Group

2019 ANNUAL REPORT AND FINANCIAL STATEMENTS

WHO WE ARE

EG Group is a leading global independent convenience retailer with a diversified portfolio of over 6,000 sites[1] across ten countries[1] in North America, Europe and Australia.

Founded in 2001 by Co-CEOs Mohsin and Zuber Issa with the acquisition of a single site in the UK, the Group provides an innovative approach to forecourt trading and a best-in-class customer experience for Grocery & Merchandise, Foodservice and Fuel; providing excellent service and good value, quality products at well maintained, convenient locations.

Our transformation has been built upon excellent relationships with a portfolio of international brand partners and strategic acquisitions, supported by our 44,000 employees globally who continuously deliver our products and services to up to 24 million customers per week and support the local communities in which we operate.

c.6,000
SITES[1]

>€20bn
2019 REVENUE

c.€25bn
PRO FORMA REVENUE[2]

10
COUNTRIES[1]

44,000
EMPLOYEES[3]

1.2bn
CUSTOMERS SERVED ANNUALLY

(1) Includes Ireland and the 146 sites acquired from the Herbert Group in March 2020

(2) Pro forma revenue is defined as revenue that would have been reported by the Group for 2019 had the acquisitions in the year completed on January 1, 2019 (see note 34 to the financial statements)

(3) Includes 3,700 employees who joined from the Herbert Group in March 2020

CONTENTS

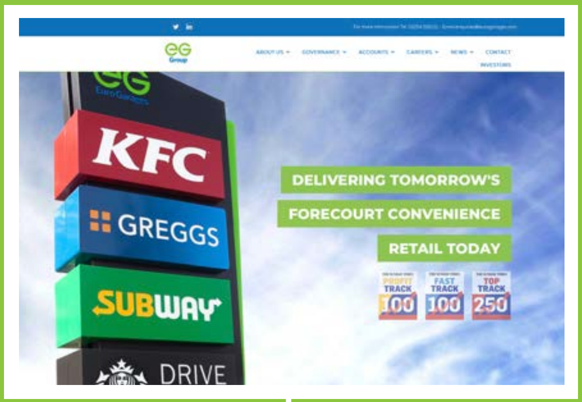
STRATEGIC REPORT

GOVERNANCE

FINANCIALS

OTHER INFORMATION

Find out more at www.eurogarages.com



THE SUNDAY TIMES PROFIT TRACK 100

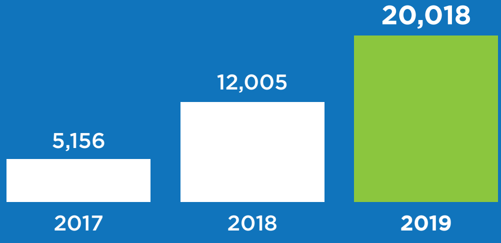
THE SUNDAY TIMES FAST TRACK 100

THE SUNDAY TIMES TOP TRACK 250

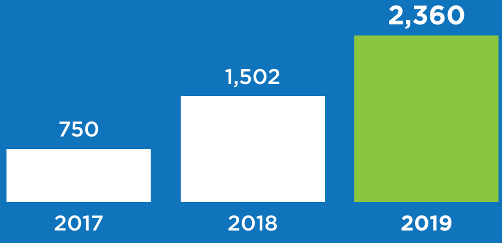
EY Entrepreneur Of The Year™ 2018 UK overall winner

HIGHLIGHTS AND KPIs

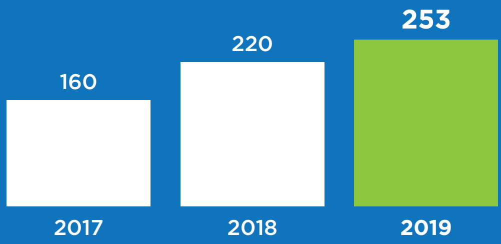
Revenue (€m)



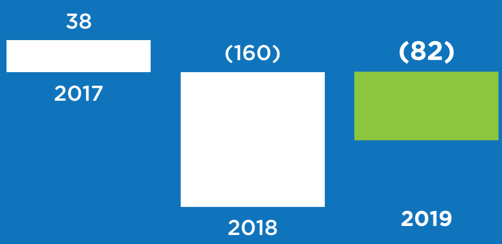
Gross profit (€m)



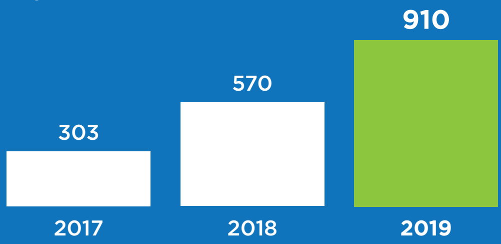
Operating profit (€m)



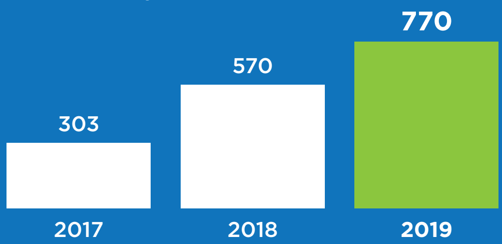
Profit/(loss) before tax (€m)



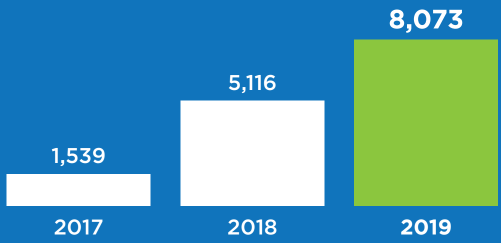
Adjusted EBITDA (€m)[1]



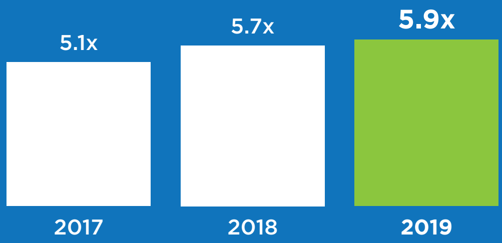
Unaudited Adjusted EBITDA before IFRS 16 (€m)[2]



Net debt before lease liabilities (€m)

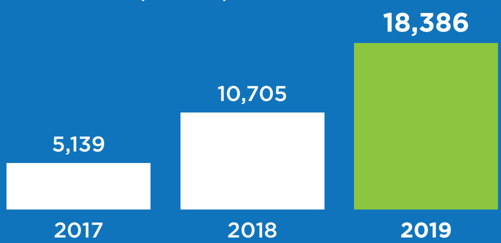


Covenant leverage[3]

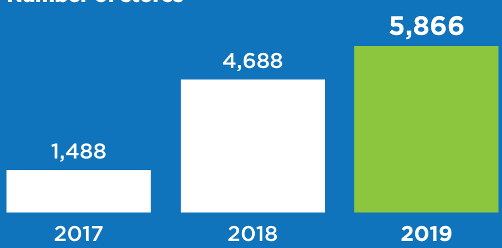


NON-FINANCIAL

Fuel volume (m liters)



Number of stores



(1) Earnings before interest, tax, depreciation and amortization, before exceptional items. Please refer to the APM section on page 130

(2) Adjusted EBITDA stated under legacy accounting policies i.e. before the impact of IFRS 16. Please refer to the APM section on page 130

(3) Senior net debt to pro forma Adjusted EBITDA includes an estimate to reflect the full-year EBITDA of acquisitions which completed mid-year and the full annualized benefit of synergies expected to be realized. Please refer to the APM section on page 130

OUR VISION AND VALUES

> **To deliver a modern and compelling retail experience that achieves multiple missions in one convenient destination and always exceeds the expectations of customers**

Our values

We are committed to investing in our infrastructure, people, systems and local communities and delivering value to shareholders and other stakeholders.

