2023

ANNUAL REPORT AND FINANCIAL STATEMENTS

WHO WE ARE

EG Group is one of the world's leading independent convenience retailers, with an extensive network of sites across ten international markets.

The Issa family's involvement in the petrol filling station and forecourt business began in 2001 when they founded Euro Garages, and subsequently, rapidly expanded the business through organic growth and successful acquisitions of businesses and sites.

Prior to its acquisition of EFR Midco B.V. ("EFR") in 2016, Euro Garages operated forecourt sites across the United Kingdom with petrol filling stations under the brand names of its fuel suppliers, Esso, Shell and BP. In addition, Euro Garages operated Grocery & Merchandise and Foodservice concessions as part of its forecourts and as standalone sites. EFR (previously, Delek Europe), was established in 2007 and was later acquired by TDR Capital. In 2016, Euro Garages acquired EFR, which was by then a leading independent convenience retailer in Continental Europe with over 1,100 sites across Belgium, France, Luxembourg and the Netherlands. Together, Euro Garages and EFR became a pan-European leader in the convenience retail sector, initially under the trade name Intervias. In September 2017, the business was rebranded "EG Group".

Since the acquisition of EFR, our business has evolved to become a global convenience retailer, entering new geographies and consolidating existing markets to increase geographic reach and profitability. As part of our growth strategy, we have completed a number of selective acquisitions of varying sizes, including multiple large-scale acquisitions, and also added numerous individual sites to our portfolio through organic growth and new-to-industry ("NTI") sites. Responding to changing market conditions, we have recently divested certain assets for attractive valuations to repay debt and focus on growing and investing in our remaining businesses.

OUR VALUES

EG Group's culture is built on a set of values that can be understood by all, and applied consistently, irrespective of the territory or community in which we operate.

At their core, those values revolve around care, courage, determination and respect.

Our values result in impacts that can be summarised as follows:

- Support local communities with a view to empowering individuals to grow, contribute and succeed
- Be aware of, and constantly adapt to, consumer trends and demands without fear of failure
- Continuously invest in infrastructure, people and systems to build a sustainable business model
- Deliver value and financial outcomes for the benefit of all stakeholders

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HIGHLIGHTS AND KPIs

FINANCIAL

Revenue ($m)(1)(11)

2023	28,333
2022	LFL 29,962
2021	LFL 25,798

Gross profit ($m)(11)

2023	4,316
2022	LFL 4,213
2021	LFL 3,967

Operating profit ($m)(2)

2023	2,209
2022	477
2021	626

Profit/(loss) before tax ($m)

2023	1,405
2022	(258)
2021	207

Adjusted EBITDA ($m)(3)(11)

2023	1,453
2022	LFL 1,537
2021	LFL 1,606

Adjusted EBITDA before IFRS 16 ($m)(4)(11)

2023	1,128
2022	LFL 1,230
2021	LFL 1,308

Operating cash flow ($m)

2023	1,436
2022	1,213
2021	1,455

Net debt before lease liabilities ($m)(5)

2023	5,943
2022	9,644
2021	9,601

Leverage(6)

2023	5.2
2022	6.0
2021	6.1

NON-FINANCIAL

Fuel volume (bn litres)

2023	16.8
2022	17.6
2021	17.7

Number of sites(7,8,9)

2023	5,943
2022	6,612
2021	6,322

Employee numbers(7,9)

2023	45,217
2022	56,647
2021	53,000

New-to-industry sites opened(10)

2023	7
2022	31
2021	30

(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, revenue in the first few months of 2022 and 2021 was impacted by the COVID-19 pandemic, which impacted site footfall due to travel restrictions across some of the 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 164

(4) Adjusted EBITDA is stated before the impact of IFRS 16. Please refer to the APM section from page 165

(5) Net debt before lease liabilities includes the Group's current and non-current borrowings excluding interest accrued, less the Group's cash (including cash held for sale). Please refer to the APM section from page 165

(6) 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 Adjusted EBITDA of mid-year acquisitions and disposals, fixed rents associated with the sale and leaseback transaction in the USA, the annualised benefit of new sites opened, impact of Group initiatives and synergies expected to be realised. Please refer to the APM section from page 165

(7) As at December 31, 2023 (and at December 31, 2022 and December 31, 2021 for the comparative period)

(8) Total number of sites comprises of 5,301 PFS locations and 642 standalone Foodservice/Grocery & Merchandise locations. Across these sites are 1,182 Foodservice outlets

(9) Number of sites and employee numbers as at December 31, 2023 have reduced as a result of the divestment of the majority of the UK business in October 2023

(10) NTI sites opened represents new PFS locations. In addition to the seven new PFS locations, 27 Foodservice locations were opened in 2023

(11) Like-for-like ("LFL") excludes the performance of the majority of the UK business in November and December of comparative periods following the disposal on October 31, 2023, and an adjustment to the Adjusted EBITDA before IFRS 16 in relation to the sale and leaseback transaction which completed in May 2023. Please refer to the APM section from page 165

CHAIRMAN'S STATEMENT

EG GROUP HAD ANOTHER SUCCESSFUL YEAR IN 2023 – WITH SIGNIFICANT PROGRESS MADE TOWARDS ACHIEVING OUR STRATEGIC AND REFINANCING OBJECTIVES

Lord Stuart Rose

EG Group had another successful year in 2023 – with significant progress made towards achieving our strategic and refinancing objectives.

Our strategic progress last year was also driven by our management team, helping the business to deliver a resilient performance and ensuring that our core values are reflected in everything we do. That being said, very little in our business would be possible without our 45,000 colleagues around the world. Their strong commitment and contribution to the Group over the past year is noteworthy. On behalf of our Board, I take the opportunity to thank them all.

SIGNIFICANT DELEVERAGING PROGRESS

As we look back on 2023, we have achieved what we set out to do with our deleveraging strategy commitments – which has led to a significant decrease in net debt and strengthening our balance sheet. This leaves us well positioned to capitalise on new opportunities with minimal capital requirements, aligning closely with our strategy of further deleveraging and maximising liquidity in the near to mid-term.

Additionally, on December 6, 2023, we announced the sale of all our KFC franchise restaurants in the UK & Ireland to Yum! Brands' KFC division. The proceeds of the transaction, which completed in April 2024, will be used to repay debt.

CHAIRMAN'S STATEMENT CONTINUED

CONTINUED ESG FOCUS

Good corporate governance continues to be a priority at EG. We are committed to ensuring that we have the appropriate internal structures in place to drive the business forward. We also continue to make the necessary enhancements to our systems, processes and controls to ensure consistency and efficiency across the Group.

Our commitment to operating as a responsible business remains at the forefront of what we do and we strive to embed best practices of ESG into our culture. We have set a target to halve emissions from our own operations by the end of the decade, on the road to net zero by 2050. Whilst we have much to do, we are taking tangible actions to progress – such as our five-year power purchase agreement to procure more of our electricity in Germany from renewable sources. We also continue to purchase renewable electricity in the UK for EG's rapidly growing charging business, evpoint, as part of our efforts to explore various alternative fuel solutions and support the energy transition to a lower-carbon future. We remain committed to offering our colleagues career progression opportunities at our office locations, as well as at our sites globally, allowing them to strengthen their skills and gain expertise in a wide range of disciplines and departments. We continued to invest significantly in apprenticeships, and have created over 750 apprenticeship opportunities since 2021.

MANAGEMENT CHANGES

In September 2023, John Carey was appointed President and CEO of EG America to build on our proven strategy in the USA. John had been a Non-Executive Director of EG Group since November 2020, and his experience of operating global businesses and track record of delivering high-quality returns will be invaluable in our biggest market. He has already identified and implemented a number of initiatives to enhance growth, with minimal capital spend, at EG America.

We will continue to explore further management appointments to support the existing team. When appointments are considered, our Board is keen to strike the right balance between external recruits, and the development of internal talent.

FOUNDATIONS FOR FUTURE SUCCESS

Despite challenging macroeconomic conditions and ongoing geopolitical uncertainty, EG continues to play an important role in the global delivery of convenience retail, Foodservice and Fuel to our millions of customers.

The USA continues to be a key strategic market for us, offering multiple opportunities to strengthen our core business and drive sustainable growth through the continued delivery of our proven convenience retail, Foodservice and Fuel offering. In Europe, we have a solid existing platform that we can enhance through deeper partnerships and initiatives, such as evpoint.

As we look to the year ahead, I believe we have the foundations in place on which to build further growth and success across our operations. Management's strong track record of delivering on our strategy underscores my confidence.

Lord Stuart Rose
Chairman

May 02, 2024

CO-CHIEF EXECUTIVES' STATEMENT

THANKS TO THE COMMITMENT AND HARD WORK OF OUR COLLEAGUES, WE CONTINUED TO MAKE GOOD PROGRESS AGAINST OUR STRATEGY ACROSS OUR SUCCESSFUL FOODSERVICE, GROCERY & MERCHANDISE AND FUEL BUSINESSES

Zuber Issa CBE & Mohsin Issa CBE

2023 was a pivotal year for EG Group, during which we put in place important building blocks for future success. Thanks to the commitment and hard work of our colleagues, we continued to make good progress against our strategy across our successful Foodservice, Grocery & Merchandise and Fuel businesses.

RESILIENT PERFORMANCE

On a like-for-like basis, total revenue was broadly flat at $28.3bn, which was a resilient performance, supported by our well-diversified international business. On an underlying basis, the Group's Adjusted EBITDA decreased by 8% to $1.1bn for the full year to December 31, 2023, reflecting the backdrop of oil volatility and stronger Fuel performance in the prior year.

Our Grocery & Merchandise business delivered a strong performance in 2023, reflecting our continued focus on product mix, pricing optimisation and new sites maturing across Continental Europe.

Our Foodservice business also made good progress last year, driven by our strong focus on pricing and operating efficiencies to ensure that consumers are receiving high-quality products at an affordable price across our proprietary and popular third-party brands.

Fuel volumes and gross profit declined marginally in 2023 against challenging macro conditions including volatile oil prices and competitive market dynamics in certain markets, following a stronger Fuel performance in the prior year.

We are committed to identifying further opportunities to drive sustainable growth. For instance, our USA business has made good progress with its strategy to enhance performance organically with minimal capital spend. This strategy includes key initiatives with a focus on the dispensed beverage offering, growth in Foodservice earnings, and further development of a hyper-localised approach alongside the expansion of the SmartPay programme to enhance the customer experience and engage EG Group's active customer base with a focus on loyalty and rewards.

CO-CHIEF EXECUTIVES' STATEMENT CONTINUED

DELEVERAGING TO PUT IN PLACE A SUSTAINABLE CAPITAL STRUCTURE

We delivered significant progress towards achieving our strategic and refinancing objectives during the year, successfully addressing all of our 2025 debt maturities through the refinancing of our Senior Secured Notes and the completion of an amend and extend of our term loans. We would like to thank our lenders and investors for their support as we materially strengthened our balance sheet. We remain committed to further deleveraging in the near to mid-term.

On October 31, 2023, we announced the completed disposal to Asda of the majority of our UK&I business, which represented a transformational step for the Group to further invest in our proven and successful strategy of creating multi-purpose retail sites across our international estate. Further to this, the completion of our sale and leaseback transaction in the USA, and the sale of other non-core assets, contributed significantly to reducing our total debt and net leverage figures.

We remain committed to achieving net leverage of mid 4x in the near to mid-term and continue to seek out opportunities to further our deleveraging strategy, which we consider on a selective basis to ensure they are aligned with our strategic vision for the Group.

INVESTMENT IN OUR PEOPLE, COMMUNITIES AND ENVIRONMENT

None of what EG has achieved in 2023 would be possible without the support of our colleagues.

To ensure they are receiving the necessary support to upskill and further their career at EG, we continue to offer comprehensive learning and development opportunities, including inductions, training courses and professional development schemes across all our markets. For example, we have successfully held work experience programmes at our offices for young people that aim to break down gender stereotypes in the workplace.

We continue to make good progress with our ESG & Sustainability strategy. Throughout 2023, we have not only increased the number of EV chargers across our estate, but have seen our utilisation rates significantly grow. We ended the year with 165 installed evpoint branded chargers over 76 sites in the UK, as well as 32 evpoint branded chargers in Europe. We also host 381 third-party branded chargers across our site network which, when aggregated with our own evpoint chargers, demonstrates the Group's forward-looking approach to creating a strong platform for the future growth of the business with our ESG commitments at the heart of it.

We have significant plans for 2024 and beyond in relation to our EV strategy – following the landmark announcement of our deal with Tesla in November 2023, the first of our Tesla manufactured and evpoint branded chargers began operating during Q1 2024, with a busy rollout plan being finalised. We are also trialling an EV charger option on a number of sites in the USA and will look to build on our strategy over there in the near future.

The Tesla announcement marked a transformative step towards our goal of becoming one of Europe's leading chargepoint operators, and a demonstration of our commitment to alternative fuels. Similarly, we developed a Board-approved carbon reduction roadmap, aimed at halving our emissions from our own operations by 2030 – whilst we recognise we have much to do to progress, we are committed to achieving this target.

Looking at the year ahead, we are confident that EG Group is well positioned, to execute on our strategic objectives to drive future growth and success, notwithstanding continued uncertainty in the macroeconomic environment across our markets. We remain focused on ensuring that the Group continues to lead the market in delivering high-quality products and exceptional services to customers across our international estate. We are excited about today, tomorrow and for what the future holds for EG Group.

Zuber Issa CBE & Mohsin Issa CBE

Co-Founders and Co-Chief Executive Officers

May 02, 2024

DELEVERAGING AND REFINANCING ACTIONS

In response to changing market conditions, our Board made the strategic decision to de-lever the Group's balance sheet and refinance the current debt maturities at the same time. During the second half of 2022, a new financial policy was subsequently implemented, which included a commitment to deleveraging the Group to mid 4x and addressing upcoming debt maturities.
The actions below were all completed during the year, generating c.$4bn in proceeds. All proceeds from sale transactions (net of fees and costs) were applied towards the repayment of existing facilities, reducing our leverage from 6.0x in 2022 to 5.2x at the end of 2023.

DELEVERAGING ACTIONS

SALE OF EG UK TO ASDA

On October 31, 2023, we completed the disposal of the majority of the UK business to Asda[1], generating total consideration of $2.5bn. This resulted in a total site reduction in the UK of 527, with 356 PFS and a further 171 standalone Foodservice sites being sold.

USA SALE AND LEASEBACK

On March 6, 2023, it was announced that we had entered into an agreement with Realty Income Corporation for the Sale & Leaseback of a portfolio of 414 sites in the USA, which completed on May 16, 2023, resulting in net proceeds of $1.4bn being received by the Group.

USA NON-CORE DISPOSALS

On April 21, 2023, we completed the disposal of 26 non-core Minit Mart Sites (originally announced in Q1 23), generating net proceeds of $43m.

In October 2023, we completed the sale of 55 of its convenience stores located in Kentucky and Tennessee, which operate under the Minit Mart and Certified Oil banners, generating net proceeds of $84m.

REDUCTION IN GROWTH CAPEX

We demonstrated our ability to reduce discretionary growth capex, as required, to manage liquidity. Growth capex spend for 2023 was $243m, down almost 40% from $387m in 2022.

(1) Following this disposal, the Group retained the following activity in the UK: (i) the electric vehicle charging business, 'evpoint'; (ii) non-transferring head office staff; (iii) certain brands and intellectual property (including 'EG', 'Euro Garages', 'Vapexchange' and 'Hyperform'); (iv) the Cooplands business; (v) the franchise businesses carried on under the Starbucks brand and the KFC brand; (vi) the franchise businesses carried on under the Chaiiwala brand and the Cinnabon brand; (vii) the Euro Grocer business; (viii) 31 operational petrol filling stations and a cluster of Foodservice outlets in the United Kingdom that were not sold as part of the UK Disposal to Asda; (ix) two additional petrol filling stations in the United Kingdom that were acquired subsequent to our agreement with Asda relating to the disposal to Asda; and (x) undeveloped land bank assets.

DELEVERAGING AND REFINANCING ACTIONS CONTINUED

Alongside the deleveraging actions, we successfully completed the refinancing of our debt capital structure, meaning we have now fully addressed our 2025 maturities. This outcome was against a backdrop of a very challenging leveraged finance and high-yield corporate bond market. The steps we took were as follows:

AMEND AND EXTEND OF TERM LOANS

The Group completed an Amend and Extend of $1.7bn of USD Term Loans, $1.4bn equivalent of Euro Term Loans and $0.05bn equivalent of Sterling Term Loans from February 2025 to February 2028.

REFINANCE OF SENIOR SECURED NOTES

In November, we repaid our remaining $2.2bn 2025 Senior Secured Notes through the issue of $1.6bn of new Senior Secured Notes, which mature in November 2028, the private placement of $0.5bn of floating rate notes from an institutional investor and a $0.2bn equivalent Bridge to Asset Disposal Facility.

MANAGEMENT ARE COMMITTED TO FURTHER DELEVERAGING TO ACHIEVE MID 4X LEVERAGE IN THE NEAR TO MID-TERM THROUGH NON-CORE ASSET DISPOSALS, FOCUS ON EARNINGS GROWTH, FREE CASH FLOW AND WORKING CAPITAL

On December 6, 2023, we announced that we had entered into a definitive agreement to sell all of our 218 KFC franchise restaurants in the UK & Ireland to Yum! Brands' KFC division. The sale completed during April 2024, with headline consideration of $182m being used to repay debt.

Since the year end, on February 1, 2024, we announced that we have agreed to sell 23 of our convenience stores located in North Dakota and Montana, for net proceeds of $14m. This transaction is expected to complete in the second quarter of 2024.

We are currently engaged in active discussions with Zuber Issa and his advisers regarding the sale of the retained UK business, excluding the ‘evpoint’ business, the Cooplands business and the Starbucks business (other than 23 outlets that are co-located on the PFS sites that will be included in any such sale, subject to any change of control consent rights), with a view to announcing a binding agreement in the second quarter of 2024. We would expect to use the net cash proceeds from the sale to further reduce our secured indebtedness.

Whilst the completion of these transactions is clearly a very positive step forward for the Group, we remain focused on our cash flow and on delivering working capital initiatives to support group liquidity, including a review of inventory levels and supplier payment terms.

Against the backdrop of headwinds impacting operating expenses and product costs, management constantly explore opportunities to improve operating efficiencies and profitability across all geographies to maximise the earnings potential of the Group, with a total of $175m of initiatives already identified and/or actioned across the Group, with notable progress in the USA and Germany.

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 5,900 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 strategy

GROWTH

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

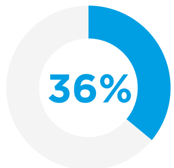
The sales of non-Fuel products within the global c-store industry are growing as consumers are increasingly seeking convenient and timely solutions to purchase everyday and Foodservice products.

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

Read more on pages 10 to 13

Our key business streams

GROCERY & MERCHANDISE:



of Group gross profit[2]

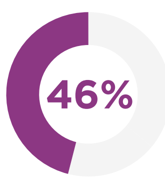
See page 14

FOODSERVICE:

of Group gross profit[2]

See page 14

FUEL:



of Group gross profit[2]

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OUR BUSINESS MODEL CONTINUED

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 scale and extensive 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 trends.

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 5,900 sites in ten countries across three continents, which makes us, by store numbers, the third largest independent c-store operator in the world.

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 a 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 24 to 27

2023 outcomes

$28.3bn
Revenue

$4.3bn
Gross profit

$1.5bn
Adjusted EBITDA(3)

30
New sites (including acquisitions)

$0.4bn
Capital expenditure

0.9bn
Customers served

(1) Site numbers are stated as at the year-end date and exclude any disposals that have completed or have been announced after December 31, 2023
(2) Business stream gross profit for the Group presented as a percentage of Group total gross profit for 2023. 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 165

OUR STRATEGY

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 fuels, 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.

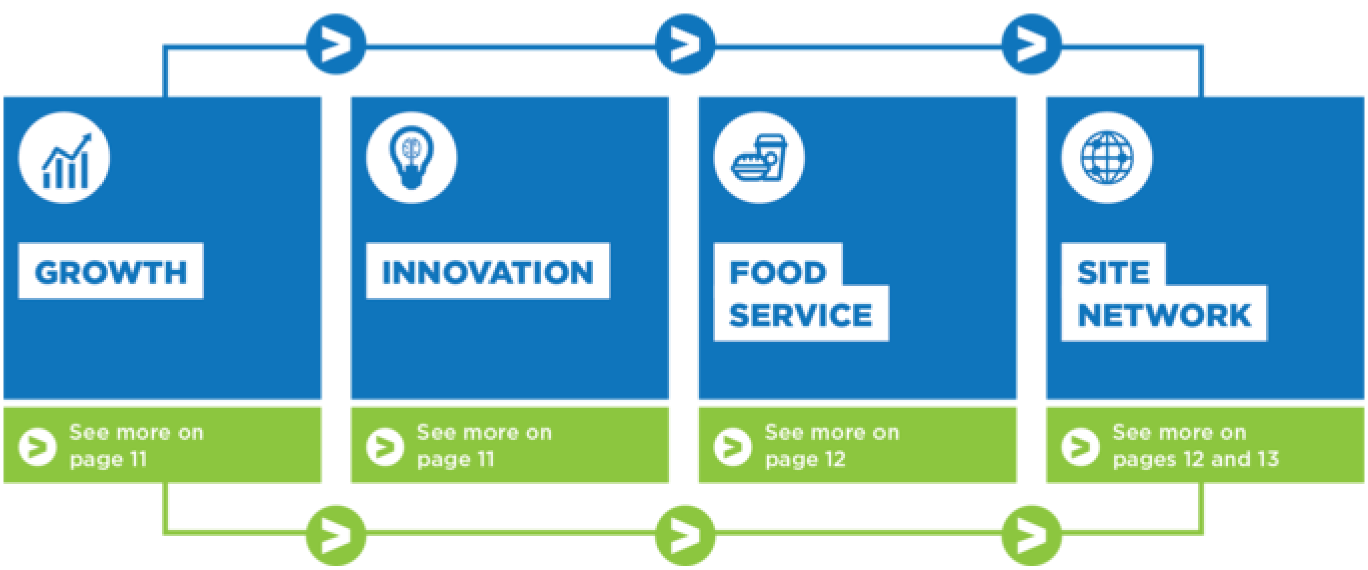
Our short-term strategy is focused on achieving a sustainable capital structure for the Group, through debt reduction and free cash flow generation. As well as the deleveraging and refinancing actions documented earlier, we are actively looking to further de-lever by reviewing our portfolio and monetising any non-core assets, focusing on our cash flow by implementing working capital initiatives and continuing our disciplined discretionary growth capex and growing our earnings organically. Our mid- to long-term strategy remains consistent with that of prior years with our four key strategic pillars.

We continually evaluate opportunities to expand and enhance our portfolio through innovation.

We aim to meet and exceed the needs of consumers as they seek additional convenience and quality in their daily life.

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

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.



OUR STRATEGY CONTINUED

GROWTH

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

The Group has been defined by its growth. Previously, we have been able to grow both organically and otherwise 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 acquisitions.

During 2023, in line with our financial policy, we were, and continue to be, increasingly selective when we consider inorganic opportunities. We continue to see opportunities to grow, especially in the current environment; however, our disciplined approach means, that in the short term, there will be a period of consolidation. Looking forward to our mid to long-term approach, we expect to build on our growth plans once again.

A key pillar of our organic growth plans is growing our footprint through the building and operation of new-to-industry ("NTI") sites, which provide us with greater ability to apply our preferred multi-format operating platform offering Grocery & Merchandise, Foodservice and Fuel (including lower-carbon 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 seven NTI sites in 2023 (31 in 2022); almost half (three) of the sites were opened in the UK&I, two in Australia and one opening in both Continental Europe and the USA.

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.

As we look forward, we continue to further expand and consolidate our footprint, whilst being open-minded to market opportunities in other territories and also alternative fuels.

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 offerings 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 2023 we undertook one KDR (2022: four).

INNOVATION

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

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.

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

During the year, progress was made regarding our own-branded "evpoint" business, with the announcement that we have agreed to acquire Tesla's latest ultra-fast charging units. EG's evpoint chargers will leverage Tesla's industry leading technology to deliver crucial charging infrastructure for motorists to help power the energy transition. This transaction is the first of its kind entered into by Tesla with a third-party charge point operator in Europe, resulting in the charging units being able to be branded "evpoint". Post year-end, we installed our first evpoint branded Tesla units, with the roll-out plan expected to pick up speed towards the end of the year.

In 2023, EG Group has continued its rollout programme for EV chargers across the UK, Continental Europe and the USA. By the end of 2023, we operated 578 electric charging points across 201 sites in the UK, Germany, France, Italy and the USA and have identified hundreds of 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. Over time, we see an opportunity for many thousands of EV chargers to be deployed across our sites in the countries in which we operate.

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”), liquefied 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. As part of the hydrogen strategy, we previously made a strategic investment in Hydrogen Vehicle Systems Limited ("HVS"), a company which is at the forefront of a hydrogen solution for heavy goods vehicles. Our investment in HVS allows us a unique insight into how that space is developing and, working with their team, we are driving thought leadership as well as infrastructure planning to support hydrogen refuelling. Outside the UK, following our acquisition of OMV, we inherited a stake in H2 MOBILITY in Germany. That venture is allowing fuel-cell vehicle drivers to refuel at hydrogen filling stations throughout Germany and we believe that our involvement will allow us to gain an accelerated insight into that space.

EG Group continued to progress our digital strategy, ensuring we deliver market-leading technology to increase transaction value, frequency of visits and attraction of new customers, whilst enabling efficiencies in operations.

OUR STRATEGY CONTINUED

FOODSERVICE

The development of our Foodservice business 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 our Fuels business.

We are continually reviewing our brand portfolio and evaluating opportunities to partner with leading Foodservice brands and to develop high-quality proprietary offerings. In the past, the Group has operated third-party Foodservice brands across each of the countries we operate in. In the near-term, our strategy is to grow our proprietary brands.

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

During 2023, as a result of our disciplined discretionary growth capex, we slowed down our Foodservice investment, but we still opened a total of 27 new outlets in the year, including 17 in the UK and 10 across Continental Europe, with new brand partnerships developed.

Our mid- to long-term Foodservice strategy will concentrate on improving our offering in the USA and Continental Europe, building on the success we have seen so far.

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.

From a single UK site in 2001 to over 5,900 across three continents and ten countries today, we have been on an incredible growth journey, facilitated by our 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 the markets in which we operate.

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. Whilst not only growing our portfolio, we are constantly looking to rationalise our estate – along with the disposal of the majority of the UK portfolio to Asda, there have also been a number of small divestments throughout the year, mainly in the USA where we believed these sites to be non-core to the Group's wider strategy or are significantly underperforming.

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 11, however, given the current focus on cash flow, there is increased discipline around which sites are selected, with only one being performed during the year.

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.

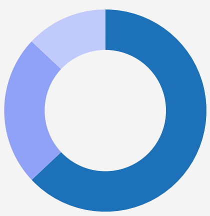
The Group’s operating models can be described in more detail as follows:

- 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.

OUR STRATEGY CONTINUED

We have a proven track record of performance improvement through the conversion of sites to the COCO operating model 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, we benefit from capturing the full margin potential with little to no conversion costs typically incurred.

GROUP SITE NUMBERS BY OPERATING MODEL



63% COCO

24% CONCO

13% OTHER

(1) At December 31, 2023

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.

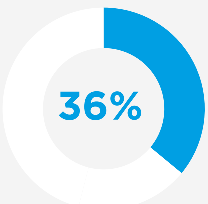
By being so diversified, the Group has the resiliency to cope with localised natural catastrophes, such as a hurricanes and wildfires. This geographic diversification was demonstrated during the pandemic, where our operating countries experienced lockdown restrictions at different times, enabling the 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 platform to build an extensive electric vehicle, and other lower-carbon 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. Our customers are able to take advantage of our high-quality sites, which provide a strong Foodservice and Grocery & Merchandise offering.

OUR BUSINESS MODEL IN ACTION

GROCERY & MERCHANDISE[1]

AS A % OF GROUP GROSS PROFIT FOR 2023:



GROSS PROFIT[2] (IN $M)

2023	1,573
2022	1,537
2021	1,547

Grocery & Merchandise [1] continues to be the most stable of our business streams.

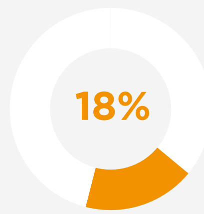
Throughout 2023, we've enhanced our robust connections with renowned retail and grocery brands such as SPAR, Carrefour, and Rewe, alongside our proprietary brands like Cumberland Farms in the USA, which bolsters our top-tier convenience offerings. We're exploring collaborations with other leading convenience retailers in Europe and broadening our ancillary services to elevate our Grocery & Merchandise business.

In 2023, our Grocery & Merchandise operations continued to be impacted by cost-of-living increases and global inflationary pressures. Margins have remained consistent (2022: 30%, 2023: 30%), reflecting the resilience of our convenience retail offering and our continued commitment to support customers through inflationary periods via our strong relationships with key suppliers and partners.

Grocery & Merchandise revenue of $5,017m (2022: $4,914m) was an increase of $103m or 2% on 2022, and on a like-for-like basis, revenue increased by $313m or 7% from $4,704m. Gross profit for the full year increased by 2% to $1,573m in 2023 from $1,537m in 2022, an increase of $106m or 7% (from $1,467m) on a like-for-like basis. These increases are attributable to the continued focus on product mix, pricing optimisation and new sites maturing across the business, coupled with the benefit of a new tiered pricing structure for coffee and dispensed beverages in the USA.

FOODSERVICE

AS A % OF GROUP GROSS PROFIT FOR 2023:



GROSS PROFIT (IN $M)

2023	785
2022	706
2021	613

Our strategic focus and investment in our Foodservice offerings has provided a strong platform to provide choice for customers across the Group's multiple brand partnerships and proprietary brands.

The Foodservice offering of the Group has continued to perform strongly in 2023, driven by our focus on operational efficiencies across both our proprietary and popular third-party brands. Our expanded Foodservice operations have transformed our sites into destinations serving multiple customer needs, driving an increase in sales volumes and customer traffic. In addition to the impact of the disposal of the majority of the UK business, we have ceased operations of Foodservice in Australia and rationalised our USA offer.

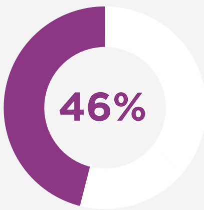
Our Foodservice business has continued to grow thanks to the strength of our market-leading brand partnerships. Foodservice revenue for 2023 of $1,393m (2022: $1,280m) increased by 9% and on a like-for-like basis, by $246m or 21% (from $1,147m). Foodservice gross profit of $785m (2022: $706m) increased by 11% and on a like-for-like basis by $149m or 23% (from $636m in 2022), partially driven by the increasing customer demand for fast, affordable food on the go. Gross profit margins increased from 55% to 56% to accommodate underlying increases in labour and overheads across the business.

(1) Grocery & Merchandise includes 'Other revenue'
(2) All number references include other gross profit

OUR BUSINESS MODEL IN ACTION CONTINUED

FUEL

AS A % OF GROUP GROSS PROFIT FOR 2023:



GROSS PROFIT (IN $M)

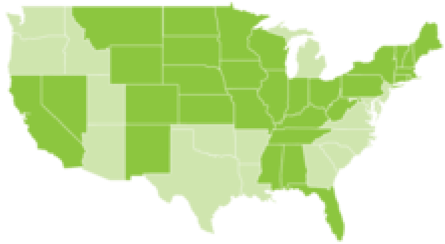
2023	1,958
2022	2,109
2021	1,935

We have Fuel retail operations in nine countries, including six of the ten largest Fuel markets in Europe, the USA and Australia.

In 2023, the Group has continued to focus on the growth and quality of our network through the disciplined investment and development of new-to-industry sites ("NTIs"), knock-down-rebuilds, upgrades and conversions to our company-owned, company-operated ("COCO") model. Our wholesale supply agreements with valuable and well-known brands support our premium positioning on Fuel, increasing customer confidence in our products and services, leading to higher customer traffic. We also operate a wholesale supply business, EG Fuel, that focuses on the strategic and operational fuel supply and distribution in mainland Europe. In keeping with our commitment to alternative fuels and EV charging, the Group has continued its rollout programme for EV chargers across the UK and in Continental Europe. As at December 31, 2023, the Group had 578-owned and third-party EV chargers spread across the UK&I (165), Europe (394) and the USA (19).

Wholesale oil prices stabilised in 2023 following the volatile market conditions which drove the strong Fuel performance seen in 2022, resulting in a decrease in gross profit of 7% to $1,958m (2022: $2,109m) at December 31, 2023, or a decline of 4% from $2,031m on a like-for-like basis. Fuel margins have marginally weakened against a backdrop of reduced volatility and competitive market conditions in the USA and Australia. All regions noted a decrease in volumes due to the impact of higher-than-average Fuel retail prices in Europe and Australia and cautious consumer spending in the USA, with 16.8bn litres sold in 2023 versus 17.6bn litres in 2022 (17.3bn litres on a like-for-like basis).

OPERATING REVIEW



USA

OPERATIONAL REVIEW

Our USA region operates across 30 states and is the fifth largest independent c-store company in the country. The region contributed almost 39% of Group EBITDA in 2023, making it the largest region within our Group in terms of profitability and second largest in terms of store count. The Group's USA business is a scalable, nationwide platform with a strong management team. This provides significant opportunity for us in the coming years.

In September 2023, the Group announced the appointment of John Carey as CEO and President of EG America. He has developed a strategic vision for the USA business which has four key pillars: product offer, Fuel, customer engagement and operating efficiencies. Product centres on our ability to drive higher performance within our non-Fuel offerings, boosting margins and delivering a superior customer experience through our hyper-localised approach. Fuel focuses on driving volume through investment in our diesel and B2B proposition, as well as delivering a premium offering. Customer engagement places emphasis on increasing engagement and enhancing our customer experience through vendor partnership and promotion activity and an enhanced rewards and loyalty programme. Operating efficiencies will result in efficiency initiatives being implemented at both the store and head office level. All four of these pillars are capital efficient, organic growth initiatives.

Throughout 2023 we continued to review our portfolio and exited 81 of our sites across the states of Missouri, Kansas, Kentucky and Tennessee following a strategic review of the performance of our sites in those states and in December 2023, the Group committed to sell 23 non-core locations in the USA for indicative consideration of $17m.

In addition, the Group completed the sale and leaseback of freehold assets on the East Coast for $1.5bn in May 2023 to Realty Income with the proceeds used to repay debt.

FINANCIAL REVIEW

Revenue in the USA decreased by $1,220m, or 12%, to $8,960m (2022: $10,180m), whilst Adjusted EBITDA[1] decreased by $105m to $563m (2022: $668m).

Operating profit[2] increased by $219m to $585m (2022: $366m). The operating profit increase was driven by the profit on disposal of our East Coast freehold assets as part of the sale and leaseback transaction.

Fuel gross profit of $823m decreased by $122m (2022: $945m) and was attributable to a combination of lower fuel volumes and margins. These decreases were driven by a combination of a challenging competitive environment and a very strong comparative period following the market volatility post the outbreak of the Ukraine war in February 2022. Non-Fuel gross profit of $984m increased by $21m (2022: $963m) as a result of cost-of-living increases reducing discretionary spending, offset by some of our strategic initiatives.

USA capital expenditure totalled $92m in 2023 (2022: $199m), of which $39m was growth capex (2022: $128m). Growth capex included investment in one new-to-industry site and site rebranding.

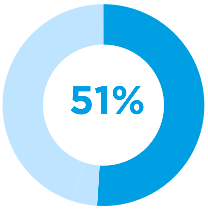
(1) Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 165
(2) Operating profit includes the impact of depreciation, amortisation and impairment
(3) Also includes other gross profit
(4) As at December 31, 2023 (and at December 31, 2022 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

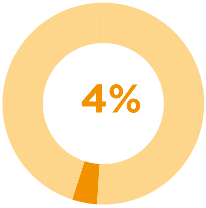
USA CONTINUED

2023 GROSS PROFIT BY BUSINESS STREAM

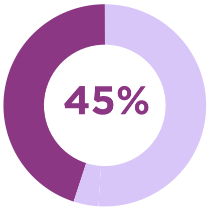
GROCERY & MERCHANDISE[3]:



FOODSERVICE:



FUEL:



ADJUSTED EBITDA[1]
$563m
(2022: $668m)

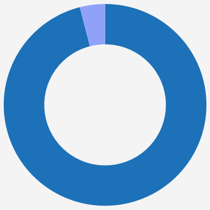
PFS LOCATIONS[4,5]
1,507
(2022: 1,619)

FOODSERVICE OUTLETS[4]
275
(2022: 477)

CUSTOMERS SERVED DURING 2023
491m
(2022: 521m)

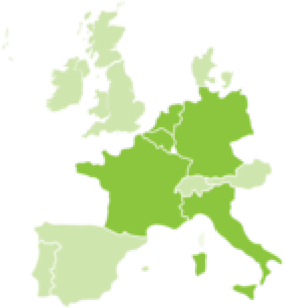
NUMBER OF EMPLOYEES[4]
18,480
(2022: 20,368)

SITE NUMBERS BY OPERATING MODEL



96% COCO
4% CONCO

OPERATING REVIEW CONTINUED



EUROPE: CONTINENTAL EUROPE

OPERATIONAL REVIEW

We continue to operate a large European network, built around the acquisition of our French and Benelux operations of EFR acquired in 2016, the 2018 acquisitions of Esso Italy, NRGValue (the Netherlands) and Esso Germany and the acquisition of OMV Germany in 2022. Our prime location European estate comprises of 293 highway and highway-like sites, whilst a further 61 unmanned sites only offer retail fuel. Our European estate also represents the highest proportion of company-owned, not company-operated ("CONCO") sites, with 2,155 dealer-operated sites at the end of 2023, largely centred in Italy and Germany.

During the year we have continued to consolidate our Foodservice propositions, demonstrating the Group's commitment to improve our non-Fuel offering across the region, with 281 outlets operating at December 31, 2023.

FINANCIAL REVIEW

Revenue for Continental Europe in 2023 decreased by $387m, or 3%, to $12,708m (2022: $13,095m), largely due to fuel sales which were impacted by cost-of-living pressures and the adverse economic conditions across the region.

Adjusted EBITDA[1,2] is consistent with the prior year, decreasing by $4m to $561m (2022: $565m), whilst operating profit[1,3] decreased by $9m to $214m (2022: $223m).

Fuel gross profit of $650m increased by $7m (2022: $643m) and non-fuel gross profit of $557m increased by $59m (2022: $498m), with a strong Foodservice performance driven by our continued investment in market-leading Foodservice outlets. Grocery & Merchandise gross profit grew by 6% on 2022, driven by a continued focus on product mix optimisation and other actions to minimise the impact of inflationary product cost increases.

European capital expenditure totalled $85m in 2023 (2022: $115m) including one new-to-industry site in the year, three COCO conversions, 10 new Foodservice outlets and investment in a new point of sale system and site rebranding.

