • Estimated lease costs under IAS 17 legacy accounting standard • Estimated operating profit, exceptional (costs)/income, depreciation and amortisation for acquired businesses in the pre-acquisition period 	<ul style="list-style-type: none"> • Exceptional items excluded due to their size and nature to aid comparability • Includes estimated annualised performance for acquired businesses to improve comparability to future periods and facilitate performance forecasting • Excludes certain items due to their size and nature to aid comparability
Like-for-like	No direct equivalent	<ul style="list-style-type: none"> • Consistent with accounting policy 	<ul style="list-style-type: none"> • Like-for-like is a measure of the true year-on-year performance of the business, which excludes performance from operations that have been disposed of in either the current or prior year, and ensures that the same in-year period is used in both the current and prior years (by adjusting the current year) for reporting the performance of operations that have been acquired in the current or prior year
Balance sheet			
Net debt before lease liabilities	Borrowings less cash	<ul style="list-style-type: none"> • Borrowings • Cash 	<ul style="list-style-type: none"> • Excludes certain items due to their size and nature to aid comparability
Combined			
Leverage	Borrowings less cash divided by loss for the year	<ul style="list-style-type: none"> • Depreciation and amortisation • Exceptional items • Estimated operating profit, exceptional (costs)/income, depreciation and amortisation for acquired businesses in the pre-acquisition period 	<ul style="list-style-type: none"> • Includes estimated annualised performance and estimated annualised integration synergies for acquired businesses to improve comparability to future periods and facilitate performance forecasting • Exceptional items excluded due to their size and nature to aid comparability
Covenant Leverage	Borrowings less cash divided by loss for the year	<ul style="list-style-type: none"> • Depreciation and amortisation • Exceptional items • Estimated operating profit, exceptional (costs)/income, depreciation and amortisation for acquired businesses in the pre-acquisition period 	<ul style="list-style-type: none"> • Includes estimated annualised performance and estimated annualised integration synergies for acquired businesses to improve comparability to future periods and facilitate performance forecasting • Exceptional items excluded due to their size and nature to aid comparability

OTHER INFORMATION CONTAINED Alternative Performance Measures

FINANCIAL APMs CONTINUED

Adjusted operating profit – includes the Group's operating profit, less exceptional items. A reconciliation to profit for the year, the closest equivalent IFRS measure to Adjusted operating profit, is provided on page 63 of the financial review.

Adjusted EBITDA – defined as the Group's loss after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortisation added back. A reconciliation to profit after tax, the closest equivalent IFRS measure to Adjusted EBITDA, is provided on page 63 of the financial review.

Adjusted EBITDA excluding SSC – defined as the Group's loss after tax and adjusting for tax, net finance costs and exceptional items, with depreciation, amortisation and shared service costs added back. A reconciliation of Adjusted EBITDA to Adjusted EBITDA excluding shared service costs is provided below:

\$m	2021			Group Total
	USA	Europe	Australia	
Adjusted EBITDA	615	841	204	1,660
Shared Service Centre ("SSC") costs	—	(126)	—	(126)
Adjusted EBITDA excluding SSC	615	967	204	1,786

Adjusted EBITDA before IFRS 16 – includes the Group's profit after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortisation added back, and estimated lease costs under IAS 17 deducted. A reconciliation to profit for the year, the closest equivalent IFRS measure to Adjusted EBITDA before IFRS 16, is provided on page 63 of the financial review.

Pro forma Adjusted EBITDA before IFRS 16 – includes the Group's loss after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortisation added back, and estimated lease costs under IAS 17 deducted, plus estimated equivalent results of acquired businesses in the pre-acquisition period and other EBITDA annualisations, and the estimated synergies from acquisitions which have been determined as part of the investment appraisal which have yet to be recognised. A reconciliation to loss after tax, the closest equivalent IFRS measure to pro forma Adjusted EBITDA before IFRS 16, is provided below:

	2021	2020
	\$m	\$m
Profit/(Loss) after tax	54	(232)
Tax	153	65
Net finance cost	419	863
Operating profit	626	696
Exceptional costs/(income) (note 5)	54	28
Add depreciation	515	414
Add property, plant and equipment impairment ⁽¹⁾	125	62
Add IFRS 16 depreciation	197	151
Add IFRS 16 asset impairment ⁽²⁾	54	3
Add amortisation	87	89
Add intangibles impairment ⁽³⁾	1	—
Add loss on disposal	1	—
Impact of IFRS 16 on EBITDA	(231)	(195)
Adjusted EBITDA before IFRS 16	1,429	1,248
Estimated EBITDA from acquisitions in the period pre-acquisition and other EBITDA annualisations	49	83
Estimated synergies from acquisitions	107	148
Recognition of 2019 net expenses in 2020 (note 9)	—	29
Pro forma Adjusted EBITDA before IFRS 16	1,585	1,508

⁽¹⁾ Excludes exceptional impairment of property, plant and equipment of \$3m and the exceptional reversal of property, plant and equipment impairment of \$6m, see note 5 for further details

⁽²⁾ Excludes exceptional reversal of IFRS 16 asset impairment of \$1m, see note 5 for further details

⁽³⁾ Excludes exceptional impairment of \$19m regarding the Tom Thumb brand name, see note 5 for further details

Net debt before lease liabilities - includes the Group's current and non-current borrowings, less the Group's cash. A reconciliation to cash and borrowings, the closest equivalent IFRS measures to net debt before lease liabilities, is provided below:

	2021	2020
	\$m	\$m
Cash	646	661
Borrowings	(10,247)	(9,662)
Net debt before lease liabilities	(9,601)	(9,001)

Leverage is calculated as the Group's net debt before lease liabilities (as defined above), adjusted for certain items set out in the covenant agreement (predominantly unamortised debt costs), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined above).

Covenant Leverage is calculated as Group Senior net debt (i.e. Group's net debt excluding second lien facilities) before lease liabilities adjusted for certain items set out in the covenant agreement (predominantly unamortised debt costs and accrued interest), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined above).

A reconciliation of this calculation to operating profit and borrowings, the closest IFRS measure to these calculation components, is provided below:

	2021	2020
	\$	\$
Pro forma Adjusted EBITDA before IFRS 16	1,585	1,508
Net debt before lease liabilities (see above)	(9,601)	(9,001)
Leverage	6.1	6.0
Adjustments to net debt per financial covenant calculation	885	753
Adjusted net debt	(8,716)	(8,248)
Covenant leverage	5.5	5.5

The non-IFRS measures have limitations as analytical tools and should not be considered in isolation, or as an alternative to, or a substitute for, profit/(loss) for the year or other financial statement data presented in the consolidated financial statements as indicators of financial performance. Some of the limitations of these non-IFRS measures are that:

- They do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments
- They do not reflect changes in, or cash requirements for, our working capital needs
- They do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt
- They do not reflect our tax expenses or the cash that may be required to pay our taxes
- They are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows
- They do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations
- Although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and EBITDA-based measures do not reflect any cash requirements that would be required for such replacements
- Some of the exceptional items that we eliminate in calculating certain EBITDA-based measures reflect cash payments that were made, or will in the future be made
- Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures
- Certain adjustments made in calculating Adjusted EBITDA, pro forma Adjusted EBITDA and pro forma Adjusted EBITDA before IFRS 16 contain estimates that management believes reflect the underlying results of operations and therefore are subjective in nature



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