Support local communities with a view to empowering individuals to grow, contribute and succeed

Committed to infrastructure, people and system investment to build a sustainable business model

Awareness and commercial responsiveness to consumer trends and demands

Delivering value and results consistently to shareholders, stakeholders and partners

CO-CHIEF EXECUTIVE OFFICERS' STATEMENT

Mohsin Issa & Zuber Issa

2019 HAS BEEN ANOTHER TRANSFORMATIVE YEAR FOR EG GROUP

Through our 2019 acquisitions, in both the USA and Australia, and our organic investments, we have significantly added to the scale, diversification, resilience and growth potential of the Group.

In April 2019, the addition of the 537 Woolworths ("Fuelco") convenience stores ("c-stores") in Australia expanded our operations into Asia-Pacific and the southern hemisphere. Despite challenging trading conditions impacting our performance during 2019, recent developments show the Australian market as an attractive target for industry players. Under our ownership, we have overseen the delivery of a number of key initiatives, leading to an improvement in Fuelco's operational and financial performance. This has been achieved by renegotiating supply contracts, a reduction of wastage, control of overheads and improving product mix. Additionally, we have made good progress on the rebranding and refreshing of over 40 stores across our Australian estate and continued focus on the transition of operations and systems from Woolworths.

Our acquisition of Cumberland Farms in October 2019, together with the acquisitions of Certified Oil and Fastrac earlier in the year, added a further 707 c-stores to our US business in 2019, significantly adding scale, capability and increased functionality.

It is very rare that an asset of the quality of Cumberland Farms, a business that had been family owned for 80 years, becomes available. The acquisition of the business saw the Group adding a further 567 well-invested company-owned, company-operated ("COCO") sites in the north-eastern states and Florida to our US estate. In addition to enhanced scale, the business also adds exciting new capability into our US division through its operation of a culinary center in Massachusetts, a distribution center and a thriving own label product range.

In light of our continued expansion during the year, Salim Hasan was promoted to the position of Group COO, having previously been the highly successful MD of our UK business, leading its expansion and increased profitability.

One of the clear benefits that Salim has brought is the oversight of the transition of Cumberland Farms and our broader business in North America to an EG approach, which has resulted in significant progress towards their integration and our wider synergy programs. This included the closure of our US head office in Cincinnati at the end of December, with roles and responsibilities transferred to Cumberland Farms' head office campus in Westborough, Massachusetts. Westborough is now the headquarters for all of our US business.

Mohsin spent most of the fourth quarter of 2019 being based in Westborough, overseeing the integration of Cumberland Farms into the EG Group and specifically the merger of the two executive management teams of EG (USA) and Cumberland Farms. We are impressed by the management team we have now established in the USA, with executives individually selected as the best people to oversee our US operations. These individuals have quickly gelled as a high-performing team under our new US President, George Fournier.

The scaled, global footprint we've now created provides EG with a platform to compete for compelling strategic acquisitions globally, with a demonstrated ability to drive strong cost and margin synergies. The acquisitions made to date have added attributes to our global best practices that can be leveraged across the entire operating platform, driving better results. With each acquired business we have had the opportunity to supplement our existing regional teams with high-quality management from within the acquisitions; increasing our management bench strength and allowing us to deploy the best team possible across all of our operations.

We are delighted that the financing processes for our acquisitions were launched successfully and for that we are grateful for the ongoing support of our lenders and investors – a support we do not take lightly.

In Europe, we made no acquisitions during 2019 as we were conscious that the 2018 acquisitions in Italy, the Netherlands and Germany needed to be responsibly integrated into the Group.

However, within our European operation, we have continued to convert dealer-operated sites to COCO sites with 27 stores converted in 2019 and a number of additional sites identified for future conversion, notably in our Italian and German estates. Against a backdrop of challenging fuel margins towards the end of 2019, our European estate delivered strong same store sales growth underpinned by continued investment in our existing estate.

Our 2019 full-year capital spend of €281m was partly deployed to fund the opening of 76 new branded Foodservice outlets. In March 2020, with the Group recognizing it was underweight in the provision of a chicken offering as part of its wider Foodservice portfolio, we also completed the acquisition of 145 KFC outlets in the UK & Ireland from the Herbert Group. This acquisition makes EG the largest KFC franchisee in Europe. As a business we now operate 1,426 Foodservice outlets and our scale in food and beverage can be seen in that we currently sell over 180 million cups of coffee a year – a figure we expect to increase significantly, in part as we rollout the Cumberland Farms coffee offering across our US estate.

In addition to the 1,249 additional sites from the businesses acquired in 2019, we opened 24 new-to-industry sites. In total, our site network increased year-on-year by over a quarter, from 4,688 stores in December 2018 to 5,866 stores in December 2019, of which two-thirds are operated under our preferred COCO model.

During 2019, we continued to invest in our shared service center, with notable additions to the finance function, including the addition of a Head of Shared Services and an Internal Audit leadership team.

Reflective of the continued growth of the Group, the operations of our global shared service center will move into its new, purpose-built headquarters in Blackburn, UK, with capacity for over 1,200 colleagues, in the coming months.

We would like to extend our thoughts and prayers to those who have suffered a personal loss as a result of COVID-19, a pandemic unlike anything in living memory which has impacted all of the countries in which we operate. We have had three clear priorities throughout the pandemic: keeping our customers and colleagues safe; helping to provide essential products and services to our customers; and supporting our communities.

Owing to the proven resilience of our business model and the quick measures we adopted, we have been able to perform through the crisis to date with no significant adverse impact on profitability, despite the national lockdowns imposed to prevent the spread of the virus creating challenging and unprecedented trading conditions. Over the pandemic period our liquidity position has improved considerably. Details on our operational and financial actions taken in response to COVID-19 are set out on pages 6 and 7.

We are deeply indebted to the thousands of our front-line colleagues who have been doing their part – helping to provide a service to thousands of healthcare workers and first-line responders to assist them in traveling to where they need to be whilst also serving essential household goods and groceries to millions of families each week.

Mohsin and Zuber Issa
Co-Founders and Co-CEOs

OUR RESPONSE TO COVID-19

PROVIDING AN ESSENTIAL SERVICE TO OUR CUSTOMERS

The COVID-19 pandemic is without precedent in living memory and has had a significant impact on our operations since early March, notably impacting the fuel volumes sold through our petrol filling station ("PFS") network as governments and customers take preventative measures to contain the spread of the virus.

We have a resilient business model which provides essential products and services to the communities in which we operate, and our stores have remained open, albeit with reduced Foodservice offerings for a limited period.

For the impact of COVID-19 on the Group's principal risks and uncertainties, please see page 34.

For the impact of COVID-19 on our going concern assessment, please see note 3.