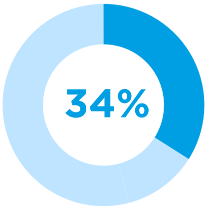
(1) Adjusted EBITDA and operating profit excludes shared service centre costs
(2) Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 165
(3) Operating profit includes the impact of depreciation, amortisation and impairment
(4) Also includes other gross profit
(5) As at December 31, 2023 (and at December 31, 2022 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

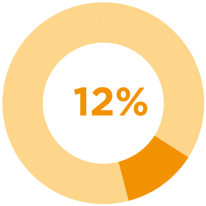
EUROPE: CONTINENTAL EUROPE CONTINUED

2023 GROSS PROFIT BY BUSINESS STREAM

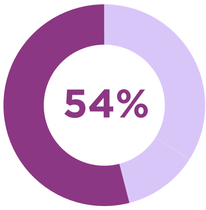
GROCERY & MERCHANDISE[4]:



FOODSERVICE:



FUEL:



ADJUSTED EBITDA[1,2]
$561m
(2022: $565m)

PFS LOCATIONS[5,6]
3,236
(2022: 3,286)

FOODSERVICE OUTLETS[5]
281
(2022: 293)

CUSTOMERS SERVED DURING 2023
258m
(2022: 238m)

NUMBER OF EMPLOYEES[5]
9,074
(2022: 9,117)

SITE NUMBERS BY OPERATING MODEL

34% COCO
43% CONCO
23% Other

OPERATING REVIEW CONTINUED

EUROPE: UK & IRELAND

OPERATIONAL REVIEW

During the year, the Group completed the sale of the majority of its UK Fuel, Foodservice and Grocery & Merchandise business to Asda. This strategic decision was made as a transformational step for the Group and strengthens its platform to further invest in its proven and successful strategy to roll out Foodservice, Grocery & Merchandise to create multi-purpose convenience retail sites across its global estate.

Additionally, on December 6, 2023, we announced the sale of all our KFC franchise restaurants in the UK & Ireland to Yum! Brands' KFC division. The transaction completed in April 2024.

Further to this, the Group has engaged in active discussions with Zuber Issa regarding the sale of the remaining UK business excluding the evpoint, the majority of the UK Starbucks and Cooplands operations.

FINANCIAL REVIEW

Revenue for the UK&I business in 2023 decreased by $417m, or 10%, to $3,662m (2022: $4,079m), which was impacted by the disposal of the majority of the UK business at the end of October.

On a like-for-like basis, revenue increased by $237m, or 7%, from $3,425m, driven by growth in Foodservice sales.

Adjusted EBITDA(1,2) increased by $1m to $310m from $309m in 2022 (Adjusted EBITDA(1,2) increased by $55m on a like-for-like basis).

Operating profit(1,3) increased by $462m from $152m in 2022 to $614m in 2023 (on a like-for-like basis operating profit (1,3) increased by $16m), driven by profit on disposal of the sale of the majority of the UK business.

Our UK&I business has been resilient despite rising costs and inflationary pressures, particularly in Foodservice.

During the year, non-Fuel gross profit increased by $37m to $727m (2022: $690m) thanks to the combination of the success of Asda On the Move conversions and growth in our UK Foodservice business which saw sales increase by 6%. On a like-for-like basis, non-Fuel gross profit increased by $131m from $596m, primarily due to the continued growth in our Foodservice operations, driven by our maturing Foodservice offerings during the year.

Fuel gross profit decreased by 4% to $190m (2022: $197m), attributable to the disposal of the majority of the UK business. On a like-for-like basis, Fuel gross profit increased by 26% from $151m, with an increase in volumes driving growth.

Capital expenditure in the UK totalled $161m in 2023 (2022: $169m) and included the building of the three new-to-industry sites and significant investment in developing our Foodservice offering.

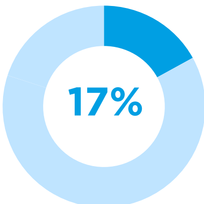
(1) Adjusted EBITDA and operating profit excludes shared service centre costs
(2) Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 165
(3) Operating profit includes the impact of depreciation, amortisation and impairment
(4) Also includes other gross profit
(5) As at December 31, 2023 (and at December 31, 2022 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

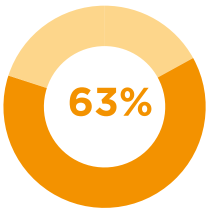
EUROPE: UK & IRELAND CONTINUED

2023 GROSS PROFIT BY BUSINESS STREAM

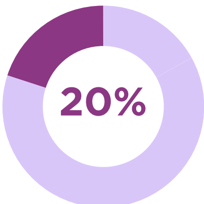
GROCERY & MERCHANDISE[4]:



FOODSERVICE:



FUEL:



ADJUSTED EBITDA[1,2]
$310m
(2022: $309m)

PFS LOCATIONS[5,6]
33
(2022: 31)

FOODSERVICE OUTLETS[5]
626
(2022: 615)

CUSTOMERS SERVED DURING 2023
36m
(2022: 33m)

NUMBER OF EMPLOYEES[5]
13,359
(2022: 22,339)

SITE NUMBERS BY OPERATING MODEL

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 525 COCO sites, of which over 99% are leasehold, all of which provide fuel and convenience retail offerings. We have continued to expand our offers to our customers in Australia through Fuel offers via B2B partnerships with motoring associations and electricity providers and through expansion of delivery services for our Grocery & Merchandise range. In late 2022 the Group finalised the rebranding from Caltex to Ampol for our Fuel offerings and in early 2023 the rebranding from Woolworths to EG in our Grocery & Merchandise stores.

FINANCIAL REVIEW

Revenue for Australia during 2023 decreased by $253m, or 8%, to $3,002m (2022: $3,255m). This revenue decrease was primarily due to lower consumer demand as a result of cost-of-living pressures and adverse economic conditions.

Adjusted EBITDA[1] decreased by $22m to $170m (2022: $192m), and operating profit[2] increased by $24m to an operating profit of $42m (2022: operating profit of $18m) due to a reduction in impairments to goodwill.

Fuel gross profit of $295m decreased by $29m (2022: $324m) as higher retail fuel prices across the market depressed demand in 2023, versus a comparative period which was also supported by a market-wide temporary excise relief. Non-Fuel gross profit of $89m was consistent with the prior year (2022: $90m) as focus on an improved product mix in our convenience retail offering offset underlying product cost pressures.

Capital expenditure for Australia totalled $17m in 2023 (2022: $37m) and includes the addition of two new-to-industry sites.

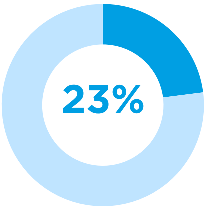
(1) Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 165
(2) Operating profit includes the impact of depreciation, amortisation and impairment
(3) Also includes other gross profit
(4) As at December 31, 2023 (and at December 31, 2022 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

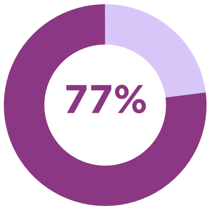
AUSTRALIA CONTINUED

2023 GROSS PROFIT BY BUSINESS STREAM

GROCERY & MERCHANDISE[3]:



FUEL:



ADJUSTED EBITDA[1]
$170m
(2022: $192m)

PFS LOCATIONS[4,5]
525
(2022: 536)

CUSTOMERS SERVED DURING 2023
90m
(2022: 93m)

NUMBER OF EMPLOYEES[4]
4,304
(2022: 4,823)

SITE NUMBERS BY OPERATING MODEL

OUR STAKEHOLDERS AND SECTION 172

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

The Board considers the needs of our stakeholders and the consequences of the Group's decisions in the long term. We have identified our key stakeholder groups on pages 24 to 27 and have detailed how we have engaged with the stakeholders and decisions made during 2023.

In performing their duties, the Directors have had regard for the matters set out in s172 (1) of the Companies Act (CA 2006). Examples of how the Directors have oversight of stakeholder matters and have regard for these matters when making decisions is included throughout this Annual Report.

The Board recognises the importance of engaging with stakeholders to help inform our strategy. They also acknowledge that not every decision they make will result in a positive outcome for all of our stakeholders. The Board carefully considers key and material decisions regarding the likely consequences on all stakeholders and, where appropriate, they discuss these matters with the affected stakeholder group. This helps the Board to understand their views and factor their feedback into our decision process. The business units and our central services teams regularly report to the Board about the strategy, performance and key decisions they have taken and on the regulatory environment in which EG operates. This assures the Board that senior management consider stakeholder interests in decision-making and also that they consult the Board on matters and decisions that require its support and approval.

Board decisions during the year

1. Rationalisation of portfolio (customer, colleagues, brands, suppliers, investors)

During the year, the Board approved the disposal of the majority of the UK&I business to Asda and of a number of non-core assets across the USA, and Europe. It also approved the divestment of the KFC business. Further information can be found in note 8 on pages 105 to 109. In arriving at these strategic decisions the Board took account of the impact they would have on key stakeholders such as colleagues, customers, brand partners, suppliers and investors.

2. Refinance

The Board approved the refinance and deleveraging activity undertaken during the year. Details of the refinancing exercise can be seen on pages 6 to 7.

REGULATORY BODIES

We remain cognisant of our operational impact on the environment, our communities and our customers.

WHO & WHY THEY ARE IMPORTANT

- Working with a number of regulators and lobby groups to ensure we act fairly and ethically across markets, protecting the interests of our customers, communities and the environment.

HOW WE ENGAGE

We liaise and engage with global regulators including Competitions & Markets Authority ("CMA") (UK), Federal Trade Commission ("FTC") (USA), The Bundeskartellamt (Germany).

Through our membership of 'Diversity in Retail' until the end of October 2023 (when the majority of our UK business was divested) and membership of the Petrol Retailers Association ("PRA").

OUTCOMES AND HIGHLIGHTS

Approved the divestment of 48 sites following regulatory approval of the OMV acquisition.

The CMA published its final report on its market study of road fuel pricing on July 3, 2023 which can be accessed via the following link: https://www.gov.uk/cma-cases/road-fuel-market-study. EG engaged with the CMA on this by providing timely responses to a number of "Requests for Information".

Our membership of Diversity in Retail in the UK enabled us to engage with other retailers and allowed a number of our colleagues to participate in its partnering and mentoring schemes.

OUR STAKEHOLDERS AND SECTION 172 CONTINUED

CUSTOMERS

The Group exists to serve the needs of our customers, of which we serve up to 17 million every week across the world.

WHO & WHY THEY ARE IMPORTANT

- Customers are at the heart of our purpose to deliver a modern and compelling retail experience that allows customers to achieve multiple missions in one convenient location.
- An understanding of our customers will allow us to respond quickly to changing customer trends.

HOW WE ENGAGE

We have enhanced our social media strategy and presence to engage with customers and provide ongoing and up-to-date feedback.

We provide offers and promotions as well as loyalty club membership to drive engagement with customers.

OUTCOMES AND HIGHLIGHTS

Our strategic decisions aim to achieve our purpose of providing multi-purpose sites to meet customer needs, ensuring a wide range of good quality and value products, and working hard to ensure we have optimum availability across product lines.

Investment and integration of EG's proprietary food brand acquisitions enhanced the choice and range available to customers.

We opened 7 NTI sites to improve our offering and market presence.

Capital expenditure of $339m was invested in facilities for our customers.

COLLEAGUES

We have an experienced, diverse and dedicated workforce of over 45,000 colleagues who we recognise as a key asset to our business.

WHO & WHY THEY ARE IMPORTANT

- We have an experienced, diverse and dedicated workforce of 45,217 colleagues who we recognise as a key asset to our business and therefore want to develop and retain talent for the long-term success of the Group.

HOW WE ENGAGE

Weekly country leadership meetings and monthly Executive Management meetings escalate and cascade key messages via the Co-CEOs to the Board and colleagues. Colleagues are one of the three strategic pillars under our ESG strategy and we have a target to improve our engagement score year-on year.

With the exception of the UK, we undertook a Group-wide engagement survey in 2023, and saw an improvement in our engagement levels, and are working through the actions identified, that are relevant in each country.

Until October 31, 2023 John Carey was the Board sponsor for workforce pay and policies. John met with head office colleagues periodically to gain their views and this was discussed at the quarterly Remuneration Committee meetings attended by all Non-Executive Directors, Co-CEOs as well as global HR leads.

In 2024, Stuart Rose will be the Board sponsor for pay and policies.

Additionally, we have global Health & Safety Committees, works' councils and town hall sessions to ensure the views of our colleagues are captured.

An independent third-party whistleblowing service operates across all of EG's operations and reports are communicated to the Audit & Risk Committee.

OUTCOMES AND HIGHLIGHTS

Pay increases in all markets have been in line with or above the average percentage increases or mandatory pay rates in each country, conforming with local legislation, and subject to local market conditions.

We continued to enhance the transparency of our pay structures, aligning bonuses to the longer-term strategy of the business, including both financial and non-financial KPIs.

For further information please refer to the Remuneration Committee report on pages 75 and 76. There are enhanced employee benefits including utilisation of Asda discount cards for our UK colleagues, with a move to the Reward Gateway employee benefit platform.

Further details can be found on page 32 and 33. There are dedicated colleague training and development programmes as well as internal promotions and apprenticeships.

OUR STAKEHOLDERS AND SECTION 172 CONTINUED

SUPPLIERS & BRAND PARTNERS

We partner with prominent Fuel brands such as ExxonMobil, BP, Shell and Texaco, well-known Grocery & Merchandise brands such as SPAR, 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.

WHO & WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

Developing strong brand and supplier relationships with regular dialogue and communication.

Supporting brand partners with promotions and offers and providing monitoring and feedback.

Via our enhanced social media strategy, we invest in multi-channel feedback for our brand partners with brand monitoring in place.

Updates on key supplier contracts are provided to the Board via the CEO's quarterly report and ad hoc updates as matters arise.

Internal and external safety audits are completed on both owned and franchised brands. Own brand suppliers are audited by qualified internal food safety technicians.

OUTCOMES AND HIGHLIGHTS

We continue to strengthen our partnerships with our Foodservice brand partners with 27 new outlets opening in the year, a demonstration of the Group's commitment to expand brand offerings.

As part of our approach to ESG, we recognise that much of our environmental and social impact is via our supply chains.

We expect our suppliers and business partners to align with the Ethical Trading Initiative ("ETI") Base Code, an internationally recognised code of labour practice. As part of our supply chain due diligence, we have started work to incorporate clauses on ESG into supplier contracts and to monitor progress of suppliers through our new ESG supplier questionnaire, which we started to roll out in 2023. Our whistleblowing service is also available to our suppliers.

SHAREHOLDERS

Long-term shareholder value creation is at the core of the Group's stakeholder relations.

WHO & WHY THEY ARE IMPORTANT

- Shareholders hold management accountable for their actions and expect them to act in the best interests of the Company and thus its shareholders.
- Our shareholders' interests are aligned with our success, as they benefit from our growth and profitability, and therefore play a crucial role in ensuring our long-term viability.

HOW WE ENGAGE

Regular dialogue between Board members and shareholders via formal and informal forums. The Chairman has regular contact with all Board members, shareholders and management separately.

Regular communication with shareholders throughout the year, including reporting of quarterly financial results at investor presentations.

Publication of the Group's Annual Report and inaugural ESG Report.

OUTCOMES AND HIGHLIGHTS

Shareholders are regularly consulted and guided on matters including annual budget, strategic business plans, financial and trading performance, as well as opportunities regarding acquisitions and divestments.

OUR STAKEHOLDERS AND SECTION 172 CONTINUED

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.

WHO & 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-CEOs 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, and one-to-one meetings as appropriate.

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.

Engagement with investors on matters relating to sustainability to understand their objectives and inform our ESG strategy and targets.

OUTCOMES AND HIGHLIGHTS

Continued regular communication with investors during the year, providing operational, strategic and financial updates, with active engagement and well-attended quarterly investor presentations and attendance at external investor conferences.

Regular updates and maintenance of the Group's investor pages on our corporate website, providing up-to-date information for investors.

Engagement with investors on ESG and our refinancing activities as well as regular updates as part of our quarterly presentations, and in-person meetings and active dialogue with our Head of ESG.

Term loans were amended and extended and our Senior Secured Notes were re-financed.

COMMUNITIES

We are committed to operating responsibly and making a positive impact in the communities in which we operate, including local businesses, residents and the wider public.

WHO & WHY THEY ARE IMPORTANT

- Supporting local, national and international communities through fundraising and community-giving activities.
- Continued efforts to create job opportunities for local people in the communities in which we operate.

HOW WE ENGAGE

We support and engage with a wide range of communities across our markets through charitable donations and charity fundraising efforts.

The Group is the corporate sponsor to EG Foundation, an independent charity established in 2019.

OUTCOMES AND HIGHLIGHTS

New site openings and continued growth to create jobs and opportunities.

In 2023, we continued to support and engage with a wide range of family and children's charities, as well as specialist health and wellbeing-related charities. The EG Foundation also awarded grants to community groups and charities. This included schools, a homeless group, dementia support groups and women's and children's charities.

Last year we engaged with the British and American Red Cross in support of international disaster relief efforts, including support for victims of the devastating earthquake in Türkiye and Syria.

See more on how we support communities on page 34 of the ESG section.

ESG & SUSTAINABILITY

We recognise that businesses have a vital role to play in addressing a range of global environmental and social challenges, from climate change to nature loss and the rising cost of living.

This section provides an overview of progress on our strategic environment, social and governance ("ESG") priorities. We also publish a separate annual ESG Report which provides more detail on our performance and progress. Our 2023 ESG Report will be published in the first half of 2024.

ESG GOVERNANCE

Our Group Board is ultimately responsible for oversight of ESG and receives annual training on ESG issues. Several Board sub-committees also review aspects of our approach to ESG (for example, the Audit & Risk Committee reviews climate risks as part of its remit, and the Remuneration Committee reviews workforce pay). Our Co-CEOs, together with our Group Executive team, have overall responsibility for implementing our ESG strategy.

Our ESG and Sustainability team advises on our ESG strategy, monitors legislation, reviews progress and is responsible for creating external ESG disclosures. During 2023, we appointed ESG Managers in several of our largest markets to drive implementation of our ESG strategy globally. We also established an ESG Forum in the USA and Europe, which brings together our ESG Managers and other colleagues in relevant functions such as Operations, Legal, and Utilities teams, to share best practice and learning.

We set out our approach on a range of ESG issues in our ESG Policy Position Statements, which are available on our website. These are reviewed and updated annually, and approved by the Board.

Our climate-related financial disclosure (pages 36 to 46) covers further details of our governance around climate change issues, including a management structure diagram.

ESG REPORTING

Since 2021 we have published an annual ESG Report. As ESG reporting requirements increase, we continue to develop our reporting approach and capabilities. This year we have published a climate-related financial disclosure in line with UK regulatory requirements (pages 36 to 46). In 2024 we will be working to prepare for new reporting requirements, such as the EU Corporate Sustainability Reporting Directive ("CSRD").

Our ESG Report details our contribution to the UN Sustainable Development Goals and how we align with the Sustainability Accounting Standards Board ("SASB") standards.

We regularly carry out ESG materiality assessments, to ensure our ESG strategy and reporting cover issues that are most significant for our stakeholders and our business. Our last ESG materiality assessment was carried out in 2022, with input from external experts, and will be updated in 2024. Our last materiality assessment identified climate change as our most material ESG issue. Other priorities identified include social issues relating to our own workforce (including diversity, equity and inclusion, and colleague reward and wellbeing) and governance issues (including business ethics).

ESG & SUSTAINABILITY CONTINUED

ESG Strategy

We aim to contribute to a more sustainable future through our environment, social and governance (ESG) strategy. We know that ESG covers a broad set of issues and impacts, and with that in mind we are disciplined in focusing on measures where we can make a real difference. That's why we have set targets across three priorities – planet, colleagues and communities. We also aim to continuously improve performance across other fundamental ESG issues relevant to our business, such as health and safety and human rights.

PLANET

We recognise that the world needs to achieve net zero emissions by 2050 at the latest.

We seek to play our part in tackling climate change by reducing emissions, scaling up products and services that enable the energy transition, and minimising our waste.

See pages 30 and 31

COLLEAGUES

We believe everyone should have the opportunity to create a better future.

That's why, on top of creating job opportunities, we also aim to provide an inclusive culture where all our colleagues can develop, progress and share our success.

See pages 32 and 33

COMMUNITIES

We believe that where you start in life shouldn't determine where you end up.

That's why we aim to create a better future for our wider communities. We support disadvantaged, vulnerable communities, through health, education and infrastructure.

See page 34

ESG FUNDAMENTALS

In addition to our strategic priorities, we are also committed to taking a responsible approach on fundamental ESG issues applicable to our business. **See ESG fundamentals progress on page 35.**

ENVIRONMENT

Water, Biodiversity, Sustainable Sourcing, Fuel Safety

SOCIAL

Employee Health and Safety, Food Safety, Diet and Health, Human Rights

GOVERNANCE

Business Ethics, Data Protection, Tax, Compliance

ESG & SUSTAINABILITY CONTINUED

PLANET

578

Electric vehicle chargers as at the end of 2023

CLIMATE CHANGE

See our climate-related financial disclosure (page 44) for details of our climate change targets and progress during 2023.

Ultra-fast EV charging with Tesla

In 2023, we agreed a deal with Tesla to procure ultra-fast charging units for 'evpoint', our own-branded electric vehicle chargers. These will leverage Tesla's industry-leading technology which allows drivers to charge their vehicles faster. These chargers will be available to all drivers regardless of the brand of vehicle they drive. In the UK, the chargers will also support the Plug and Charge protocol, which simplifies and automates payments.

As at the end of 2023, we had 578 EV chargers (including our own and third-party operated chargers). Of these, 165 were in the UK, 394 were in Europe and 19 in the USA. We plan a broader rollout across our site network over the coming years, and we are also exploring opportunities to offer 'evpoint' charging beyond our own sites.

During 2023, we also installed our first EV charger for electric trucks at our petrol filling station in Rivington in the UK, as we begin to explore how larger vehicles may transition away from fossil fuels in the future.

Renewable electricity

We have work to do to increase our procurement of renewables and in 2023, our Energy Committee started to review the procurement of renewable electricity at our sites in the UK and Europe. We signed a five-year power purchase agreement to procure more of our electricity in Germany from renewable sources and continued to procure renewable electricity in Luxembourg. In addition, we purchase renewable electricity for our own brand 'evpoint' chargers in the UK.

We have started to trial a mini wind turbine at our site in Doncaster, UK, which, together with the solar panels already in place, will help the site generate more electricity from renewables.

ESG & SUSTAINABILITY CONTINUED

WASTE MANAGEMENT

Our target:

- **Aim to increase our landfill diversion rate year-on-year**

We aim to minimise waste and maximise waste recovery and recycling – not only is this good for the planet, but it also reduces our operational costs at the same time. We also aim to minimise stock loss through optimised stock management and ordering. We report our total waste, recycling rate, and our landfill diversion rate (which includes recycling and waste-to-energy) in our ESG Report, due to be published later this year.

We have started to consolidate the number of contractors we work with to help improve recycling rates. For example, in France we work with two main waste contractors across most of our sites where we have recycling bins for both our own waste and customer waste, and we are starting to implement more waste segregation plans at our head office with our contractor in the UK.

Reducing waste and supporting communities

Feeding America is the largest charity working to end hunger in the USA. It has a nationwide network of food banks, pantries and meal programmes that reach over 40 million people in need. In 2023 we donated 486,180 meals (equivalent to around 265 tonnes) to Feeding America food banks (2022: 482,913 meals).

In the UK and Europe, we partner with Too Good To Go ("TGTG"), an organisation which seeks to prevent food waste, whilst also supporting households in making their food budgets go further. Through the TGTG app, customers can pick up unsold, surplus food in Surprise Bags at a discount at the end of the working day. In 2023, customers collected 1.5 million Surprise Bags (2022: 1.0 million), helping to avoid an estimated 3,989 tonnes of CO_2e. Since the start of our partnership, over 3.2 million Surprise Bags have been collected by customers.

ESG & SUSTAINABILITY CONTINUED

COLLEAGUES

70%

Our colleague engagement score in 2023 (2021: 62%)

COLLEAGUE ENGAGEMENT

OUR TARGET:

- **Improve our engagement score year-on-year, from 62% in 2021**

We aim to provide a workplace where our colleagues feel valued and connected to EG. We measure colleague engagement and experience through our 'Better Together' colleague survey. In 2023, our Group-wide employee engagement score was 70%, up from 62% in 2021[1]. The overall engagement score improved across all countries compared with the 2021 survey, with the highest scores relating to employee understanding of individual roles and responsibilities. Our employees identified pay and reward as priorities, as well as how the business can provide systems and processes to support them in completing their tasks effectively. The 2023 survey was completed across all our markets except the UK due to the divestment of the majority of the UK business. We plan to carry out the survey again in 2024 or 2025, covering all markets including the remaining UK business.

We recognise that reward is a key driver of colleague engagement, and we seek to ensure our colleagues are rewarded appropriately for their contribution to our business. We regularly review pay and benefits to ensure these remain fair. Our Remuneration Committee oversees workforce pay and reward and receives regular updates from our HR leads. See pages 75 and 76 for further detail of the work of the Remuneration Committee in 2023. We also provide a range of additional support for our colleagues which are tailored to our markets, such as bonus payments, health programmes, discounts at EG brands and partner brands, and vouchers and rewards.

We have a number of local works councils in Europe which focus on pay and working conditions, including collective bargaining agreements.

DIVERSITY, EQUITY AND INCLUSION

OUR TARGETS:

- **Implement a Diversity, Equity and Inclusion Plan in each of our operating markets by 2024**
- **Increase percentage of women in senior leadership positions[2] from 20% in 2021 to at least 40% by 2025**

We are committed to being an equitable and inclusive business, reflecting the diversity of our colleagues, customers and wider communities. We have a Group-wide Diversity, Equity and Inclusion Policy.

We report Group-wide data (where available) on diversity and inclusion in our ESG Report, including gender, ethnicity and disability data. Across each of our markets, we continue to develop and implement locally-led diversity and inclusion plans. For example, in the USA, we have an Inclusion and Diversity Council and developed a number of new training modules during 2023 on diversity and inclusion which will be launched in early 2024. We also created a new employee group, 'Women at EG', to help develop and empower women at all levels to reach their potential. At our head office in the UK, we celebrated International Women's Day with a panel discussion led by senior women in the business to share experiences from a range of backgrounds and career pathways.

In the UK, we also publish a Gender Pay Statement in line with regulation via the UK Government's database.

[1] We did not carry out a Group-wide survey in 2022. In 2023, we carried out a further, additional survey in the USA following the 2023 Group-wide survey, which again showed further improvements in the engagement score and response rate in the USA

[2] This includes members of the Board, Group Executive, managers who report directly to any member of the Group Executive and senior leadership teams within each country who report to the country CEO/country manager. Data for 2021 has been restated following improvements to HR data collection processes.

ESG & SUSTAINABILITY CONTINUED

TRAINING AND DEVELOPMENT

OUR TARGETS:

- **Ensure every colleague has access to development opportunities**
- **Create 500 apprenticeships by 2025 (from 2021)**

Across all our markets we offer a comprehensive learning and development programme, ranging from induction for new starters, mandatory training courses, career development opportunities, issue-specific training and upskilling, and professional development schemes. We provide sponsorship opportunities for colleagues working towards professional qualifications, helping them to develop important skills for their current and future roles. Not only does this benefit our colleagues, this initiative also ensures we have a steady pipeline of talent in key business functions.

In the USA, our 'Managers in Training' tool helps to prepare colleagues for the responsibility of leading a store team. This can involve between 8-26 weeks training designed to build knowledge and skills of operations, people management, and commercial awareness. Through this programme, we aim to ensure every store leader is equipped with the skills they need for success. Since 2022 in the UK, we have run a number of two-day training courses, led by external training specialists for line managers, to enhance their team management skills.

In the Benelux, we have developed a new onboarding programme for certain colleagues at our PFS sites, to support them into their new roles at EG. The programme has now been rolled out to all PFS sites in the Netherlands. We also introduced a 'buddy' scheme, to further support new colleagues at our PFS sites during their onboarding process. In Germany we introduced a new training platform, offering 20 e-modules on a range of operational and health and safety topics, as well as five seminars covering operational and management issues. We are expanding on this, with more modules across a wider range of topics becoming available to colleagues.

Our online ‘Learning Hub’ gives colleagues access to a free and accessible training resource across a wide range of topics, from business skills to digital and leadership skills. First launched in the UK in 2022, we plan to roll this out to other markets over time. Through the hub, we aim to support every step of our colleagues’ careers.

During 2023, we also launched an ESG training module for all UK colleagues. 18,458 colleagues completed the training by the end of the year. We intend to roll out ESG training for colleagues in other markets in 2024.

Award-winning Apprenticeships

We invest significantly in our award-winning apprenticeships programme, which offers colleagues the opportunity to develop skills and knowledge while gaining practical experience. Since 2021, we have created 753 apprenticeships Group-wide, achieving our target to create over 500 Group-wide apprenticeships, the majority of which were in the UK. We plan to update our target on apprenticeships in 2024, following changes to our UK business in 2023.

"I joined EG Group as a Finance Apprentice in October 2022. Prior to this, I had no experience in finance or in an office-based role. Since then I have developed a wide skillset and understanding of EG Group and its finance functions. The best thing about the programme is the opportunity to develop new skills, to learn, and meet experienced colleagues – with the incentive of earning whilst I learn. There has been a lot of support along the way, which made it very easy to settle in. I'm now able to use my knowledge to create financial reports for both internal and external use. I'm excited about the opportunities that are now open to me as I progress my career – which wouldn't have been possible without my apprenticeship". Hamza Jamala, Finance Apprentice

Winner of the UK Large Business Employer Award at the Lancashire Apprenticeship Awards 2023

UK North West Region Highly Commended Macro Employer Award 2023

ESG & SUSTAINABILITY CONTINUED

COMMUNITIES

$849,000

Given to international disaster relief efforts in 2023

OUR TARGETS:

- **Extend our community programmes across all our operating markets**
- **Start to roll out our volunteering policy**

We support a wide range of community programmes across our markets through charitable donations, gifts in kind, colleague and customer charity fundraising efforts, and through EG Foundation.

Whilst we have not implemented a formal volunteering policy across our markets, some of our colleagues participate in volunteering activities in their own time, for example through sponsored activities. In 2024, we will be updating our community targets to ensure we support our colleagues' fundraising and volunteering efforts.

INTERNATIONAL DISASTER RELIEF

$627,000 was raised for the American Red Cross for their emergency relief work. The funds are supporting the American Red Cross in preventing and alleviating human suffering in communities big and small. From natural disaster survivors to cancer patients who need lifesaving blood to military families in crisis, or reconnecting families separated after disaster, conflict and migration, EG's donation enables the American Red Cross to stand by people during their darkest hours.

At our EG America headquarters, we also provided use of our meeting rooms (free of charge) for training events hosted by the American Red Cross on disaster relief.

$222,000 was donated to the British Red Cross, following the earthquake in Turkey and Syria in 2023 ($124,000 from EG Group, and $98,000 raised by colleagues) to help provide emergency funds for those affected by the disaster.

Image source: Syrian Arab Red Crescent

LOCAL AND NATIONAL FUNDRAISING

During 2023, we partnered with a number of local and national charities, including children's charities, such as Barnadoes in the UK and Villa Pardoes in the Netherlands, as well as charities that promote health and wellbeing, including Disabled American Veterans and ANT in Italy which is a specialist home care charity for cancer patients.

Our fundraising included $520,000 raised for the United Way, which brings people together to build strong, equitable communities where everyone can thrive. As one of the world's largest privately funded charities, it serves 95% of communities in the USA, as well as global communities – making a difference to 48 million people every year. Through United Way, communities work to boost education, economic mobility, and health resources.

EG FOUNDATION

EG Foundation gave away $155,000 in grants in 2023, supporting 40 charitable organisations (2022: $186,000 supporting 24 charities).

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 2023, EG Foundation made grants to individuals, community groups and charities. This included hospices, schools, homeless groups, dementia support groups, and women's and children's charities.

ESG & SUSTAINABILITY CONTINUED

OUR ESG FUNDAMENTALS

We are committed to taking a responsible and ethical approach on fundamental ESG issues applicable to our business. This section provides a summary of progress on a number of ESG fundamentals, including health and safety, human rights and governance. Our ESG Report provides further details of our progress on our ESG fundamentals.

HEALTH & SAFETY

We are committed to the highest standards of health and safety. Our approach and performance are regularly reviewed by the Board. Across every market we have a dedicated health and safety team and we provide health and safety training for all colleagues. We carry out regular health and safety site-level risk assessments and inspections. In addition there is a programme of internal auditing that measures the effectiveness of our training, policies and procedures. We use a bespoke software system for incident reporting with colleague accident rates reported regularly to the Board and in our ESG Report.

Our Fuel storage infrastructure is monitored 24/7 by an external global partner using statistical inventory management, which is complimented by automatic tank gauges at site level (to detect potential leaks) and, where required, intumescent monitoring. Each market has robust emergency procedures which includes competent environmental response contractors, on-site spill procedures, and escalation processes.

Across our own-brand food operations, we employ a combination of food safety technical managers, quality assurance, and in-house and third-party auditing. In the USA, our Culinary Centre (which manufactures food products) received an “excellent” rating for the fifth year in a row in the annual Safe Quality Food audit. Our third-party branded operations are regularly audited by third-party auditors and our own in-house food safety teams.

HUMAN RIGHTS AND RESPONSIBLE SOURCING

We have a Human Rights Policy Position Statement which sets out our commitment to respecting and upholding human rights. We recognise there are human rights risks across our extended supply chain, and we aim to work with trusted brand partners that are well recognised globally, or in their local markets, and that have well-established human rights and environmental due diligence programmes. We expect our suppliers and business partners to align with the Ethical Trading Initiative ("ETI") Base Code, an internationally recognised code of labour practice. As part of our supply chain due diligence, we have started work to incorporate clauses on ESG into supplier contracts and to monitor progress of suppliers through our new ESG supplier questionnaire, which we started to roll out in 2023.

We publish an annual Modern Slavery Transparency Statement on our Group website, in line with UK regulations, as well as in Australia in line with regulations there.

GOVERNANCE

We recognise the importance of good governance and have been working over the past few years to develop our governance systems including introducing independent Non-Executive Directors on the Board. We provide comprehensive details of our governance processes on pages 66 to 69.

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE

In line with UK regulatory requirements, we have conducted an analysis to assess the potential risks and opportunities linked to climate change that impact our business.

Our climate-related financial disclosure for the year ended December 31, 2023 highlights the risks and opportunities identified, along with the potential financial impacts, and outlines the actions we are taking in response. It has been prepared in accordance with the climate reporting requirements in the UK Companies Act 2006 and covers the UK mandatory climate disclosure ("UK MCD") requirements set out in the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. The disclosure in this section also constitutes our 'Non-Financial and Sustainability Information Statement'.

Our disclosure covers the four areas required under the UK MCD including:

- Governance – see pages 36 to 37
- Risk management – see page 38
- Strategy – see pages 38 to 44
- Metrics and targets – see pages 44 to 46

We also publish a separate annual ESG Report which includes further details of our approach and progress on climate change.

Governance

We manage climate risks and opportunities in the same way we manage other principal risks and opportunities. The following play a key role in our governance: the Board, Board committees, management teams and our ESG team.

BOARD RESPONSIBILITIES

The Board has overall accountability for the management of all risks and opportunities, including climate change (see page 40). Our governance on climate-related risks is integrated into our overall ESG governance and risk management structures:

- Our Group Board is ultimately responsible for oversight of ESG, including our climate-related strategy and performance. During 2023, our Head of ESG & Sustainability provided four updates to the Board, including updates on climate-related matters. ESG updates, including those related to climate change, will be provided to the Board at least quarterly from 2024.

The Board delegates specific climate-related matters to a number of Board committees:

- Remuneration Committee (see pages 75 and 76) – supports the delivery of our ESG strategy by incorporating ESG metrics, including climate-related metrics, into our incentive plans.
- Audit & Risk Committee (see pages 71 to 74) – oversees our principal risks, including climate-related risks. Our Head of ESG & Sustainability provided one update to the Committee in 2023 on our climate risks, actions and disclosures.

During 2023, key activities and decisions taken by the Board on climate-related matters included:

- Approval of our scope 1 and 2 carbon reduction roadmap, including a high-level implementation plan, to support delivery of our carbon reduction target for our own operations.
- Review of plans for exploring a scope 3 carbon target in 2024.
- Review of plans for EV charging, including our own electric vehicle charging offer branded 'evpoint'.
- Approval of our annually updated ESG Policy Position Statement, which includes a section on climate change.
- Review of upcoming climate change/ESG-related regulation and legislation in the UK and Europe.
- Review of our climate-related financial disclosure as part of the Board's overall review and approval of our Annual Report.

The Board receives annual training on ESG issues, including climate change. In 2023 Board members completed online ESG training modules provided by Sustainability Unlocked, which included a section on climate change covering physical and transition climate-related risks. This built on training the previous year on global climate trends and risks, provided by an external expert from the Cambridge Institute for Sustainability Leadership.

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

Governance continued

MANAGEMENT RESPONSIBILITIES

Our Co-CEOs, together with our Group Executive team, have overall responsibility for implementing our ESG strategy, which includes climate change. They are supported by:

- ESG and Sustainability team – the Group ESG team advises on our climate-related strategy, reviews legislation and external frameworks, monitors progress and oversees our annual reporting. During 2023, we appointed ESG Managers in several of our largest markets, to help support with implementation of our ESG strategy, including climate change. We also established an ESG Forum, which brings together our ESG Managers and other colleagues in relevant functions such as Operations, Legal, and Utilities teams in different markets, to share best practice and learning. The ESG Forum will meet at least twice a year, with the first meeting held in November 2023. Our Head of ESG & Sustainability reports to our Chief Strategy and Business Officer, General Counsel and Company Secretary.
- Teams across the business at Group and country level – responsible for managing specific climate-related matters relating to our own operations (e.g. energy use, waste, company vehicles) as well as our products and supply chain (e.g. EV charging, lower-carbon fuels). In 2024, we established an Energy Committee to coordinate our energy procurement in the UK and Europe.
- Executive Risk & Disclosure Committee – supports the implementation of the Group's risk management framework of principal risks and reviews EG Group's public disclosures, including our climate-related disclosures. Our Head of ESG & Sustainability provides an update, at least annually, to this Committee, covering our approach to climate risks and disclosure.

We have started to link climate-related performance indicators with colleague remuneration. In 2023, we incorporated progress against our scope 1 and 2 carbon reduction target into the criteria for our Long-Term Incentive Plan ("LTIP"), which applied to senior leaders across some of our markets.

We also added a requirement to complete a new online ESG training module into the personal objectives for our 2023 UK Short-Term Incentive Plan ("STIP"). The actual bonuses paid for 2023 were based on decisions by the Remuneration Committee and our Group Board, which took into account a number of factors, including significant business changes in the UK (see remuneration section on page 76 for further details). We plan to review the LTIP and STIP indicators for 2024.

OUR MANAGEMENT STRUCTURE ON CLIMATE CHANGE

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

Risk management

Climate change is one of our principal risks, with the potential to impact our business in the short-, medium- and long-term. This section sets out our approach to identifying, assessing, and managing climate-related risks and opportunities.