WE HAVE HAD THREE CLEAR PRIORITIES THROUGHOUT THE PANDEMIC:

- Keeping our customers and colleagues safe
- Helping to provide essential products and services to our customers
- Supporting our communities

TRADING IMPACT TO DATE

Our stores provide an essential service to customers and communities and have remained opened throughout the pandemic, where we have been able to provide customers with a wide range of products, with no material disruption to our supply chain to date.

From mid-March 2020, we experienced the impact of COVID-19 on fuel volumes across the Group as governments and customers took measures to contain the spread of the virus. A gradual recovery in volumes commenced from May as lockdown restrictions were eased, and this is expected to continue through the second half of 2020. Except for the temporary closure of our UK Foodservice outlets from the end of March, which have since substantially all reopened, our non-fuel business streams have largely traded at or slightly above normal levels in most regions throughout the pandemic.

Across the Group, countries entered, and have started to leave, lockdowns at different times, and trading has been impacted to a different extent dependent on the severity and length of the lockdown measures and other regional macroeconomic factors. This reinforces the geographical diversification benefit of our international acquisition strategy.

At the outset of the crisis, we took extensive action to reduce costs, protect profitability and conserve cash. In particular, we took a number of actions to manage our working capital and cost base, including tax deferrals and access to government employment support schemes.

An extensive range of operational and financial actions were implemented across the countries in which we operate, as described below.

During the pandemic, Co-CEOs Mohsin and Zuber donated €385k to hospitals in East Lancashire and we offered free coffees to healthcare workers and first responders across our international network of sites.

OPERATIONAL ACTIONS

We have enhanced our operational performance and customer service standards during the COVID-19 operating environment, with a particular focus on site cleanliness, in-store customer notifications and Personal Protective Equipment ("PPE") for site-level colleagues:

- We established a COVID-19 Response Team to monitor daily the impact on our business and implement appropriate safeguards and strategies to navigate the business through the changing market conditions. The Group leadership team maintained daily contact with national management teams and held regular calls with Country and Group Department Heads
- Country learnings were shared between international teams to share and develop best practices. This has enabled countries that entered lockdown scenarios later than others to be on the 'front foot' and proactively implement preventative and strategic measures
- Preventative measures were implemented at both the site and head office level to protect colleagues and customers, with PPE for employees, plexiglass shields, in-store floor spacing marking and a hardship fund for vulnerable employees
- UK & Ireland ("UK&I") Foodservice operations were temporarily mothballed on March 23, following government rulings on social distancing. From April 28, a phased reopening program commenced

FINANCIAL ACTIONS

The Group continues to be cash generative, however we have taken a number of financial actions to safeguard profitability and liquidity during these uncertain and unprecedented times.

- Active supplier engagement, allowing the Group to secure extended payment terms and defer franchise fees to brand partners
- Management of fuel inventory levels to meet the latest demand requirements
- Negotiations held with landlords to secure rental holidays and deferrals
- 2019 Group bonuses deferred, with key executives having also voluntarily forgone total or taken significant salary reductions
- Engagement with government bodies to access tax deferral schemes and support for employee costs including furloughing staff as part of government job retention schemes
- Continued discipline to protect liquidity and profitability with suspension of non-essential growth capital expenditure and the cessation of discretionary spending
- Conversion of letter of credit lines to provide revolving credit facilities

OUTLOOK

Our international, diversified business model helps to strengthen our position to remain relevant and solvent through the COVID-19 crisis and, while the performance outlook remains uncertain, the Board remains confident in the strategy over the longer term and believes the Group has sufficient liquidity to maintain operations during this challenging time and will be well positioned to benefit from the normalization in trade in the longer term.

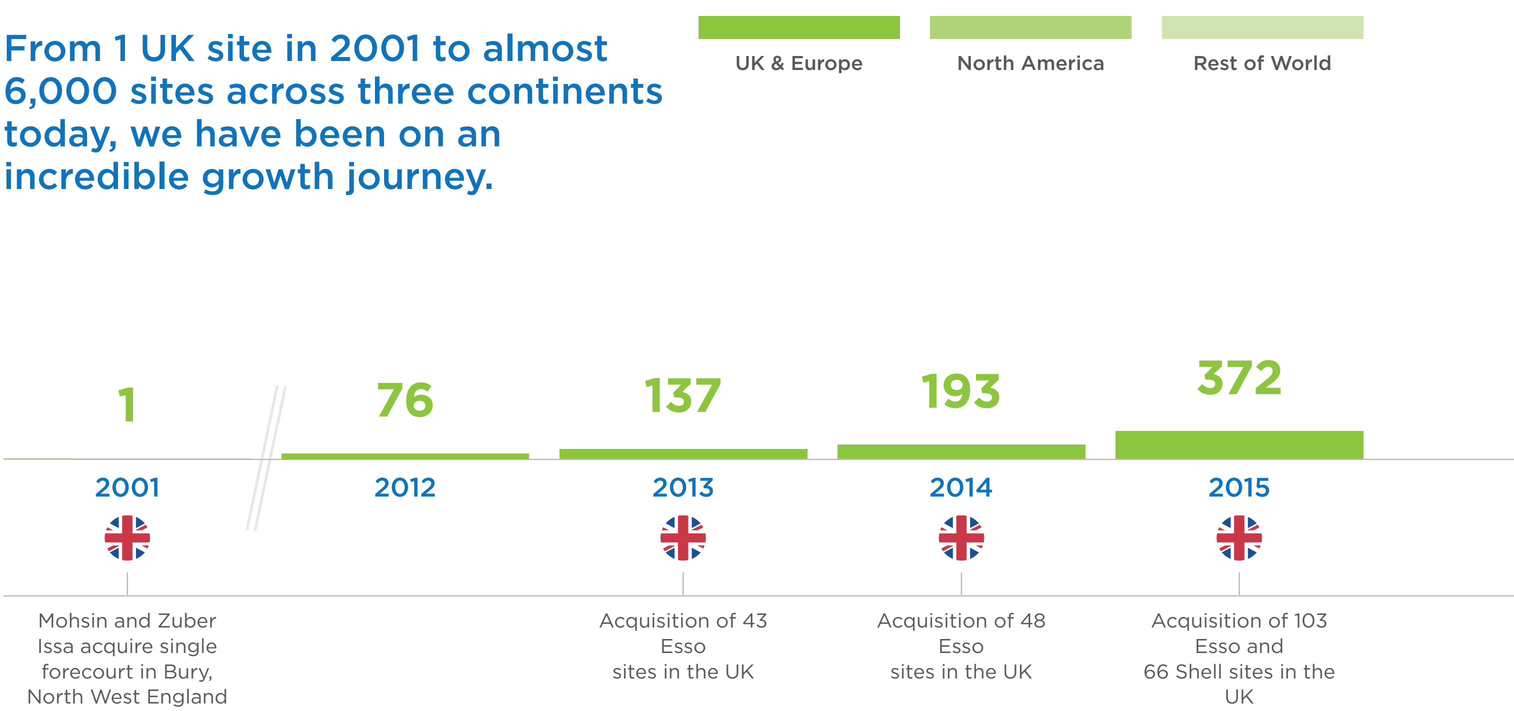
OUR STORY SO FAR

Based in Blackburn, UK, EG was founded in 2001 by brothers Zuber Issa and Mohsin Issa with the acquisition of a single petrol filling station in Bury, Greater Manchester. Together they have led the growth and development of the business over the past 19 years.

Our first site; Prospect Service Station, Bury, UK

Number of sites

From 1 UK site in 2001 to almost 6,000 sites across three continents today, we have been on an incredible growth journey.



The early years saw steady growth, with the number of sites increasing to 76 by the end of 2012, and from the outset, the focus was on the development of a best-in-class retail proposition and a quality food offering on its forecourt sites.

Our UK business established its place as a leading independent forecourt retailer following a series of significant acquisitions from ExxonMobil ("Esso") and Shell between 2013 and 2015. These acquisitions increased the size of our UK estate from 76 sites at the end of 2012 to 372 sites by the end of 2015, giving the business a nationwide site footprint.

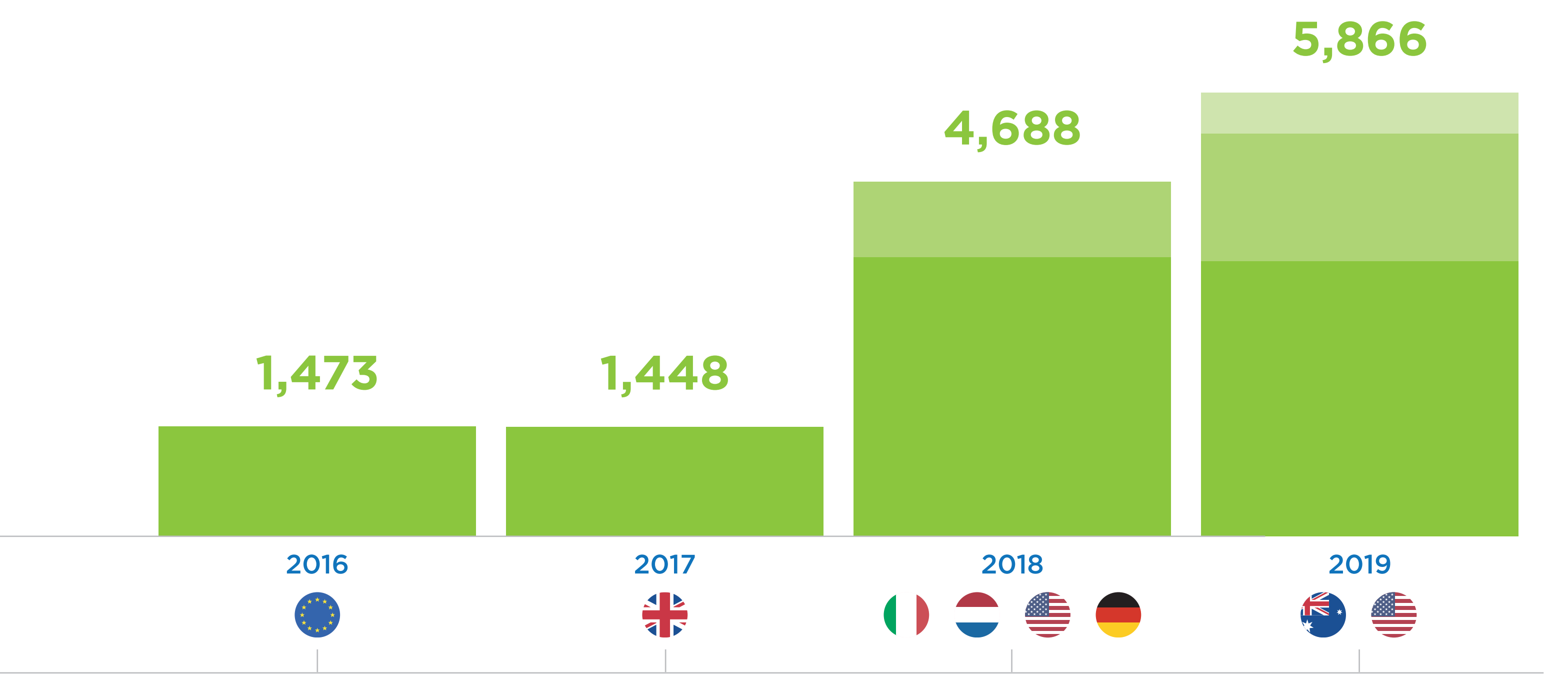
2016 was a transformational year which saw the Company take its first steps internationally. EG Group was formed following investment from TDR Capital early in the year. In November, we combined with one of TDR's portfolio companies, EFR Group, a European forecourt operator with over 1,100 sites across France and Benelux. Our entrance into the continental European market provided a platform for future growth with the Group subsequently expanding its presence in Europe during 2018, with acquisitions undertaken in Italy, the Netherlands and Germany.

We entered the c-stores' largest market in 2018 with the acquisitions in the USA of 762 c-stores from the Kroger supermarket chain and 233 Minit Mart sites.

During 2019, we extended our presence in the USA through the acquisitions of Cumberland Farms, Fastrac and Certified Oil, bringing our network in North America to a total of 1,697 sites across 31 states. We also entered the Australian market in April 2019 through the acquisition of Woolworths' network of 537 Fuelco forecourts.

In March 2020, the Group became KFC's largest franchisee in Europe through the acquisition of 145 KFC Foodservice outlets across the UK & Ireland.

These targeted strategic acquisitions complement our investment in organic growth and have underpinned the growth of the business and increased our market share, which, combined with continued focus on our customer proposition and operational excellence, significantly strengthens our financial and risk profile. Our geographical diversification and increasing international scale provides a resilience in the Group's earnings and allows for the sharing of best practice between territories, enhancing our ability to deliver long-term profitability and enhanced shareholder value.



Merger of EFR and Euro Garages to form EG Group

Acquisition of 77 Little Chef sites in the UK

Acquisitions:
1,158 Esso sites in Italy

97 sites in the Netherlands

995 sites in the US

1,029 Esso sites in Germany

Acquisitions:
537 Woolworths sites in Australia

140 Certified Oil and Fastrac sites in the US

567 Cumberland Farms sites in the US

BUSINESS MODEL

DELIVERING A BEST-IN-CLASS CUSTOMER EXPERIENCE

We are a leading independent global c-store operator serving up to 24 million customers worldwide each week. We operate approximately 6,000[(1)] stores spread across ten[(1)] countries on three continents, which we believe makes us, by store numbers, the third largest independent c-store operator in the world, the largest independent c-store operator in Europe and the fifth largest independent c-store operator in the United States (a market we first entered in April 2018)[(2)]. Our global operations span six of the ten largest fuel markets in Europe by fuel volumes sold, namely Belgium, France, Germany, Italy, the Netherlands and the United Kingdom, all six regional states in Australia, and 31 states across the United States.

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

Whilst we manage a mix of site operations, our core competency lies in operating sites under the company-owned, company operated ("COCO") model. This site model provides us with more control over store layout and quality, customer service experience, fuel and non-fuel pricing policies as well as cost controls, and allows us to optimize our product and service offerings to maximize profitability. It requires significantly more management input than a network operated by third-party dealers or franchisees i.e. company owned, not company operated ("CONCO"), but our experience has shown the COCO model to be more profitable than sites owned and/or operated by third parties.

We seek to establish a 'halo' impact on our sites whereby consumers are attracted to our well-invested fuel forecourt and the breadth and quality of the overall site offering. The Group generates a significant proportion of its earnings from Grocery & Merchandise and Foodservice activities, which contributed 46% of gross profit in the year ended December 31, 2019 (2018: 44%).