HOW WE IDENTIFY CLIMATE-RELATED RISKS AND OPPORTUNITIES

We review climate-related risks and opportunities under different scenarios annually, as part of the preparation for our climate-related financial disclosure. This risk assessment is led by our Group ESG team, in consultation with senior leaders and our finance teams on potential financial impacts. Since our business model is similar across our different markets, we have carried out the risk assessment at Group level only.

We also regularly carry out an ESG materiality assessment, which feeds into our climate risk assessment. Our last ESG materiality assessment was carried out in 2022, supported by external consultants, and we plan to update this in 2024. The 2022 assessment involved stakeholder engagement and research, including interviews with senior leaders across the markets in which we operate, and a review of external trends including peer benchmarking, legislation, reporting requirements, and horizon scanning of emerging developments. The assessment identified climate change as our most material ESG issue.

Climate-related risks and opportunities are managed by the individual teams that are responsible for our response to specific risks. For example, risks and opportunities in relation to fuel sales and EV charging are managed by relevant teams managing these areas. The impact of climate change regulation on energy prices is managed by our energy procurement teams. We have an Energy Committee which reviews and manages risks in relation to costs of energy procurement in the UK and Europe. This met five times in 2023 and will meet at least quarterly in 2024.

INTEGRATION INTO OUR OVERALL RISK MANAGEMENT PROCESS

Climate change risks are integrated into our overall risk management process since they are considered a principal risk and are therefore addressed in the same way as other principal risks.

Our Audit & Risk Committee reviews and assesses principal risks (including climate risks) on an ongoing basis and formally at least once per year. For each of our principal risks, we maintain a risk register that covers details of each risk and the controls we have in place to mitigate the risk. See pages 47 to 54 for our register of principal risks.

In November 2023, our Head of ESG & Sustainability provided an update to the Audit & Risk Committee on our climate change risks and actions to mitigate the risks. In April 2024, our Audit & Risk Committee reviewed our climate-related financial disclosure for 2023, as part of this Annual Report, which includes the risk and opportunities outlined on pages 40 to 43.

Strategy

We have identified key climate-related risks and opportunities associated with our own operations, products and supply chain. This includes physical risks arising from changes in the climate, as well as transition risks arising from regulation and the energy transition. The tables on pages 40 to 43 summarise our principal climate-related risks and opportunities, our assessment of the potential financial impact on our business (before taking into account any mitigation) under two different climate scenarios, and our approach to managing our risks (including strategy and resilience).

INTEGRATION OF CLIMATE RISKS IN OUR FINANCIAL STATEMENTS

We have considered climate change in the preparation of our annual financial statements as at December 31, 2023 (pages 83 to 159). Working with external consultants, we held a series of workshops during 2023 to bring together key internal stakeholders, including colleagues from our ESG, finance, property, utilities and Fuel teams, to review climate risks and opportunities and the potential impact on key financial reporting metrics such as property, plant and equipment ("PPE") impairment, cash flow forecasts, goodwill and provisions.

Further information has been included within our financial statements in note 1 on page 90 which covers the estimates and assumptions we have made on climate change.

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

Strategy continued

ABOUT OUR SCENARIO ANALYSIS

Given the uncertainty around the pace of global decarbonisation, we use scenario analysis to consider the potential impact on our business of different potential climate pathways.

We have used the following two scenario narratives which are based on assessments from the Intergovernmental Panel on Climate Change ("IPCC") and International Energy Agency ("IEA"). We selected two scenarios that are significantly different to help inform our business planning and resilience to climate change.

- A high emissions scenario: this assumes that global efforts are insufficient to halt global warming, with global temperatures increasing by over 4°C above pre-industrial levels by 2100. We refer to this in our risk assessment tables as a 'warming world scenario >4°C'.
- A low emissions scenario (net zero by 2050): this assumes that global efforts are successful in controlling global warming, with temperatures limited to below 2°C above pre-industrial levels by 2100, in line with the 2015 Paris agreement. Under this scenario, global carbon emissions will halve by 2030 from pre-industrial levels, and net zero will be reached by 2050. We refer to this in our risk assessment tables as a 'net zero by 2050 scenario <2°C'.

The relative impact to our business from physical and transition risks varies under the two different scenarios. For example, physical risks have a relatively higher impact on our business under the 'warming world scenario >4°C' than the 'net zero by 2050 scenario <2°C', due to the potential, increased frequency of extreme weather events and higher global temperatures. On the other hand, transition risks have a relatively higher impact on our business under the 'net zero by 2050 scenario <2°C', due to the faster adoption of global regulation to control climate change.

We have reviewed risks over the following timeframes:

- Short term (one year) – to align with our annual budgeting cycle and short-term financial planning.
- Medium term (2030) – to align with our medium-term financial outlook which we use to help inform business decisions. This is also consistent with the timeframe of our 2030 carbon reduction target for our own operations.
- Long term (2050) – to align with international climate goals to achieve net zero by 2050. This will help to inform our longer-term climate strategy and ambition to achieve net zero in our own operations by 2050.

Our scenario analysis is based on the following assumptions and estimates:

- We have taken a qualitative approach to assessing climate risks and opportunities based on two high-level scenario narratives (as described above). Our assessment covers the potential scale of the likely financial impact (e.g. high, medium, low) before taking into account any mitigation of the risk. The results have been used to inform our accounting estimates and judgements linked to the Group's strategy and financial planning as described in the financial statement notes on page 90).

We use the following definitions for financial impact, which we use for assessing risks across our business:

- Very low: an adverse event that can be accommodated through normal operating procedures
- Low impact: an adverse event that can be accommodated with some management effort
- Medium impact: a major event, such as a marked deterioration in service levels, that requires additional management effort to resolve
- High impact: a critical event which threatens to lead to loss of a material contract; loss of a major service line; need for significant management time and effort; or a serious cost overrun on a project
- Extreme impact: a disaster with the potential to lead to loss of a material contract; loss of a major service line; or a major cost overrun on a project

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

Strategy continued

PHYSICAL RISK: PHYSICAL IMPACT OF CHANGING CLIMATE

DESCRIPTION OF RISK/OPPORTUNITY

Risk: Physical impact of changing climate and more frequent extreme weather events

POTENTIAL FINANCIAL IMPACT

- Risk of damage to our property from extreme weather events, leading to business interruption, repair costs and increase in insurance premiums. For example, some of our USA sites are located in regions that are particularly susceptible to severe weather conditions.
- Risk of operational and supply chain disruption from extreme weather events, leading to a potential increase in our procurement costs for raw materials, products and services, and impact on sales.
- Higher energy costs due to rising global temperatures (that require an increase in energy for cooling). Some of our sites in Europe are located in regions that have recently suffered from heat waves and droughts, and all businesses are vulnerable to higher energy costs caused by volatility in international energy markets.

We have assessed the potential financial impact from climate-related physical risks as relatively low in the short to medium term under different climate scenarios and timeframes. This is mainly due to our diverse geographical footprint across many countries and locations. However, the potential financial impact increases in the long term under a warming world scenario, due to greater risk of extreme weather events and rising global temperatures that may impact our own sites and our supply chain. We are committed to identifying and mitigating physical risks across our business and plan to update our climate-related physical risk assessment in 2024.

Potential financial impact under different climate scenarios before risk mitigation

Climate scenario	Short term (one year)	Medium term (2030)	Long term (2050)
Warming world scenario >4°C	Low	Low	Medium
Net zero by 2050 scenario <2°C	Low	Low	Low

MANAGEMENT OF RISK – OUR RESILIENCE AND STRATEGY

- The scale of our business and the physical spread of our sites across different geographies reduces our exposure to any single weather-related risk or event, in a particular region/country.
- We seek to enhance resilience to physical climate risks through our insurance programmes for our own assets and our ongoing property maintenance/ refurbishment programmes. This includes, for example, cover for natural catastrophes covering certain sites in some of our markets more prone to adverse weather, such as the USA and Australia.
- To date, the cost of physical damage and impact on insurance premiums have not been material. However, over the longer term we recognise that climate change may impact the insurability of sites at risk of flooding or sea level rise. However, to date we have not been declined insurance cover at any of our sites.

METRICS AND TARGETS

- Metrics: Percentage of sites that are potentially exposed to physical climate hazards, before taking into account risk mitigation (to be reported for 2024).
- Targets: Update our climate-related physical risk assessment in 2024, with a focus on our own sites. See progress against our climate targets on page 44.

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

Strategy continued

TRANSITION RISK (OWN OPERATIONS): RISING OPERATIONAL COSTS

DESCRIPTION OF RISK/OPPORTUNITY

Risk: Rising costs across our own operations (scope 1 and 2 emissions) due to the energy transition, including climate-related regulation. The potential impact of climate-related regulation on petrol and diesel sales is reported as a separate risk (see next risk table).

POTENTIAL FINANCIAL IMPACT

- Increase in the cost of compliance with growing climate regulation, including operational carbon taxes, energy efficiency standards for buildings and equipment, and bans on certain refrigerant gases.

Across our own operations, we have assessed the potential financial impact from climate regulation as relatively low in the short to medium term under different climate scenarios and timeframes. This is mainly because our own operations are not energy intensive. However, the potential financial impact increases in the long term under a net zero by 2050 scenario due to the faster adoption of global regulation to control climate change.

Potential financial impact under different climate scenarios before risk mitigation

Climate scenario	Short-term (one year)	Medium-term (2030)	Long-term (2050)
Warming world scenario >4°C	Low	Low	Low
Net zero by 2050 scenario <2°C	Low	Low	Medium

MANAGEMENT OF RISK - OUR RESILIENCE AND STRATEGY

- The majority of our sites are retail sites, which are not energy intensive. However, our EG Fuels business operates a number of fuel terminals and depots in Europe, which are more energy intensive. Overall, our energy costs accounted for 8% of our operational costs in 2023.
- In 2023, we worked with The Carbon Trust to develop a detailed carbon reduction roadmap for our own operations which was approved by the Group Board. This sets out the carbon saving measures required across all our markets to achieve our 2030 scope 1 and 2 carbon reduction target (see page 45), including greater procurement of renewable electricity and energy efficiency measures (such as heat pumps, and moving towards more electric vehicles in our fleet of vehicles for colleagues).
- We have worked with the Carbon Trust to estimate the investment required to implement our carbon reduction roadmap (although this estimate will change from year-to-year as the roadmap is revised), as well as the cost savings delivered by it, and have started to incorporate this into our annual budgeting process. The roadmap should ultimately deliver overall cost savings by reducing energy consumption, enabling us to minimise operational costs from energy use, and costs associated with growing climate regulation.
- Our Energy Committee co-ordinates our approach to energy procurement in the UK and Europe, ensuring we manage risks in relations to energy costs. In 2023, a consultancy carried out a review of our energy procurement processes as part of the remit of the Committee, to help ensure our approach to energy procurement is cost effective.
- We have started to trial the use of energy monitoring systems to track our energy use on a daily basis. This will lead to a better understanding of our energy consumption costs, for example from cooling and heating, as well as potential savings. All our PFS in the UK are taking part, and we have started to explore similar systems in Europe.

METRICS AND TARGETS

- Metrics: Total energy consumption and energy efficiency (see data on page 45).
- Targets: Reduce our carbon footprint from our own operations (scope 1 and 2) by 50% by 2030 (from our 2021 baseline) and reach net zero by 2050. See progress against our climate targets on page 44.

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

Strategy continued

TRANSITION RISK (PRODUCTS): DECLINE IN PETROL AND DIESEL SALES

DESCRIPTION OF RISK/OPPORTUNITY

Risk: Reduced demand for petrol and diesel resulting from the energy transition, including climate change regulation.

POTENTIAL FINANCIAL IMPACT

- Decrease in gross profit from petrol and diesel sales driven by regulation such as carbon taxes on fossil fuels, mandatory vehicle standards, restrictions on sales of new petrol/diesel vehicles (such as a ban in the UK and EU by 2035) and higher vehicle efficiency standards, road pricing mechanisms (such as low emission zones and road/vehicle taxes linked to vehicle carbon intensity), and fuel obligations on biofuel/renewable fuels.
- Risk of stranded assets for our petrol filling stations.

We have assessed the potential financial impact from climate-related transition risks to our fuel sales as low in the short term. However, the potential financial impact increases over time and is considered high risk under a net zero by 2050 scenario, whereby governments move more quickly to drive down transport emissions.

Potential financial impact under different climate scenarios before risk mitigation

Climate scenario	Short-term (one year)	Medium-term (2030)	Long-term (2050)
Warming world scenario >4°C	Low	Low	Medium
Net zero by 2050 scenario <2°C	Low	Medium	High

MANAGEMENT OF RISK – OUR RESILIENCE AND STRATEGY

- The majority of our gross profit comes from our non-Fuel business segments, including Grocery & Merchandise and Foodservice.
- We continue to reduce our reliance on petrol and diesel sales by:
  - Expanding our non-Fuel offerings at our sites, including Grocery & Merchandise and Foodservice, and investments in proprietary Foodservice brands.
  - Continuing the roll out of our electric vehicle ("EV") charging points and lower-carbon fuels (see next section).

METRICS AND TARGETS

- Metrics: Litres of fuel sold (see data on page 45). We also report carbon emissions from customer use of fuel in our ESG Report.
- Targets: Develop a scope 3 carbon reduction target in 2024 (which takes into account the potential impact of climate change on our business, including fuel sales). See progress against our climate targets on page 44.

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

Strategy continued

TRANSITION OPPORTUNITY (PRODUCTS): GROWTH IN EV CHARGING AND LOWER-CARBON FUELS

DESCRIPTION OF RISK/OPPORTUNITY

Opportunity: Growth in demand for electric vehicle ("EV") charging and lower-carbon fuels resulting from the energy transition, including climate change regulation.

POTENTIAL FINANCIAL IMPACT

- Increase in gross profit from electric vehicle charging driven by regulation such as mandatory vehicle standards, consumer subsidies for buying EVs, and road pricing mechanisms.
- Increase in gross profit from lower-carbon fuels driven by regulations covering biofuels (e.g. EU biofuels regulation) and hydrogen for commercial transport.
- An increase in capital expenditure would be required to fund any significant roll out of electric vehicle charging infrastructure, although subsidies may be available. There may also be additional capex requirements to comply with biofuel obligations, specifically in our EG Fuels business.

We have assessed the potential financial benefit to our business from climate-related transition opportunities associated with EV charging and lower-carbon fuels as low in the short term. However, the potential financial benefit increases over time and is considered high under a net zero by 2050 scenario, whereby governments move more quickly to drive down transport emissions.

Potential financial impact under different climate scenarios

Climate scenario	Short-term (one-year)	Medium-term (2030)	Long-term (2050)
Warming world scenario >4°C	Low	Low	Medium
Net zero by 2050 scenario <2°C	Low	Medium	High

MANAGEMENT OF OPPORTUNITY – OUR RESILIENCE AND STRATEGY

- We continue to develop our electric vehicle charging offer and are planning to continue the roll out of ‘evpoint’, our own-branded electric vehicle charging proposition. In 2023, we agreed a deal with Tesla to procure ultra-fast charging units and to augment other technology available to us. The units from Tesla are branded ‘evpoint’ and leverage Tesla’s industry-leading technology. They will be available to all drivers regardless of the brand of vehicle they drive. Many of our sites have ample space for installing EV chargers and we are also exploring opportunities to partner with others to provide EV charging beyond our own sites. We will look into developing more specific targets to support our EV charging rollout, as part of the ongoing review of our strategy.
- As at the end of 2023, we had 578 EV chargers (including our own and third-party operated chargers). Of these, 165 were in the UK, 394 were in Europe and 19 in the USA. We plan a broader rollout across our site network over the coming years, and we are also exploring opportunities to offer 'evpoint' charging beyond our own sites. The opportunities for EV rollout vary across our markets depending on regulation and consumer trends. During 2023, we also installed our first EV charger for electric trucks at our petrol filling station in Rivington in the UK.
- Beyond EV chargers, we also offer lower-carbon fuels. For example, during 2023 we began offering a biomass-based renewable diesel at retail sites in California and we have continued to work in partnership with Neste as the distributor of Neste MY Renewable Diesel™ to business customers in Benelux. Through the investment we made in Hydrogen Vehicle Systems ("HVS") in 2021 and 2022, we also continue to explore hydrogen solutions for heavy goods vehicles. In addition, we hold a minority share in H2 MOBILITY, who are establishing hydrogen infrastructure in Germany.

METRICS AND TARGETS

- Metrics: Number of EV charging points (see data on page 46).
- Targets: Expand our lower-carbon mobility offering, including electric vehicle charging. See progress against our climate targets on page 45.

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

Strategy continued

Following our annual review of our climate risks, we took the decision to remove one of the risks from our climate disclosure this year relating to reduced demand for meat and dairy. We do not consider the scale of the risk to be material relative to our other climate-related risks. However, we remain committed to managing this risk over time to ensure the food we offer evolves to reflect changing consumer preferences.

OUR RESILIENCE TO CLIMATE CHANGE

Our scenario analysis indicates that climate change does not present significant financial impacts to our business over the short term. However, there are greater potential financial impacts over the medium and long term relating to both transition and physical risks.

The most significant climate-related risk to our business is from reduced demand for petrol and diesel, particularly under a net zero by 2050 <2°C scenario. However, the energy transition also presents a business opportunity to increase sales and gross profit from EV charging and lower-carbon fuels. Through our climate change strategy, we're working to ensure our business is prepared for the energy transition by scaling up our EV charging offer and sales of lower-carbon fuels. We are working to explore a scope 3 carbon target in 2024 that will consider our view on the energy transition.

Across our own operations, growing climate regulation may also lead to an increase in compliance costs such as energy standards. However, we have started to mitigate these risks by developing a carbon reduction roadmap to reduce emissions from our operations by 50% by 2030 (from our 2021 baseline).

We are also committed to addressing climate-related physical risks. We recognise that extreme weather events such as flooding and heatwaves are becoming more common and could lead to damage and disruption. Our geographical spread of sites, and the insurance provisions we have in place, limit our exposure to these events in the near future. However, we plan to update our physical climate risk assessment in 2024 to improve our understanding of physical risks and build our resilience over the long term.

Metrics and targets

PROGRESS AGAINST TARGETS

Risk/Opportunity	Target	Progress 2023
Physical risk: Physical impact of changing climate (see page 40)	Update our climate-related physical risk assessment in 2024, with a focus on our own sites.	We carried out a climate-related physical risk assessment of our sites in 2021. In 2024, we plan to carry out a more detailed climate-related physical risk assessment that will cover different timeframes and climate scenarios.
Transition risk: Rising operational costs (see page 41)	Reduce our carbon footprint from our own operations (scope 1 and 2) by 50% by 2030 (from our 2021 baseline) and reach net zero by 2050. We do not plan to use carbon offsets to achieve this target.	Our scope 1 and 2 carbon footprint increased by 5.8% from 2021, mainly due to a combination of higher emissions factors which are set by external bodies, and a reduction in electricity we purchased from renewable sources.
Transition risk: Decline in petrol and diesel sales (see page 42)	Develop a scope 3 carbon reduction target in 2024 (which takes into account the potential impact of climate change on our business, including fuel sales).	To help us develop a scope 3 target, we are working with the Carbon Trust to forecast future changes in our carbon emissions under different climate scenarios. This will help us to develop a scope 3 target.
Transition opportunity: Growth in EV charging and lower-carbon fuels (see page 43)	Expand our lower-carbon mobility offering, including electric vehicle charging.	As at the end of 2023, we had 578 EV chargers (including our own and third-party operated chargers). We plan a broader rollout across our site network over the coming years, and in 2023, we agreed a deal with Tesla to acquire their ultra-fast charging units for our own branded 'evpoint' offer. We are also exploring opportunities to offer 'evpoint' charging beyond our own sites. We will look into developing more specific targets to support our EV charging rollout, as part of the ongoing review of our strategy.

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

Metrics continued

The following metrics cover our climate-related transition risks and opportunities (as outlined on pages 41 to 43). Further data is provided in our ESG Report, including data on our scope 3 greenhouse gas emissions.

CARBON EMISSIONS FROM OUR OWN OPERATIONS (SCOPE 1 AND 2)

We aim to measure and report our carbon emissions in line with the international greenhouse gas accounting standard developed by the Greenhouse Gas Protocol (GHG Protocol)[3]. The table covers emissions from our own operations (scope 1 and 2) as defined under the GHG Protocol. Our ESG Report covers our value chain, including upstream and downstream emissions (scope 3).

We measured our Group-wide carbon footprint for the first time in 2021, which we use as our baseline year for our scope 1 and 2 carbon reduction target. In 2023, our footprint increased by 5.8% from 2021, mainly due to a combination of higher emissions factors which are set by external bodies, and a reduction in the electricity we purchased from renewable sources. Data relating to sites in the UK that were sold to Asda in 2023 are included (up until the point they were sold in October 2023), on the basis that they were owned/operated for the majority of the year. Data in the following tables will be rebaselined and restated in the next report for FY24 to exclude these sites.

	Unit	2021	2022	2023	% change from 2021 baseline
Scope 1[(1)]	Tonnes CO_2e	42,941	53,270	44,840	4
Scope 2 market-based[(2)]	Tonnes CO_2e	294,166	285,377	311,883	6
Total scope 1 and 2 (market-based)	**Tonnes CO_2e**	**337,107**	**338,647**	**356,723**	**5.8**

(1) Our scope 1 emissions cover gas and other fuels used in our properties, fugitive emissions from cooling and refrigeration, company-owned and leased vehicles used for business travel and dedicated fleet deliveries.

(2) Our scope 2 market-based emissions take into account the specific electricity tariffs we use. We measure and report progress against our scope 1 and 2 target using our market-based emissions.

PROPERTY ENERGY CONSUMPTION

In 2023, our energy consumption increased slightly compared with 2021, but decreased compared with 2022, largely because of the disposal of the majority of the UK business in October 2023 which meant the UK business was smaller in 2023, but also due to improved data consolidation in the USA and Netherlands.

	Unit	2021	2022	2023
Electricity consumed[(1)]	GWh	737.5	787.3	748.3
Gas and other fuels consumed	GWh	73.0	83.1	72.0
Energy consumption total	**GWh**	**810.5**	**870.4**	**820.3**

(1) This includes electricity purchased and renewable electricity generated onsite. Data on electricity purchased for customer charging of electric vehicles falls in our scope 3 footprint (reported in our ESG Report) where this is metered separately.

FUEL RETAIL	Unit	2021	2022	2023
Total volume of fuel sold (including petrol and diesel)	Litres billion	17.7	17.6	16.8

CUSTOMER ELECTRIC VEHICLE CHARGING	Unit	2021	2022	2023
Number of electric vehicle charging points[(1)]	Number	250	470	578

(1) Data includes our own-branded 'evpoint' charging points and third-party chargers

[3] We use the emission factors published by the UK Government ("DEFRA"/"BEIS") to calculate our scope 1 and 2 carbon data, except for emissions from electricity outside the UK (which are calculated using IEA emission factors) and market-based residual emissions from electricity (which are based on AIB for UK/Europe, Green-e for the USA and NGA for Australia). Our ESG Report includes a detailed section on our carbon data collection methodology, including any significant restatements.

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

Metrics continued

UK STREAMLINED ENERGY AND CARBON REPORTING ("SECR")

The following data for UK energy consumption and related emissions is in line with our obligations as a Large Private Company under the UK SECR regulation[4]. In the UK, our energy consumption and related emissions (see table) increased by 33.5% since 2021 (based on market-based emissions), reflecting acquisitions made in the UK part way through 2021, which were then held for all of 2022 and the majority of 2023. Compared with 2022, our 2023 emissions decreased by 2%, which reflects that the UK business was smaller for the final two months of 2023 when compared with 2022, following the disposal of the majority of the UK business at the end of October 2023. The carbon intensity ratio we report is based on Adjusted EBITDA, since this is the main indicator we use to measure business growth. This showed an increase of 12.2% compared with 2021.

ENERGY EFFICIENCY ACTIONS IN THE UK

In the UK, we have started to trial a new energy monitoring system at all our PFS sites that helps to monitor and control our energy consumption, from for example, our heating and cooling systems. We have also continued to ensure all new-to-industry sites in the UK incorporate LED lighting and are fitted with solar panels where feasible. At our site in Doncaster, we have started to trial a mini wind turbine (see page 30).

UK GREENHOUSE GAS EMISSIONS – SECR REPORT[(1)]	Unit	2021	2022	2023	% change from 2021 baseline
Scope 1 – gas and other fuels consumed on our sites	Tonnes CO_2e	1,927	3,319	2,930	52
Scope 1 – transport[(2)]	Tonnes CO_2e	1,126	2,829	2,578	128.9
Scope 2 – emissions from purchased electricity[(3)] – market based	Tonnes CO_2e	42,745	56,145	55,636	30.2
Scope 2 – emissions from purchased electricity[(3)] – location based	Tonnes CO_2e	29,739	33,299	33,150	11.5
Total (categories above) – location based	**Tonnes CO_2e**	**32,792**	**39,447**	**38,658**	**17.9**
Total (categories above) – market based	**Tonnes CO_2e**	**45,798**	**62,293**	**61,144**	**33.5**
Intensity ratio – location based	Tonnes CO_2e per $m EBITDA	131	198	147	12.2
Total energy consumption (associated with the emissions reported above)	GWh	151	197	181	19.9

(1) Data relating to sites in the UK that were sold to Asda in 2023 are included (up until they were sold at the end of October 2023), on the basis that they were owned/operated for the majority of the year. All data in this table will be rebaselined and restated in the next report for FY24, to exclude these sites.
(2) Our scope 1 transport includes company-owned and leased vehicles used for business travel and dedicated fleet deliveries., in line with the GHG Protocol. Data for scope 3 emissions for business travel by road (i.e. in employee-owned vehicles) was collected for the last quarter of 2023 only, and totalled 77 tCO_2e.
(3) Data covers purchased electricity (excluding electricity generated onsite) for use in our buildings. Data on electricity purchased for customer charging of electric vehicles falls in our scope 3 footprint (reported in our ESG Report) where this is metered separately.

[4] The Streamlined Energy and Carbon Reporting ("SECR") requirements are set out in the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. To prepare our SECR data, we have followed the UK Government guidance on SECR reporting which is set out in the government's Environmental Reporting Guidelines (March 2019). We have used DEFRA 2022 emissions factors for our 2023 data. The baseline has been amended from 2019 to 2021, to match the baseline used for overall emissions reporting, and restatements have been made where previous years' data has been checked and amended as part of ongoing data improvement processes.

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 2023 and into 2024, we continued to develop our risk management framework and to work with in-house teams across the business to support our evolving enterprise risk approach to align our risk framework from both a 'top-down' and 'bottom-up' approach.

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

During 2023, a review of the risk environment, the Group's risk register and associated controls was undertaken and presented to the Board.

COMPONENTS OF OUR RISK MANAGEMENT FRAMEWORK

Risk identification

Based on a review of our risk universe in 2023, including an appraisal of the business, external environment and regulatory landscape, 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.

In addition, potential new and emerging risks are identified and reported to the Executive Risk & Disclosure Committee and escalated to the Audit & Risk Committee and Board as appropriate.

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 global 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 47 to 54 by function rather than in any order of priority. This list is not exhaustive and there may be risks that are presently unknown.

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, health and safety and technology), these risks 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 2024 including:

- Business Improvement & Internal Controls Programme
- Health & Safety Committees
- Internal Audit
- Energy Committee

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.

MONITORING AND 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's 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 71 to 74.

EMERGING RISKS AND LANDSCAPE

Global factors

Currently, there is an increased level of macroeconomic uncertainty impacting the business, our customers and our suppliers. Inflation and higher interest rates are resulting in increased costs for the business and a reduction in disposable income for our customers. This situation has been exacerbated by geopolitical events, 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.

Our financial outlook for 2024 is described in further detail on page 61 and has been considered as part of our going concern review on page 77.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

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

PRINCIPAL RISKS

STRATEGIC

Risk	Impact/Movement	Controls
ACQUISITION Acquired businesses may fail to realise expected synergies, growth targets and performance. **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY**	This could have an adverse effect on Group profitability and cash flow, lead to a loss of high-performing employees and reputational damage.	The Group has detailed appraisal procedures in place, and teams who focus on the acquisition and integration of new businesses. We have robust Board approval procedures to ensure a detailed review of acquisition proposals. Integration plans are finalised prior to acquisition 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.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

STRATEGIC CONTINUED

Risk	Impact/Movement	Controls
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. **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY:**	Significant changes to the forecourt industry, which would adversely affect our business plans and financial performance. We aim to ensure that the installation of charging points can satisfy growing demand.	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. During 2023, the Group continued to undertake materiality assessments to understand the key ESG matters impacting the business and ESG training has been undertaken by the Board and Executive Management. We have joined with Tesla to invest in ultra-fast vehicle chargers and are increasing the number of EV chargers located at our sites. Further details of our response to environmental issues and challenges can be found in the ESG section on pages 28 to 46. Our approach to climate risk can be found on pages 36 to 46 which outlines our climate governance, strategy risk management, metrics and targets.

Risk	Impact/Movement	Controls
DELIVER GROWTH STRATEGY 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: • 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 **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY**	Failure to successfully implement our growth strategy could adversely affect Group profitability, leading to an inability to attract further investment and stall growth.	All material acquisitions require Board approval. 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. 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 other members of the Executive Management. Capex budgets and capital plans are closely monitored and approved by the Board.

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

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

OPERATIONAL RISK

Risk	Impact/Movement	Controls
COMPETITION 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. We may continue to face difficulties competing in the highway concession market in Continental Europe. These operations 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. **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY**	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 commodity or other cost increases.	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 roll out of non-Fuel brand partnerships and training of colleagues to deliver the highest possible standard of service and the introduction of EV charging points.

Risk	Impact/Movement	Controls
FUEL PRICING 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. **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY**	An inability to pass on cost increases to customers could impact the Group's margins and profitability.	The Group's fuel inventory holdings average between five and eight days. 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. The Group's global network of petrol filling stations, reacting to local or in country-specific situations, is a further diversifier of this risk.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

OPERATIONAL RISK CONTINUED

Risk	Impact/Movement	Controls
COMPLIANCE WITH LAWS AND REGULATIONS The Group's operations are affected by various statutes, regulations and standards in the countries/jurisdictions 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. **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY**	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. Failure to comply with such regulations could result in civil or criminal penalties and/or disruption to the business.	The legal and compliance functions are headed by the Group General Counsel and Company Secretary who has direct access to Board members including the Chairman of the Board. Expert legal teams function in all markets in which we operate and any legal 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. 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. Instances of whistleblowing are monitored on a global basis and reported on to the Audit & Risk Committee. Reports are obtained from the global whistleblowing platform (excluding Australia and USA) and are reviewed by the Audit & Risk Committee. Ongoing/continued review of policies and procedures ensure that our operational practices are not only up-to-date, but appropriate to business needs.

TECHNOLOGY RISK

Risk	Impact/Movement	Controls
INFORMATION SECURITY Failure to prevent a cyber security incident resulting in unauthorised access or misuse of EG's systems, networks or data, leading to a leak of sensitive information or asset. **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY**	A cyber security incident could result in loss of key data or information, inability to operate a business or location and a breach of data protection legislation resulting in a liability to pay compensation or fines and reputational damage.	24/7 Security Operations Centre monitors threats and vulnerabilities. This was previously strengthened because of the increased threat factors in the fuel retail sector. We operate a layered security defence model across the business. External penetration testing on critical infrastructure, simulation testing and backups continue to be part of our control strategy. Regular reporting of cyber threats, incidents and security to the Board. Training and communications across the business for new starters and existing colleagues is under continual review and updated where necessary.

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

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

TECHNOLOGY RISK CONTINUED

Risk	Impact/Movement	Controls
TECHNOLOGY Failure to design, build, operate and maintain resilient key IT systems and infrastructure, resulting in a disruption. **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY**	Technology can become obsolete and unsupported; failure to adequately design and maintain systems may result in disruption to business critical systems and applications.	The Group continually monitors and enhances technology infrastructure and the effectiveness of our business systems to ensure they are fit for purpose and support the Group's strategy. We have IT development, change management and lifecycle procedures in place and partner with third-party suppliers where appropriate. Digital strategy, technology and infrastructure and controls are monitored and regularly reported to the Audit & Risk Committee and the Board. We have invested in the latest products and systems to enhance our technology capabilities.

PEOPLE RISK

Risk	Impact/Movement	Controls
TALENT, CULTURE AND CAPABILITY 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. **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY**	Loss of skills, key contacts, relationships and important knowledge could affect the operational ability of the business. Market competition for key leadership remains strong, with increased challenges as a result of macro-political and economic factors.	The Board comprises two independent Non-Executive Directors, including a Non-Executive Chairman, to enhance the mix of knowledge, skills and experience. For details of the composition of the Board, please refer to pages 64 and 65. 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. Transparent remuneration structures and salary benchmarking continue to be reviewed and enhanced to incentivise colleagues across the Group. Management teams are focused on recruitment, development and retention of key local talent in each of the markets in which we operate. 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 32 to 33.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

HEALTH AND SAFETY

Risk	Impact/Movement	Controls
HEALTH AND SAFETY AND FOOD PREPARATION AND STORAGE 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. Failure to meet safety standards in our workplaces 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. **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY**	Increased legislative requirements, evolution of customer preferences and the development of EG's strategy in relation to Foodservice has seen an increase in the risks associated with food preparation and storage. 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.	We have a robust H&S risk register identifying, assessing and monitoring specific H&S risks across the business, 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"). Health & Safety Committees are in place across the business for each region, reporting to 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. Our internal and external auditing programme, safety inspections and risk assessment completion assist us in assessing our compliance status, with established policies and procedures; this enables us to continuously review and identify areas for potential improvement. Our bespoke safety reporting system enables us to conduct a thorough safety analysis and reporting of all incidents through to Board level, which assists us in targeted safety initiatives and communications across all brands.

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

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

FINANCE RISK

Risk	Impact/Movement	Controls
FINANCIAL PERFORMANCE 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. These conditions may impact our cash liquidity position and the Group's ability to fund further capital investment, interest payments and fixed cost commitments. **LINKS TO VALUES:** **CHANGE FROM 2022** **LINK TO OUR STRATEGY**	Global markets are experiencing volatility as a result of geopolitical and macroeconomic factors. Persistently high interest rates have increased baseline costs. Rising commodity prices, taxes and tariffs may result in increased costs for the business. While the business has demonstrated continued resilience during challenging market conditions, as a result of inflation and cost-of-living increases, customers may be negatively impacted by a reduction in disposable income. This may then cause a decline in earnings and cash generation, impacting working capital, capital expenditures and other expenses. Failure to meet banking covenants and ongoing trading commitments will impact negatively on the viability of the business.	We maintain an infrastructure of systems, policies and reporting to ensure discipline across all financial matters, including treasury, tax, and financial reporting and performance. Continued focus on working capital management, cost reductions and improvements in cash flow, including reductions in discretionary growth capital expenditure to maximise liquidity. Enhanced budgeting processes, including projected cash, financial covenants testing and other rating metrics. The Group Chief Financial Officer and senior finance executives monitor adherence to principles and policies. Weekly and monthly trading updates are presented to Executive Management and circulated to the Directors. These analyse performance against budget and prior year. Monthly Finance Board reports which include cash forecasts over the short and medium-term, working capital and liquidity positions, are reviewed and discussed by the Directors. The Audit & Risk Committee maintains regular oversight and governance of key areas including liquidity and funding strategy, our going concern statements and the Group's financial controls. The divestment of the majority of the UK business to Asda and other activity undertaken during 2023, including the refinancing of existing debt facilities well ahead of scheduled maturity dates, has increased the Group's resilience to these financial risks.

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

FINANCIAL REVIEW

HOW WE PERFORMED IN 2023

REVENUE

$28,333m

(2022: $30,616m) – down 7%
(2022 LFL(4): $29,962m) – down 5%

GROSS PROFIT

$4,316m

(2022: $4,353m) – down 1%
(2022 LFL(4): $4,213m) – up 2%

ADJUSTED EBITDA(1)

$1,453m

(2022: $1,591m) – down 9%
(2022 LFL(4): $1,537m) – down 5%

ADJUSTED EBITDA BEFORE IFRS 16(2)

$1,128m

(2022: $1,356m) – down 17%
(2022 LFL(4): $1,230m) – down 8%

PROFIT/(LOSS) BEFORE TAX

$1,405m

(2022: $(258)m)

OPERATING CASH FLOW

$1,436m

(2022: $1,213m) – up 18%

2023 HIGHLIGHTS

The Group delivered strong financial results in 2023 as there continues to be challenges in the markets that it operates, reflecting its well-diversified global business across Foodservice, Grocery & Merchandise, and Fuel. The financial metrics of the Group were impacted by the strategic disposals which took place in the year.

Total revenue decreased by 7% to $28.33m, and adjusted EBITDA before IFRS 16 decreased by 17% to $1,128m for the full year to December 2023. This is against the backdrop of oil volatility and stronger Fuel performance in the prior year. Furthermore, this includes the contribution of the Group's recent divestments. Excluding the impact of these divestments, revenue was down 5%.

Cash generation remained strong with operating cash flow generated by the Group of $1,436m, being 99% of Adjusted EBITDA.

The Group's site network decreased to 5,943 sites by the end of the year, with the decrease primarily driven by the completed divestment of the majority of the UK business in October 2023. The Group has continued to invest in its estate through new-to-industry sites and refits, following growth capital spend of $243m.

Detailed above is a summary of our performance for the year ended December 31, 2023.

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 83 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 165 onwards
(3) Please refer to the APM section from page 165 onwards
(4) Like-for-like ("LFL") excludes the performance of the majority of the UK business in November and December of comparative periods following the disposal on October 31, 2023 and an adjustment to the Adjusted EBITDA before IFRS 16 in relation to the sale and leaseback transaction which completed in May 2023

FINANCIAL REVIEW CONTINUED

SUMMARY GROUP INCOME STATEMENT

	2023			2022		
	Before exceptional items $m	**Exceptional items $m**	**After exceptional items $m**	Before exceptional items $m	Exceptional items $m	After exceptional items $m
Revenue	**28,333**	**—**	**28,333**	30,616	—	30,616
Cost of sales	**(24,017)**	**—**	**(24,017)**	(26,263)	—	(26,263)
Gross profit	**4,316**	**—**	**4,316**	4,353	—	4,353
Operating profit(1)	**588**	**1,621**	**2,209**	539	(62)	477
Net finance costs	**(713)**	**(91)**	**(804)**	(735)	—	(735)
(Loss)/profit before tax	**(125)**	**1,530**	**1,405**	(196)	(62)	(258)
Tax	**(25)**	**(56)**	**(81)**	(52)	(12)	(64)
(Loss)/profit for the year	**(150)**	**1,474**	**1,324**	(248)	(74)	(322)

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

Group revenue decreased by 7% to $28,333m (2022: $30,616m), reflecting the decrease in fuel prices which occurred during 2023 versus 2022 which was significantly impacted by oil price volatility following the commencement of the Ukraine war in February of that year.

Group profit before tax was $1,405m, versus a loss before tax of $258m in 2022, which was largely driven by the material exceptional gains that the Group made following the divestment of the majority of the UK business in October 2023 and the profit from the USA sale and leaseback transaction which completed in May 2023 (see note 5 for further details).