The increasing year-on-year non-fuel contribution percentage is reflective of the growth and investment in our non-fuel proposition in Europe and North America, offset by the current lower penetration of the non-fuel offering in the Australian business (acquired in April 2019) for which there is a significant opportunity for future growth and profitability in the Foodservice and Grocery & Merchandise income streams.

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

We believe we are strategically well placed to benefit from the trends driving the significant market opportunity for these segments and we target 70% of our gross profit to be generated from non-fuel business streams. We will achieve this through the continued roll out of leading national and internationally recognized Grocery & Merchandise, Foodservice and Fuel brands and the increasing development of our 'own brand' products.

A business model leveraging non-fuel operations has proven to enhance the stability of earnings and resilience to adverse pricing and market conditions, as well as helping to grow consumer footfall via the destination effect provided by recognized non-fuel brands. This resilience and diversification of our business model has been demonstrated through the recent COVID-19 pandemic.

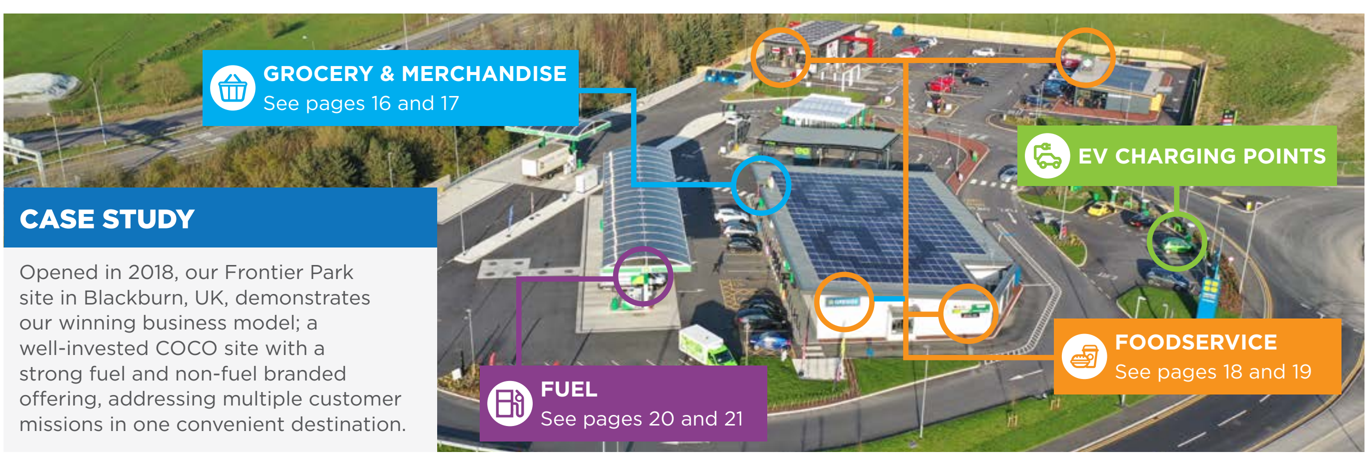
We continue to be innovative and forward-thinking with significant investments made to date in adapting to technological change (see our innovation strategy on page 15). This includes investment in electric charging stations and the development of IT capability to support evolving payment methods and loyalty programs.

(1) Includes Ireland and the 146 sites acquired from the Herbert Group in March 2020

(2) In each case based on number of sites, and the largest independent c-store operator in Australia based on fuel volumes sold

CASE STUDY

Opened in 2018, our Frontier Park site in Blackburn, UK, demonstrates our winning business model; a well-invested COCO site with a strong fuel and non-fuel branded offering, addressing multiple customer missions in one convenient destination.



EG Group

A WINNING BUSINESS MODEL

WELL-INVESTED SITES AT PRIME LOCATIONS DELIVERING LOCAL SERVICES, GLOBALLY

LARGE GEOGRAPHIC SCOPE AND SCALE

- Extensive geographic footprint in three continents and across ten[(1)] countries provides the benefits of geographical diversification, with balanced exposure to multiple national economies with different economic cycles and macroeconomic fundamentals

WELL-INVESTED ESTATE

- Retail destination driving significant footfall
- Best-in-class facilities enables premium pricing
- Well positioned against competitors for site profitability and future industry trends
- High-quality store portfolio delivering a superior customer experience and amenity compared to competition
- Capturing the full upside potential of every site
- Incremental capex delivers high return

BEST-IN-CLASS OWNED AND OPERATED MODEL

ABILITY TO INVEST AND CONTROL

- Improved, consistent customer experience
- Full control over estate, site optimization and rollout strategy
- Optimum control of pricing and cost structure
- Consistent investment in people

DEVELOPING STRONG BRAND PARTNER RELATIONSHIPS

- Directly managed model gives control over quality and consistency
- Viewed as Brand Ambassador by partners

STRONG BRAND OFFER AND INNOVATIVE APPROACH ACROSS GROCERY & MERCHANDISE, FOODSERVICE AND FUEL

COMPLEMENTARY GROCERY & MERCHANDISE, FOODSERVICE AND FUEL OFFER CREATES HALO IMPACT

- Larger sites with greater amenities drive customer footfall and spend
- Targeted balanced offering across regions to further diversify and improve resilience of profitability

CONSTANTLY INNOVATING AND ADAPTING

- Adapting for the future via partnerships and innovation at sites
- Ample space for Electric Vehicle ("EV") charging stations
- Well positioned to fulfill retail 'last mile' needs such as 'Click and Collect' offering
- Advanced discussions with EV producers, energy providers and existing charger networks
- IT platform ready for evolving payment methods (e.g. Apple Pay)

OUR STRATEGY

Our core strategy is to develop a c-store business with an attractive scale and diversification across a range of international markets.

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

Our talented, passionate and innovative people are essential to the successful delivery of our strategy and to driving the business performance over the long term. We accelerate development of our people; grow and strengthen our leadership capabilities; and enhance employee performance through continued engagement in our strategy.

GROWTH THROUGH ACQUISITIONS

Acquisition-driven growth is an important component of our strategy and our global footprint provides us the opportunity to consider and pursue strategically attractive transactions, including more opportunistic acquisitions within the fragmented global c-store industry.

In the long term, we intend to continue to further expand our footprint within our existing markets as well as to use our M&A expertise and know-how to expand into new countries. Our management team, working with advisers, performs extensive due diligence to identify attractive and suitable acquisition targets which we believe can be enhanced through the achievement of operational synergies and the ability to share best practices across our estate.

Post-acquisition, a specialized internal integration team assists in the integration process and the realization of financial and operational synergies. We seek acquisition targets that meet our strict investment criteria as part of our disciplined acquisition strategy.

During 2019, we completed the following acquisitions:

- On April 1, 2019, we completed the Fuelco acquisition for consideration of €1,072m. Fuelco expanded our geographic reach into Australia, with the addition of Fuelco's 537 c-stores
- On July 1, 2019, we completed our acquisition of Fastrac, from Fastrac Markets, L.L.C., Fastrac Transportation of New York, LLC and certain real estate sellers. Consideration paid by us for the acquisition was €240m, and 71 sites were acquired
- On August 1, 2019, we completed our acquisition of Certified Oil from Certified Oil Company, Inc. and its affiliates. Consideration payable by us for the acquisition was €146m with 69 sites being acquired
- On October 22, 2019, we completed our acquisition of Cumberland Farms for consideration of €2,058m. Cumberland Farms owns and operates a network of 567 COCO c-stores concentrated in the high-population density north-eastern US and Florida markets and a foodservice production facility in Westborough, Massachusetts
- During the year, for aggregate consideration of €10m, we also completed three smaller acquisitions in Belgium and North America and the acquisition of a specialist IT consultancy business in the UK, to support our Group Shared Services function

On March 10, 2020 we acquired the largest KFC franchise in the UK & Ireland from the Belfast-headquartered Herbert Group. The acquisition consists of 145 KFC restaurants and one Pizza Hut for consideration of €154m, and complements our Foodservice offering in our European market.