More detail on our 2023 financial performance by region and by each of our three income streams is summarised on pages 14, 15 and 16 to 23, respectively.

FINANCE COSTS

Excluding exceptional items, net finance costs decreased by $22m to $713m (2022: $735m). This decrease was driven by a net gain on retranslation of our non-functional currency borrowings, compared to 2022 where we saw little retranslation impacts.

Excluding these retranslation gains and losses and exceptional items, net finance costs for the year were $949m (2022: $728m). 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 increased as a result of higher variable interest rates in the year and also increases in the term loan margins and fixed rates on bonds following the completion of the financing activity during the year.

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

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 2023, the Group presented net exceptional income within operating profit of $1,621m (2022: expense of $62m). This was primarily driven by the exceptional gains realised on the completion of the sale of the majority of the UK business, $1,338m, and USA sale and leaseback, $335m. These gains were largely offset by transaction-related costs of $37m associated with these disposals. More details on the exceptional items can be found in note 5.

TAX

The tax charge in the year was $81m (2022: $64m) with the increase in tax charge attributable to the increase in profit before tax in the year. This tax charge represents an effective tax rate ("ETR") of 6% (2022: (25)%).

Please see note 14 for additional details.

FINANCIAL REVIEW CONTINUED

ADJUSTED OPERATING PROFIT AND ADJUSTED EBITDA(2,3)

	2023 $m	2022 $m
Profit/(loss) after tax	**1,324**	(322)
Add tax	**81**	64
Add net finance costs	**804**	735
Operating profit(1)	**2,209**	477
Operating exceptional items (note 5)(4)	**40**	(32)
Adjusted operating profit	**2,249**	445
Add depreciation	**397**	464
Add impairment	**206**	390
Add IFRS 16 depreciation	**183**	217
Add amortisation	**88**	91
Profit on disposal	**(1,670)**	(16)
Adjusted EBITDA(2)(3)	**1,453**	1,591
Impact of IFRS 16 on EBITDA	**(325)**	(235)
Adjusted EBITDA(2)(3) before IFRS 16	**1,128**	1,356

(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 APM section from page 165 onwards
(4) Exceptional items presented reflect those impacting EBITDA, and therefore exclude exceptional finance costs, exceptional impairment and profit/loss on disposal and tax on exceptionals

FINANCIAL REVIEW CONTINUED

SUMMARY GROUP BALANCE SHEET

	2023 $m	2022 $m
Goodwill	**5,672**	5,809
Tangible and intangible fixed assets	**3,398**	5,465
Right of use assets	**2,206**	1,937
Net working capital	**(172)**	(187)
Cash and cash equivalents	**348**	466
Borrowings	**(6,398)**	(10,145)
Lease liabilities	**(2,814)**	(2,021)
Indirect tax deferrals	**(368)**	(445)
Current tax liabilities (net)	**(34)**	(60)
Deferred tax liabilities (net)	**(313)**	(383)
Provisions	**(676)**	(692)
Retirement benefit obligations	**(41)**	(39)
Other non-current assets/liabilities	**227**	205
Net assets classified as held for sale	**352**	293
Net assets	**1,387**	203
Leverage		
Net debt[1]/Adjusted EBITDA[2]	**6.1**	7.4
Net debt before lease liabilities[3]/Adjusted EBITDA[2] before IFRS 16	**5.3**	7.1
Net debt before lease liabilities[3]/Pro forma Adjusted EBITDA before IFRS 16[2],[4]	**5.2**	6.0
Covenant leverage[5]	**4.8**	5.7

(1) Net debt includes lease liabilities, current and non-current borrowings net of cash and cash equivalents, and cash and cash equivalents held for sale
(2) Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, before exceptional items refer to the APM section from page 165 onwards
(3) Net debt before lease liabilities includes current and non-current borrowings, excluding accrued interest, net of cash and cash equivalents and cash and cash equivalents held for sale. Please refer to the APM section from page 165 onwards
(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 $674m) 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 167). Please refer to the APM section from page 165 onwards

GOODWILL

Goodwill decreased in the year by $137m largely due to the net amounts which were transferred to held for sale in the year of $222m. This includes the goodwill associated with the disposal of the majority of the UK business which was moved into held for sale in the year and then disposed of in October. This has been offset by an FX gain of $113m.

Following an assessment of the recoverability of goodwill carried out by the Group at the year end and reviews of the disposal group prior to moving the goodwill into held for sale, an impairment totalling $28m has been recognised.

TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets (excluding goodwill) decreased by $2,067m to $3,398m (2022: $5,465m). Tangible assets decreased by $1,958m largely driven by transfers of assets to held for sale in relation to the sale of the majority of the UK business and the sale and lease back in the USA, depreciation and impairment. These were offset by our continued capital expenditure projects, which totalled $339m (2022: $520m), and funded the investment in 7 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 2022 of $109m largely relating to the amortisation charge for the year, offset by software additions.

The total depreciation and amortisation of tangible and intangible fixed assets (excluding leases) was $485m (2022: $555m) and impairment losses of $119m (2022: $166m) which were recognised for loss-making or low-performing sites (see page 120).

FINANCIAL REVIEW CONTINUED

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 leased sites, which are depreciated on a straight-line basis 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 $269m in the year to $2,206m (2022: $1,937m) versus an increase in lease liabilities of $793m to $2,814m (2022: $2,021m) was driven by recognition of the balances associated with the US sale and leaseback transaction were offset by the right of use assets and lease liabilities moved to held for sale in the year regarding the sale of the majority of the UK business.

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. Inventories have decreased to $662m (2022: $842m), Current trade and other payables have decreased to $1,591m (2022: $1,799m) and current trade and other receivables decreased to $663m (2022: $676m).

DEBT AND LIQUIDITY

At December 31, 2023, net debt before lease liabilities was $6,050m, compared to $9,679m at December 31, 2022. The decrease has resulted from a significant net repayment of debt in the year by utilising the funds received from the sale of the majority of the UK business and the US sale and leaseback. See pages 6 to 7 for further details on the Group's deleveraging and refinancing activities.

The Group's net debt (before lease liabilities) to pro forma Adjusted EBITDA before IFRS 16[(1),(2)] ratio was 5.2x (2022: 6.0x). The decrease shows management's commitment to putting in place a sustainable capital structure for the medium term and further reducing total net leverage with material debt repayments.

INDIRECT TAX DEFERRALS

Indirect tax deferrals of $626m were agreed with tax authorities during 2020, as part of the government support packages to support businesses during the pandemic. At the end of 2023, the remaining amount payable was $368m, with the balance being repaid over the remaining 45-month period to September 2027.

PROVISIONS

Provisions primarily reflect the Group's obligations for site-level environmental remediation works and dismantling obligations for leased properties. The decrease of $16m reflects $25m transferred to held for sale in the year, a net decrease of $1m from utilisations, releases and additions offset by $11m of exchange rate movements. The additions to provision of $123m were in relation to amounts provided largely 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 $22m to $227m (2022: $205m). This is largely relating to the recognition of the financial guarantee granted as part of the USA sale and leaseback transaction which completed in the year.

ASSETS HELD FOR SALE

At December 31, 2023, $748m of assets and $396m of liabilities are presented as held for sale (2022: $378m of assets and $85m of liabilities). The year-end balance relates to a disposal groups made up of:

- UK&I KFC business which the group have agreed to sell to Yum! Brands;
- The remaining UK business (excluding evpoint, Cooplands and the UK Starbucks operations);
- 19 company-operated Minit Mart locations in Missouri and Kansas, USA;
- 7 locations in Kentucky and Northern Tennessee, USA; and
- 23 company-operated sites in North Dakota and Montana, USA.

FINANCIAL REVIEW CONTINUED

SUMMARY GROUP CASH FLOWS

	Note	2023 $m	2022 $m
Operating cash flows before movements in working capital	31	**1,405**	1,542
Movements in working capital	31	**127**	(154)
Income taxes paid	31	**(96)**	(175)
Net cash from operating activities	31	**1,436**	1,213
Interest received	34	**23**	11
Proceeds on disposal of sale and leaseback	24	**1,455**	—
Proceeds on disposal of business, net of cash disposed	35	**2,309**	—
Proceeds on disposal of property, plant and equipment	8	**217**	78
Purchases of property, plant and equipment	17	**(339)**	(504)
Purchases of other intangibles	16	**(28)**	(16)
Proceeds on sale of financial assets	34	**3**	231
Acquisition of businesses	35	**—**	(484)
Dividend received from joint ventures and associates	19	**2**	—
Loans to related parties	37	**(17)**	(37)
Net cash from/(used in) investing activities		**3,625**	(721)
Interest paid		**(775)**	(561)
Repayment of lease liabilities	24	**(340)**	(255)
Loan issuance costs paid	31	**(197)**	(3)
Repayments of borrowings	31	**(6,900)**	(630)
Proceeds from new borrowings	31	**3,050**	870
Net cash outflow from financing activities		**(5,162)**	(579)
Net decrease in cash and cash equivalents		**(101)**	(87)
Cash and cash equivalents at beginning of the year	31	**466**	646
Effect of foreign exchange rate changes		**32**	(93)
Cash and cash equivalents at end of the period including amounts held for sale		**397**	466
Net increase in cash and cash equivalents held for sale		**(49)**	—
Cash and cash equivalents at end of the year	31	**348**	466

Cash flows from operating activities totalled $1,436m (2022: $1,213m) as we showed continued resilience in our performance, as detailed in our regional operating reviews on pages 16 to 23.

In 2023, we observed a working capital inflow of $110m (2022: $154m outflow). The movements in working capital in both periods were impacted by the repayment of the deferral of $96m (2022: $70m) of indirect taxes agreed as part of the Group’s liquidity management during the pandemic in 2020. Excluding the impact of these deferred indirect taxes, working capital inflows for the year were $206m, compared to a $88m outflow in 2022, with this outflow primarily due to the impact of decreased fuel prices resulting in lower trade receivables at the end of 2023.

As a result of the Group completing the USA sale and leaseback transaction in the USA, proceeds of $1,455m were received and also net consideration of $2,309m was received following the sale of the majority of the UK business to Asda. In addition to these significant transactions, there were a number of other smaller disposals which completed in the year which generated a cash inflow of $217m.

Utilising the cash generated from operations, the Group continued to invest in the growth of the business through its capital expenditure, which totalled $367m (2022: $520m), with this decrease in growth capital expenditure being a controlled reduction to support liquidity.

During 2023, the Group advanced a further $17m as related party loans, largely to Clear Sky LP Inc and Clear Sky 2 LP Inc in which the controlling parties are also Directors of the Group.

The net decrease in bank borrowings of $3,850m reflects the repayment of the Group's term loans and senior secured loans utilising the proceeds from the divestments which took place in the year and also the drawdown on amended loan facilities.

FINANCIAL REVIEW CONTINUED

DIVIDENDS

The Directors are not proposing to recommend a dividend from the Company in respect of the financial year ended December 31, 2023. No dividends were paid to shareholders from the Company during the year ended December 31, 2023 (2022: no dividends paid).

POST BALANCE SHEET EVENTS

On April 29, 2024, the Group completed the divestment of the UK&I KFC operations which were held for sale as at December 31, 2023.

FINANCIAL POLICY

In the 2022 Annual Report and Accounts, the Group stated its commitment to reducing total net leverage through debt reduction and free cash flow generation. During 2023, the Group delivered on this commitment through the divestment of the majority of the UK disposal and the completion of the sale and leaseback transaction in the USA. The proceeds received from these transactions were used to repay debt.

Management remains committed to putting in place a sustainable capital structure for the medium term and further reducing total net leverage with debt repayment to investors, as well as through free cash flow generation.

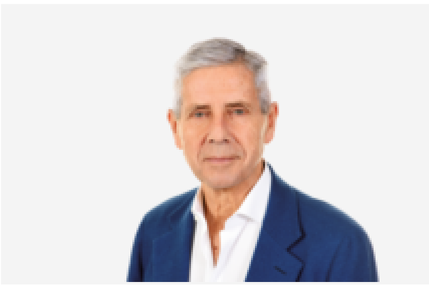
Given our well-diversified business with a strong asset backing, we will continue to access multiple pools of liquidity to help reduce the overall quantum of our debt, including further partial real estate monetisation and/or potential asset sales, which we will consider utilising as part of our plan to achieving net leverage of mid 4x in the near term.

OUTLOOK

We are pleased to report continued earnings resilience and a significantly strengthened balance sheet for 2023 despite challenging market conditions and changes in consumer spending behaviours.

Like many other businesses, the Group continues to face the challenging macroeconomic backdrop over the next 12-18 months, particularly with market volatility on wholesale fuel costs and inflationary pressures impacting product costs and consumer spending. The Group will continue to focus on liquidity and improving the strength of its balance sheet. 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.

CHAIRMAN'S INTRODUCTION TO GOVERNANCE



GOOD GOVERNANCE IS KEY TO ACHIEVING THE BUSINESS OBJECTIVES WITH A STRONG COMMITMENT TO ALL STAKEHOLDERS, KEEPING PACE WITH THE STRATEGIC NEEDS OF THE GROUP AND TO PAVE THE WAY FOR LONG-TERM SUSTAINABILITY.

Lord Stuart Rose

As Chairman of EG Group, I am pleased to present the governance report for the financial year ended December 31, 2023, including the Nomination and Remuneration Committee reports on pages 70 and 75 to 76.

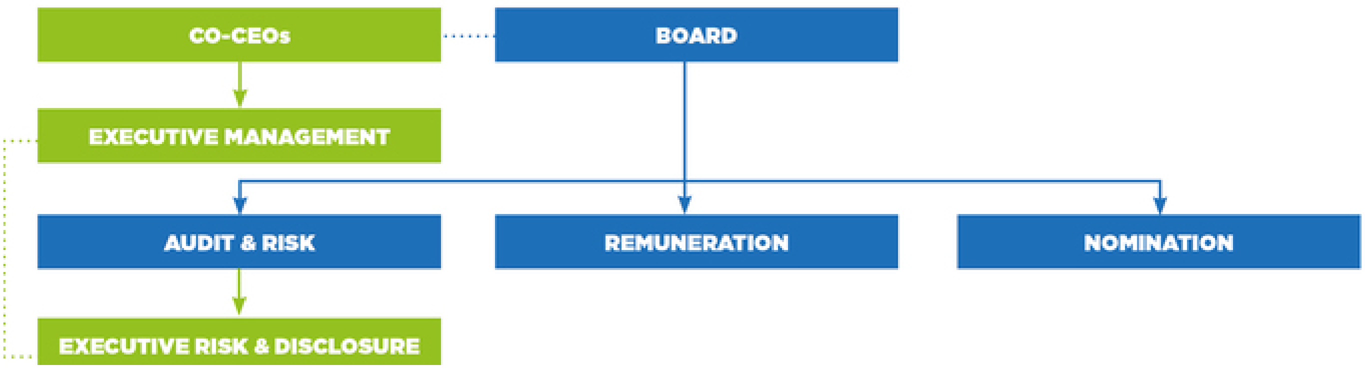
WATES PRINCIPLES

For the year ended December 31, 2023, under The Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies. ("The Wates Principles").

Principle	Page reference
01. Purpose and leadership	
Chairman's statement	2 to 3
Co-Chief Executives' statement	4 to 5
Governance	66 to 69
Our values	Contents page
Our strategy	10 to 13
02. Board composition	
Board composition and biographies	64 and 65
03. Director responsibilities	
Board Committee reports	70 to 76
Directors' responsibilities statement	79
04. Opportunity and risk	
Principal risks and uncertainties	47 to 54
05. Remuneration	
Remuneration Committee report	75 to 76
06. Stakeholder Relationships and Engagement	
Our stakeholders and Section 172 statement	24 to 27
ESG & Sustainability	28 to 46

OUR GOVERNANCE FRAMEWORK

Our governance framework



The Board

CHAIRMAN

The Chairman is responsible for the effective workings of the Board by ensuring that all Directors are properly briefed on issues and have full and timely access to accurate and relevant information. The Chairman is also responsible for promoting a high standard of corporate governance and ensuring that in carrying out their duties, the Directors comply with all legislative and regulatory requirements in line with the CA 2006 and the Wates Principles.

CO-CEOs

The Co-CEOs are responsible for the day-to-day operational management of the business and for the implementation of the strategy agreed by the Board and its shareholders. They are also responsible for keeping the Chairman and the Board regularly informed on all matters that may be of importance, including the competitive landscape, emerging risks and the performance of Executive Management.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors provide insight and experience to the Board. They are responsible for constructively challenging strategies, scrutinising performance and bringing independent thinking and judgement.

Board Committees

AUDIT & RISK COMMITTEE

The Audit & Risk Committee provides 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, it oversees risk management and internal controls. Further details of the Audit & Risk Committee can be found on pages 71 to 74.

REMUNERATION COMMITTEE

The Remuneration Committee reviews remuneration structures and packages for Executive Management. It also reviews workforce pay and conditions. Further details of the Remuneration Committee can be found on pages 75 to 76.

NOMINATION COMMITTEE

The Nomination Committee reviews the size and composition of the Board, its committees and Executive Management. It makes recommendations around gaps identified and appointments as necessary. As part of its responsibility, it reviews the Group's corporate governance arrangements as well as performance and effectiveness of the Board and its committees. Further details of the Nomination Committee can be found on page 70.

EXECUTIVE RISK & DISCLOSURE COMMITTEE

The Executive Risk & Disclosure Committee reports on risk management, health and safety, and other ad hoc matters to the Audit & Risk Committee.

Executive Management

The Executive Management team comprises of: the Co-CEOs, the Group Chief Strategy & Business Officer, General Counsel & Company Secretary, the Group Chief Financial Officer, and the Group Chief Operating Officer, supported by other members of senior management and Country Management teams. Frequent country management video calls are held with the Executive Management team to discuss performance and trading in addition to a monthly senior management meeting to review trading performance and to discuss any other pertinent matters.

BOARD OF DIRECTORS

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

Lord Stuart Rose
Chairman and Non-Executive Director

Appointed: EG Group Holdings Limited January 21, 2021

Committee membership
Remuneration Committee Chairman (interim)
Nomination Committee Chairman

Independent

Lord Stuart Rose has worked in retail for over 45 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.

Mohsin Issa CBE
Co-Founder and Co-CEO

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

Committee membership
N/A

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 honoured in the Queen's Birthday Honours List 2020 for his contribution to business and charity.

Zuber Issa CBE
Co-Founder and Co-CEO

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

Committee membership
N/A

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 honoured in the Queen's Birthday Honours List 2020 for his contribution to business and charity.

Dame Alison Carnwath
Non-Executive Director

Appointed: EG Group Holdings Limited, March 1, 2021

Committee membership
Audit & Risk Committee Chairman
Remuneration

Independent

Dame Alison has served as Chairwoman of Land Securities and Director at BP and Zurich Insurance Group, Friends Provident, Gallaher, Barclays and Man Group. She was also Chairman of the Audit & Risk Committee at BASF. She is currently Senior Adviser at Evercore, a strategic adviser to the board of Livingbridge Private Equity, a Director of Coller Capital and a Non-Executive Director at Paccar inc, and Bellis. 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.

BOARD OF DIRECTORS CONTINUED

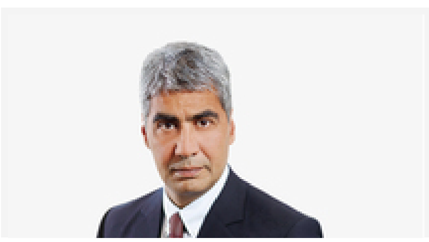
John Carey
Executive Director (Non-Executive Director until October 1 2023).

Appointed: EG Group Holdings Limited November 11, 2020

Committee membership
Remuneration Committee, Nomination Committee

John was appointed as an Executive Director in October 2023 on becoming CEO and President of EG America. Prior to this, John held a Non-Executive directorship on the EG Group Holdings Board. John 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. John is a trustee of Autistica, a leading autism research and campaigning charity.

Manjit Dale
TDR Representative and Non-Executive Director



Appointed: EG Group Holdings Limited, November 2, 2020

Resigned: EG Group Holdings Limited, December 8, 2023

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.

Gary Lindsay
TDR Representative and Non-Executive Director

Appointed: EG Group Holdings Limited, October 21, 2016

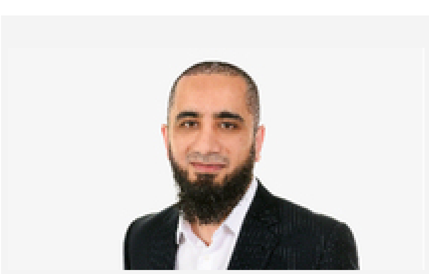
Gary joined TDR Capital in June 2008 and is Managing Partner. He is involved in the day-to-day management of the firm as well as TDR's investments in EG Group, Asda and Aggreko (where he sits on the board for all), and is responsible for originating new transactions. Gary is a former board member of Modulaire Group, WillScot Mobile Mini Holdings Corp 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.

Hassan El-Gazzar
TDR Representative and Non-Executive Director

Appointed: EG Group Holdings Limited, December 8, 2023

Hassan joined TDR Capital in July 2014. Prior to joining TDR, he worked across a number of teams within the Investment Banking Division at Morgan Stanley. Hassan holds a Master's degree in Economics from the University of Edinburgh.

Imraan Patel
Chief Strategy and Business Officer, General Counsel and Company Secretary



Appointed: EG Group Holdings Limited, May 23, 2017

Executive

Imraan joined EG Group in 2016. He has a deep understanding of the business and is responsible for all strategic initiatives globally (including M&A) as well as other key functions of the Group. Imraan has been the executive lead for all the material transactions that have transformed the business from being a UK only retailer to one with operations across three continents. He qualified as a Solicitor in the City of London in 2003 and subsequently worked at Orange SA and BT Group plc with broad, globally diverse, remits and at a City of London law firm. Imraan has been awarded a number of external accolades and most recently was highlighted in the GC Powerlist 2023 as one of the UK's elite lawyers. Imraan holds a degree in Law from Lancaster University and a Postgraduate Diploma in Legal Practice from the College of Law, Chester. He is a member of the Board of Trustees of Star Academies, one of the UK's leading non-profit trusts that runs a growing network of more than 30 non-fee paying schools across the UK.

GOVERNANCE

STRUCTURE

EG Group Limited is governed by the Board of EG Group Holdings Limited. The Group's 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%.

To ensure the Board makes the right decisions for the Company, the shareholders and its stakeholders, it is vital that we have good corporate governance in place. Throughout 2023, we made good progress in developing and building on our governance processes and systems in line with the Wates Principles.

The Board is primarily responsible for supporting management in developing and challenging strategy, overseeing performance and ensuring appropriate financial processes and internal controls.

The Board is supported by the Non-Executive-led committees comprising Audit & Risk, Remuneration and Nomination. The roles and responsibilities of the committees are set out in their respective Terms of Reference and further details around key decisions, achievements and priorities can be found in the committee reports on pages 70 to 76. Whilst a number of activities and responsibilities have been delegated to the committees, the Board maintains oversight and overall responsibility of key areas.

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

The Chief Strategy and Business Officer, 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 required standards and best practice.

PURPOSE, STRATEGY AND CULTURE

Our purpose is to provide excellent service, quality and a broad range of products to our customers to help them achieve multiple missions at convenient local destinations. 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 77 and 78 supplement the achievement of our purpose and strategy and are reflective of our values, details of which can be found on the contents page.

Delivery of the Group's strategic objectives and implementation of the Board's decisions is delegated to the Executive Directors and their Executive Management team, who are also responsible for embedding the values and culture throughout the business.

Achievement of our strategy is underpinned by our talented, passionate and innovative colleagues. 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 28 to 46.

ROLES AND RESPONSIBILITIES

Composition

There were three changes to the composition of the Board and committees during 2023.

On October 1, 2023, the Board appointed John Carey as CEO and President of EG America following a recommendation made by the Nomination Committee. He continues as a Director of the Group in a new executive capacity, resigning as Chairman of the Remuneration Committee, and as a member of the Audit & Risk Committee.

Manjit Dale resigned as a Director and Hassan El-Gazzar was appointed, with both changes effective on December 8, 2023.

Details of the Directors' biographies and committee membership can be found on pages 64 and 65.

It is planned to review the size, composition and diversity of the Board in 2024, in light of the changes made in 2023, to ensure it remains appropriate for the ongoing scale and complexity of the Group, aligns with the diversity of the Group's portfolio and its future strategic objectives.

The Group has clear lines of responsibility from shareholder to Board to Co-CEOs and Co-CEOs to Executive and Country Management teams, and service agreements are in place for the Non-Executive Directors detailing their roles and responsibilities.

There is a distinct and defined division of responsibilities between the Chairman and the Co-CEOs.

Potential leadership changes

We are currently engaged in active discussions with Zuber Issa and his advisers regarding the sale of the retained UK business, excluding the 'evpoint' business, the Cooplands business and the Starbucks business (other than 23 outlets that are co-located on the PFS sites that will be included in any such sale, subject to any change of control consent rights), with a view to announcing a binding agreement in the second quarter of 2024. The Board would only enter into such a transaction on arm's length commercial terms and we would expect to use the net cash proceeds from the sale to further reduce our secured indebtedness.

On completion of a sale to Zuber Issa of the majority of the retained UK&I business, he intends to step down as Co-CEO, remaining on the EG Board as a Non-Executive Director.

It is proposed that Mohsin Issa would become our sole CEO and would continue leading our strategy going forward, supported by our strong senior management team responsible for day-to-day operations, including John Carey, President and CEO of EG America, Imraan Patel, Chief Strategy and Business Officer, and Michael Bradley, Chief Financial Officer. John Carey was appointed President and CEO of EG America with effect from October 1, 2023, with a mandate to drive forward our growth strategy in the United States, our largest market by both revenue and sites.

SKILLS

The planned 2023 internal Board and Committee evaluation has been delayed until 2024, so that it can include consideration of the changes in composition and business approach introduced during the year. The 2024 evaluation will help highlight the strengths and weaknesses of the Board as a whole. There remains a consensus that the Board has the appropriate balance of skills, knowledge, competence, diversity and independence to support effective decision-making.

GOVERNANCE CONTINUED

TIME COMMITMENTS AND INDEPENDENCE

Independent Non-Executive Directors are required to devote a set amount of time to the Group's activities as a minimum commitment in accordance with their service contracts.

Following John Carey's appointment as an Executive Director, the Board is working on plans to appoint an additional Non-Executive Director in 2024. John is no longer considered to be independent. Stuart Rose and Alison Carnwath will remain independent. They continue to constructively challenge the Executive Directors and senior management to ensure the Company meets its goals and objectives. The Board therefore considers them to be independent in both character and judgement. In addition, the Directors can also request access to independent and professional advice at the Company's expense.

As Executive Directors, co-founders and shareholders, Mohsin Issa and Zuber Issa, alongside TDR Representative Directors, Manjit Dale (resigned December 8, 2023), Gary Lindsay and Hassan El-Gazzar (appointed December 8, 2023), are not deemed independent. John Carey as CEO and President of EG America is also no longer considered independent.

All Directors are required to report any external appointments and conflicts (actual or potential) to the Group Company Secretary; a list of appointments and a conflicts of interest register is maintained by the Group Secretariat and reviewed at least annually.

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

Having approved an enhanced Conflicts of Interest and Related Parties Policy, a detailed list of related parties is maintained by the Group Secretariat and transactions are reported to the Board for approval on a quarterly basis. Following year end, annual declarations are sought by all Directors and a robust review of all transactions was undertaken by the Group Financial Reporting Team. Compliance with the policy is reviewed by the Audit & Risk Committee, with overall responsibility and approval resting with the Board. A compliance report was presented to the Audit & Risk Committee in February 2024.

As reported in the financial statements, details of any related party transactions can be found in note 37 on pages 156 to 158.

ACTIVITIES DURING THE YEAR

Meetings

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, actions are tracked, and updates are reported at the next meeting. Standing items include committee updates, CEO, CFO, M&A, ESG and Health, Safety, Security and Environment ("HSSE") updates. Deep dives into topic areas are agreed by the Board and Executive Management team and during the year included ESG, digital strategy and technology.

There were 15 Board meetings in 2023, comprising of nine monthly update calls, focusing on trading performance and four quarterly meetings. The increase in number of Board meetings was largely due to deep dives into the re-financing of senior debt and divestment to ASDA of the majority of our UK&I operations.

Independent Committee

Due to the overlap in ownership between the EG and Asda Groups, a new Board Committee was established during 2023 to review, consider and recommend the divestment of the majority of the UK business to Asda. It is understood that the Asda board established a similar arrangement.

As the sole independent Director on the Board, John Carey was appointed to Chair the Committee. Alison Carnwath recused herself from the EG board meetings and all EG Committees whilst this deal was discussed due to her conflict with Asda. Lord Stuart Rose was appointed to the Committee as it was felt that his experience and judgement would be invaluable. To further enhance the independence of the Committee and ensure that the majority of the membership was independent, Richard Holden was also appointed as a member. Richard attends EG Group Holdings Limited board meetings as an observer for preference shareholders of the Group's ultimate parent company, Optima Bidco (Jersey) Limited. As a highly experienced investment professional, it was thought this would be beneficial to the Committee. The Committee also received independent financial advice from Rothschilds and legal advice from Skadden.

The Committee met three times during 2023 for the purpose of reviewing and discussing the key commercial elements of the deal, the valuation report and to receive independent advice. The impact of the transaction on the ongoing strategy of the Group, including leverage, capital structure and management was also considered. The Committee was satisfied that the transaction was in the best interest and likely to promote the success of the business and, when considered as a whole, was on fair market terms and at arm's length.

ACQUISITIONS AND DIVESTMENTS

In the USA we completed the disposal of 26 non-core company-operated Minit Mart locations in Missouri and Kansas in April, and later in November we sold 55 of our convenience retail locations in Kentucky and Tennessee, which operate under the Minit Mart and Certified Oil banners.

In the USA we also entered into a sale and leaseback arrangement across a portfolio of 414 sites across Cumberland Farms, Tom Thumb and Sprint banners, utilising a portion of the proceeds to reduce Group indebtedness.

The divestment of the majority of our UK&I operations to ASDA completed in October. This was a transformational moment for the business. We will continue to operate and maximise growth opportunities in the United States, Australia, Germany, France, Italy and the Netherlands.

GOVERNANCE CONTINUED

KEY AREAS OF FOCUS

BOARD

STRATEGY
- Portfolio management
- Market and competitor review
- Alternative fuels
- ESG
- Operations

GOVERNANCE
- Key policies and governance updates
- Legislative and regulatory updates

FINANCIAL PERFORMANCE
- Trading and business updates
- Quarterly results
- Budgets

RISK & INTERNAL CONTROLS
- Risk management
- Compliance Management Framework
- Business Improvement and Internal Controls ("BIIC")
- HESS
- Information Technology

KEY ACTIVITIES AND DECISIONS DURING 2023

MATTERS CONSIDERED	OUTCOME
CO-CEO UPDATES Link to strategy: Link to stakeholders: 1 2 3 4 5	• Overview of opportunities and challenges facing the different segments and regions provided at each meeting. • Overview of performance and trends, customer trends and preferences. • Overview of deleveraging process in line with the financial policy.
CFO UPDATES Link to strategy: Link to stakeholders: 4	• Overview of financial performance including revenue, EBITDA and cash flow. • Performance measured against prior quarters, years and budget. • Re-forecasting and action planning. • Refinancing (bond and A&E of term loan). • Annual audit. • Improvement in financial controls and governance.
AUDIT & AUDITOR Link to strategy: Link to stakeholders: 4	• Review and approval of FY22 Annual Report and Financial Statements. • Approval of re-appointment of KPMG as external auditor for FY23 audit. Consideration of internal auditor appointment.
AD HOC FINANCIAL MATTERS Link to strategy: Link to stakeholders: 3 4	• Agreed Group and country budgets for FY24. • Review of liquidity, leverage, refinancing plan and revolving credit facility.

GOVERNANCE CONTINUED

PORTFOLIO MANAGEMENT Link to strategy: Site network Link to stakeholders: 1 2 4	• Divestment of 10 UK subsidiaries comprising the UK&I business to Asda. • Disposal of non-core branded sites in the USA. • Sale and leaseback of 414 sites across USA. Refinancing undertaken
TECHNOLOGY Link to strategy: Growth, Innovation Link to stakeholders: 3	• Continuation of the risk and controls programme, focusing on risk reliance and wider risk. • Review of Security and cyber strategy.
HESS UPDATES Link to strategy: Site network Link to stakeholders: 1 2 3	• Quarterly reports presented detailing HESS performance for country and Group.
LEGAL, GOVERNANCE & COMPLIANCE MATTERS Link to strategy: Growth Link to stakeholders: 3	• Review and approval of the Group risk register. • Approval of policies for delegation of authority, fraud prevention and non-audit services.
ESG Link to strategy: Growth, Innovation Link to stakeholders: 1 2 3 4 5	• Review of progress against ESG targets and approval of the Group's ESG Report. • Approval of our annually-updated ESG Policy Position Statement. • Approval of our UK Modern Slavery Statement. • Approval of our scope 1 and 2 carbon reduction roadmap, including a high-level implementation plan. • Review of plans for exploring a scope 3 carbon target. • Review of plans for EV charging, including our own electric vehicle charging offer branded 'evpoint'. • Review of supplier ESG due diligence processes. • Review of upcoming ESG-related regulation and legislation in the UK and Europe. • ESG training, covering investor requirements on ESG and physical/transition climate risks.

Strategy: Growth · Innovation · Site network · Foodservice

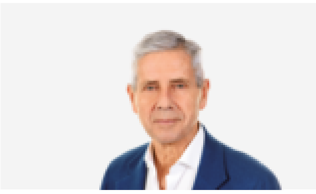
Stakeholders: 1 Customers · 2 Brand partners and suppliers · 3 Colleagues · 4 Investors · 5 Communities

LOOKING AHEAD TO 2024

- Continue to closely monitor the performance of the Group, segments, geographies and return to sustained, meaningful growth.
- Support the Group in delivery of its strategic objectives and implementation of its financial policy.
- Continue to develop the governance framework and associated policies and procedures to deliver the strategic objectives.
- Focus on our people strategy, including succession planning in relation to the Board and Executive Management.
- Facilitate an internal Board evaluation.
- Agree a long-term sustainable plan to deliver lower-carbon operations.

Lord Stuart Rose
Chairman
May 02, 2024

NOMINATION COMMITTEE REPORT



THE NOMINATION COMMITTEE CONTINUES TO PLAY AN IMPORTANT ROLE IN ENSURING THAT THE COMPOSITION OF THE BOARD AND ITS COMMITTEES REFLECT THE NECESSARY MIX OF EXPERIENCE AND SKILLS IN DELIVERING THE GROUP'S STRATEGIC GOALS.

COMPOSITION AND RESPONSIBILITIES

Stuart Rose
John Carey
Alison Carnwath

ROLES AND RESPONSIBILITIES

- Review the composition of the Board and its committees to ensure effective leadership and long-term success
- Ensure the appropriate balance of skills, background and experience
- Support the business to put in place appropriate succession planning and talent pipelines for Board and Executive Management
- Ensure the Group applies an appropriate standard of corporate governance for the size, scale and complexity of the business

I am pleased to present the Nomination Committee report for the period ended December 31, 2023.

During the year, the Committee supported the Board and management to review and develop the governance framework across the Group and ensure the Board continues to support the Company in achieving its strategic objectives.

MEETINGS

Two meetings were held during FY23 in line with the Committee's Terms of Reference. The Chairman may call ad hoc meetings as required.

All Directors are invited to attend, however they do not form part of the quorum. The Committee is supported by the Group Company Secretary, who in conjunction with the Chairman develops an appropriate agenda and supporting documentation. Meetings are minuted and actions are tracked and reported at the next meeting.

ACTIVITIES DURING THE YEAR

The Committee is responsible for advising the Board on the appropriateness of the Group's corporate governance arrangements, which is reviewed annually against the Wates Principles. The Committee reviewed how the Group applied each of the six principles and discussed key achievements during FY23, as well as highlighting areas of development and focus for FY24. Following the FY23 year end, a further review was undertaken. Details of how the Group has applied the Wates Principles have been detailed throughout the governance report, with a signpost for each principle detailed on page 62. Details of Board composition can be found on pages 64 and 65.

Given EG's size and scale, the Committee remains cognisant of additional corporate governance requirements that apply to our suppliers, investors and competitors, as well as best practice. However, it continues to be the recommendation of the Committee that Group continues to apply the Wates Principles.

BOARD COMPOSITION AND SKILLS

Although an internal Board and Committee evaluation was not facilitated in 2023, there was still a consensus that the Board has the appropriate balance of skills, knowledge, competence, diversity and independence from the 2022 Board evaluation. In 2024 this will be reviewed as part of the Board evaluation, to ensure any gaps are identified and considered.

TIME AND COMMITMENT

For Non-Executive Directors to discharge their responsibilities effectively, details of expected time commitments are included within their service agreements.

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

It is the Committee's view that the Directors continue to contribute effectively to Group and Board proceedings.

SUCCESSION AND LEADERSHIP

The Committee continues to support the Group to ensure a robust leadership talent pipeline and succession plans for the Board and senior management are in place, taking account of risk areas, equality and diversity. This will remain a key priority for the Group during FY24. For further details on how the Group provides support, training and development opportunities to individuals please refer to page 33.

Throughout FY23, Committee members have supported management during a number of key management personnel changes, and will continue to review the Group Executive Management.

The Committee (without his presence) considered and unanimously approved the appointment of John Carey as CEO and President of EG America at a remuneration to be determined by the Remuneration Committee. It was acknowledged that as a consequence John would no longer be independent or non-executive, thus adjusting his entitlement to be Chairman of the Remuneration Committee or a member of the Audit & Risk Committee. It was agreed that he would continue to serve as an Executive Director of the Group.

PRIORITIES FOR 2024

- Continue to focus on talent pipelines for key roles across the business from Board to Group Executive.
- Undertake a Board and Committee evaluation, and review composition.
- 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.

Lord Stuart Rose
Chairman of the Nomination Committee
May 02, 2024

AUDIT & RISK COMMITTEE REPORT

THE COMMITTEE CONTINUES TO OVERSEE THE GROUP'S DEVELOPMENT AND IMPLEMENTATION OF FINANCIAL & INTERNAL CONTROLS & PROCESSES. A KEY PRIORITY FOR THE COMMITTEE WILL BE TO SUPPORT THE GROUP IN LIGHT OF THE DYNAMIC MACROECONOMIC LANDSCAPE.

MEMBERSHIP

Committee members
Alison Carnwath (Chairman)
John Carey (resigned on October 1, 2023)
Stuart Rose (appointed on October 1, 2023)

THE CORE RESPONSIBILITIES OF THE COMMITTEE INCLUDE:

- 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
- 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
- The Committee continues to support the Group in the design and development of our internal controls and risk management framework and the identification and assessment of principal and emerging risks

I am pleased to present the Audit & Risk Committee report for the period ended December 31, 2023. In 2023, EG continued to enhance its governance framework, working through an action plan put in place following the 2022 Board evaluation, with a particular emphasis on improving risk management processes and embedding compliance systems and policies.

This report sets out how the Committee has supported the Group in improving the control environment within the business. Further details regarding the Committee's priorities can be found on page 74.