These acquisitions have enabled the Company to diversify operations and expand into new markets, with our site portfolio growing to c.6,000 sites and transforming EG Group into a key global player. We continue to be a consolidator of choice in the sector and are able to demonstrate the ability to overperform in completed acquisitions with EBITDA at or above management's expected levels.

We have a structured approach to achieving synergies from acquisitions, with realized synergies ahead of targets in all countries.

ORGANIC GROWTH AND DEVELOPMENT

We continually evaluate opportunities to grow our portfolio and capture market share by developing new sites and upgrading existing sites.

NEW-TO-INDUSTRY ("NTI") SITES

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 with an average payback period of just under six years (with a range of three to nine years).

- We opened 24 NTI sites in 2019 across Europe, North America and Australia
- We have grown our land bank to support future new site openings and expect to continue to rollout NTIs across all of our regions

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

CONVERSION OF SUITABLE SITES TO THE DIRECTLY MANAGED COCO MODEL

We have a proven track record of performance improvement through the conversion of sites historically operated by third parties to being operated by EG and we are focused on identifying and executing conversion opportunities to increase site profitability.

Sites with the potential to materially increase Grocery & Merchandise and Foodservice offerings are being converted to COCO to benefit from greater control of operations and to capture full margin potential.

Other smaller and less profitable Company-operated sites are being converted to unmanned locations, offering a no-frills service with a focus on fuel sales.

Many acquired businesses (for example, Kroger, Fuelco Australia and Cumberland Farms) have estates that mainly consist of owned and operated stores COCO, presenting the opportunity to develop a full Grocery & Merchandise and Foodservice offering. Our Italy and German site networks provide a large store conversion pipeline offering significant earnings upside potential.

In 2019, 27 sites were converted to the COCO model, largely in Italy and Germany.

EXPANDING OUR NON-FUEL OFFERING

The Foodservice and Grocery & Merchandise segments are expecting to experience secular growth of up to 5% per annum over the next five years, driven by changing lifestyles:

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

Foodservice and Grocery & Merchandise offerings remain underdeveloped across most countries, in terms of penetration and rollout of more sophisticated propositions. Unlocking the opportunity requires high traffic sites and the operating know-how to provide compelling customer propositions.

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

In 2019, we invested c.€80m in the development and expansion of our non-fuel offering, including the opening of 76 new Foodservice outlets, largely in Europe.

INNOVATION

Consumer demands have changed, with more emphasis placed on time constraints and food choice. We have utilized technology to develop a 'forecourt of the future', focused on broadening the product range and driving quality to meet changing demands.

Our progress towards our innovation strategy can be summarized as follows:

- Collaboration with the delivery and logistics sector to provide 'last mile' solutions through extensive network coverage, offering branded 'Click and collect' lockers using available outside and in-store space
- IT systems ready for seamless payments, with many sites supporting Apple Pay and contactless payment technologies
- Development of our Grocery & Merchandise and Foodservice hubs on all suitable sites to enhance diversification of earnings and support changing customer behavior
- Significant investment in app development and customer retention schemes with the launch of our customer app in Australia and the development of a Group-wide customer app and loyalty scheme

The medium to long-term trends toward electrification of vehicles presents a longer-term opportunity for the Group, with our high-quality stores able to provide a strong Foodservice and Grocery & Merchandise offering for consumers to take advantage of whilst using our charging facilities on site. Investment in our infrastructure and partnerships with electric vehicle providers will ensure we are optimally positioned in the market, with many initiatives already in progress:

- Electric charging points across 69 locations in the UK, Germany and France
- Trials of three high power charger points in France
- Targeted installation of charging points at 125-150 sites across the portfolio, with discussions ongoing with a major European utility brand
- Plans to collaborate with leading players for the deployment of infrastructure and services to support alternative fuels demand in our network
- Exploration of alternative fuels division within the Group and/or investment into an existing alternative fuel operator

OUR BUSINESS

GROCERY & MERCHANDISE

Grocery & Merchandise[1] represents over a third of the gross profit, driving diversification to enhance earnings resilience.

We have long-standing partnerships with globally recognized brands in Grocery & Merchandise such as SPAR, Carrefour, Louis Delhaize and Woolworths to offer consumers a premium convenience retail offering. We continue to explore new opportunities and to focus on further enhancement to our Grocery & Merchandise offering, particularly in Continental Europe where our lower penetration of this market presents an opportunity for future growth and development.

Our US offering is led by proprietary brands with products sold under, inter alia, the Cumberland Farms, Turkey Hill, Tom Thumb, Kwik Shop, Loaf 'N Jug and Quick Stop brands and sourced directly from our chosen suppliers.

The 'convenience' grocery market as a whole has seen a strong expansion over the last 15 years in those territories in which we operate and continues to benefit from the ongoing trend of consumers migrating towards convenience shopping missions.

As we develop new sites and enhance the quality and range of our in-store offering, we continue to observe an increase in reported sales and gross margin. Excluding the impact of acquisitions, in 2019 we saw continued growth in our Grocery & Merchandise income, with sales revenue increasing by €26m or 2% to €1,666m (2018: €1,640m) and gross profit increasing by €12m or 2% to €504m (2018: €492m). Including the sales generated from our acquired businesses, Grocery & Merchandise sales revenue increased by €1,240m or 76% to €2,880m (2018: €1,640m) and gross profit increased by €383m or 78% to €875m (2018: €492m).

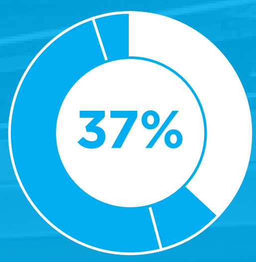
We continue to focus on the quality and range of our Grocery & Merchandise product offering and an enhancement to our coffee offering across the business.

[1] Previously reported as Convenience Retail

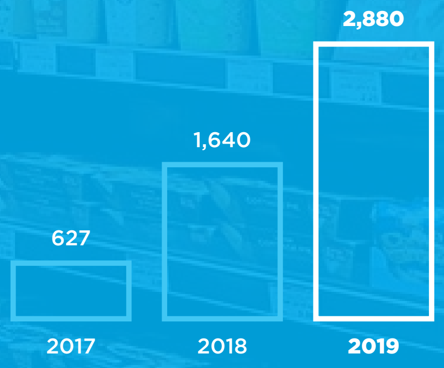
Leading Grocery & Merchandise partnerships and proprietary brands

SPAR | Sainsbury's | Woolworths the fresh food people | louis delhaize | Carrefour | Cactus

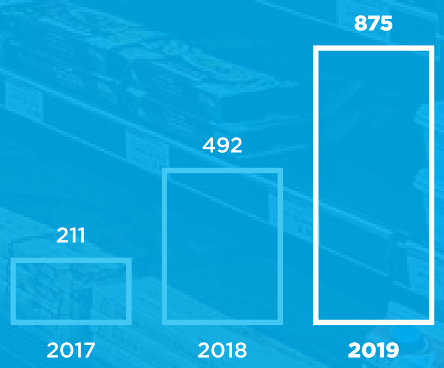
As a % of Group gross profit for 2019



SALES (IN €M)



GROSS PROFIT (IN €M)



OUR BUSINESS CONTINUED

FOODSERVICE

Foodservice[1] contributes approximately 10% of our gross profit and we plan to grow this to one-third in the future to further enhance diversification and strong earnings resilience.