Looking ahead in 2024, the Committee will focus on further embedding compliance and risk management activities and oversight of the strategy to reduce total net leverage, and add further resilience to our capital structure.

AUDIT & RISK COMMITTEE GOVERNANCE

Composition

The Committee comprises entirely of Non-Executive Directors. Until John Carey was appointed as an Executive Director on October 1, 2023, he was a member of the Committee alongside myself. Following that appointment, the Board Chairman Stuart Rose was appointed as a Committee member to ensure compliance with the Committee's Terms of Reference and to enable it to function, on a short-term basis.

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 pages 64 and 65.

The remaining Directors, though invited to attend, are not members and therefore do not count towards quorum. Composition is therefore in line with governance best practice and is appropriate for the needs of the business.

AUDIT & RISK COMMITTEE REPORT CONTINUED

AUDIT & RISK COMMITTEE GOVERNANCE CONTINUED

Meetings

The Committee's objectives and requirements as detailed in the Terms of Reference were mapped out for 2023 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 year end in preparation for 2024.

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 technology, 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, interim audit and preliminary and year-end audit close processes, in preparation for approval of the 2023 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 2023 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 2024 and key priorities agreed. These included the recruitment of a small internal audit team, deep dive risk reviews, the roll out of fraud management and the completion of an audit effectiveness review.

ACTIVITIES DURING 2023

Significant financial statement reporting matters

During 2023, the quarterly financial results and investor presentations were provided to the Committee. The Committee has reviewed and challenged management on both the financials and accounting judgements and policies applied to ensure the integrity of the information.

In April 2023, the Committee supported the Board in reviewing the Group's 2022 Annual Report and Financial Statements. On reaching a conclusion that the Annual Report was a true and fair representation of the Company's position and prospects, the Committee recommended that the Board approve the FY23 Annual Report.

Following the 2023 year end, management presented the 2023 Annual Report and Financial Statements to the Committee. The Committee was satisfied that the conclusions and related disclosures are appropriate and present a true and fair representation of the Company's position and prospects.

Throughout the year, the Committee was supported by a management-led Executive Risk & Disclosure Committee. The table on page 73 highlights the most significant issues/judgements considered by the Committee. The Committee was satisfied in each case with the accounting treatment and the related disclosure in the financial statements and recommended that the Board approve the matter.

An updated Group-wide Delegation of Authority ("DOA") Policy was considered and approved by the Audit & Risk Committee. This details levels of authority (comprising financial thresholds and decision-making responsibilities) delegated within the organisation. This is planned to be rolled out Group-wide in 2024. The Committee also considered Group-wide policies on fraud and non-audit services.

As part of their interim audit KPMG reviewed management's accounting for recognition of the term debt refinancing.

The Committee considered the following significant matters during the year. As part of these considerations, the Committee received updates from management and sought assurance from the external auditors. The Committee was satisfied with how each of the significant issues discussed were addressed and disclosed.

AUDIT & RISK COMMITTEE REPORT CONTINUED

SIGNIFICANT FINANCIAL MATTERS	CONSIDERATIONS
IMPAIRMENT OF GOODWILL See note 15, Goodwill on pages 113 to 115	The Committee reviewed and challenged management's impairment testing of goodwill, in particular in relation to the Australia and France 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 $21m impairment for the Australia group of CGUs for 2023 (2022: $100m). 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 France, the Committee also reviewed the related incremental disclosures.
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 101	The Audit & Risk 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. Further information on our ESG strategy concerning PPE can be found on page 38. The Committee noted the impairment charge for the year of $163m (2022: $290m) and reviewed the related disclosure.
SALE AND LEASEBACK See note 24, Leases on pages 133 to 135	The Committee reviewed and challenged management's assessment of the USA sale and leaseback transaction which completed in May 2023. See note 4 for management key considerations as part of the transaction. The Committee noted that a gain of $335m was recognised in relation to the transaction alongside the initial recognition of the investment, $39m, in MDC Obsidian LLC and the financial guarantee which was valued at $55m at the year end.
DISPOSAL ACCOUNTING See note 35, Disposals on page 155	The disposal accounting in relation to the sale of the majority of the UK business has been reviewed and challenged by the Committee. In particular, the valuation of the services which the Group have agreed to provide the disposal group until October 31, 2025. Such services include those costs which were previously part of the Group's Shared Service Centre and were fair valued at $86m upon completion.
GOING CONCERN See Going concern within note 1 on pages 89 to 90	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 also considered the disclosures relating to the going concern assumption.
EXCEPTIONAL ITEMS See note 5, Exceptional items on pages 102 and 103	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.
PROVISIONS See note 27, Provisions on pages 136 to 137	The Group holds provisions for environmental remediation obligations, dilapidation costs for leased petrol filling stations ("PFS") and for onerous contracts. Assumptions are made in relation to expected costs to fulfil the obligation, the timing of the expected outflow and the appropriate discount rate applicable.
RELATED PARTY TRANSACTIONS See note 37, Related party transactions on pages 156 to 158	The Audit & Risk Committee reviewed the related party disclosure in the financial statements. The Audit & Risk 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.

AUDIT & RISK COMMITTEE REPORT CONTINUED

ACTIVITIES DURING 2023 CONTINUED

External auditor

The Committee Chairman and the auditors have continued to work closely on all audit matters with regular discussions taking place outside of the scheduled meetings, with communications based on open and honest dialogue. The auditors attended all Committee meetings in addition to fortnightly calls with the Chairman without management present.

Throughout 2023, the Committee reviewed quarterly reports prepared by the auditors detailing progress against their audit plan, key risks and challenges. Following KPMG's independence assessment and management's response to the representation letter in relation to the FY22 accounts, the Committee recommended that the Board re-appoint KPMG LLP for the FY23 audit.

The FY23 audit strategy, including an initial assessment of risks, scoping and materiality in concurrence with the Company's audit plan, was presented for the Committee's review and approval. The Committee approved a Non-Audit Services policy. During 2023 KPMG undertook audit-related services in relation to covenant compliance, a tax declaration sign off for Italy as part of the statutory duties for that country, and an interim review for the period ended June 30, 2023. KPMG were also engaged to provide comfort letters to bond holders as part of the debt re-finance activity undertaken during the year.

Following the conclusion of the FY23 audit and publication of the Group's Annual Report and Financial Statements, the Committee plans to undertake an effectiveness review of the audit process and will prepare an update for the Board in relation to the outcome and associated actions.

INTERNAL CONTROLS AND RISK MANAGEMENT

We continue to develop our internal controls and risk management framework; whilst some 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 2024 and 2025. A Fraud Prevention and Reporting Policy was reviewed by the Committee which recommended that the Board approve the policy.

Internal controls of financial reporting ("ICFR")

The ICFR Programme has continued to focus on documenting and strengthening key financial processes across the business, leveraging opportunities to standardise our approach wherever possible. 2023 saw the successful introduction of over 100 controls in higher-risk areas across several financial functions and systems. Further investment in capability and capacity in the finance function during the year further strengthened our first line of defence, in conjunction with the controls design work and compliance operating as a second line programme. We have started a recruitment process to create a new internal audit function and expect to see further progress on controls in 2024 across the business, coupled with greater maturity in the controls embedded within the control environment in 2023.

Technology and information security controls

In line with key focus for the Committee during 2023 on implementation of SAP and IT security controls, whilst the Board maintains responsibility and oversight of the Group's IT Strategy and operations, the Committee has been provided with regular updates relating to reliable, available and secure technology services and applications that underpin the delivery of our operations to achieve our strategic objectives.

The European Chief Information Officer attended all Committee meetings and ensures the Committee is kept up to date with any developments, risks and opportunities to support investment in information processes across Europe.

Risk and compliance

Our risk management capability is making progress, as are our financial governance arrangements. Our Committee meetings continue to evolve and mature in line with open and honest dialogue. During the year, the Group appointed a Compliance Manager who is undertaking a review of the Group's enterprise risk management framework.

FY24 will see the continued roll out 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 47 to 54.

In addition, the Committee reviewed, at half-year and year end, various compliance matters including: whistleblowing reporting, conflicts of interest, health and safety, learning and development and data protection.

PRIORITIES FOR 2024

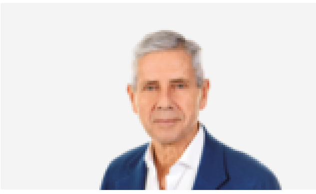
- To support the Group to improve the efficiency and effectiveness of the audit and statutory reporting process.
- This will be supported by continued momentum from the Group's ICFR improvement programme and tracking of progress will continue to be reviewed and challenged by the Committee throughout 2024

Dame Alison Carnwath

Chairman of the Audit & Risk Committee

May 02, 2024

REMUNERATION COMMITTEE REPORT



THE COMMITTEE IS DEDICATED TO COLLEAGUE DEVELOPMENT AND ENGAGEMENT, THAT ALIGNS TO THE GROUP'S STRATEGIC OBJECTIVES.

COMPOSITION AND RESPONSIBILITIES

Stuart Rose (Appointed Interim Chairman, October 1, 2023)

John Carey (Resigned as Chairman, October 1, 2023)

Alison Carnwath.

Following the appointment of John Carey as an Executive Director on October 1, 2023, John stepped down as Chairman of the Remuneration Committee and Stuart Rose was appointed Interim Chairman in his place.

ROLES AND RESPONSIBILITIES

The purpose of the Committee is to support the Company 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.

This includes:

- Proposing appropriate remuneration structures for Executive Management and our workforce and ensuring the performance criteria are fair, reward successful performance and are sufficiently balanced to include financial and non-financial KPIs. As a private limited business, the remit of the Remuneration Committee does not extend beyond Executive Management at this stage. Director pay and expenses are discussed and agreed with shareholders.
- Ensuring there is consideration of the need for clarity, simplicity, risk, mitigation, proportionality and cultures in all proposed remuneration structures.
- Keeping sufficiently aware and up-to-date 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.

I am pleased to present the Remuneration Committee report for the period ended December 31, 2023.

During 2023, the Committee continued to support the Executive Directors and management in attracting, retaining and incentivising our colleagues, despite the significant business changes within our UK business during the year. Support was provided in aligning pay and reward structures and retaining key personnel following the divestment of the UK business to Asda. The business will continue its global focus and strategic objective of developing our people, strengthening our leadership structure and enhancing our employee performance through continued engagement.

This report provides an overview of the structure and scale of our remuneration framework and its alignment with the strategic objectives of the business.

MEETINGS

The Committee, in accordance with its Terms of Reference, was quorate during the year, holding four meetings.

As Interim Chairman of the Committee I am supported by my fellow members Alison Carnwath and John Carey. In addition to the members of the Committee, all the remaining Directors are invited and are expected to attend meetings, although they do not count towards the quorum. To ensure the global needs of our colleagues are considered, HR team representatives from the UK, Europe, Australia and USA attend the meetings on a bi-annual basis to provide updates on labour market trends and retention.

ACTIVITIES DURING THE YEAR

The Group applies the Wates Principles, in particular around ensuring that executive remuneration structures, workforce pay and rewards are aligned to the Group's strategic objectives and long-term success and in fostering effective engagement with stakeholders and employees. Details of how the Committee has applied these principles are detailed below and further signposts of the Wates Principles can be found on page 62.

The Committee met specifically (in his absence) to approve the remuneration of John Carey, following the recommendation that he be appointed CEO and President of EG America.

REMUNERATION COMMITTEE REPORT CONTINUED

WORKFORCE PAY AND REWARD

The Committee reviewed the UK's Gender Pay Gap report for the period to April 2022. This was the first year a consolidated UK result had been presented and we were pleased that the data had been supported by PwC LLP which facilitated more granular reporting and targeted action plans.

Details of our Gender Pay Gap report can be found at https://www.eg.group/gender-pay-statement/. We have a group wide Diversity, Equity and Inclusion policy. For more information please refer to our ESG Report on page 32.

Pay increases in all markets have been in line with or above the average percentage increases or mandatory pay rates in each country, conforming with local legislation, and subject to local market conditions. Awards made have been assessed against external and independent market data which found them to be competitive and in line with market rates. We seek to ensure that our colleagues are rewarded appropriately for their contribution to the business and we regularly review pay and benefits to ensure these remain fair.

Short-Term Incentive Plans ("STIPs")

During the year, the Committee focused on enhancing and aligning remuneration structures across the Group.

FY23 STIPs for the UK business were paid pro-rata for January to October 2023 and paid at 100% of target on completion of the divestment of the UK&I business to Asda. These were communicated to participants in July 2023 and paid in full on October 2023.

Long-Term Incentive Plans ("LTIPs")

The FY22 LTIPs for the UK were paid out at 97% of target and the FY23 LTIPs were paid pro-rata for January to October 2023 at 100% target, both payments being made on completion of the divestment of the majority of the UK&I business to Asda in October 2023.

The Committee continues to support management to ensure that simple, pragmatic and transparent structures are in place, that align performance and reward and continue to incentivise and attract key personnel.

EMPLOYEE ENGAGEMENT

In 2023 our 'Better Together' colleague survey was carried out with an engagement score of 70%. Due to the business changes within the UK during the year, the survey did not include UK colleagues, however it is planned to roll out a Group-wide survey during 2024 or 2025.

During the year the Committee received regular updates on the proposals to separate the UK&I business to facilitate the disposal to Asda. These included configuration of time and attendance systems and workflow, TUPE consultation and discussions and role separation. The Committee also reviewed the approach to colleague retention and engagement flowing from the divestment of the UK&I business.

We continue to develop our colleagues' learning through the development of the Learning Hub which was rolled out in 2022 to the UK with other regions expected to benefit from 2024 onwards. In addition, we offer a range of career development opportunities and professional development schemes. During the year we provided leadership and coaching across our junior, middle and senior management with a specific focus on diversity, equity and inclusion.

EVALUATION AND PERFORMANCE

A gap analysis for FY23 has been conducted against the Committee's Terms of Reference.

The actions were used to formulate a schedule of activities and agree deadlines for various work streams and priorities for 2024 as set out below:

FURTHER DEVELOPMENTS FOR 2024/25

- To undertake an anonymised, internally facilitated Board and Committee evaluation exercise
- Undertake a Group-wide colleague engagement survey
- Review the Committee's approach to policy development
- Development of a Global Leadership team and succession planning

Lord Stuart Rose
Interim Chairman of the Remuneration Committee

May 02, 2024

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, 2023.

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 on pages 47 to 54.

OWNERSHIP

EG Group Limited's ultimate parent Company is Optima Bidco (Jersey) Limited, a company incorporated in Jersey, that is owned by Mohsin Issa and Zuber Issa who each hold 25% shares, and the remaining 50% is owned by funds managed by TDR Capital LLP.

DIRECTORS

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

- Zuber Issa
- Mohsin Issa
- Stuart Rose
- Alison Carnwath
- John Carey
- Gary Lindsay
- Manjit Dale (resigned December 8, 2023)
- Hassan El-Gazzar (appointed December 8, 2023)

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, 2023 (2022: $nil). No dividends were paid to shareholders from the Company during the year ended December 31, 2023 (2022: $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 current economic conditions 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 in 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 28 to 46 and our Section 172 statement on pages 24 to 27.

DIRECTORS' REPORT CONTINUED

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 2023 and the impact of these decisions on our key stakeholder groups can be found in our Section 172 statement on pages 24 to 27.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Throughout the year, the Group has applied the Wates Principles. A statement on the Group's compliance with the principles can be found on page 62.

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

We comply with relevant environmental reporting legislation and have set a clear target to reduce operational GHG emissions. Details of our carbon reporting are set out in the Climate-related financial disclosure on pages 44 to 46.

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

Imraan Patel

Chief Strategy & Business Officer, General Counsel and Company Secretary

May 02, 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of 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 UK-adopted international accounting standards
- 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 parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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.

Zuber Issa CBE & Mohsin Issa CBE

Co-Founders and Co-Chief Executive Officers

May 02, 2024

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, 2023 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, 2023 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 from for a period of at least 12 months from the date of approval of the financial statements.("the going concern period").

We used our knowledge of the Group, 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 financial resources or ability to continue operations over the going concern period. The risk 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 was:

- the inability to achieve the margin growth targets in the Group's business forecast;
- the inability to achieve the operating efficiencies targets in the Group's business forecast.

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 covenant thresholds indicated by the Group's financial forecasts. We have also assessed the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

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 high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud
- Reading Board, Audit & Risk Committee meeting minutes
- Considering 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 and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment assumptions and significant unusual transactions. We identified a fraud risk in respect of goodwill for the Australia group of cash generating units due to the sensitivity of this impairment estimate. 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 a 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 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 no account numbers or little to no description and journals with unusual descriptions, key words or unexpected entries
- 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 others 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) and 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;
- Competition law in the jurisdictions in which the Group operates;
- Employee health and safety and Consumer Rights Legislation, reflecting the Group's business model; and
- 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of EG Group Limited

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 fraud 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 other information and we do not express an audit opinion 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 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 79, 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.

Adrian Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

May 02, 2024

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2023

		2023			2022		
	Note	Before exceptional items $m	Exceptional items (note 5) $m	After exceptional items $m	Before exceptional items $m	Exceptional items (note 5) $m	After exceptional items $m
Continuing operations							
Revenue	6	**28,333**	**—**	**28,333**	30,616	—	30,616
Cost of sales		**(24,017)**	**—**	**(24,017)**	(26,263)	—	(26,263)
Gross profit		**4,316**	**—**	**4,316**	4,353	—	4,353
Distribution (costs)/income		**(3,282)**	**9**	**(3,273)**	(3,396)	—	(3,396)
Administrative costs		**(473)**	**(58)**	**(531)**	(439)	(108)	(547)
Other operating income/(expenses)		**30**	**(3)**	**27**	11	41	52
Share of profit of equity accounted investments		**—**	**—**	**—**	(1)	—	(1)
(Loss)/profit on disposal		**(3)**	**1,673**	**1,670**	11	5	16
Operating profit/(loss)		**588**	**1,621**	**2,209**	539	(62)	477
Finance income	12	**300**	**—**	**300**	28	—	28
Finance costs	13	**(1,013)**	**(91)**	**(1,104)**	(763)	—	(763)
(Loss)/profit before tax		**(125)**	**1,530**	**1,405**	(196)	(62)	(258)
Tax	14	**(25)**	**(56)**	**(81)**	(52)	(12)	(64)
(Loss)/profit for the year		**(150)**	**1,474**	**1,324**	(248)	(74)	(322)

The notes on pages 89 to 159 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

	2023 $m	2022 $m
Profit/(loss) for the financial year	**1,324**	(322)
Other comprehensive (expense)/income		
Items that are or may be subsequently reclassified to profit and loss:		
Exchange differences on translation of foreign operations	**(176)**	(64)
Reclassification of foreign currency differences on disposal of business to income statement	**39**	—
Items that will not be reclassified subsequently to profit and loss:		
Remeasurement on defined benefit pension plan	**(4)**	10
Related tax on defined benefit pension plan remeasurement	**1**	(3)
Other comprehensive expense for the year	**(140)**	(57)
Total comprehensive profit/(loss) for the year	**1,184**	(379)

The notes on pages 89 to 159 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at December 31, 2023

	Note	2023 $m	2022 $m
Non-current assets			
Goodwill	15	**5,672**	5,809
Other intangible assets	16	**837**	946
Property, plant and equipment	17	**2,561**	4,519
Right of use assets	24	**2,206**	1,937
Interests in joint ventures and associates	19	**13**	13
Deferred tax asset	23	**166**	110
Financial assets	34	**79**	37
Trade and other receivables	21	**323**	237
		11,857	13,608
Current assets			
Inventories	20	**662**	842
Trade and other receivables	21	**663**	676
Current income tax assets	14	**29**	8
Derivative financial instruments	34	**3**	3
Assets held for sale	8	**748**	378
Cash and cash equivalents	31	**348**	466
		2,453	2,373
Total assets		**14,310**	15,981
Current liabilities			
Trade and other payables	25	**(1,591)**	(1,799)
Contract liabilities	26	**(37)**	(29)
Current income tax liabilities	14	**(63)**	(68)
Borrowings	22	**(378)**	(373)
Lease liabilities	24	**(263)**	(195)
Provisions for other liabilities and charges	27	**(123)**	(108)
Derivative financial instruments	34	**(81)**	(14)
Employee benefit obligations	33	**(16)**	(18)
Liabilities held for sale	8	**(396)**	(85)
		(2,948)	(2,689)
Net current liabilities		**(495)**	(316)
Non-current liabilities			
Trade and other payables	25	**(313)**	(368)
Contract liabilities	26	**(34)**	(25)
Borrowings	22	**(6,020)**	(9,772)
Lease liabilities	24	**(2,551)**	(1,826)
Provisions for other liabilities and charges	27	**(553)**	(584)
Deferred tax liabilities	23	**(479)**	(493)
Employee benefit obligations	33	**(25)**	(21)
		(9,975)	(13,089)
Total liabilities		**(12,923)**	(15,778)
Net assets		**1,387**	203

CONSOLIDATED BALANCE SHEET CONTINUED
As at December 31, 2023

	Note	**2023 $m**	2022 $m
Equity			
Share capital	28	**—**	—
Share premium account	29	**2,159**	2,159
Merger reserve	30	**(1,297)**	(1,297)
Other reserves	30	**(212)**	(75)
Retained earnings/(losses)		**737**	(584)
Total equity		**1,387**	203

The notes on pages 89 to 159 form part of these financial statements.

The financial statements on pages 83 to 159 of EG Group Limited, registered number 09826582, were approved by the Board of Directors and authorised for issue on May 02, 2024. They were signed on its behalf by:

Zuber Issa CBE & Mohsin Issa CBE
Co-Founders and Co-Chief Executive Officers

May 02, 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

					Other reserves			
	Note	Share capital $m	Share premium account $m	Merger reserve $m	Capital contribution reserve $m	Currency translation reserve $m	Retained earnings /(losses) $m	Total equity $m
Balance at January 1, 2022		—	2,159	(1,297)	1	(11)	(269)	583
Loss for the year		—	—	—	—	—	(322)	(322)
Other comprehensive (loss)/income for the year		—	—	—	—	(64)	7	(57)
Total comprehensive loss		—	—	—	—	(64)	(315)	(379)
Share-based compensation credit	39	—	—	—	(1)	—	—	(1)
Balance at December 31, 2022		—	2,159	(1,297)	—	(75)	(584)	203
Profit for the year		**—**	**—**	**—**	**—**	**—**	**1,324**	**1,324**
Other comprehensive loss for the year		**—**	**—**	**—**	**—**	**(137)**	**(3)**	**(140)**
Total comprehensive (loss)/income		**—**	**—**	**—**	**—**	**(137)**	**1,321**	**1,184**
Balance at December 31, 2023		**—**	**2,159**	**(1,297)**	**—**	**(212)**	**737**	**1,387**

The notes on pages 89 to 159 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2023

	Note	2023 $m	2022 $m
Net cash from operating activities	31	**1,436**	1,213
Investing activities			
Proceeds on disposal of property, plant and equipment		**217**	78
Proceeds on disposal of sale and leaseback		**1,455**	—
Proceeds on disposal of business, net of cash disposed	35	**2,309**	—
Purchases of property, plant and equipment		**(339)**	(504)
Purchases of other intangibles	16	**(28)**	(16)
Proceeds on sale of financial assets		**3**	231
Dividend received from joint ventures and associates		**2**	—
Acquisition of businesses	35	**—**	(484)
Interest received		**23**	11
Loans to related parties		**(17)**	(37)
Net cash from/(used in) investing activities		**3,625**	(721)
Financing activities			
Interest paid		**(775)**	(561)
Repayment of lease liabilities	24	**(340)**	(255)
Loan issuance costs paid	31	**(197)**	(3)
Repayments of borrowings	31	**(6,900)**	(630)
Proceeds from new borrowings	31	**3,050**	870
Net cash outflow from financing activities		**(5,162)**	(579)
Net decrease in cash and cash equivalents		**(101)**	(87)
Cash and cash equivalents at beginning of the year	31	**466**	646
Effect of foreign exchange rate changes		**32**	(93)
Cash and cash equivalents at end of the period including amounts held for sale		**397**	466
Net increase in cash and cash equivalents held for sale		**(49)**	—
Cash and cash equivalents at end of the year	31	**348**	466

The notes on pages 89 to 159 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

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, Haslington Road, Guide, Blackburn, Lancashire, United Kingdom, BB1 2FA.

The principal activities of 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 of EG Group Limited have been prepared for the year ended December 31, 2023 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

Notwithstanding net current liabilities of $495m (2022: $316m), 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 of the financial statements (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 the current macroeconomic landscape with high interest rates (following the Group's recent refinancing activity, its exposure to interest rates has reduced with 33% now being fixed and a cap in place for the floating element), inflation and geopolitical factors such as the 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. These include the current cash position, use of proceeds of held for sale transactions to repay further debt, available working capital facilities, financial forecasts for a period of at least twelve months from the date of approval of the financial statements, and the ability to adhere to the covenants contained within the Group's financing agreements. All future planned disposals within the going concern period have been considered in the assessment and have a positive impact on liquidity, with all proceeds used to repay debt. In the unlikely event that these transactions do not complete or are delayed past the going concern period, there would be no change to the going concern conclusion.

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"). Note 34 details the covenant calculation as at the balance sheet date.

At March 31, 2024, the Group's net debt position was $6,001m comprising $349m in cash at bank, cash in transit and on site, and $6,350m of borrowings. In addition, the Group had access to undrawn committed facilities of $135m giving total available liquidity at that time of $484m.

The Group's net debt benefited from $337m relating to the deferral of indirect tax and duties payable, presented within trade and other payables, with the balance being repaid over the next 42 months to September 2027.

FORECASTS

Current macroeconomic factors have 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; these forecasts also consider the impact of geopolitical factors such as the ongoing conflicts in Ukraine and the Middle East and potential impacts of these on Group's supply chain. Any resulting commodity price volatility is not expected to have any material impact on the Group's going concern conclusion.

Climate change presents a risk to the Group due to environmental legislation, of which is expected to be stricter over time and adversely impact the Group's fuel sales. This greatly influences how the Group's fuel products will be consumed in the future and could potentially impact the viability of certain types of assets in future years such as those associated with the provision of fuel to customers, or require significant strategic capital investment in assets to respond to such challenges, such as the roll out of alternative fuel products. It is expected that the impact of this will materialise over a significantly longer period of time rather than within a single financial year, and no material financial impact has been identified in the current year or is expected in the 12 months following the signing of these financial statements. The Directors will continue to monitor the impact of climate change on an ongoing basis consistent with ESG, operational and financial strategy.

The Directors have prepared base and sensitised cash flow forecasts for a period of at least twelve months from the date of approval of the financial statements, which indicate that the Group and Company will remain compliant with their covenants and will have sufficient funds through their existing cash balances and available facilities to meet their liabilities as they fall due for that period, without any structural changes to the business needed.

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; as well as sensitivities to fuel and retail margins being overlaid against the groups corporate plan, reflecting no retail margin increases versus 2023 and fuel margin reductions below average levels seen over the last four years. 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 continuing to scale 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 current macroeconomic conditions, 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 and all plausible downside scenarios still have suitable liquidity headroom and meet covenant compliance thresholds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION CONTINUED

CONCLUSION

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements 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.

Impact of climate change and carbon reduction targets

The world faces a number of critical environmental and societal challenges, from climate change and biodiversity loss to challenging economic pressures including rising energy and food prices.

Climate change risks including the impact of achieving the Group's carbon roadmap identified in line with the UK MCD disclosures on pages 36 to 46 have been considered and assessed in the preparation of the consolidated financial statements for the year ended December 31, 2023.

There has been no material impact identified on the estimates and underlying assumptions made in the preparation of the Group's consolidated financial statements as a result of climate change risks. In line with the Group's application of accounting policies, estimates and assumptions, the Group is continually developing its assessment of the impact that climate change has on the assets and liabilities recognised and presented in its financial statements.

A list is presented below summarising details of the key considerations and where further information has been provided within these consolidated financial statements in respect of climate-related risk:

- Useful lives of assets (page 119) – the useful lives of property, plant and equipment could be reduced by climate-related matters, for example as a result of physical risks, obsolescence or legal restrictions. The change in useful lives would have a direct impact on the amount of depreciation or amortisation recognised each year from the date of reassessment.
- Carrying value of tangible assets (page 119) – legislative acts from governments as well as customer behaviours, targeted at reducing greenhouse gas emissions from internal combustion engines, may result in reduced cash flows across the Group’s site portfolio. As a result, the recoverable amounts of these non-current assets may be adversely impacted and may need an immediate impairment to their carrying amounts.
- Carrying value of goodwill (page 115) - The cash flows used in calculating a recoverable amount for a Group of CGUs could be impacted by the transition risks and opportunities identified, leading to a reduced valuation and impairment of goodwill. Equally, under a market-based valuation approach the market multiple range could be adjusted, reflecting market sentiment towards the climate risks present in the sector.

The Directors are aware of the ever-changing risks attached to climate change and will regularly assess these risks against judgements and estimates made in preparation of the Group’s financial statements.

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

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

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- 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
- Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules

The adoption of the amendments listed above has not had a material impact on the Group's financial statements.

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 IAS 1 Presentation of Financial Statements (amendments) – classification of liabilities as current or non-current
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 21 – Lack of exchangeability
- Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements
- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 – Climate-related Disclosures

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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, 2023	Year ended December 31, 2022
Opening rate	**1.20258**	1.34788
Closing rate	**1.27150**	1.20258
Average rate	**1.24354**	1.23714

€/US$ exchange	Year ended December 31, 2023	Year ended December 31, 2022
Opening rate	**1.06660**	1.13260
Closing rate	**1.10500**	1.06660
Average rate	**1.08158**	1.05380

A$/US$ exchange	Year ended December 31, 2023	Year ended December 31, 2022
Opening rate	**0.67967**	0.72533
Closing rate	**0.67946**	0.67967
Average rate	**0.66454**	0.69476

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 Group's presentational currency at exchange rates prevailing at the balance sheet date. Profits and losses are translated at average exchange rates for the relevant accounting period. 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.

Intra-group 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 affect its returns.

SUBSIDIARIES

Subsidiaries are consolidated in the Group's financial statements from the date that control commences until the date that control ceases. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group 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 AND ASSOCIATES

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

Investments in joint ventures and associates are carried in the Group's 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 and associates include acquired goodwill. If the Group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture or associates. Dividends received from joint ventures and associates 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 and associates.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Exceptional items

In addition to presenting information on an IFRS basis, the Group also presents an income statement and cash flows from operating activities that separately identifies exceptional items, including the impact of related tax, as shown in a separate column. This adjusted information is disclosed to allow an 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 sales.

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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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. Payment of the transaction price is usually due immediately.

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 and include royalty fees which are calculated as a percentage of gross sales. The fees are accrued as revenue is recognised.

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

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.

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, calculated on a relative value basis, is included in the determination of the profit or loss on disposal. The amount of goodwill allocated to disposals is calculated using a relative fair value approach.

Where the Group obtains control of a joint venture, the Group's previously held interest 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.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

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 and management expect the sale to complete within the next twelve months. They are stated at the lower of carrying amount and fair value less costs to sell. Non-current assets (or disposal groups) that are classified as held for sale are not depreciated.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

Consideration is given to climate change and policy risks and uncertainties as set out on page 90 when determining the useful lives of assets. The determination of useful lives also considers the Group's carbon roadmap and targets as set out on pages 36 to 46.

Future developments in technology may also result in a risk of obsolescence for the Group's current portfolio of plant and machinery assets, however the expected timeframe for these developments is not currently anticipated to impact their remaining 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 scrappage 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 (in the case that there is a plan to knock down and rebuild a site) that have been established at the balance sheet date. Where there is a plan to knock down and rebuild a site, the recoverable value of the site is deemed to be the land value and impaired to the extent that the carrying value of the asset exceeds the land value. Any impairment loss arising is recognised in the consolidated income statement.

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 to the extent that the carrying value of the asset exceeds the land value. 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 show below.

Trade names	5 to 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.

Licence agreements to use cloud software are treated as service contracts and expensed in the Group income statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets. Costs to configure or customise a cloud software licence are expensed alongside the related service contract in the Group income statement, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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. Management determine that a country level is appropriate as it is in line with how operations are managed and reviewed and how, ultimately, goodwill is monitored.

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.

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 case 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Leases continued

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, considering the required capital outlays at the inception of a lease and the Group's incentive and past practice of lease renewal, at the commencement date of property leases, the Group determines the lease term to be the full term of the lease and all 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

No deferred tax liabilities are recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction (i) affect neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Temporary differences that arise on the initial recognition of goodwill.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments continued

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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.

The Group reviews a number of qualitative factors to determine whether the changes in terms are significant to immediately derecognise the liability. Furthermore, 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Provisions continued

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.

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. The 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 brands of Cumberland Farms and Cooplands are well-known, long-standing brands in the USA and UK&I, respectively, 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 brands are therefore deemed to have an indefinite useful economic life and the values of $337m and $22m, respectively, will not be amortised, but will be assessed for impairment annually. Details of intangible assets are set out in note 16 where details of the sensitivity analysis performed by management are detailed.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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. See note 16 for details of the impairment assessment and sensitivities.

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 these assumptions and estimates prove to be incorrect, the carrying value of the goodwill may be overstated. See note 15 for details of the goodwill impairment assessment and sensitivities.

USA SALE AND LEASEBACK

On May 15, 2023, the Group entered into a sale and leaseback transaction to sell 414 properties currently operating under the Cumberland Farms, Fastrac, Sprint, and Tom Thumb banners for gross consideration of approximately $1.5bn. To facilitate the transaction, a leveraged partnership structure was implemented. The Group contributed 414 properties to the partnership in exchange for total consideration of $1.5bn, comprising of cash (c.$1.5bn) and non-cash elements (5% equity holding in the leveraged partnership, valued at $39m). Realty Income Corporation ("RI"), the indirect purchasers of the properties, hold the remaining 95% equity interest in the partnership.

In the structure of a sale and leaseback transaction the Group is required to consider whether the transfer of the properties meet the definition of a sale under both IFRS 16 Leases and IFRS 15 Revenue. To meet the sale criteria, the Group must transfer control as well as the risks and rewards of ownership of the properties to the purchaser. If the criteria are not met, the disposal would be considered a 'failed' sale and be accounted for as a financing arrangement rather than a sale and leaseback accounting transaction. The value of the assets remain on the balance sheet and a corresponding financial liability would be recognised. The Directors have considered the transaction in two parts when arriving at their conclusion on the accounting treatment for the 414 properties

- To view the structure of the transaction as a whole, to assess whether any conditions in the master lease agreement or the partnership arrangement would create a pervasive conclusion to all properties
- Assessing the site attributes individually, inclusive of considering each site's economic life and structured lease payments in meeting standard accounting thresholds when reviewing the risk, reward and control transfer

In performing the site-level assessment, the determination of lease term associated with the sale and leaseback portfolio was considered. The Directors considered the existing accounting policy which is to assess on a case-by-case basis the determination of the lease term. The portfolio of 414 properties are split into 5 tranches with non-cancellable periods in a range of 18-22 years, with each site within a tranche having the same eight, 5 year renewal options available to the Group. If the Group exercises a renewal option for a site it must do so for at least 50% of the sites in the same tranche. It was determined that as the renewals are split by tranche this significantly reduces the economic compulsion of the Group to renew each or all locations. Additionally the absence of significant capital outlays at the inception of the lease (as the Group already occupy the sites), provided a basis such that the reasonable certainty criteria of extension could not be met. The term of the leases is therefore assumed to be the non-cancellable period of between 18-22 years. Further detail on this transaction is provided in note 24.

As part of the structural arrangement of the transaction, the Group provided a guarantee with respect to the loan amount taken by the partnership and also on the subsequent lease payments made by the USA business. The substance of the lease guarantee is such that the Group supports the repayment of the lease payments arising on the transaction in the instance of a triggering event. A triggering event would be the USA business failing to meet its lease obligations arising. Furthermore, should the partnership default on the loan, the Group acts as guarantor to the debt itself. The guarantee is accounted for under IFRS 9 as a financial liability designated as fair value through the profit and loss account. The value of the guarantee was $88m.

In determining the lease liability associated with the resultant leaseback of the portfolio, the incremental borrowing rate relevant to the USA jurisdiction was applied. The rate was determined consistent with Group policy and updated at the point of the transaction, as at May 15, 2023.

Management determined all sites to be treated as a sale as a result of their assessment.

Other sources of estimation uncertainty

MEASUREMENT OF PROVISIONS

The Group has recognised provisions totalling $676m (2022: $691m) 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 adjusted for inflation. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

5. EXCEPTIONAL ITEMS

In order to allow an 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:

	2023			2022		
	Profit/ (loss) before tax $m	**Tax impact $m**	**Profit/ (loss) for the year $m**	Profit/ (loss) before tax $m	Tax impact $m	Profit/ (loss) for the year $m
Included within operating profit:						
Acquisition and transaction-related costs	**(37)**	**13**	**(24)**	(7)	—	(7)
Restructuring costs	**(3)**	**1**	**(2)**	(2)	—	(2)
Profit on disposal – sale of business	**1,338**	**—**	**1,338**	—	—	—
Profit on disposal – sale and leaseback	**335**	**(89)**	**246**	—	—	—
Litigation costs	**—**	**—**	**—**	(2)	—	(2)
Gain on revaluation of unfavourable contract provision	**—**	**—**	**—**	43	(12)	31
Profit on disposal of property, plant and equipment	**—**	**—**	**—**	5	—	5
Impairment charge	**(2)**	**—**	**(2)**	—	—	—
Impairment reversal	**11**	**(3)**	**8**	1	—	1
Goodwill impairment	**(21)**	**—**	**(21)**	(100)	—	(100)
	1,621	**(78)**	**1,543**	(62)	(12)	(74)
Included within finance costs:						
Transaction-related finance costs (see note 37)	**(47)**	**11**	**(36)**	—	—	—
Loss on extinguishment of debt on refinancing	**(44)**	**11**	**(33)**	—	—	—
	(91)	**22**	**(69)**	—	—	—
Total exceptional items	**1,530**	**(56)**	**1,474**	(62)	(12)	(74)

All items are shown as 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, 2023

Acquisition and transaction-related costs in the period of $37m relate to professional fees associated with the Group's transactional activity in the year. This includes the sale and leaseback transaction in the USA and the disposal of the majority of the UK business.

Restructuring costs arose in Australia and the UK and the Group undertook a number of rationalisation projects to improve the Group's profitability.

The Group recognised a profit on disposal of $1,338m regarding the sale of the majority of the UK business to Asda. This completed on October 31, 2023.

The Group also recognised a profit on disposal of $335m in relation to the gain recognised on the completion of the sale of a number of USA properties as part of a sale and leaseback transaction. See note 24 for further details of the transaction.

The impairment charge of $2m is related to the write-down of property, plant and equipment associated with the rationalisation project undertaken in the year in the UK.

The impairment reversal of $11m relates to an exceptional impairment charge to property, plant and equipment and right of use assets in 2019. This has been reversed out in 2023 as a result of these assets being reclassified to held for sale before being sold.

Following the completion of the goodwill impairment review, an impairment has been recognised in relation to the Australian group of cash-generating units of $21m. See note 15 for further details.

Financing costs of $91m were recognised. $44m relates to the write-off of financing costs which were written off on extinguishment of the previous facilities and $47m of new refinancing costs incurred as part of the amend and extend.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

For the year ended December 31, 2022

Transaction and acquisition-related costs of $7m relate to professional fees associated with the acquisition of the 285 OMV service stations in Germany, which completed on May 1, 2022, and also further costs in relation to historical acquisitions.

Litigation costs of $2m relate to legal and professional fees regarding Federal Court proceedings with Ampol Limited.

Revaluation of unfavourable contract provision of $43m relates to a reduction in the provisions recognised in relation to the contract that the Group entered into with Ampol Limited ('Ampol'). On April 1, 2022, the Group resolved its Federal Court proceedings with Ampol. In resolving the dispute, the parties agreed updated commercial terms which resulted in a decrease in the carrying value of provisions by $43m.

Restructuring costs of $2m relate to legal and professional fees incurred by the Group regarding a project to rationalise inter-company debt balances.

Profit on disposal of $5m is predominantly in relation to the sale of a number of German sites which were disposed of following the outcome of the German anti-trust authority's review of the Group's acquisition of the aforementioned OMV sites, resulting in a $3m profit on disposal. The Group was required to divest a number of petrol filling station sites within six months of the acquisition completing to address local competition concerns. Additionally, in November 2022, the Group completed the divestment of GB3 Limited and its parent Company Urban Origin Limited, recognising a profit on disposal of $1m.

The impairment reversal of $1m 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.

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:

	2023 $m	2022 $m
Continuing operations		
Sale of goods		
Grocery & Merchandise sales	**4,505**	4,430
Foodservice sales	**1,393**	1,280
Fuel sales	**21,923**	24,422
Other sales	**512**	484
Revenue per income statement	**28,333**	30,616

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 sales. Also included within other sales are $292m (2022: $264m) of Grocery & Merchandise inventory sales to dealers in Europe, where the Group facilitates the sale and purchase of dry inventory between a wholesale supplier and our portfolio of dealers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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 they do not apply.

Adjusted EBITDA is the measure reported to the Group's Executive Directors and the Board.

The reconciliations to the respective statutory items included in the Group income statement are as follows:

	2023							
$m	USA	Europe(1)	Australia	Group total before exceptionals	Exceptionals	Group total after exceptionals	UK Disposal(3)	Adjusted Group total
Revenue								
Grocery & Merchandise	2,880	1,365	260	4,505	–	4,505	(370)	4,135
Foodservice	170	1,221	2	1,393	–	1,393	(279)	1,114
Fuel	5,812	13,373	2,738	21,923	–	21,923	(2,187)	19,736
Other	98	412	2	512	–	512	(23)	489
Total revenue	8,960	16,371	3,002	28,333	–	28,333	(2,859)	25,474
Gross profit	1,807	2,124	385	4,316	–	4,316	(488)	3,828
Adjusted EBITDA	563	720	170	1,453	–	1,453	(152)	1,301
Operating exceptional costs(2)				–	(40)	(40)	–	(40)
Right of use asset depreciation				(183)	–	(183)	9	(174)
Impairment of right of use assets				(48)	4	(44)	(10)	(54)
Depreciation of tangible assets				(397)	–	(397)	35	(362)
Impairment of tangible assets				(124)	5	(119)	(24)	(143)
Amortisation				(88)	–	(88)	5	(83)
Impairment of intangible assets				(22)	(21)	(43)	–	(43)
Profit on disposal				(3)	1,673	1,670	(1,309)	361
Operating profit				588	1,621	2,209	(1,446)	763
Finance income				300	–	300	(1)	299
Finance costs				(1,013)	(91)	(1,104)	9	(1,095)
(Loss)/Profit before tax				(125)	1,530	1,405	(1,438)	(33)
Tax charge				(25)	(56)	(81)	(16)	(97)
(Loss)/Profit after tax				(150)	1,474	1,324	(1,454)	(130)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

	2022							
$m	USA	Europe(1)	Australia	Group total before exceptionals	Exceptionals	Group total after exceptionals	UK disposal(3)	Adjusted Group total
Revenue								
Grocery & Merchandise	2,868	1,283	279	4,430	—	4,430	(326)	4,104
Foodservice	162	1,114	4	1,280	—	1,280	(260)	1,020
Fuel	7,058	14,393	2,971	24,422	—	24,422	(2,498)	21,924
Other	92	391	1	484	—	484	(20)	464
Total revenue	10,180	17,181	3,255	30,616	—	30,616	(3,104)	27,512
Gross profit	1,908	2,031	414	4,353	—	4,353	(465)	3,888
Adjusted EBITDA	666	734	191	1,591	—	1,591	(191)	1,400
Operating exceptional costs(2)				—	32	32	—	32
Right of use asset depreciation				(217)	—	(217)	19	(198)
Impairment of right of use assets				(166)	—	(166)	7	(159)
Depreciation of tangible assets				(464)	—	(464)	58	(406)
Impairment of tangible assets				(124)	—	(124)	13	(111)
Amortisation				(91)	—	(91)	6	(85)
Impairment of intangible assets				(1)	(99)	(100)	—	(100)
Profit/(loss) on disposal				11	5	16	(1)	15
Operating profit				539	(62)	477	(89)	388
Finance income				28	—	28	—	28
Finance costs				(763)	—	(763)	14	(749)
(Loss)/profit before tax				(196)	(62)	(258)	(75)	(333)
Tax charge				(52)	(12)	(64)	(10)	(74)
(Loss)/profit after tax				(248)	(74)	(322)	(85)	(407)

(1) The majority of the UK business was sold on October 31, 2023. See note 35 for further details

(2) Operating exceptional items presented reflect those impacting EBITDA, and therefore exclude exceptional finance income and costs, tax on exceptionals, exceptional impairments and exceptional profit/(loss) on disposal

(3) UK disposal presents the results of the operations which the Group has sold to Asda during Q4 2023. More details can be found in note 35

8. DISPOSAL GROUPS AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

2023

At December 31, 2023, $748m (2022: $378m) of assets and $396m (2022: $85m) of liabilities are presented as held for sale.

Disposal of UK&I KFC business

In September 2023, the Group committed to sell the UK&I KFC business to Yum! Brands for headline consideration of $182m. The transaction completed in April 2024. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the entities have been classified as a disposal group, held for sale on the Group's balance sheet. No impairment loss has been recognised, as at the period end it was expected the fair value less costs to sell is in excess of the carrying value of the assets and liabilities. The tables below show the assets and liabilities of the disposal group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

8. DISPOSAL GROUPS AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE CONTINUED

	December 31, 2023 $m
Assets classified as held for sale:	
Goodwill	23
Other intangible assets	6
Property, plant and equipment	139
Right of use assets	131
Inventories	3
Trade and other receivables	9
Cash and cash equivalents	14
	325
Liabilities classified as held for sale:	
Trade and other payables	(60)
Lease liabilities	(128)
Provisions for other liabilities and charges	(13)
Deferred tax liabilities	(21)
	(222)

Sale of remaining UK petrol filling stations ("PFS") and Foodservice locations

During Q4 2023, the Group began to engage in active discussions regarding the sale of the remaining UK business, excluding evpoint, majority of the UK Starbucks and Cooplands operations. Management have reaffirmed the Group's intention and expects to dispose of these assets during 2024. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the entities have been classified as a disposal group, held for sale on the Group's balance sheet. No impairment loss has been recognised, as at the period end it was expected the fair value less costs to sell is in excess of the carrying value of the assets and liabilities. The tables below show the assets and liabilities of the disposal group.

	December 31, 2023 $m
Assets classified as held for sale:	
Goodwill	36
Property, plant and equipment	197
Right of use assets	77
Inventories	7
Trade and other receivables	8
Cash and cash equivalents	35
	360
Liabilities classified as held for sale:	
Trade and other payables	(58)
Lease liabilities	(81)
Deferred tax liabilities	(24)
	(163)

USA locations in North Dakota and Montana

On September 6, 2023, the Group approved the sale of 23 - company-operated sites in North Dakota and Montana, USA, for indicative consideration of $18m. The sale aligns with the Group’s strategy to strategically divest underperforming locations and would represent a complete operational exit from these regions. An agreement to dispose of these locations has been finalised in Q1 2024, with the transaction expected to complete in Q2 2024. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the entities being disposed have been classified as a disposal group, held for sale on the Group's balance sheet. The disposal group does not meet the definition of a discontinued operation. No impairment loss has been recognised, as at the quarter end, as it was expected that the fair value less costs to sell is in excess of the carrying value of the assets and liabilities. The tables below show the assets and liabilities of the disposal group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

	December 31, 2023 $m
Assets classified as held for sale:	
Goodwill	12
Property, plant and equipment	9
Right of use assets	1
	22
Liabilities classified as held for sale:	
Lease liabilities	(3)
Provisions for other liabilities and charges	(1)
	(4)

Minit Mart locations in Missouri and Kansas, USA

In April 2023, the Group committed to sell 19 company-operated Minit Mart locations in Missouri and Kansas for indicative consideration of $21m. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the Minit Mart locations have been classified as a disposal group held for sale on the Group's balance sheet. The disposal group does not meet the definition of a discontinued operation. An impairment loss totalling $4m has been recognised prior to reclassification to held for sale as the carrying value of the disposal group exceeded the fair value less cost to sell. The table below show the assets and liabilities of the disposal group.

	December 31, 2023 $m
Assets classified as held for sale:	
Goodwill	6
Property, plant and equipment	16
	22
Liabilities classified as held for sale:	
Provisions for other liabilities and charges	(1)
	(1)

Sites in Kentucky and Northern Tennessee, USA

In May 2023, the Group committed to sell a further 64 company-operated locations in Kentucky and Northern Tennessee for indicative consideration of $111m. 55 of these locations were disposed of during Q4 2023, leaving ten sites remaining. Seven of these sites continue to be held for sale at the balance sheet. The sale of these remaining sites is expected to complete in Q2 2024 for consideration of $4m. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the entities being disposed have been classified as a disposal group, held for sale on the Group's balance sheet. The disposal group does not meet the definition of a discontinued operation. No impairment loss has been recognised, as at the period end it was expected the fair value less costs to sell is in excess of the carrying value of the assets and liabilities. The tables below show the assets and liabilities of the disposal group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

8. DISPOSAL GROUPS AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE CONTINUED

	December 31, 2023 $m
Assets classified as held for sale:	
Goodwill	1
Property, plant and equipment	5
Right of use assets	2
	8
Liabilities classified as held for sale:	
Trade and other payables	(1)
Lease liabilities	(5)
	(6)

Other USA disposal groups

At December 31, 2023, there were $11m (December 31, 2022: $11m) of other real estate assets presented as held for sale. This reflects ten sites (2022: 19 sites) in the United States for which a signed agreement to sell was in place at the year end. These sales were all completed before the end of Q1 2024. No impairment loss has been recognised, as at the year end it was expected the fair value less costs to sell is in excess of the carrying value of the assets and liabilities.

2022

Non-core locations in the USA

In December 2022, the Group committed to sell 98 non-core locations in the USA. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the locations were classified as a disposal group held for sale on the Group's balance sheet. In July 2023, the Group ceased actively marketing the portfolio of 98 non-core locations in the USA due to a change in the Group's strategy. As such, the disposal group is no longer determined to meet criteria as stipulated under IFRS 5 to be classified as held for sale. The net assets of the disposal group were therefore reclassified from held for sale to the appropriate financial statement line items.

No impairment losses were recognised on initial held for sale recognition in respect of these locations. The table below shows the assets and liabilities of the disposal group that were classified as held for sale in the December 31, 2022 balance sheet.

	December 31, 2022 $m
Assets classified as held for sale:	
Goodwill	207
Other intangible assets	22
Property, plant and equipment	27
Right of use assets	52
Inventories	7
Trade and other receivables	2
Cash and cash equivalents	3
	320
Liabilities classified as held for sale:	
Trade and other payables	(20)
Lease liabilities	(57)
Provisions for other liabilities and charges	(7)
	(84)

Minit Mart locations in Missouri and Kansas, USA

In December 2022, the Group committed to sell 26 company-operated Minit Mart locations in Missouri and Kansas for consideration of $48m. An agreement to sell the sites was confirmed on January 24, 2023, and the sale completed during April 2023. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the Minit Mart locations were classified as a disposal group held for sale on the Group's balance sheet. The disposal group did not meet the definition of a discontinued operation. No impairment loss has been recognised, as at the year end it was expected the fair value less costs to sell is in excess of the carrying value of the assets and liabilities. The table below shows the assets and liabilities of the disposal group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

	December 31, 2022 $m
Assets classified as held for sale:	
Goodwill	20
Property, plant and equipment	27
	47
Liabilities classified as held for sale:	
Provisions for other liabilities and charges	(1)
	(1)

Europe

The profit on disposal recognised on the assets reclassified to held for sale during 2022 was $3m. This was in relation to the purchase of OMV and has been recognised as an exceptional profit on disposal. See note 5 for more details.

9. PROFIT BEFORE TAX FOR THE YEAR

Profit before tax for the year has been arrived at after (crediting)/charging:

	2023 $m	2022 $m
Net foreign exchange gains	235	(8)
Acquisition-related transaction costs (net)	—	8
Depreciation of property, plant and equipment	397	464
Depreciation of right of use assets	183	217
Impairment of property, plant and equipment	119	166
Impairment of right of use assets	44	124
Profit on disposal of property, plant and equipment	3	(16)
Profit on disposal from the sale and leaseback	(335)	—
Profit on disposal of subsidiaries	(1,338)	—
Amortisation of intangible assets	88	91
Impairment of intangible assets	15	—
Goodwill impairment	28	100
Cost of inventories recognised as an expense	23,231	23,274
Staff costs (see note 11)	1,723	1,684

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended December 31, 2023

10. AUDITOR'S REMUNERATION

	2023 $m	2022 $m
Fees payable to the Company's auditor and their associates for:		
The audit of the parent Company and the consolidated financial statements	**12.4**	9.6
The audit of the Company's subsidiaries performed by overseas associates of KPMG(1)	**2.4**	2.5
The audit of the Company's subsidiaries performed by UK associates of KPMG(1)	**11.6**	10.8
The audit of the Company's subsidiaries relating to the prior years	**5.1**	1.7
Fees payable to other auditors for other services to the Group:		
The audit of the financial statements of the Company's subsidiaries	**1.0**	0.8
Total audit fees	**32.5**	25.4

(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.

KPMG provided assurance work during the year ended December 31, 2023 in relation to the interim review of the Group's financial statements to June 30, 2023, including the issue of comfort letters, the issue of statutory tax declarations as required by law in Italy and the audit of the Group's covenant compliance report, with fees of $3.7m. No further non-audit services have been provided by the auditor during the year ended December 31, 2023 (2022: $nil).

11. STAFF COSTS

The average number of employees (including Executive Directors) was:

	2023 Number	2022 Number
Sales	**50,737**	52,762
Administration	**2,800**	2,419
	53,537	55,181

Their aggregate remuneration comprised:

	2023 $m	2022 $m
Wages and salaries	**1,546**	1,523
Social security costs	**138**	127
Other pension costs	**39**	35
Cash-settled share-based credit	**—**	(1)
	1,723	1,684

12. FINANCE INCOME

	2023 $m	2022 $m
Fair value gains on derivatives not designated in a fair hedge accounting relationship	**11**	—
Foreign exchange gains on financing activities	**206**	—
Other foreign exchange gains	**30**	5
Interest receivable	**53**	23
	300	28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

13. FINANCE COSTS

	2023 $m	2022 $m
Interest on bank overdrafts and loans	**(812)**	(645)
Debt extinguishment loss (see note 5)	**(44)**	—
Total interest expense	**(856)**	(645)
Other finance charges	**(75)**	(33)
Unwinding of and adjustments to discounting on provisions	**(4)**	24
Finance charges on leases	**(169)**	(97)
Foreign exchange losses on financing activities	**—**	(12)
	(1,104)	(763)

Debt extinguishment losses in 2023 of $44m (2022: $nil) were recognised in the income statement.

Net financing costs incorporates all finance costs, including interest accruing on term loans, short-term borrowing facilities and Senior Secured Notes, the amortisation of debt arrangement fees, non-utilisation fees and interest arising from the IFRS 16 lease liability.

The foreign exchange gains/losses on financing activities and the amortisation of debt issue costs are non-cash items. The foreign exchange amounts reflect the translation of external debt, non-functional currency inter-company loans and cash.

The total finance cost for financial liabilities measured at amortised cost is $856m (2022: $645m).

14. TAX

The (charge)/credit for the year is as follows:	2023 $m	2022 $m
Corporation tax:		
Current year	**(58)**	(107)
Adjustments in respect of prior period	**28**	11
	(30)	(96)
Deferred tax:		
Origination and reversal of temporary differences	**(26)**	21
Adjustments in respect of prior period	**(18)**	5
Effect of changes in tax rates	**(7)**	6
Total tax charge for the year	**(81)**	(64)

	2023 $m	2022 $m
Profit/(loss) before tax	**1,405**	(258)
Tax (charge)/credit at the UK corporation tax rate of 23.5% (2022: 19%)	**(330)**	49
Tax effect of (non-deductible expenses) / non-taxable income	**307**	(36)
Effect of interest restriction	**(13)**	(74)
Effect of differences in overseas tax rates	**9**	14
Effect of changes in tax rates	**(7)**	10
Adjustments in respect of prior years	**10**	16
Movement in deferred tax not recognised	**(53)**	(12)
Impact of utilisation of previously unrecognised deferred tax	**—**	(1)
Movement in provision of uncertain tax positions	**(1)**	(20)
Impact of windfall taxes	**—**	(10)
Other	**(3)**	—
Total tax charge for the year	**(81)**	(64)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

14. TAX CONTINUED

The tax effect of non-taxable income, above, of $307m (2022: $(36)m non-deductible expense) primarily relates to the gain arising on the disposal of the majority of the UK business which is expected to qualify for the Substantial Shareholdings Exemption. This amount also includes exceptional transaction-related costs which are expected to be non-deductible for tax purposes.

The current tax rate used for the year is 23.5%, 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 became effective from April 1, 2023. This leads to a hybrid rate for the UK for 2023 of 23.5%. 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 USA, in August 2022, the Inflation Reduction Act was introduced. This Act implements a 15% corporate alternative minimum tax ("CAMT") on companies with a global three-year average adjusted financial statement income ("AFSI") of more than $1.0bn. Interim guidance has been issued by the IRS, with further guidance expected in due course. However, the Group does not meet the applicable test for 2023, but will continue to monitor this going forward.

For the Netherlands, on December 20, 2022 the Dutch Senate accepted the Dutch Tax Plan 2023. In 2023, the corporate income tax rate for profits up to €200,000 will be taxed at 15% and profits beyond €200,000 will be taxed at 25.8%. These rates 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 25% in 2022. The 3.3% social surcharge will continue to apply for corporate tax liabilities exceeding €763,000, 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.

The Organisation for Economic Co-operation and Development ("OECD")/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy.

In response to this complex new tax legislation and to allow stakeholders time to assess its implications, on May 23, 2023, the IASB issued amendments to IAS 12 Income taxes introducing a mandatory temporary exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules. The Group has applied the temporary exception at December 31, 2023.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning January 1, 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Group operates are above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

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.

$2m of tax have been recognised in other comprehensive income during the year (2022: $3m).

Uncertain tax positions

The Group is subject to taxation in several jurisdictions and by nature subject to scrutiny from multiple tax authorities. The complexity of applicable rules may result in legitimate differences of interpretation between the Group and taxing authorities, especially where economic judgement or valuation is involved. When these different interpretations arise, the Group recognises these differences under IFRIC 23. At December 31, 2023, the Group held uncertain tax provisions of $34m (2022: $35m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

15. GOODWILL

	$m
Cost	
Balance at December 31, 2022	6,028
Transfer to held for sale	**(222)**
Exchange differences	**113**
Balance at December 31, 2023	**5,919**
Accumulated impairment losses	
Balance at December 31, 2022	(219)
Impairment of goodwill	**(28)**
Balance at December 31, 2023	**(247)**
Carrying amount	
Balance at December 31, 2023	**5,672**
Balance at December 31, 2022	5,809

	$m
Cost	
Balance at January 1, 2022	6,117
Recognised on acquisition of subsidiaries	393
Disposals	(7)
Transfer to held for sale	(227)
Exchange differences	(248)
Balance at December 31, 2022	6,028
Accumulated impairment losses	
Balance at January 1, 2022	(126)
Impairment of goodwill	(100)
Exchange differences	7
Balance at December 31, 2022	(219)
Carrying amount	
Balance at December 31, 2022	5,809
Balance at January 1, 2022	5,991

The transfer to held for sale balance is a net position of transfers in and out of held for sale in the year. Included in the amounts transferred to held for sale are the goodwill balances which were subsequently disposed of as part of the sale of the majority of the UK business (note 35).

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. The Group considers its standalone Foodservice outlets, to form part of the country-level group of cash-generating units given the Group's long-term network integration strategy and its approach to managing performance, allocating resources and monitoring Goodwill at this level.

Groups of cash-generating units are tested for impairment annually at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

15. GOODWILL CONTINUED

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:

	2023 $m	2022 $m
UK & Ireland ("UK&I")	**41**	388
France	**390**	365
Italy	**35**	34
Germany	**857**	828
USA	**3,023**	2,886
Benelux	**651**	612
Australia	**675**	696
	5,672	5,809

A net balance of $222m goodwill was transferred to held for sale in the year (2022: $227m):

- Transfers to held for sale related to the disposals of operations within the UK&I and USA cash-generating units in 2023 and the USA and Germany cash-generating units in 2022. Included in the amounts transferred to held for sale in 2023 are the goodwill balances of $309m which were subsequently disposed of as part of the sale of the majority of the UK business to Asda (note 35). The attributable amount of goodwill disposed or included in held for sale and goodwill retained were calculated on a relative value basis to the remaining residual UK business. Prior to the transfer to held for sale in 2023, the Group impaired $7m of goodwill in relation to these transfers.
- During 2023, certain USA assets held for sale at December 31, 2022 were determined to be no longer held for sale and $207m was transferred from assets held for sale to goodwill.

Included in the carrying amounts presented above are a foreign exchange gain in the current year of $19m on the Sterling-denominated goodwill, a foreign exchange gain of $94m on the Euro-denominated goodwill, and a foreign exchange loss of $nil on the Australian goodwill, which have been recognised on translation to US Dollars at the year-end closing rate.

For the year ended December 31, 2023 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. It is specifically acknowledged that the timing and material influence to earnings is expected in the medium to long-term.

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 7.0 times to 12.0 times (2022: 7.0 times to 13.5 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. The fair value measurement was categorised as a level 3 fair value based on the inputs in the valuation technique used.

Forecast EBITDA has been determined taking into account past experience and includes our expectations of the maintainable performance of the business based on the current market conditions. Key assumptions in forecasting EBITDA include fuel volumes and margin, Grocery & Merchandise gross profit and labour and overhead costs. Both fuel volumes and margin can be increased or decreased depending upon volatile oil prices and market competition dynamics.

EBITDA valuation multiples of comparable corporations and market transactions were sourced for each Group of CGUs, taking into account factors such as relative size, operating model, profitability and growth, location, and the risk and return profile between the subject business and the guideline comparable public companies or transactions. Use of multiples of comparable corporations and market transactions also enables the Group's recoverable amount to reflect market expectations and uncertainty about the impact of climate risk and energy transition.

The assessment of the Board determined that, following the recognition of an impairment of $21m (2022: $100m) in respect of Australia noted below, the recoverable amount of all the CGUs were equal to or exceeded their carrying value using the mid-point of the EBITDA valuation multiples.

- For the Australia group of CGUs, market multiples of comparable corporations and market transactions ranged from 7.5 to 8.5 times (2022: 7.5 to 8.5 times). The mid-point EBITDA valuation multiple used of 8.0 times results in an impairment of $21m. This impairment would be $65m at the low-end EBITDA multiple of 7.5 times and have headroom of $23m at the high-end multiple of 8.5 times. The breakeven EBITDA valuation multiple for the Australia group of CGUs is 8.2 times. Using the mid-point EBITDA valuation multiple to support our conclusion, an impairment charge of $21m (2022: $100m) has been recognised and presented as an exceptional item for the Australia group of CGUs for the year ended December 31, 2023. The marginal impairment charge has been generated as a result of a reduction in the forecast EBITDA versus the prior year following poorer economic conditions and the cost of living crisis which have

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

resulted in lower fuel volume sales from reduced consumer demand. The EBITDA assumptions used to determine the recoverable amount are consistent with those experienced in 2023.

- For the France group of CGUs, market multiples of comparable corporations and market transactions ranged from 8.5 to 10.0 times (2022: 8.5 to 10.0 times). The mid-point EBITDA valuation multiple used of 9.25 times results in headroom of $92m. Headroom would be reduced to $45m at the low-end EBITDA multiple of 8.5 times and have headroom of $139m at the high-end multiple of 10.0 times. The break-even point is a 17% reduction of forecast France EBITDA at the mid-point multiple. Forecast EBITDA reflects new commercial arrangements agreed in the year.

For the UK&I, USA, France, Germany, Benelux and Italy groups of CGUs, no reasonably possible change in managements key valuation assumptions would lead to an impairment. The table below shows the sensitivity of headroom to changes in the key assumptions, after the $21m impairment in Australia for 2023.

		Sensitivities: revised headroom/(impairment) at mid-point			
		Forecast EBITDA		Valuation multiple	
Group of CGUs	Headroom at mid-point multiple	Decrease of 10%	Increase of 10%	Decrease of 0.75x	Increase of 0.75x
	$m	$m	$m	$m	$m
USA	1,350	814	1,886	1,000	1,699
UK&I	191	159	223	161	221
Benelux	547	400	693	428	665
France	92	35	150	45	139
Germany	740	538	943	567	914
Italy	385	330	440	332	438
Australia	—	(71)	70	(66)	66

The Directors have considered the impact of ESG-specific risks and opportunities identified and set out on page 92 specifically when determining the factors influencing the fair value of a Group of CGUs under a market-based valuation approach. The impact of the identified climate risks and opportunities to both the valuation earnings (EBITDA) and the market multiple range for all groups of CGUs has been determined to be low, and as a result there were no significant changes made to the fair value estimate for the impairment review at December 31, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

16. OTHER INTANGIBLE ASSETS

	Note	Customer /dealer relationships $m	Trade names $m	Other intangible assets $m	Total $m
Cost					
Balance at December 31, 2022		535	653	151	1,339
Additions		**—**	**—**	**28**	**28**
Transfers to held for sale		**(6)**	**(20)**	**(21)**	**(47)**
Transfers		**—**	**—**	**4**	**4**
Disposals		**—**	**—**	**(3)**	**(3)**
Exchange differences		**10**	**3**	**6**	**19**
Balance at December 31, 2023		**539**	**636**	**165**	**1,340**
Accumulated amortisation and impairment					
Balance at December 31, 2022		(225)	(105)	(63)	(393)
Provided in year		**(48)**	**(15)**	**(25)**	**(88)**
Transfers to held for sale		**—**	**(3)**	**7**	**4**
Transfers		**—**	**—**	**(3)**	**(3)**
Impairment		**—**	**—**	**(15)**	**(15)**
Disposals		**—**	**—**	**2**	**2**
Exchange differences		**(8)**	**—**	**(2)**	**(10)**
Balance at December 31, 2023		**(281)**	**(123)**	**(99)**	**(503)**
Carrying amount					
Balance at December 31, 2023		**258**	**513**	**66**	**837**
Balance at December 31, 2022		310	548	88	946

	Note	Customer /dealer relationships $m	Trade names $m	Other intangible assets $m	Total $m
Cost					
Balance at January 1, 2022		543	690	112	1,345
Additions		—	—	28	28
Additions from acquisitions of subsidiaries	35	25	—	25	50
Transfer to held for sale		—	(28)	—	(28)
Disposals		—	—	(7)	(7)
Exchange differences		(33)	(9)	(7)	(49)
Balance at December 31, 2022		535	653	151	1,339
Accumulated amortisation and impairment					
Balance at January 1, 2022		(187)	(91)	(50)	(328)
Charge for the year		(49)	(23)	(19)	(91)
Transfers to held for sale	8	—	6	—	6
Disposals		—	—	3	3
Exchange differences		11	3	3	17
Balance at December 31, 2022		(225)	(105)	(63)	(393)
Carrying amount					
Balance at December 31, 2022		310	548	88	946
Balance at January 1, 2022		356	599	62	1,017

Of the total amortisation expense for the year ended December 31, 2023 of $88m (2022: $91m), $65m (2022: $65m) has been charged to administrative expenses and $23m (2022: $26m) to distribution costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

The remaining useful life of the following trade names at December 31, 2023 and the carrying value is set out in the table below:

Trade name	Remaining useful life Years	Carrying value $m
Cooplands	Indefinite	22
Cumberland Farms	Indefinite	337
Sprint	3	2
Turkey Hill	14	71
Kwik Stop	14	21
Loaf 'N Jug	14	39
Quik Stop	14	20

Cooplands trade name

The brand name for Cooplands ($22m at December 31, 2023, $20m at December 31, 2022) 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 at least annually.

For the year ended December 31, 2023 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 recoverable amount of the trade name was determined based on its fair value. The key estimates are the discount rate, growth rate and the royalty rate. The fair value measurement was categorised as a level 3 fair value based on the inputs in the valuation technique used.

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 was derived from a post-tax weighted average cost of capital for Cooplands, 13.50% (2022: 12.77%).

Revenue projections for Cooplands' non-fuel offerings have been generated based on the Group's forecast through to 2026. The forecasts incorporated annualised growth ranging from 5.7% to 7.3%. The long–term growth rate incorporated in the forecast beyond 2026 was 2.1%.

Based on a search of licence agreements for similar trade names and the consideration of the profitability of Cooplands, a royalty rate of 2.5% was utilised to value the trade name at the point of acquisition and is also used to determine the recoverable amount of the trade name as at the year end.

Management has performed sensitivity analysis on the reasonably possible changes in key assumptions in the impairment tests of the Cooplands brand name. An increase in the discount rate of 1.3% or a decrease in the growth rate of 2.1% may result in an impairment.

Cumberland Farms trade name

The Cumberland Farms trade name ($337m at December 31, 2023 and December 31, 2022) 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, 2023 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 recoverable amount of the trade name was determined based on its fair value. The key estimates are the discount rate, growth rate and the royalty rate. The fair value measurement was categorised as a level 3 fair value based on the inputs in the valuation technique used.

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 was derived from a post-tax weighted average cost of capital for the USA group of CGUs, 8.75% (2022: 8.85%).

Revenue projections for Cumberland Farms have been generated based on the Group's forecast through to 2031. The forecasts incorporated annualised growth of 3.6% (2022: 3.0%) 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 2.1% (2022: 3.0%).

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 at the point of acquisition and is also used to determine the recoverable amount of the trade name as at the year end.

Management has performed sensitivity analysis on the reasonably possible changes in key assumptions in the impairment tests of the Cumberland Farms 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings $m	Fixtures and fittings $m	Assets under construction $m	Total $m
Cost				
At January 1, 2023	4,074	2,424	186	6,684
Additions	**116**	**138**	**122**	**376**
Disposals	**(90)**	**(69)**	**(4)**	**(163)**
Transfers	**(9)**	**22**	**(155)**	**(142)**
Transfers to held for sale	**(1,726)**	**(630)**	**(62)**	**(2,418)**
Exchange difference	**107**	**47**	**3**	**157**
At December 31, 2023	**2,472**	**1,932**	**90**	**4,494**
Depreciation				
At January 1, 2023	(1,049)	(1,116)	—	(2,165)
Provided in year	**(190)**	**(207)**	**—**	**(397)**
Disposals	**36**	**58**	**—**	**94**
Transfers	**74**	**69**	**—**	**143**
Transfers to held for sale	**269**	**294**	**2**	**565**
Impairment	**(73)**	**(44)**	**(2)**	**(119)**
Exchange difference	**(29)**	**(25)**	**—**	**(54)**
At December 31, 2023	**(962)**	**(971)**	**—**	**(1,933)**
Carrying amount				
At December 31, 2023	**1,510**	**961**	**90**	**2,561**
At December 31, 2022	3,025	1,308	186	4,519

Included in the amounts transferred to held for sale are the property, plant and equipment balances which were subsequently disposed of as part of the USA sale and leaseback transaction (note 24) and the sale of the majority of the UK business (note 35).

	Land and buildings $m	Fixtures and fittings $m	Assets under construction $m	Total $m
Cost				
At January 1, 2022	4,040	2,260	214	6,514
Additions	98	125	281	504
Acquisitions	104	50	2	156
Disposals	(13)	(30)	(7)	(50)
Transfers	125	150	(284)	(9)
Transfers to held for sale	(79)	(27)	(1)	(107)
Exchange difference	(201)	(104)	(19)	(324)
At December 31, 2022	4,074	2,424	186	6,684
Depreciation				
At January 1, 2022	(821)	(872)	—	(1,693)
Provided in year	(192)	(272)	—	(464)
Disposals	9	25	—	34
Transfers	(4)	4	—	—
Transfers to held for sale	20	17	—	37
Impairment	(105)	(61)	—	(166)
Exchange difference	44	43	—	87
At December 31, 2022	(1,049)	(1,116)	—	(2,165)
Carrying amount				
At December 31, 2022	3,025	1,308	186	4,519
At December 31, 2021	3,219	1,388	214	4,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

The carrying amount of land and buildings shown above includes $682m (2022: $1,155m) in relation to land that is not depreciated.

Of the total depreciation expense for the year ended December 31, 2023 of $397m (2022: $464m), $2m (2022: $2m) has been charged to cost of sales, $19m (2022: $5m) has been charged to administrative expenses and $376m (2022: $456m) to distribution costs.

Impairment of property plant and equipment and right of use assets

Impairment methodology

The Group reviews on an annual basis the carrying amounts of its tangible and right of use assets (see note 24) to determine whether there is any indication that those assets have suffered an impairment loss or there is a reversal of impairments recognised in previous years.

The Group has determined that each site is a separate cash-generating unit for the purpose of impairment testing of property, plant and equipment and right of use assets. The recoverable amount of the assets are estimated in order to determine the extent of any impairment losses and reversal of prior impairment losses.

The value-in-use of each cash-generating unit ("CGU") is calculated based on future cash flow estimates. Cash flows are based on past experience and expectations of future changes in the market, including the prevailing economic climate and global economy, competitor activity, market dynamics, changing customer behaviours, structural challenges facing fuel and retail environments and the resilience afforded by the Group’s operational scale. Cash flows are then discounted to appropriately reflect the time value of money. The Group has considered the impact of climate related changes when determining the value in use of its CGU's used for impairment testing.

Management estimates the discount rates using pre-tax rates that reflect the market assessment of the time value of money and the risks specific to the geographic region to which the cash-generating units relate as at the balance sheet date.

Key assumptions and sensitivity

The cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to further impairments.

For value-in-use calculations, the key assumptions to which the recoverable amounts are most sensitive are discount rates and future cash flows. The Group has carried out sensitivity analyses to determine what the effect of a change in these key assumptions on the impairment charge would be.

As there is not a significant risk of an adjustment to the carrying amount of any site-level cash-generating unit that would be material to the Group as a whole, the sensitivity analysis has therefore been considered collectively.

On a calculated total impairment charge of $163m across the Group's fixed and right of use assets, sensitising for a pre-tax discount increase of 100 basis points would increase the 2023 impairment charge by $27m. Sensitising for a reduction of future cash flows aligned with the “reasonable worst case scenario” that the Group considered as part of its going concern review, would increase the 2023 impairment charge by $40m.

ESG considerations

Climate risk and impairment of property, plant and equipment ("PP&E") is reviewed for potential impairment by applying a series of external and internal indicators including climate-related risks. This review also considers the impact to the Group's right of use assets (note 24).

Specific climate-related considerations included:

- Assessing the impact of the required capital expenditure to meet the Group’s carbon roadmap and any known transition in the existing business operating model influencing the useful lives of existing PP&E. The nature of the proposed projects required to deliver our current roadmap targets and their impact on existing PP&E were determined immaterial.
- Assessing the useful lives of assets existing at operating sites in the context of decarbonisation roadmap. It is assumed that existing assets will be transitioned to lower-carbon emitting units in line with normal asset retirement timelines.
- Assessing the impact of physical risk to PP&E, in the context of the exposure of the Group’s locations to potential future adverse weather impacts. The useful lives of future capital expenditure may differ from current assumptions. However, as a result of the assessments set out above, there were no significant changes in the estimates of useful lives or asset values during the current financial year.