Our Foodservice operations include prominent brands such as Subway, Starbucks, Burger King, Greggs and Lavazza, as well as our own proprietary brands ‘Go Fresh’ and ‘Cumberland Farms’. We have a breadth of attractive Foodservice offerings with recognized, global brands transforming our sites into a Foodservice and Grocery & Merchandise destination serving multiple customer needs, which supports an increase in customer footfall and enhances the premium fuel pricing strategy of the Group.

2019 saw continued expansion into the US market, allowing us to further strengthen relationships with current brand partners and introduce new partnerships into the portfolio. Our increased presence also provides a platform for rolling out the Cumberland Farms proprietary branded coffee and foodservice capabilities, developed and distributed from our culinary center in Westborough, Massachusetts.

Building on our proven ability to own and operate Foodservice restaurants, in March 2020, we acquired Europe’s largest KFC franchise from the Herbert Group, which included a network of 145 KFC restaurants in the UK & Ireland and further expansion opportunities.

In recent years, the Foodservice market has grown across the countries we operate in, underpinned by long-term trends such as customers seeking convenience, people having more hectic and ‘time poor’ lifestyles, urbanization, and an increase in travelers from tourism in certain countries. Growth is expected to continue over the near term, presenting a clear opportunity for EG across the markets in which we currently operate.

During 2019, we have generated double-digit growth in Foodservice reported sales and gross profit, with sales revenue increasing by €84m or 30% to €366m (2018: €282m) and gross profit increasing by €35m or 20% to €211m (2018: €176m). This growth has been supported by the investment in 133 new branded Foodservice outlets during 2019, including 57 outlets from businesses acquired in the year, and the growth in sales reported by our existing outlets. Our 2019 acquisitions have an undeveloped Foodservice offering, representing a significant growth opportunity for us to increase the profitability and earnings diversification of our site network.

We have identified considerable scope for expansion in Foodservice, due to the overall popularity and expected growth in the category, the specific characteristics of our estate (e.g. larger than average sites in many countries, in high-traffic locations), and our proven ability in executing a Foodservice proposition.

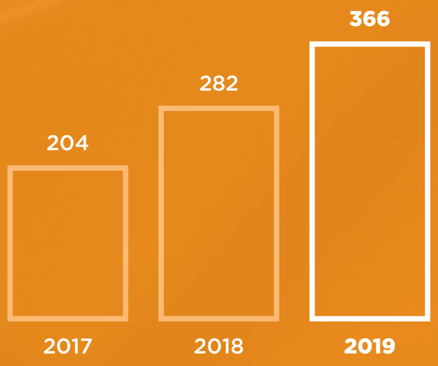
Our ambition is to continue to expand our Foodservice offering by leveraging existing best-in-class brands such as Subway, Starbucks, Burger King, Greggs and Lavazza to provide variety to customers at new and existing locations. The development of our propriety brands is expected to contribute to margin expansion as rollout programs continue in 2020 onwards.

[1] Previously reported as Food-to-go

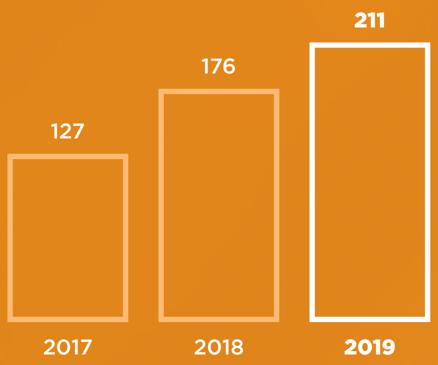
Leading Foodservice partnerships and proprietary brands

As a % of Group gross profit for 2019

SALES (IN €M)



GROSS PROFIT (IN €M)



FUEL

We have fuel retail operations in nine countries[1], including six of the ten largest fuel markets in Europe. We continue to focus on the growth and quality c-store network through the development of new-to-industry sites ("NTIs"), raze and rebuilds, upgrades and ownership and operating model conversions to our owned and operated business model. Additionally, our partnerships with premium brands, coupled with a leading non-fuel offering, support our premium price positioning on fuel.

We also operate a specialty business, EG Fuel, that focuses on the strategic and operational fuel supply and distribution in mainland Europe.

Retail Fuel volume has shown stability over the last five years in most of EG Group's markets; however, volumes are expected to slowly decline in the medium to long term, driven largely by improvements in fuel efficiency and electric vehicles. Fuel cash margins have been rising over recent years, offsetting volume attrition to date, and the strategic focus on the development of our non-fuel proposition and well-invested estate will be paramount for success in the fuel retail market.

The global downturn in demand for oil products during the COVID-19 pandemic has resulted in a reduction in wholesale fuel cost prices, leading to a supportive environment for retail Fuel margins, which to date have largely offset decreases in volumes sold (see further information on COVID-19 on pages 6 and 7).

We continuously seek to adapt for the future through new partnerships and innovations. Alternative fuel and electric charging points have been operated across our forecourt estate for nearly a decade and a significant number of our sites are highly adaptable for the addition of charging points, with ample space for customers to charge their vehicles whilst taking advantage of our strong non-fuel offering.

Excluding the impact of acquisitions, the strategic decision to seek to optimize fuel margins led to a year-on-year volume decline of 6%, or 690m liters, to 10,015m liters (2018: 10,705m liters), however, challenging market conditions towards the end of 2019 softened the full-year like-for-like performance of our fuel margin, with gross profit decreasing by €64m or 9% to €676m (2018: €740m). Including the sales generated from our acquired businesses, reported Fuel volumes increased by 7,681m liters or 72% to 18,386m liters (2018: 10,705m liters) and fuel gross profit increased by €424m or 57% to €1,164m (2018: €740m).

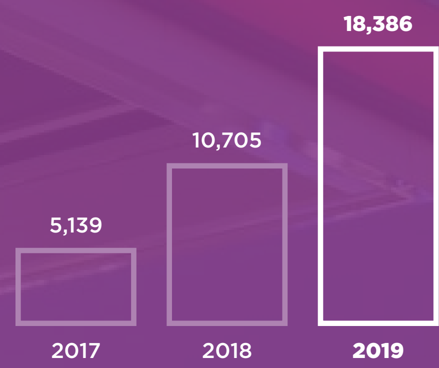
Moving forward, we remain confident in the capabilities of our retail fuel pricing and fuel procurement strategy to further enhance fuel profitability, notably in North America, where we expect to realize scale economies as a result of the increased size of our business. Additionally, our strategy to develop our Grocery & Merchandise and Foodservice offering creates a halo effect, resulting in increased Fuel sales.