Assets pledged as security

Freehold land and buildings with a carrying amount of $1,510m (2022: $3,025m) have been pledged to secure borrowings of the Group (see note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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, Europe, the 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, 2023 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[1,3]	Holding company	UK	100
EG Finco Limited[1,3]	Holding company	UK	100
CS Food Group Holdings Limited[4]	Holding company	UK	100
CS Food Group Limited[4]	Holding company	UK	100
Coopland & Son (Scarborough) Limited[4]	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[1]	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[1]	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
EG Retail Services Limited[1]	Holding company	UK	100
Pollo Limited[1]	Restaurant operator	UK	100
Harland South Limited[1]	Restaurant operator	UK	100
Clokken Limited[1]	Restaurant operator	UK	100
EGspresso Limited[1]	Restaurant operator	UK	100
EVPoint (Holdings) Limited[1]	Holding company	UK	100
EVPoint Services Limited[1]	Trading of fuel/other products	UK	100
EG On The Move Limited[1]	Restaurant operator	UK	100
EG Property Limited[1]	Real estate development	UK	100
EG Corporate Services Limited[1]	Shared service centre	UK	100
Herbel (Western) Ltd[2]	Restaurant operator	UK	100
Herbel (Northern) Ltd[2]	Restaurant operator	UK	100

(1) Registered address: Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, United Kingdom, BB1 2FA
(2) Registered address: Lindsay's Caledonian Exchange, 19a Canning Street, Edinburgh, Scotland, EH3 8HE
(3) Interest held directly by EG Group Limited
(4) Registered address: Eastfield, Scarborough, North Yorkshire, United Kingdom, YO11 3YT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

International subsidiary undertakings

Subsidiaries	Principal activity	Place of incorporation/ registration and operation	Proportion of ordinary shares and voting power held %
Scotco Restaurants (Jersey) Ltd(1)	Restaurant operator	Jersey	100
EG Group Holdings (Jersey) Limited(1)	Holding company	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
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
Paul Mahieu NV(6)	Trading of fuel/other products	Belgium	99
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) BV(6)	Employer of service station colleagues	Belgium	100
EG Services (Belgium) BV(6)	Employer of service station colleagues	Belgium	100
EG Services (Belgium Property) BV(6)	Real estate development	Belgium	100
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(2)	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 GmbH(13)	Trading of fuel/other products	Germany	100
KMS Fast Food GmbH(13)	Trading of fuel/other products	Germany	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

18. SUBSIDIARIES CONTINUED

International subsidiary undertakings continued

Subsidiaries	Principal activity	Place of incorporation/ registration and operation	Proportion of ordinary shares and voting power held %
Qualitel Hotel GmbH[13]	Real estate development	Germany	100
EG Deutschland Retail & Energy GmbH[12]	Trading of fuel/other products	Germany	100
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
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
INS-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
Quik 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[18]	Service company	Australia	100
EG AsiaPac Ventures Pty Ltd[18]	Holding company	Australia	100
EG AsiaPac Ventures No. 1 Pty Ltd[18]	Trading of fuel/other products	Australia	100
Clokken Ireland Limited[19]	Restaurant operator	ROI	100
Scotco ROI Limited[19]	Restaurant operator	ROI	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended December 31, 2023

(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: Plein 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: Level 39, 100 Miller Street, North Sydney, NSW, 2060, Australia
(19) Registered address: 67/68, Fitzwilliam Square, Dublin, 2, 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 2023	2022
Joint ventures				
Petroleum Products Storage & Transport Company S.A./N.V.[1]	Owns and manages fuel depots	Belgium	**50%**	50%
De Pooter Olie B.V.[2]	Owns and operates fuel forecourts	Netherlands	**50%**	50%
De Pooter Olie B.V.B.A[3]	Owns and operates fuel forecourts	Belgium	**50%**	50%
Dépôt Pétrolier de Lyon S.A.S.[4]	Owns and manages fuel depots	France	**50%**	50%
Associates				
Hydrogen Vehicle Systems Ltd [5]	Production of hydrogen vehicles	UK	**31.4%**	31.4%

(1) Registered address: Avenue de l'Independence 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 Hérriot, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

19. JOINT VENTURES AND ASSOCIATES CONTINUED

Details of joint ventures and associates continued

2023	Petroleum Products Storage & Transport Company S.A./ N.V. $m	De Pooter Olie B.V. $m	De Pooter Olie B.V.B.A. $m	Dépôt Pétrolier de Lyon S.A.S. $m	Hydrogen Vehicle Systems Ltd $m	Total $m
Summarised balance sheet						
Current assets	1	15	3	11	13	43
Non-current assets	5	6	1	9	22	43
Current liabilities	1	(9)	(1)	(9)	(2)	(20)
Non-current liabilities	4	—	—	—	(32)	(28)
Net assets	11	12	3	11	1	38
Summarised income statement						
Revenue	3	83	31	4	—	121
Loss after tax for the year	—	(2)	1	(1)	(1)	(3)

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:

2023	Petroleum Products Storage & Transport Company S.A./ N.V. $m	De Pooter Olie B.V. $m	De Pooter Olie B.V.B.A. $m	Dépôt Pétrolier de Lyon S.A.S. $m	Hydrogen Vehicle Systems Ltd $m	Total $m
Group's share in ownership	50%	50%	50%	50%	31.4%	
Group's share of net assets/liabilities	6	6	2	6	1	21
Other adjustments	(5)	—	(2)	(3)	2	(8)
Carrying amount of the Group's interest in the joint venture and associates	1	6	—	3	3	13

2022	Petroleum Products Storage & Transport Company S.A./N.V $m	De Pooter Olie B.V. $m	Dépôt Pétrolier de Lyon S.A.S. $m	Hydrogen Vehicle Systems Ltd $m	Total $m
Summarised balance sheet					
Current assets	—	16	10	29	55
Non-current assets	5	6	6	—	17
Current liabilities	(1)	(11)	(4)	(1)	(17)
Non-current liabilities	(3)	—	—	(30)	(33)
Net assets	1	11	12	(2)	22
Summarised income statement					—
Revenue	3	86	4	—	93
Profit after tax for the year	—	2	—	(6)	(4)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures recognised in the consolidated financial statements:

2022	Petroleum Products Storage & Transport Company S.A./ N.V. $m	De Pooter Olie B.V. $m	Dépôt Pétrolier de Lyon S.A.S. $m	Hydrogen Vehicle Systems Ltd $m	Total $m
Group's share in ownership	50%	50%	50%	31.4%	
Group's share of net assets/liabilities	1	6	6	—	13
Other adjustments	—	(2)	(2)	4	—
Carrying amount of the Group's interest in the joint venture	1	4	4	4	13

20. INVENTORIES

	2023 $m	2022 $m
Grocery & Merchandise products	**289**	329
Foodservice products	**10**	18
Fuel and oil products	**363**	495
	662	842

The cost of inventories recognised as an expense during the year was $23,231m (2022: $23,274m). The carrying value of inventories recognised as an expense includes $76m (2022: $77m) in respect of write-downs of inventory to net realisable value.

Inventories with a carrying amount of $662m (2022: $842m) have been pledged as security for certain of the Group's bank facilities.

21. TRADE AND OTHER RECEIVABLES

	2023 $m	2022 $m
Trade receivables	**442**	504
Provision for impairment of trade receivables	**(12)**	(11)
	430	493
Guarantee deposits	**5**	8
Loans to related parties (note 37)	**308**	192
Other receivables	**142**	75
Prepayments and accrued income	**101**	145
	986	913

The balances are analysed as follows:

	2023 $m	2022 $m
Current	**663**	676
Non-current	**323**	237
	986	913

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

21. TRADE AND OTHER RECEIVABLES CONTINUED

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 $6m (2022: $12m) 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:

2023	Current %/$m	0-30 days past due %/$m	31-60 days past due %/$m	61-90 days past due %/$m	Over 90 days past due %/$m	Total $m
Gross carrying amount – trade receivables	355	37	16	10	24	442
Expected credit loss rate	—%	—%	—%	—%	50%	3%
Provision for impairment of trade receivables	—	—	—	—	(12)	(12)

2022	Current %/$m	0-30 days past due %/$m	31-60 days past due %/$m	61-90 days past due %/$m	Over 90 days past due %/$m	Total $m
Gross carrying amount – trade receivables	383	57	21	21	22	504
Expected credit loss rate	—%	—%	—%	—%	50%	3%
Provision for impairment of trade receivables	—	—	—	—	(11)	(11)

As at December 31, 2023 and December 31, 2022, 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, 2023, trade and other receivables of $24m (2022: $22m) were past due and impaired. Movement in the allowance for doubtful debts:

	2023 $m	2022 $m
Balance at the beginning of the year	(11)	(12)
Impairment losses recognised	(4)	(3)
Amounts written off during the year as uncollectible	3	—
Amounts recovered during the year	—	4
At December 31	(12)	(11)

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, 2023

22. BORROWINGS

	2023 $m	2022 $m
Secured borrowing at amortised cost		
Bank loans	**(3,990)**	(6,695)
Revolving credit facilities	**(268)**	(275)
Secured loan notes	**(2,063)**	(3,143)
Interest accrued on secured loan notes	**(26)**	(29)
Interest accrued on bank loans	**(32)**	(3)
Bank overdrafts	**(19)**	—
Total borrowings	**(6,398)**	(10,145)
Amount due for settlement within twelve months	**(378)**	(373)
Amount due for settlement after twelve months	**(6,020)**	(9,772)
	(6,398)	(10,145)

	Sterling $m	Euro $m	US Dollar $m	Australian Dollar $m	Total $m
Analysis of borrowings by currency:					
December 31, 2023					
Bank loans	**(51)**	**(2,255)**	**(1,684)**	**—**	**(3,990)**
Revolving credit facility	**—**	**(243)**	**(25)**	**—**	**(268)**
Secured loan notes	**—**	**(507)**	**(1,556)**	**—**	**(2,063)**
Bank overdrafts	**(19)**	**—**	**—**	**—**	**(19)**
Interest accrued on secured loan notes	**—**	**(6)**	**(20)**	**—**	**(26)**
Interest accrued on bank loans	**(1)**	**(14)**	**(17)**	**—**	**(32)**
Total borrowings	**(71)**	**(3,025)**	**(3,302)**	**—**	**(6,398)**
December 31, 2022					
Bank loans	(721)	(2,917)	(2,799)	(258)	(6,695)
Revolving credit facility	(94)	(181)	—	—	(275)
Secured loan notes	—	(1,769)	(1,374)	—	(3,143)
Interest accrued on secured loan notes	—	(13)	(16)	—	(29)
Interest accrued on bank loans	(1)	(1)	(1)	—	(3)
	(816)	(4,881)	(4,190)	(258)	(10,145)

Amend and extend of term loans

On June 29, 2023 the Group announced the successful allocation of the amend and extend ("A&E") of its terms loans. Conditions under this agreement required that of the Group's existing c.$6.1bn term loan facilities, c.$2.9bn would be repaid through the proceeds received from the sale and leaseback transaction in the USA and the disposal of the majority of the UK business. The remaining c.$3.2bn of multi-currency term loans were extended out to February 2028.

The exercise involved two key steps exercised consecutively on June 30, 2023:

Step one involved the redenomination of the Group's existing Pound Sterling ("GBP") and Australian Dollar terms loans into Euro and US Dollar term loans and also some Euro term loans into US Dollar term loans.

Step two involved the splitting of the redenominated term loans into four tranches with differing economic terms for each tranche. This exercise was executed on June 30, 2023. Summarised below are the relevant terms attributed to each tranche of term loans:

- Tranche A: Represented amounts payable to non-consenting lenders to the amend and extend proposal and would continue to remain under existing terms and conditions
- Tranche B: Represented amounts that have been agreed to be repaid by the Group using proceeds from the sale of the majority of the UK business of the Group to Asda and through the execution of the sale and leaseback transaction in the USA. Until repayment, Tranche B amounts would continue to attract interest at existing rates. Under the refinancing terms, Tranche B amounts were required to be repaid no later than December 31, 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended December 31, 2023

22. BORROWINGS CONTINUED

- Tranche C: Represented amounts that were subject to A&E programme. Any amounts in Tranche C attracted new economic terms from June 30, 2023 onwards, including a ticking fee which increased the margin applicable to Tranche C amounts and transactions fees, until the completion of UK transaction
- Tranche D: Represented new money raised in excess of current exposures under revised economic terms and revised maturities, being February 2028

Extension of revolving credit facilities and letter of credit facilities

As part of the financing process, the Group also secured an extension to the maturity date of the majority of its revolving credit facilities ("RCF") and letter of credit ("LC") facilities to 2027. As part of this exercise, the following changes have been made:

- Margin over the base rates (for each individual currency) have increased on the RCF facility from 3% to 4% and on the LC facility from 2% to 3%
- Maturity of the facility has been extended from August 2024 to August 2027
- The total amounts available under the RCF and LC have been updated as stated in the table below, these updates are effective from the date that the amend and extend is completed

	Prior to extension $m	Post extension $m
Revolving credit facilities	469	378
Letter of credit	732	638

Repayment of borrowings

On July 14, 2023, following the receipt of the proceeds from the sale and leaseback transaction in the United States, the Group made the following repayments to its borrowings, in line with the mandatory terms agreed in the amend and extend agreement in June.

The Group fully redeemed the five-year EUR senior secured loan notes of €300m issued on May 13, 2019 repayable on maturity in 2024. The loan notes carried interest at 3.625% and are secured on the assets of the Group. The principal repaid was €300m ($326m). The Group also partially redeemed the remaining senior secured loan notes on a pro-rata basis, totalling $216m. The table below outlines the impact of the repayments described above on the Group's Senior Secured Note liabilities:

	Euro SSN $m	US Dollar SSN $m	Total $m
Repayments:			
- 5 year EUR senior secured loan notes of €300m	326	—	326
- 6 year EUR senior secured loan notes of €670m	55	—	55
- 6 year EUR senior secured loan notes of €700m	57	—	57
- 6 year US$ senior secured loan notes of $750m	—	56	56
- 6 year US$ senior secured loan notes of $635m	—	48	48
Total repayments of Senior Secured Notes	438	104	542

In addition, the Group made partial repayments towards its term loans ($462m), the table below provides a summary of the amounts repaid towards each tranche of loans:

	Sterling $m	Euro $m	US Dollar $m	Australian Dollar $m	Total $m
Repayments:					
- Tranche A	25	59	74	4	162
- Tranche B	5	145	150	—	300
Total repayments of term loans	30	204	224	4	462

Further to the above repayments, on November 9, 2023 and November 10, 2023, consistent with the mandatory terms agreed in the amend and extend agreement, the Group utilised the proceeds from the sale of the majority of its UK business to Asda to complete the amend and extend of the Group's term loans and to further redeem its senior secured loan notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

The Group partially redeemed the senior secured loan notes on a pro-rata basis. The table below outlines the repayments made to the Groups senior secured note liability:

	Euro SSN $m	US Dollar SSN $m	Total $m
Repayments:			
- 6 year EUR senior secured loan notes of €670m	153	—	153
- 6 year EUR senior secured loan notes of €700m	160	—	160
- 6 year US$ senior secured loan notes of $750m	—	162	162
- 6 year US$ senior secured loan notes of $635m	—	137	137
Total repayments to Senior Secured Notes	313	299	612

In addition, the Group made partial repayments towards its term loans, the table below provides a summary of the amounts repaid towards each tranche of loan:

	Sterling $m	Euro $m	US Dollar $m	Australian Dollar $m	Total $m
Repayments:					
- Tranche A	265	534	835	19	1,653
- Tranche B	3	485	374	—	862
Total repayments of term loans	268	1,019	1,209	19	2,515

The above repayments were partially funded by the drawdown of tranche D by the Group, €114m and $255m. Following the above noted repayments, the Group therefore successfully completed the A&E process.

The below summarises the interest rate applicable to each currency of term loans:

- Sterling: SONIA +6.5%
- EURO: EURIBOR +5.5% - +7%
- US Dollar: SOFR +4.25% - +5.5%

Following the update to the term loans and RCF/LC facilities, $26m of capitalised finance costs were written off in the year, these were classified as exceptional finance costs in the period. Financing cost totalling $150m, which have been incurred in relation to the amend and extend exercise, have been capitalised in the period.

New facilities following refinancing of Senior Secured Notes

On November 20, 2023, the Group successfully secured additional financing facilities. This included:

- Successfully priced and allocated $1.1bn in aggregate principal amount of 12% Senior Secured Notes due November 2028 and €468m ($496m) in aggregate principal amount of 11% Senior Secured Notes due November 2028
- Secured a $500m private placement of Floating Rate Notes from an institutional investor also maturing in November 2028. The Floating Rate Notes are with 50%/50% payment in kind and cash interest for the first year, with minimum cash interest payment of 6%, and will be with 100% cash interest from year two onwards
- Agreed a €189m ($200m) bridge facility maturing in February 2028, the facility incurs interest at 5.5% plus EURIBOR

The proceeds of the refinancing have funded the repayment of the Group's outstanding senior secured loan notes and the majority of the Group's Tranche A and B term loans due. The table below outlines the impact of the repayments on the Group's Senior Secured Note liabilities:

	Euro SSN $m	US Dollar SSN $m	Total $m
Repayments:			
- 6 year EUR senior secured loan notes of €670m	503	—	503
- 6 year US$ senior secured loan notes of $750m	—	532	532
- 6 year EUR senior secured loan notes of €700m	526	—	526
- 6 year US$ senior secured loan notes of $635m	—	450	450
Total repayment of senior secured loan notes	1,029	982	2,011

In addition, the Group has made further repayments towards its term loans, the table below provides a summary of the amounts repaid towards each tranche of loan:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

22. BORROWINGS CONTINUED

	Sterling $m	Euro $m	US Dollar $m	Australian Dollar $m	Total $m
Repayments:					
- Tranche A	32	156	12	34	234

Following the refinancing of the Group's Senior Secured Notes, $18m of capitalised finance costs were written off in the year, these were classified as exceptional finance costs in the period. Financing cost totalling $60m, which have been incurred in relation to the amend and extend exercise, have been capitalised in the period.

Following the refinancing activity during the year, at December 31, 2023 the Group has the following term loans:

i) A GBP loan of £42m. The loan was agreed on June 30, 2023. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in February 2028. The loan carries interest at 6.5% above SONIA and is secured on the assets of the Group and guaranteed by certain entities of the Group.

ii) A EUR loan of €1,290m. The loan was agreed on June 30, 2023. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in February 2028. The loan carries interest at 5.5% above EURIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

iii) A US$ loan of US$1,713m. The loan was agreed on June 30, 2023. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in February 2028. The loan carries interest at 5.5% above SOFR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

iv) A US$ loan of $119m. 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 March 2026. The loan carries interest at 4.25% above SOFR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

v) A bridging EUR loan of €189m. The loan was agreed on November 10, 2023 and has an initial maturity on November 2024, with an extension to February 2028. The loan carries interest at 5.5% above EURIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

vi) A second lien EUR loan of €610m. The loan was agreed on March 12, 2021, repayable on maturity in March 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.

At December 31, 2023 the Group has the following Senior Secured Notes:

1. Five-year EUR senior secured loan notes of €468m agreed on November 11, 2023, repayable on maturity in 2028. The loan notes carry interest at 11% and are secured on the assets of the Group.
2. Five-year USD senior secured loan notes of US$1,100m agreed on November 11, 2023, repayable on maturity in 2028. The loan notes carry interest at 12% and are secured on the assets of the Group.
3. Five-year USD senior secured loan notes of US$500m agreed on November 11, 2023, repayable on maturity in 2028. The loan notes carry interest at 7.5% above SOFR with an element that can be dealt with as a payment in kind 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 £179m (for utilisation in GBP, EUR, US$ or A$) (2022: £179m) and US$ revolving credit facilities available for US$93m and US$85m (2022: US$93m and US$85m); the maturity of the revolving credit facility is August 2024 for £37m and $7m and August 2027 for £142m and $171m, respectively. These carry an interest rate of SONIA/LIBOR/EURIBOR/BBSY +4% (2022: +3%) depending on the currency drawn down and are secured on the Group's assets. A commitment fee is payable quarterly in arrears on the aggregate undrawn at a rate of 1.4% (2022: 1.05%) of the applicable margin for the revolving credit facility.

The Group has two overdraft facilities available for £28.5m and $30m. The maturity of the overdraft facility is August 2024. These carry an interest rate of SONIA/LIBOR +3% (2022: +3%) depending on the currency drawn down and are secured on the Group's assets.

The weighted average interest rates paid during the year were as follows:

	2023	2022
Bank overdrafts	**7.42 %**	4.95 %
Revolving credit facilities	**7.55 %**	4.39 %
Secured loan notes	**6.23 %**	6.09 %
Bank loans	**8.81 %**	5.62 %

Details of the financial risk management objectives and policies of the Group, including exposure of the Group to liquidity risk, credit risk, interest rate risk, foreign currency risk and market risk, are given in note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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, 2022 $m	Reclassifications $m	Arising on acquisition/ balance sheet movements $m	(Credited)/ charged to income statement $m	Credited to OCI $m	Exchange differences $m	At December 31, 2023 $m
Fixed assets	434	**(47)**	**(73)**	**123**	**—**	**8**	**445**
Goodwill	(84)	**—**	**—**	**5**	**—**	**(3)**	**(82)**
Intangibles	392	**—**	**(12)**	**20**	**—**	**4**	**404**
Financial guarantees	—	**—**	**—**	**(21)**	**—**	**—**	**(21)**
IFRS 16 ROU asset	315	**(3)**	**120**	**61**	**—**	**7**	**500**
IFRS 16 lease liability	(334)	**2**	**(136)**	**(221)**	**—**	**(6)**	**(695)**
Pensions	(7)	**—**	**—**	**—**	**(1)**	**—**	**(8)**
Tax losses	(111)	**—**	**—**	**85**	**—**	**(1)**	**(27)**
Change of accounting policy	7	**—**	**—**	**(1)**	**—**	**—**	**6**
Excess interest capacity	(52)	**—**	**—**	**(5)**	**—**	**(1)**	**(58)**
Provisions	(90)	**3**	**3**	**(2)**	**—**	**(1)**	**(87)**
Inventory	(2)	**—**	**—**	**(1)**	**—**	**—**	**(3)**
Unfavourable contracts	(81)	**—**	**17**	**7**	**—**	**(1)**	**(58)**
Other	(4)	**—**	**—**	**1**	**—**	**—**	**(3)**
Total	383	**(45)**	**(81)**	**51**	**(1)**	**6**	**313**

	At December 31, 2021 $m	Reclassifications $m	Arising on acquisition/ balance sheet movements $m	(Credited)/ charged to income statement $m	Charged to OCI $m	Exchange differences $m	At December 31, 2022 $m
Fixed assets	473	—	36	(62)	—	(13)	434
Goodwill	(105)	—	15	2	—	4	(84)
Intangibles	419	(28)	(6)	20	—	(13)	392
IFRS 16 ROU asset(1)	429	—	(79)	(19)	—	(16)	315
IFRS 16 lease liability(1)	(425)	—	102	(23)	—	12	(334)
Pensions	(3)	—	(3)	2	(3)	—	(7)
Tax losses	(139)	—	3	23	—	2	(111)
Change of accounting policy	9	—	—	(1)	—	(1)	7
Excess interest capacity	(39)	—	(5)	(13)	—	5	(52)
Provisions	(123)	—	(10)	36	—	7	(90)
Inventory	—	—	—	(2)	—	—	(2)
Unfavourable contracts	(116)	28	(14)	11	—	10	(81)
Other	(1)	—	—	(2)	—	(1)	(4)
Total	379	—	39	(28)	(3)	(4)	383

(1) In line with amendments to IAS 12 Income Taxes which came into effective on January 1, 2023, the deferred tax balances associated with IFRS 16 have been restated on a gross basis.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended December 31, 2023

23. DEFERRED TAX CONTINUED

	2023 $m	2022 $m
Deferred tax liabilities	**(479)**	(493)
Deferred tax assets	**166**	110
	(313)	(383)

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 $1,002m (2022: $1,371m) and excess interest capacity of $714m (2022: $469m) available for offset against future profits.

A deferred tax asset has been recognised in respect of $360m (2022: $794m) of losses and $425m (2022: $399m) in respect of excess interest capacity. The losses recognised are those which have arisen in the current period in entities in Australia, and losses brought forward in the USA (including various state and local jurisdictions on a post-apportioned basis for 2023 and 2022) which are expected to have future taxable profits against which these losses can be offset, and losses brought forward in Belgian entities which are utilising their brought-forward losses each year. The deferred tax asset on excess interest capacity relates to interest restrictions in the UK, USA and Netherlands.

Unrecognised deferred tax assets

No deferred tax asset has been recognised in respect of the remaining $642m (2022: $578m) of losses or $289m (2022: $70m) of excess interest capacity. There is deferred tax unrecognised on losses of $76m (2022: $65m) in Luxembourg, Netherlands and Germany as there are restrictions in place which restrict the utilisation of these losses, and deferred tax unrecognised on losses of $556m (2022: $513m) in the UK, Belgium and the USA as it is not considered probable there will be future taxable profits against which these losses will be utilised.

Of the $556m (2022: $513m) of tax losses unrecognised mentioned above, $360m (2022: $349m) are USA various state and local jurisdictions which are recognised at a lower blended rate of 4.99% (2022: 4.97%), on a post-apportioned basis.

The deferred tax asset unrecognised on excess interest capacity relates to interest restrictions in the UK and USA.

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.

Tax losses carried forward for which no deferred tax asset is recognised:

	2023 $m		2022 $m	
As at December 31	**Gross amount**	**Tax effected**	Gross amount	Tax effected
Tax losses expiring				
Within five years	**35**	**1**	36	1
More than five years	**326**	**16**	314	16
Available indefinitely	**298**	**72**	228	56
Total	**659**	**89**	578	73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

24. LEASES

Right of use assets	Land and buildings $m	Vehicles $m	Total $m
Balance at December 31, 2022	1,914	23	1,937
Additions	**598**	**12**	**610**
Remeasurement	**146**	**5**	**151**
Depreciation charge for the year	**(174)**	**(9)**	**(183)**
Impairment charge for the year	**(44)**	**—**	**(44)**
Disposals	**(4)**		**(4)**
Transfer to held for sale	**(309)**	**(2)**	**(311)**
Exchange differences	**50**	**—**	**50**
Balance at December 31, 2023	**2,177**	**29**	**2,206**

Right of use assets	Land and buildings $m	Vehicles $m	Total $m
Balance at January 1, 2022	2,085	20	2,105
Additions	113	13	126
Remeasurement	32	—	32
Recognition on acquisition of subsidiaries	180	—	180
Depreciation charge for the year	(207)	(10)	(217)
Impairment charge for the year	(124)	—	(124)
Transfers to held for sale	(52)	—	(52)
Exchange differences	(113)	—	(113)
Balance at December 31, 2022	1,914	23	1,937

The Group leases land and buildings and vehicles. The average lease term is 26 years (2022: 26 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 17.

Approximately 2.1% (2022: 3.2%) of the leases for land and buildings expired in the current financial year. Of these expired contracts, 91.5% (2022: 70.5%) were replaced by new leases for identical underlying assets. This resulted in additions to right of use assets of $11.4m in 2023 (2022: $17.7m). A number of the Group's long-term leases arrangements are linked to indexes which require that remeasurement of existing leases are required on an annual basis.

Lease liabilities	**2023 $m**	2022 $m
Balance at January 1	**(2,021)**	(2,022)
Remeasurement of leases	**(138)**	(46)
Additions	**(1,104)**	(122)
Interest expense	**(169)**	(97)
Payments	**340**	255
Arising on acquisition	**—**	(161)
Transfer to held for sale	**325**	57
Exchange differences	**(47)**	115
Balance at December 31	**(2,814)**	(2,021)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

24. LEASES CONTINUED

Lease liabilities	2023 $m	2022 $m
Maturity analysis:		
Within one year	**310**	225
Greater than one year but less than two years	**303**	223
Greater than two years but less than three years	**289**	210
Greater than three years but less than four years	**273**	195
Greater than four years but less than five years	**263**	179
After five years	**4,156**	2,523
Less: unearned interest	**(2,780)**	(1,534)
	2,814	2,021

Analysed as:		
Non-current	**2,551**	1,826
Current	**263**	195
	2,814	2,021

	2023 $m	2022 $m
Amounts recognised in profit and loss		
Depreciation expense on right of use assets	**(183)**	(217)
Interest expense on lease liabilities	**(169)**	(97)
Impairment expense on right of use assets	**(44)**	(124)
Expense relating to short-term leases	**(4)**	(3)
Expense relating to leases of low-value assets	**(4)**	(2)
Expense relating to variable lease payments not included in the measurement of the lease	**(77)**	(71)

At December 31, 2023, the Group is committed to $nil for short-term leases (2022: $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:

	2023 $m	2022 $m
Fixed payments	**(2)**	(1)
Variable payments	**(59)**	(70)
Total payments	**(61)**	(71)

The total cash outflows for leases amount to $425m (2022: $331m).

Lease payments are presented as follows in the Group statement of cash flows:

- Short-term lease payments, payment of leases of low-value assets and variable lease payments not included in the measurement of lease liability are presented within cash flows from operating activities
- Payments for interest and principal element of recognised lease liabilities are included within cash flows from financing activities

The Group does not have any restrictions or covenants imposed by leases.

On May 15, 2023, the Group entered into a sale and leaseback transaction to sell 414 properties currently operating under the Cumberland Farms, Fastrac, Sprint, and Tom Thumb banners for gross consideration of approximately $1,494m. To facilitate the transaction, a leveraged partnership structure was implemented. The leveraged partnership included the creation of a new entity, MDC Obsidian Holdings "MDC", with whom the sale and leaseback took place. The Group contributed 414 properties to MDC in exchange for cash consideration ($1,455m) and 5% equity holding in the leveraged partnership (valued at $39m). Realty Income Corporation ("RI"), the indirect purchasers of the properties, hold the remaining 95% equity interest in the partnership. To fulfil the payment of $1,455m required to purchase the assets from the Group, MDC received a loan of c.$1,174m from RI and a contribution of properties also from RI, totalling $464m, in exchange for their equity interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

The loan from RI to MDC and the subsequent lease payments falling due by the terms of the sale and leaseback arrangement are both guaranteed by the Group. The substance of the lease payment guarantee is such that should the lessee not make the lease payments as they fall due and default on those payments, the Group acts as guarantor. Furthermore, should MDC default on the loan with RI, the Group acts as guarantor to the debt itself. The debt guarantee is considered to meet the definition of a financial guarantee contract and is classified as a financial liability on the balance sheet and is currently valued at $55m.

A gain of $335m was recognised on completion of the transaction. As part of the structuring of the sale and leaseback, the taxable gain has been deferred until the properties are sold by MDC. An agreement has been put in place to ensure that MDC cannot complete any actions that would result in the crystallisation of this gain for seven years post completion.

The initial rent arising under the leaseback arrangement is $103m per annum, rising by 2% annually for the duration of the minimum term on the leases (a range of 18-22 years across the portfolio). The Group does have the option to renew the leases for a further eight terms of five years following the initial term. Should the Group choose to do so, a minimum of 50% of the properties must be renewed at each of the renewal dates.

25. TRADE AND OTHER PAYABLES

	2023 $m	2022 $m
Trade payables	**(708)**	(864)
Amounts due to related parties (note 37)	**(1)**	(17)
Social security and other taxes	**(715)**	(775)
Accrued expenses	**(404)**	(453)
Other payables	**(76)**	(58)
	(1,904)	(2,167)

The balances are analysed as follows:

	2023 $m	2022 $m
Current	**(1,591)**	(1,799)
Non-current	**(313)**	(368)
	(1,904)	(2,167)

The average credit period taken for trade purchases is 14 days (2022: 21 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 $368m (2022: $445m) of indirect tax payment deferrals, of which $274m (2022: $355m) 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:

	2023 $m	2022 $m
Current	**(37)**	(29)
Non-current	**(34)**	(25)
	(71)	(54)

Contract liabilities includes of $2m (2022: $2m) representing customer loyalty points which have not yet expired or been redeemed. Furthermore, the balance includes $23m which was deferred as part of the sale of the majority of the UK business during the year, see note 35 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

27. PROVISIONS

	Note	Property $m	Unfavourable contract $m	Other $m	Total $m
At December 31, 2022		(395)	(185)	(112)	(692)
Additional provision in the year		**(8)**	**—**	**(115)**	**(123)**
Utilisation of provision		**8**	**18**	**85**	**111**
Released in the year		**8**	**—**	**8**	**16**
Transfer to held for sale liability		**23**	**—**	**2**	**25**
Unwinding of discount		**(2)**	**—**	**—**	**(2)**
Exchange differences		**(11)**	**1**	**(1)**	**(11)**
At December 31, 2023		**(377)**	**(166)**	**(133)**	**(676)**

The balances are analysed as follows:

	2023 $m	2022 $m
Current	**(123)**	(108)
Non-current	**(553)**	(584)
	(676)	(692)

Property provisions (December 31, 2023: $377m; 2022: $395m)

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, 2023: $291m; 2022: $284m)**
  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, 2023: $77m; 2022: $77m)**
  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, 2023: $5m; 2022: $7m)**
  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, 2023: $4m; 2022: $27m)**
  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.

The Group await total reimbursements of $23m (2022: $23m) to be received in the future in respect to these provisions and therefore, an asset totalling $23m (2022: $23m) has been recognised in respect to this.

Unfavourable contracts (December 31, 2023: $166m; 2022: $185m)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

Other provisions (December 31, 2023: $133m; 2022: $112m)

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, 2023: $29m; 2022: $11m)**
  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, 2023: $18m; 2022: $18m)**
  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, 2023: $86m; 2022: $83m)**
  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 insurance excess reserves and real estate transfer taxes. The largest provision within Other relates to insurance excess reserves totalling $60m (2022: $53m).

The Group await total reimbursements of $25m to be received in future in respect to these provisions and therefore, an asset totalling $25m (2022: $3m) has been recognised in respect to this.

28. SHARE CAPITAL

	Number of shares	$
Authorised, issued and fully paid: ordinary shares of £1 each		
Balance at January 1, 2022 and December 31, 2022	2,011	2,940
Balance at December 31, 2023	**2,011**	**2,940**

The Group 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 Group.

29. SHARE PREMIUM ACCOUNT

	$m
Balance at January 1, 2022 and December 31, 2022	2,159
Balance at December 31, 2023	**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. The merger reserve represents the difference between the fair value and the nominal value of the share capital issued by EG Group Limited.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended December 31, 2023

30. OTHER RESERVES CONTINUED

	$m
Balance at January 1, 2022	(11)
Exchange differences on translating the net assets of foreign operations	(64)
Balance at December 31, 2022	(75)
Exchange differences on translating the net assets of foreign operations	**(176)**
Reclassification of foreign currency differences on disposal of business to income statement	**39**
Balance at December 31, 2023	**(212)**

Capital contribution reserve
In 2022, the Group reversed a capital contribution from EG Group Holdings Limited of $1m in relation to the allocation of share-based payment charges.

	$m
Balance at January 1, 2022	1
Capital contribution from parent relating to share-based payments	(1)
Balance at December 31, 2022	–
Balance at December 31, 2023	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

31. NOTES TO THE CASH FLOW STATEMENT

		2023			2022		
	Note	**Before exceptional items $m**	**Exceptional items (note 5) $m**	**After exceptionals $m**	Before exceptional items $m	Exceptional items (note 5) $m	After exceptionals $m
Cash flows from operating activities							
(Loss)/Profit for the year		**(150)**	**1,474**	**1,324**	(248)	(74)	(322)
Adjustments for:							
Share of profit of equity accounted investments	19	**—**	**—**	**—**	1	—	1
Finance income	12	**(300)**	**—**	**(300)**	(28)	—	(28)
Finance costs	13	**1,013**	**91**	**1,104**	763	—	763
Income tax	14	**25**	**56**	**81**	52	12	64
Loss/(profit) on disposal of property, plant and equipment and sale and leaseback		**3**	**(335)**	**(332)**	(11)	(5)	(16)
Gain on disposal of business	35	**—**	**(1,338)**	**(1,338)**	—	—	—
Depreciation of property, plant and equipment and right of use asset	17, 24	**580**	**—**	**580**	681	—	681
Amortisation of intangible assets	16	**88**	**—**	**88**	91	—	91
Impairment (reversals of impairment) of property, plant and equipment and right of use asset	17, 24	**172**	**(9)**	**163**	291	(1)	290
Impairment of intangible assets	16	**15**	**—**	**15**	—	—	—
Goodwill impairment	15	**7**	**21**	**28**	—	100	100
Share-based compensation credit	39	**—**	**—**	**—**	(1)	—	(1)
Movement in retirement benefit obligations		**(3)**	**—**	**(3)**	(3)	—	(3)
(Decrease)/increase in provisions	27	**(16)**	**11**	**(5)**	(35)	(43)	(78)
Operating cash flows before movements in working capital		**1,434**	**(29)**	**1,405**	1,553	(11)	1,542
Changes in working capital							
Decrease/(increase) in inventories		**132**	**—**	**132**	(79)	—	(79)
Increase in receivables		**15**	**—**	**15**	(63)	—	(63)
(Decrease)/increase in payables		**(123)**	**86**	**(37)**	(12)	—	(12)
Cash generated by operations		**1,458**	**57**	**1,515**	1,399	(11)	1,388
Income taxes paid		**(96)**	**—**	**(96)**	(121)	(54)	(175)
Net exchange differences		**17**	**—**	**17**	—	—	—
Net cash from operating activities		**1,379**	**57**	**1,436**	1,278	(65)	1,213

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 $348m (2022: $466m) at the year end is $113m (2022: $70m) of card receivables that are due within 72 hours of the year-end date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

31. NOTES TO THE CASH FLOW STATEMENT CONTINUED

Analysis of changes in net debt

			Non-cash movements				
2023	**January 1, 2023 $m**	**Financing cash flow[1] $m**	**Transfers to held for sale $m**	**New leases $m**	**Exchange movements $m**	**Other non-cash movements $m**	**December 31, 2023 $m**
Bank loans	**(6,697)**	**2,935**	**—**	**—**	**(260)**	**—**	**(4,022)**
Secured loan notes	**(3,173)**	**1,104**	**—**	**—**	**(20)**	**—**	**(2,089)**
Revolving credit facilities	**(275)**	**27**	**—**	**—**	**(20)**	**—**	**(268)**
Bank overdraft	**—**	**(19)**	**—**	**—**	**—**	**—**	**(19)**
Lease liabilities (note 24)	**(2,021)**	**340**	**325**	**(1,104)**	**(47)**	**(307)**	**(2,814)**
Total liabilities arising from financing activities	**(12,166)**	**4,387**	**325**	**(1,104)**	**(347)**	**(307)**	**(9,212)**
Cash and bank balances	**466**	**(101)**	**(49)**	**—**	**32**	**—**	**348**
Net debt	**(11,700)**	**4,286**	**276**	**(1,104)**	**(315)**	**(307)**	**(8,864)**

			Non-cash movements				
2022	January 1, 2022 $m	Financing cash flow[1] $m	Acquisition of subsidiary $m	New leases $m	Exchange movements $m	Other non-cash movements[2] $m	December 31, 2022 $m
Bank loans	(6,973)	65	—	—	155	56	(6,697)
Secured loan notes	(3,274)	—	—	—	95	6	(3,173)
Revolving credit facilities	—	(302)	—	—	27	—	(275)
Lease liabilities	(2,022)	255	(161)	(122)	115	(86)	(2,021)
Total liabilities arising from financing activities	(12,269)	18	(161)	(122)	392	(24)	(12,166)
Cash and bank balances	646	(92)	5		(93)		466
Net debt	(11,623)	(74)	(156)	(122)	299	(24)	(11,700)

(1) Financing cash flows consist of the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement for borrowings, loan issuance costs paid and lease repayments for lease liability movements. Interest paid of $775m (2022: $561m) is excluded from the analysis

(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, 2023 comprise:

	Non-current assets $m	**Current assets $m**	**Current liabilities $m**	**Non-current liabilities $m**	**Total $m**
Cash and bank balances	**—**	**348**	**—**	**—**	**348**
Borrowings	**—**	**—**	**(378)**	**(6,020)**	**(6,398)**
Lease liabilities	**—**	**—**	**(263)**	**(2,551)**	**(2,814)**
Net debt	**—**	**348**	**(641)**	**(8,571)**	**(8,864)**

Balances at December 31, 2022 comprise:

	Non-current assets $m	Current assets $m	Current liabilities $m	Non-current liabilities $m	Total $m
Cash and bank balances	—	466	—	—	466
Borrowings	—	—	(373)	(9,772)	(10,145)
Lease liabilities	—	—	(195)	(1,826)	(2,021)
Net debt	—	466	(568)	(11,598)	(11,700)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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, 2023 is $61m (2022: $54m).

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 20 years. The total volume of these purchase commitments over the remaining contract duration is 1,937m litres (2022: 5,544m litres). The fuel price at the time of purchase is not in excess of current market prices and reflects normal business operations.

Contingent liabilities

On review of ongoing matters at the reporting date, a notice was received from the French Competition Authority relating to the practices implemented in the sector of supply, storage and distribution of fuels in Corsica. The Group exited these operations in 2017. Management is in the process of assessing the notice and obtaining legal advice. The matter is in the early stages, however there remains a high degree of uncertainty regarding the potential outcome of the Notice. The French Competition Authority have the ability to impose fines up to 10% of the Group's global turnover for one of the years investigated by the authority, however, management does not expect any potential penalties to be close to this threshold. Further disclosure would seriously prejudice the outcome of this matter.

Subsidiary audit exemptions

The following wholly owned subsidiary undertakings, consolidated into the EG Group Limited financial statements for the year ended December 31, 2023, 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
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
Harland South Limited	10692907
Scotco Central Limited	9950817
Beehive Equity Limited	13463033
CS Food Group Holdings Limited	12967479
CS Food Group Limited	11071657
EG Retail Services Limited	13920167
EG Corporate Services Limited	14941036
EG On The Move Limited	14960308
EG Property Limited	14911511
EVPoint (Holdings) Limited	14808866
EVPoint Services Limited	14875983
EGspresso Limited	15169648

EG Group Limited will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial year ended December 31, 2023 in accordance with Section 479a of the Companies Act 2006 in England.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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:

	2023 $m	2022 $m
Balance sheet obligations for:		
Defined benefit plan	**(21)**	(16)
Jubilee premium plan	**(2)**	(3)
Long service award	**(18)**	(20)
Liability in the balance sheet	**(41)**	(39)
Income statement charge:		
Defined benefit plan	**(6)**	1
Defined contribution plan	**(34)**	(37)
	(40)	(36)

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 three defined benefit plans (2022: five) one for employees in Belgium, one 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 plan is 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. The plan in the Netherlands is 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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, 2023 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:	**2023**	2022
Discount rate (%)	**3.6**	4.2
Expected rate of salary increase (%)	**—**	—
Future inflation (%)	**—**	—
Average age of active participants (years)	**—**	—
Average service of active participants (years)	**—**	—
Average longevity at retirement age for current pensioners (years)		
Male	**21.6**	21.7
Female	**24.4**	24.0

The principal assumptions used for the purposes of the Belgium actuarial valuations were as follows:

Key assumptions used:	**2023**	2022
Discount rate (%)	**3.6**	4.2
Expected rate of salary increase (%)	**2.8**	2.3
Future inflation (%)	**2.3**	2.1
Average age of active participants (years)	**59.0**	58.0
Average service of active participants (years)	**24.2**	23.2
Average longevity at retirement age for current pensioners (years)		
Male	**21.5**	20.5
Female	**25.3**	24.1
Average longevity at retirement age for current employees (future pensioners) (years)		
Male	**21.5**	23.5
Female	**25.3**	26.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

33. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED

The principal assumptions used for the purposes of the Germany actuarial valuations were as follows:

Key assumptions used:	**2023**	2022
Discount rate (%)	**3.6**	4.3
Expected rate of salary increase (%)	**3.8**	3.8
Future inflation (%)	**2.5**	2.5
Average age of active participants (years)	**53.7**	54.2
Average service of active participants (years)	**20.9**	25.5
Average longevity at retirement age for current pensioners (years)		
Male	**20.8**	20.6
Female	**24.1**	24.0
Average longevity at retirement age for current employees (future pensioners) (years)		
Male	**24.1**	24.0
Female	**26.9**	26.8

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement schemes is as follows:

2023

$m	**Belgium**	**Netherlands**	**Germany**	**Total**
Present value of defined benefit obligations	**1.8**	**5.1**	**21.3**	**28.2**
Fair value of plan assets	**(2.5)**	**(5.1)**	**—**	**(7.6)**
Net liability arising from defined benefit obligation	**(0.7)**	**—**	**21.3**	**20.6**

2022

$m	Belgium	Netherlands	Germany	Total
Present value of defined benefit obligations	1.6	5.7	15.7	23.0
Fair value of plan assets	(1.3)	(5.7)	—	(7.0)
Net liability arising from defined benefit obligation	0.3	—	15.7	16.0

Movements in the present value of defined benefit obligations in the year were as follows:

2023

$m	**Belgium**	**Netherlands**	**Germany**	**Total**
Opening defined benefit obligation	**(1.6)**	**(5.7)**	**(15.7)**	**(23.0)**
Current service cost	**—**	**—**	**(0.5)**	**(0.5)**
Interest cost	**(0.1)**	**(0.2)**	**(0.7)**	**(1.0)**
Remeasurement losses/(gains):				
Actuarial gains and losses arising from changes in demographic assumptions	**—**	**—**	**—**	**—**
Actuarial gains and losses arising from changes in financial assumptions	**(0.2)**	**(0.5)**	**(2.5)**	**(3.2)**
Actuarial gains and losses arising from experience adjustments	**(0.1)**	**—**	**(1.3)**	**(1.4)**
Benefits paid	**0.3**	**1.4**	**—**	**1.7**
Exchange differences	**(0.1)**	**(0.1)**	**(0.6)**	**(0.8)**
Closing defined benefit obligation	**(1.8)**	**(5.1)**	**(21.3)**	**(28.2)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

2022 $m	Belgium	Netherlands	Germany	Total
Opening defined benefit obligation	(3.0)	(9.8)	(27.5)	(40.3)
Current service cost	—	—	(0.9)	(0.9)
Interest cost	—	(0.1)	(0.4)	(0.5)
Remeasurement losses/(gains):				
Actuarial gains and losses arising from changes in demographic assumptions	—	(0.1)	—	(0.1)
Actuarial gains and losses arising from changes in financial assumptions	1.0	3.6	8.6	13.2
Actuarial gains and losses arising from experience adjustments	0.3	—	0.2	0.5
Benefits paid	—	0.2	—	0.2
Exchange differences	0.1	0.5	4.3	4.9
Closing defined benefit obligation	(1.6)	(5.7)	(15.7)	(23.0)

Movements in the fair value of plan assets in the year were as follows:

2023 **$m**	**Belgium**	**Netherlands**	**Germany**	**Total**
Opening fair value of plan assets	**1.3**	**5.7**	**—**	**7.0**
Interest income	**0.1**	**0.2**	**—**	**0.3**
Remeasurement loss	**—**	**0.5**	**—**	**0.5**
Employer contributions	**1.3**	**—**	**—**	**1.3**
Benefits paid	**(0.3)**	**(1.4)**	**—**	**(1.7)**
Exchange differences	**0.1**	**0.1**	**—**	**0.2**
Closing fair value of plan assets	**2.5**	**5.1**	**—**	**7.6**

2022 $m	Belgium	Netherlands	Germany	Total
Opening fair value of plan assets	1.3	9.8	—	11.1
Interest income	—	0.1	—	0.1
Remeasurement gain	—	(3.6)	—	(3.6)
Benefits paid	—	(0.2)	—	(0.2)
Exchange differences	—	(0.4)	—	(0.4)
Closing fair value of plan assets	1.3	5.7	—	7.0

The major categories and fair values of plan assets at the end of the reporting year for each category are as follows:

2023 **$m**	**Belgium**	**Netherlands**	**Germany**	**Total**
Assets held by insurance companies	**2.5**	**5.1**	**—**	**7.6**

2022 $m	Belgium	Netherlands	Germany	Total
Assets held by insurance companies	1.3	5.7	—	7.0

The average duration of the defined benefit obligations at the end of the reporting year is 20.8 years (2022: 17.7 years) relating to active, deferred and retired members.

The Group expects to make a contribution of $nil (2022: $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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

33. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED

Sensitivity analyses

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, Inflation and longevity. 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 $1.4m/($1.3m).

If the expected salary growth increases/(decreases) by 0.25%, the defined benefit obligation would (increase)/decrease by ($0.5m)/$0.5m.

If the expected longevity assumption (increased)/decreased by one year, the defined benefit obligation would (increase)/decrease by ($0.7m)/$0.6m.

34. FINANCIAL INSTRUMENTS

A summary of the financial assets and liabilities at the balance sheet date is included below.

	2023 $m	2022 $m
Financial assets		
At amortised cost		
Cash and bank balances	**348**	466
Trade and other receivables (excluding prepayments)	**885**	768
Investments at fair value through OCI	**2**	2
Fair value through profit and loss ("FVTPL") – mandatorily measured		
Investments	**41**	—
Loan to related parties (note 37)	**31**	29
Quoted equity shares	**5**	6
Interest rate caps	**1**	—
Forward fuel contracts	**2**	3
	1,315	1,274
Financial liabilities		
At amortised cost		
Borrowings (excluding finance lease liabilities)	**(6,398)**	(10,145)
Trade and other payables (excluding social security and other taxes)	**(1,189)**	(1,392)
Contract liabilities	**(71)**	(54)
Lease liabilities	**(2,814)**	(2,021)
Financial guarantees (note 24)	**(55)**	—
Fair value through profit and loss ("FVTPL") – mandatorily measured		
FX forward contracts	**(26)**	(14)
	(10,553)	(13,626)

Loans to related parties classified at FVTPL as at December 31, 2023 relates to a convertible loan provided by the Group to a related party which was advanced in 2022. The loan is convertible at a discount to the Group and carries zero interest. The instrument terminates in August 2024. The loan is included in loans to related parties within cash flows from investing activities in 2022.

The financial guarantee relates to the sale and leaseback arrangement which was completed in May 2023. Details of the guarantee are document in note 24.

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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 years ended December 31, 2023 or December 31, 2022.

Leverage

Leverage at the year end is as follows:

	2023 $m	2022 $m
Pro forma Adjusted EBITDA before IFRS 16	**1,140**	1,602
Net debt before lease liabilities	**(5,943)**	(9,644)
Leverage	**5.2**	6.0
Adjustments to net debt per financial covenant calculation	**501**	582
Adjusted net debt	**(5,442)**	(9,062)
Covenant leverage	**4.8**	5.7

Leverage is calculated as the Group's net debt before lease liabilities (as defined on page 166), adjusted for certain items set out in the Group's senior facilities agreement (predominantly differences in foreign exchange rates and unamortised debt costs), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined on page 166).

Covenant leverage is calculated as Group senior net debt (i.e. the Group's net debt excluding second lien facilities) before lease liabilities adjusted for certain items set out in the Group's senior facilities agreement (predominantly unamortised debt costs and accrued interest), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined on page 166).

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 caps 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:

2023	**Euro $m**	**US Dollar $m**	**GBP $m**	**AUD $m**	**Total $m**
Cash and cash equivalents	**4**	**(7)**	**—**	**—**	**(3)**
Trade and other receivables	**108**	**59**	**—**	**—**	**167**
Trade and other payables	**—**	**(24)**	**—**	**(19)**	**(43)**
Borrowings	**(3,058)**	**(1,601)**	**—**	**—**	**(4,659)**
Balance sheet exposure	**(2,946)**	**(1,573)**	**—**	**(19)**	**(4,538)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

34. FINANCIAL INSTRUMENTS CONTINUED

Foreign currency risk management continued

2022	Euro $m	US Dollar $m	GBP $m	AUD $m	Total $m
Cash and cash equivalents	40	12	—	—	52
Trade and other receivables	97	28	—	—	125
Trade and other payables	—	(19)	(2)	—	(21)
Borrowings	(4,817)	(1,875)	—	—	(6,692)
Balance sheet exposure	(4,680)	(1,854)	(2)	—	(6,536)

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 following table details the Group's sensitivity to a 10% increase and decrease in GBP against the Euro. 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	
	2023 $m	2022 $m	**2023 $m**	2022 $m
EUR:GBP	**155**	266	**155**	266

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 $413m (2022: $22m) on equity, a 10% change in US Dollars against Euro at year end would have an impact of $104m (2022: $12m) on equity, and a 10% change in US Dollars against Australian Dollars at year end would have an impact of $79m (2022: $89m) on equity.

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. See liquidity risk table below for split of variable versus fixed borrowings.

Interest rate cap contracts

Under interest rate cap contracts, the Group adding an upper limited to the floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enabled the Group to mitigate the earnings and cash flow risk of increasing interest rates on the variable rate debt held. The fair value of interest rate caps at the reporting date was determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract. The average interest rate was based on the outstanding balances at the end of the financial year.

The Group has not applied hedge accounting on interest rate cap contracts.

INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analysis 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	
	2023 $m	2022 $m	**2023 $m**	2022 $m
Variable rate borrowings	**+/-43**	+/-70	**+/-43**	+/-70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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 $885m (2022: $768m) and cash and cash equivalents of $348m (2022: $466m), 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 in the form of cash guarantees, 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 table

	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, 2023						
Non-derivative financial liabilities:						
Trade and other payables	**(1,904)**	**(1,591)**	**(136)**	**(177)**	**—**	**(1,904)**
Contract liabilities	**(71)**	**(37)**	**(34)**	**—**	**—**	**(71)**
Lease liabilities	**(2,814)**	**(310)**	**(303)**	**(825)**	**(4,156)**	**(5,594)**
Fixed interest rate instruments	**(2,089)**	**(264)**	**(238)**	**(2,791)**	**—**	**(3,293)**
Variable interest rate instruments	**(4,309)**	**(751)**	**(437)**	**(4,829)**	**—**	**(6,017)**
	(11,187)	**(2,953)**	**(1,148)**	**(8,622)**	**(4,156)**	**(16,879)**
December 31, 2022						
Non-derivative financial liabilities:						
Trade and other payables	(2,167)	(1,799)	(104)	(264)	—	(2,167)
Contract liabilities	(54)	(29)	(25)	—	—	(54)
Lease liabilities	(2,021)	(225)	(223)	(584)	(2,523)	(3,555)
Fixed interest rate instruments	(3,172)	(223)	(504)	(2,929)	—	(3,656)
Variable interest rate instruments	(6,695)	(628)	(621)	(7,132)	—	(8,381)
	(14,109)	(2,904)	(1,477)	(10,909)	(2,523)	(17,813)

The above table details 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

34. FINANCIAL INSTRUMENTS CONTINUED

	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
2023						
Net settled:						
Interest rate caps	**1**	**1**	**—**	**—**	**—**	**1**
Forward fuel contracts	**2**	**2**	**—**	**—**	**—**	**2**
	3	**3**	**—**	**—**	**—**	**3**
2022						
Net settled:						
Forward fuel contracts	3	3	—	—	—	3
	3	3	—	—	—	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

Financing facilities

	2023 $m	2022 $m
Secured bank overdraft facility, reviewed annually and payable at call:		
– amount used	**19**	—
– amount unused	**46**	64
	65	64
Secured revolving credit facilities maturing in 2027:		
– amount used	**268**	—
– amount unused	**84**	—
	352	—
Secured revolving credit facilities maturing in 2024:		
– amount used	**—**	275
– amount unused	**55**	112
	55	387
Secured term loan facilities maturing in 2026 and 2028 (2022: maturing in 2025, 2026 and 2027):		
– amount used	**4,022**	6,697
– amount unused	**—**	—
	4,022	6,697
Secured loan notes maturing in 2028 (2022: maturing in 2024 and 2025):		
– amount used	**2,089**	3,173
– amount unused	**—**	—
	2,089	3,173
Letter of credit facilities maturing in 2027:		
– amount used	**466**	—
– amount unused	**181**	—
	647	—
Letter of credit facilities maturing in 2024:		
– amount used	**19**	609
– amount unused	**77**	149
	96	758
Bilateral letter of credit facilities[(1)]:		
– amount used	**87**	41
– amount unused	**31**	20
	118	61

(1) The bilateral letter of credit facilities mature between 2024 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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

34. FINANCIAL INSTRUMENTS CONTINUED

Fair value measurements continued

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).

Financial assets/ financial liabilities	Fair value as at **December 31, 2023**	Fair value as at December 31, 2022	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 – $5m Liabilities – $nil**	Assets – $6m 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 – $3m 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 caps	**Assets – $1m Liabilities – $nil**	Assets – $nil Liabilities – $nil	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 forwards	**Assets – $nil Liabilities – $26m**	Assets – $nil Liabilities – $14m	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
5) Unquoted equity shares[1]	**Assets – $43m Liabilities – $nil**	Assets – $2m Liabilities – $nil	Level 3	Group's share of the investments net assets based on the equity percentage	N/A	N/A
6) Loan to related parties	**Assets - $31m Liabilities - $nil**	Assets – $29m Liabilities – $nil	Level 3	Discounted cash flow. Future cash flows are estimated using an income-based approach and discounted at the incremental borrowing rate associated with the related party.	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, MDC Obsidian, LLC in the USA and H2 MOBILITY Deutschland GmbH & Co. KG in Germany.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

FAIR VALUE MEASUREMENTS RECOGNISED IN THE BALANCE SHEET

	Fair value hierarchy as at December 31, 2023			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Financial assets/liabilities at FVTOCI				
Unquoted equities	—	—	2	2
Total	**—**	**—**	**2**	**2**
Financial assets/liabilities at FVTPL				
Quoted equities	5	—	—	5
Unquoted equities	—	—	41	41
Loan to related parties	—	—	31	31
Derivative financial assets	—	3	—	3
Derivative financial liabilities	—	(81)	—	(81)
Total	**5**	**(78)**	**72**	**(1)**

	Fair value hierarchy as at December 31, 2022			
	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				
Quoted equities	6	—	—	6
Loan to related parties	—	—	29	29
Derivative financial assets	—	3	—	3
Derivative financial liabilities	—	(14)	—	(14)
Total	6	(11)	29	24

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, 2022	**31**
Additions	41
Total gains:	
– in income statement	2
Balance at December 31, 2023	**74**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

34. FINANCIAL INSTRUMENTS CONTINUED

Fair value measurements continued

	Carrying value		Fair value	
	2023 $m	2022 $m	**2023 $m**	2022 $m
Financial assets				
Financial assets held at amortised cost:				
– loans to related parties	**308**	192	**308**	192
– trade and other receivables	**572**	568	**572**	568
– guarantee deposits	**5**	8	**5**	8
Financial assets held at fair value through the profit and loss account				
– loans to related parties	**31**	29	**31**	29
Total	**916**	797	**916**	797
Financial liabilities				
Financial liabilities held at amortised cost:				
– borrowings	**(6,398)**	(10,145)	**(6,976)**	(10,358)
– amounts due to related parties	**(1)**	(17)	**(1)**	(17)
– trade and other payables	**(1,188)**	(1,375)	**(1,188)**	(1,375)
Lease liabilities	**(2,814)**	(2,021)	**(2,814)**	(2,021)
Total	**(10,401)**	(13,558)	**(10,979)**	(13,771)

The fair value of a borrowings has been calculated by discounting the future value of the coupon payments by the Group's current cost of borrowing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
For the year ended December 31, 2023

35. DISPOSALS
Disposal of the majority of the UK business

On October 31, 2023 the Group completed the sale of the majority of its UK Fuel, Foodservice and Grocery & Merchandise business to Asda for a headline consideration of £2.0bn ($2.5bn) following a strategic decision to deleverage the Group's balance sheet.

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the entities being disposed were classified as a disposal group which was held for sale on the Group's balance sheet from the date that the disposal was agreed in May 2023 until the disposal was completed in October.

Also, in accordance with IFRS 5, the disposal does not meet the criteria for discontinued operations as the Group has not sold a separate major line of business or geographical area of operations as the Group has retained operations in the UK.

The income statement of the disposal group has been disclosed in note 7.

The calculation of the gain that has been recognised in the Group's financial statements is shown below:

	$m
Total consideration	2,466
Purchase price adjustment	(32)
Allocated to services to be provided	(86)
Cash disposed	(39)
Cash inflow, net consideration	2,309
Cash disposed	39
Purchase price adjustment	32
Net consideration	**2,380**
Net assets disposed of	(944)
Cost to sell	(16)
Inter-company balances settled on completion	(43)
Reclassification of foreign currency differences on disposal of foreign operations	(39)
	(1,042)
Gain on disposal	1,338

Purchase price adjustment

As at the signing date of these accounts, the completion accounts in relation to the sale of the majority of the UK business were not finalised. However, management have included an additional $32m as deferred consideration regarding a purchase price adjustment. This adjustment is expected to be no less than $32m, albeit the final amount is subject to finalisation and will be disclosed in the 2024 financial statements.

Allocated to services to be provided

As part of the agreement to sell the majority of the UK business to Asda, the Group has agreed to support the disposed business until October 31, 2025 with a number of services. Such services include those costs which were previously part of the Group's Shared Service Centre.

36. POST BALANCE SHEET EVENTS
On April 29, 2024, the Group completed the divestment of the UK&I KFC operations which were held for sale as at December 31, 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

37. RELATED PARTY TRANSACTIONS

Balances and transactions between the Group 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	
	2023 $m	2022 $m	**2023 $m**	2022 $m
De Pooter Olie B.V.	**13**	14	**—**	—
Petroleum Products Storage & Transport Company S.A.	**—**	—	**(1)**	(1)
Asda Stores Limited	**3**	—	**(217)**	(158)
Clear Sky 2 LP	**—**	—	**—**	(1)
LeasePlan Corporation NV	**—**	—	**(7)**	(5)
Monte Blackburn	**22**	—	**(22)**	(6)
Total	**38**	14	**(247)**	(171)

In addition to those in the table above, for the year ended December 31, 2023, $0.3m (2022: $0.3m) was paid in total to Mohsin Issa and Zuber Issa (Directors of the Company) relating to property lease costs. As at December 31, 2022, the Group had a lease liability outstanding of $2m in relation to Mohsin Issa and Zuber Issa, the balance at December 31, 2023 was $nil.

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.

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	2023 $m	2022 $m	**2023 $m**	2022 $m
De Pooter Olie B.V.	**1**	2	**—**	—
Clear Sky LP Inc	**16**	12	**—**	—
Clear Sky 2 LP Inc	**34**	25	**—**	—
Optima Bidco (Jersey) Limited	**179**	112	**—**	—
Optima Group S.a.r.l	**47**	42	**—**	—
Hydrogen Vehicle Systems Ltd	**31**	29	**—**	—
Asda Stores Limited	**32**	—	**(86)**	(16)
EG Group Holdings Limited	**—**	—	**(1)**	(1)
Total	**340**	222	**(87)**	(17)

De Pooter Olie B.V. and Petroleum Products Storage & Transport Company S.A. are 50% joint ventures of the Group, to whom the Group provide and receive fuel supplies.

Bellis Finco plc, the parent company of the Group trading as Asda ('Asda') is a company that has common shareholders with the Group. Sales to Asda included the sale of Leon Grocery products to Asda supermarkets before they acquired the overall UK business from the Group.

Purchases from Asda include products for retail as part of the Asda On the Move proposition, rental payments in respect of Foodservice outlets within Asda supermarkets, forecourts and car parks. In addition, fuel was purchased for Asda On the Move branded petrol filling stations ("PFS") on existing and new-to-industry locations in the UK. Furthermore, purchases include recharges from Asda in respect of the value of discounts received by EG employees when using an Asda discount card in store.

On October 31, 2023, the Group completed the sale of the majority of its UK business to Asda for headline consideration of $2.5bn (£2.0bn). A balance of $32m is owed to the Group in relation to purchase price adjustments. Details of the gain calculation and the consideration can be found in note 35. As part of the total consideration transferred, the Group agreed to provide a number of post-completion services to Asda for a period of two years, with an estimated value of $86m. Additionally, the Group has provided the disposal perimeter with a license to utilise the Group's intellectual property for a period of three years post completion. The overall transaction is deemed to be on an arm's length basis.

The Group retained all of the UK Starbucks operations, while the land on which some of these operations are located was sold to Asda as part of the deal. As a result, a leasing arrangement was put in place post completion for $12m per annum for an expected term of 20 years. The fixed rental charge was determined using a turnover rent calculation. The turnover rental percentage was deemed to be within a range reflective of an arm's length transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

The Group has also retained the EV charging network that had been installed on all UK sites, a lease arrangement will be put in place for the use of the land in Asda's car park and PFS locations.

The outstanding balance with Asda relates to outstanding invoices due to Asda in relation to purchases made in the year, $3m (2022: $16m), and the remaining deferred services to be provided by the Group, $83m (2022: $nil). Following the completion of the sale to Asda, transactions have been processed on behalf of the Group by Asda, the Group have reimbursed Asda in relation to these items. This includes lease rentals for which, pending assignment, Asda remains the head lease.

Furthermore, as at December 31, 2023, the Group had a total lease liability outstanding of $95m (2022: $5m) in relation to its property rental agreements with Asda and its subsidiaries.

Clear Sky LP Inc is a partnership in which the controlling parties are also Directors 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 2023 (2022: $3m). During the year, the Group advanced a further $3m to Clear Sky LP Inc (2022: $2m).

Clear Sky 2 LP Inc is a partnership in which the controlling parties are also Directors of the Group. Purchases from Clear Sky 2 LP Inc in the year totalled $0.4m and were for the provision of commercial air transport for the Group. The Group has provided a loan at rates comparable to the average commercial rate of interest. Interest income of $3m was recognised within finance income during 2023 (2022: $5m). During the year, the Group advanced a further $6m to Clear Sky 2 LP Inc (2022: $5m).

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 $12m was recognised within finance income during 2023 (2022: $9m). During the year, the Group advanced a further balance of $53m to Optima Bidco (Jersey) Limited, including $42m in relation to the utilisation of tax losses from the Group.

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 $3m was recognised within finance income during 2023 (2022: $3m).

Hydrogen Vehicle Systems Limited ('HVS') is an associate of the Group, which develops hydrogen vehicles. The Group advanced a loan of $29m to HVS during 2022. The outstanding balance at the year-end was $32m (2022: $30m) with a fair value of $31m ($29m). The loan continues to be classified as a financial asset at fair value through the profit and loss, see note 34 for further details.

LeasePlan Corporation NV ('LeasePlan') is a company that shares a common shareholder with the Group. Purchases from LeasePlan during the year related to vehicle lease payments. At December 31, 2023, the Group had a lease liability outstanding of $9m (2022: $7m) in relation to LeasePlan.

Monte Blackburn Limited ('Monte') is a company in which the controlling parties are also Directors of the Group. The sales and purchases to and from Monte in the year were in relation to a land sale and purchase transactions and rental payments for sites which are leased to the Group on an arm's length basis by Monte. The Group sold land to Monte during the year, resulted in sales of $22m and land purchases from Monte totalled $18m. The rental payments totalled $4m in 2023 (2022: $6m). At December 31, 2023, the Group had a lease liability outstanding of $75m (2022: $75m) in relation to Monte.

EG Group Holdings Limited is a parent entity of the Group and which the Group owes $1m (2022: $1m).

The receivables are unsecured in nature, and unless otherwise stated, bear no interest. Except in relation to the amounts owed by Clear Sky LP Inc and Clear Sky 2 LP Inc, no guarantees have been given or received. 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.

The Directors have considered the expected credit loss provision on related party receivables with reference to the estimation of the amounts and timing of future cash flows and the underlying asset values of respective related parties. An overall provision of $1m has been recognised at the balance sheet date (2022: $1m).

EG Foundation is a charity in which the trustees are also Directors of the Group. During the year, the Group made donations of $1.6m (2022: $0.5m) to the charity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

37. RELATED PARTY TRANSACTIONS CONTINUED

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.

	2023	2022
Number of Directors	2	2
Other key management personnel	5	5

	2023 $m	2022 $m
Short-term employee benefits	5.0	7.2
Share-based payments credit	(0.1)	(0.6)
Total	4.9	6.6

Highest paid Director	2023 $m	2022 $m
Short-term employee benefits	0.7	0.6
Post-employment benefits	—	—

The Directors' short-term employee benefits (excluding employers National Insurance contributions) totalled $1.3m in 2023 (2022: $1.2m). No Directors or key management personnel are members of the Group's defined benefit pension scheme (2022: none). No Directors are members of money purchase schemes (2022: 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 Mohsin Issa and Zuber Issa were employed by the Group during the year and were remunerated on an arm's length basis. In 2023, the remuneration totalled $0.2m (2022: $0.3m) .

No dividends were paid in the year in respect of ordinary shares held by the Company's Directors (2022: $nil).

38. GOVERNMENT GRANTS

Certain indirect taxes were deferred during 2020, in connection with the governments response to the COVID-19 pandemic. Of the indirect taxes which were deferred during 2020, the outstanding balance as at December 31, 2023 was $368m (2022: $445m), which is repayable over the next 45 month period to September 2027. This has been presented within trade and other payables (see note 25).

In 2022 the Group benefited from the business rates holiday for the retail, hospitality and leisure sector in the UK of $3m, this support ended in 2022. There are no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

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	
	2023	2022
Expected volatility	**25.3%**	30.0%
Expected life	**1.5 years**	2.5 years
Dividend yield	**0.0%**	0.0%
Risk-free interest rate	**4.51%**	4.32%

The result of the valuation exercise performed has determined that the aggregate fair value of the management shares under IFRS 2 is $0.03m (2022: $0.3m) as at December 31, 2023.

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 from the grant date. This is an area of judgement and management continue to assess the appropriateness of this estimate at each reporting date.

Amount 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 Group Company. As a result, an income/expense is recorded to the income statement of the Group Company. A credit was recognised in 2022 as the fair value of the management shares was lower than the amount expensed in previous years.

For further details of the related employee benefit expense, see note 11.

COMPANY BALANCE SHEET

As at December 31, 2023

	Notes	2023 £m	2022 £m
Non-current assets			
Investment in subsidiaries	6	**6,188**	2,162
Trade and other receivables	7	**99**	80
		6,287	2,242
Current liabilities			
Trade and other payables	8	**(321)**	—
		(321)	—
Non-current liabilities			
Trade and other payables	8	**(3,108)**	(81)
		(3,108)	(81)
Net assets		**2,858**	2,161
Equity			
Share capital	9	**—**	—
Share premium account	9	**1,558**	1,558
Capital contribution reserve	9	**—**	—
Retained earnings		**1,300**	603
Total equity		**2,858**	2,161

The Company's loss for the year was £2,330m (2022: £143m). The Company has received other comprehensive income for the year of $3,027m (2022: £nil) regarding a dividend from its subsidiary, EG Finco Limited. The dividend has no impact on distributable reserves.

The accompanying notes on pages 162 to 164 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:

Zuber Issa CBE & Mohsin Issa CBE

Co-Founders and Co-Chief Executive Officers

May 02, 2024

COMPANY STATEMENT OF CHANGES IN EQUITY

As at December 31, 2023

	Share capital £m	Share premium £m	Capital contribution £m	Retained earnings £m	Total equity £m
Balance at January 1, 2022	**—**	**1,558**	**1**	**746**	**2,305**
Loss for the year	—	—	—	(143)	(143)
Total comprehensive income	**—**	**—**	**—**	**(143)**	**(143)**
Capital contribution in respect of share-based compensation	—	—	(1)	—	(1)
Other changes in equity in the year	**—**	**—**	**(1)**	**—**	**(1)**
Balance at December 31, 2022	**—**	**1,558**	**—**	**603**	**2,161**
Loss for the year	—	—	—	(2,330)	(2,330)
Dividends received from subsidiary	—	—	—	3,027	3,027
Total comprehensive income	**—**	**—**	**—**	**(2,330)**	**(2,330)**
Balance at December 31, 2023	**—**	**1,558**	**—**	**1,300**	**2,858**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended December 31, 2023

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's 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.

New standards and amendments effective for the current financial year

New standards, interpretations and amendments effective in the current financial year have not had a material impact on the Company.

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

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that these have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value-in-use (adjusted for the fair value of debt). If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. 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, 2023

5. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITOR'S REMUNERATION

There were no employees other than the Directors during the current year (2022: none). None of the Directors received any emolument in respect of their services as Directors of the Company. Share-based payment credit has been recorded to the Company's income statement in the prior year as outlined in note 39 of the consolidated financial statements. The total credit recognised is outlined below.

	2023 £m	2022 £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, 2022	2,305
Impairment	(143)
Balance at December 31, 2022	2,162
Additions	6,054
Impairment	(2,028)
Balance at December 31, 2023	**6,188**

Details of the Company's direct subsidiaries at December 31, 2023 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

As part of a project to rationalise inter-company debt balances, on January 23, 2023, the Company purchased two new shares of its existing subsidiary, EG Finco Limited, for £3,027m. In consideration for this investment, a loan was issued by EG Finco Limited for the value of £3,027m. On January 25, 2023, EG Finco Limited declared a dividend of £3,027m to the Company which was paid by distributing loan receivables, due from EG America LLC, to the Company. As a result, the Company has recognised dividend income within other comprehensive income and the distribution has had no impact on distributable reserves. On January 27, 2023, the Company released EG America LLC from all obligations in relation to the loan receivables and created an investment in EG America LLC for £3,027m.

Following the above rationalisation, management performed an assessment to determine whether the two additional investment balances were impaired. It was concluded that the additional investment in EG Finco Limited was impaired by £1,971m as the value of the investment in EG Finco Limited had increased above its recoverable amount. However, the Directors note that the transactions have not resulted in any increase in underlying value of the aggregated investments. The investment in EG America, LLC was not impaired.

For the year ended December 31, 2023 impairment reviews were performed by comparing the carrying value of investments and the assets of the cash-generating units to which the investments relate with the recoverable amount of the cash-generating units.

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 uses 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 7.0 times to 12.0 times as at December 31, 2023 (2022: 7.0 times to 13.5 times).

Following the recognition of additional goodwill impairment in our Australian CGU (as disclosed in note 15 to the consolidated financial statements), an impairment of £57m (2022: £143m) has been recognised on the investment held in EG AsiaPac Limited.

All direct subsidiaries are holding companies.

The investments in subsidiaries are all stated at cost less, where applicable, provisions for impairment.

The list of the Company's indirect subsidiary undertakings is provided in note 18 to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2023

7. TRADE AND OTHER RECEIVABLES

	2023 £m	2022 £m
Loans to related parties	**99**	80
	99	80

Included within loans to related parties are balances receivable from the Group's ultimate parent Company Optima Bidco (Jersey) Limited for £62m (2022: £46m) and Optima Group S.a.r.l for £37m (2022: £35m). Expected credit loss provisions have been recognised in relation to these loans for £0.4m (2022: £0.3m) and £0.3m (2022: £0.2m), respectively.

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.

8. TRADE AND OTHER PAYABLES

	2023 £m	2022 £m
Amounts owed by fellow subsidiary undertaking	**(3,429)**	(81)
	(3,429)	(81)

Current	**(321)**	—
Non-current	**(3,108)**	(81)
	(3,429)	(81)

Amounts owed by fellow subsidiary undertaking carry interest at a fixed rate of 8% per annum and SONIA +6.55%.

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, 2023. There is no change in APMs compared to the consolidated financial statements for the year ended December 31, 2022.

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 aid 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 has made significant acquisitions in the previous reporting periods and significant divestments in the current period. 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

OTHER INFORMATION CONTINUED

Alternative Performance Measures

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	• Exceptional items	• Excludes certain items due to their size and nature to aid comparability
Adjusted EBITDA	Profit for the year	• Depreciation and amortisation • Exceptional items • Tax • Net finance costs	• Exceptional items excluded due to their size and nature to aid comparability
Adjusted EBITDA before IFRS 16	Profit for the year	• 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	• Exceptional items excluded due to their size and nature to aid comparability • Includes estimated annualised performance for acquired businesses to aid comparability to future periods and facilitate performance forecasting
Like-for-like	No direct equivalent	• Consistent with accounting policy	• 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 prior 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	• Borrowings • Interest accrued on borrowings • Cash • Cash included within held for sale	• Excludes certain items due to their size and nature to aid comparability
Combined			
Leverage	Borrowings less cash divided by profit for the year	• Depreciation and amortisation • Exceptional items • Estimated operating profit, exceptional (costs)/income, depreciation and amortisation for acquired businesses in the pre-acquisition period	• Includes estimated annualised performance and estimated annualised integration synergies for acquired businesses to aid 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 profit for the year	• Depreciation and amortisation • Exceptional items • Estimated operating profit, exceptional (costs)/income, depreciation and amortisation for acquired businesses in the pre-acquisition period	• Includes estimated annualised performance and estimated annualised integration synergies for acquired businesses to aid comparability to future periods and facilitate performance forecasting • Exceptional items excluded due to their size and nature to aid comparability

Adjusted operating profit – includes the Group's operating profit, less exceptional items. A reconciliation to profit/(loss) for the year, the closest equivalent IFRS measure to adjusted operating profit, is provided on page 55 of the financial review.

OTHER INFORMATION CONTINUED

Alternative Performance Measures

FINANCIAL APMS CONTINUED

Adjusted EBITDA – defined as the Group's profit/(loss) after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortisation added back. A reconciliation to profit/(loss) after tax, the closest equivalent IFRS measure to Adjusted EBITDA, is provided on page 55 of the financial review.

Adjusted EBITDA excluding SSC – defined as the Group's profit/(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:

	2023				2022			
$m	**USA**	**Europe**	**Australia**	**Group Total**	USA	Europe	Australia	Group Total
Adjusted EBITDA excluding SSC	**563**	**869**	**170**	**1,602**	666	877	191	1,734
Shared Service Centre ("SSC") costs	**—**	**(149)**	**—**	**(149)**	—	(143)	—	(143)
Adjusted EBITDA	**563**	**720**	**170**	**1,453**	666	734	191	1,591

Adjusted EBITDA before IFRS 16 – includes the Group's profit/(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. A reconciliation to profit for the year, the closest equivalent IFRS measure to Adjusted EBITDA before IFRS 16, is provided on page 55 of the financial review.

Pro forma Adjusted EBITDA before IFRS 16 – includes the Group's profit/(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 profit/(loss) after tax, the closest equivalent IFRS measure to pro forma Adjusted EBITDA before IFRS 16, is provided below:

	Note	**2023 $m**	2022 $m
Profit/(loss) after tax		**1,324**	(322)
Tax	14	**81**	64
Net finance cost	12, 13	**804**	735
Operating profit		**2,209**	477
Exceptional costs/(income)[1]	5	**40**	(32)
Add depreciation	17	**397**	464
Add property, plant and equipment impairment	17	**119**	166
Add IFRS 16 depreciation	24	**183**	217
Add IFRS 16 asset impairment	24	**44**	124
Add amortisation	16	**88**	91
Add intangibles impairment	15, 16	**43**	100
Deduct profit on disposal	9	**(1,670)**	(16)
Impact of IFRS 16 on EBITDA		**(325)**	(235)
Adjusted EBITDA before IFRS 16		**1,128**	1,356
Estimated EBITDA from acquisitions in the period pre-acquisition and other EBITDA annualisations		**62**	102
Estimated EBITDA from group initiatives		**165**	59
Estimated synergies not recognised from acquisitions		**—**	85
Estimated impact of divestments and US sale and leaseback		**(215)**	—
Pro forma Adjusted EBITDA before IFRS 16		**1,140**	1,602

(1) Operating exceptional items presented reflect those impacting EBITDA, and therefore exclude exceptional finance income and costs, tax on exceptionals, exceptional impairments and exceptional profit/(loss) on disposal

OTHER INFORMATION CONTINUED

Alternative Performance Measures

Net debt before lease liabilities – includes the Group's current and non-current borrowings, excluding accrued interest, less the Group's cash and cash included within held for sale. A reconciliation to cash and borrowings, the closest equivalent IFRS measures to net debt before lease liabilities, is provided below:

	2023 $m	2022 $m
Cash (note 31)	**348**	466
Cash held for sale (note 8)	**49**	3
Borrowings (note 22)	**(6,398)**	(10,145)
Interest accrued on borrowings (note 22)	**58**	32
Net debt before lease liabilities	**(5,943)**	(9,644)

Leverage is calculated as the Group's net debt before lease liabilities (as defined above), 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. the 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:

	2023 $m	2022 $m
Pro forma Adjusted EBITDA before IFRS 16 (see above)	**1,140**	1,602
Net debt before lease liabilities (see above)	**(5,943)**	(9,644)
Leverage	**5.2**	6.0
Adjustments to net debt per financial covenant calculation	**501**	582
Adjusted net debt	**(5,442)**	(9,062)
Covenant leverage	**4.8**	5.7

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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