[1] Excludes Ireland where we only have Foodservice operations

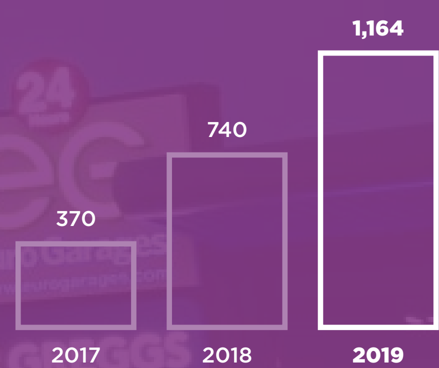
Leading Fuel partnerships

As a % of Group gross profit for 2019

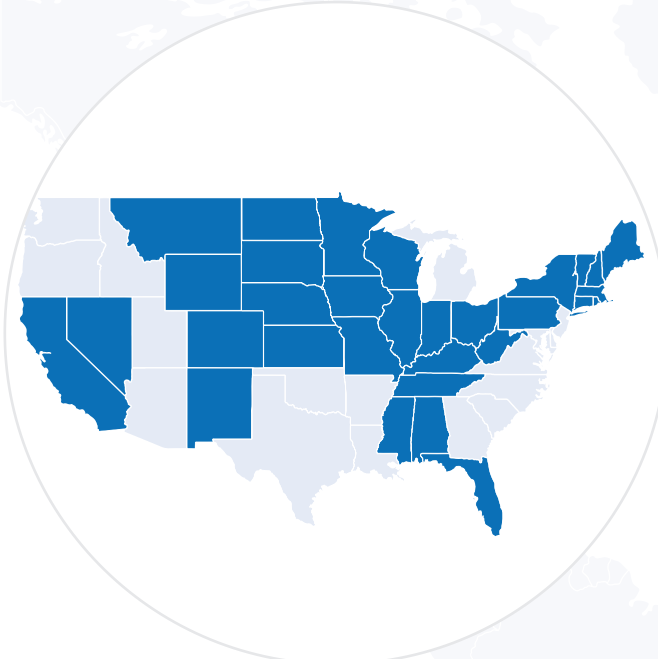
SALES (IN MILLIONS OF LITERS)



GROSS PROFIT (IN €M)



OUR REGIONS: AT A GLANCE



We have developed a diverse international business with c.6,000 sites across three continents

Key business streams

GROCERY & MERCHANDISE

Sales of grocery items, candy, snacks, beverages, tobacco and alternative tobacco products

Find out more on pages 16 and 17

FOODSERVICE

Sales generated by our quick service restaurants ("QSR") outlets and in-store fresh food through partnerships with leading brands and proprietary offerings

Find out more on pages 18 and 19

FUEL

Sales of road transportation fuels across our global petrol filling station network

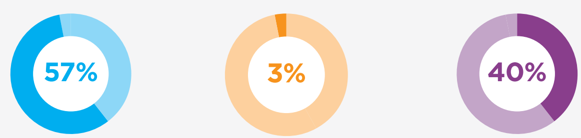
Find out more on pages 20 and 21

North America

Number of sites	Number of employees
1,697	18,745

2019 gross profit by business stream

GROCERY & MERCHANDISE[1] | FOODSERVICE | FUEL



[1] Also includes other gross profit

Europe

Number of sites[2]
3,778

Number of employees[2]
20,669

2019 gross profit by business stream

GROCERY & MERCHANDISE: 34%

FOODSERVICE: 15%

FUEL: 51%

(2) Includes the 146 sites acquired and 3,700 employees who joined from the Herbert Group in March 2020

Rest of World

Number of sites
537

Number of employees
4,193

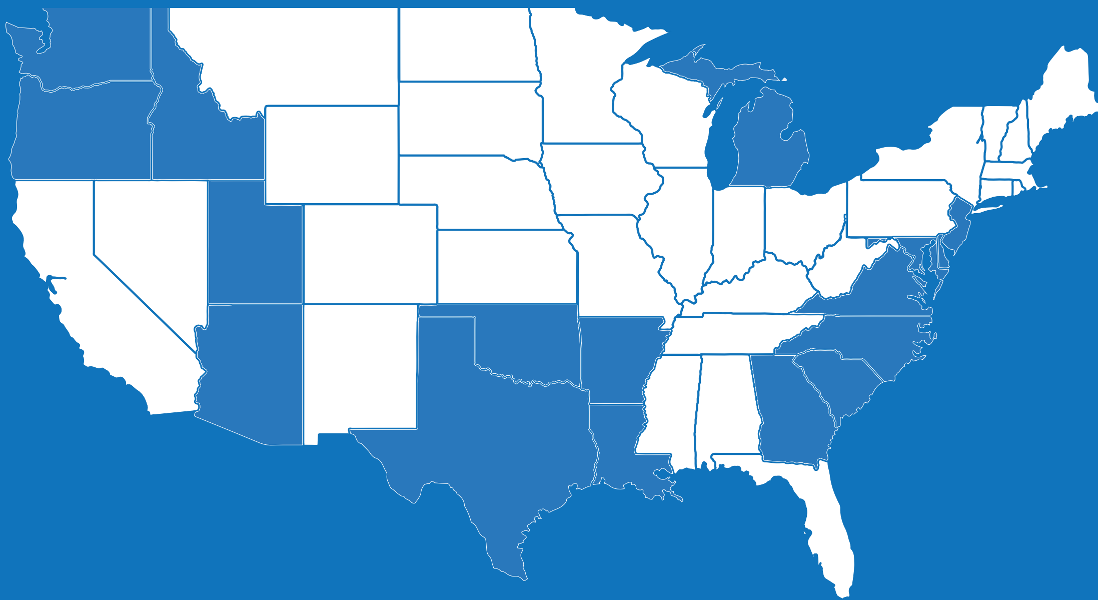
2019 gross profit by business stream

GROCERY & MERCHANDISE: 22%

FOODSERVICE: 0%

FUEL: 78%

NORTH AMERICA



FINANCIAL REVIEW

Revenue for North America in 2019 increased by €2,389m or 82% to €5,299m (2018: €2,910m) and Unaudited Adjusted EBITDA[1] before IFRS 16 increased by €128m to €298m (2018: €170m). The increases were largely driven by the contribution of the businesses acquired in 2019 and the full-year impact of 2018 acquisitions.

Fuel gross profit of €358m increased by €172m (2018: €186m) and non-fuel gross profit of €542m increased by €262m (2018: €280m). These increases are as a result of 2019 acquisitions, the full-year impact of 2018 acquisitions and improved profitability from realization of synergy initiatives. Fuel gross profit was impacted by the unfavorable fuel market conditions experienced during the final quarter of 2019.

North America capital expenditure totaled €62m in 2019 (2018: €12m) and included investment in new-to-industry sites, Minit Mart site remodels, the development of Foodservice outlets and site maintenance expenditure.

TOTAL SITES[2]

1,697

NUMBER OF EMPLOYEES

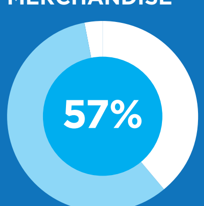
18,745

CUSTOMERS SERVED ANNUALLY

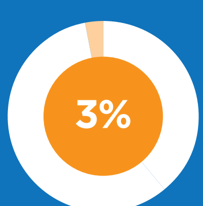
740m

2019 GROSS PROFIT BY BUSINESS STREAM

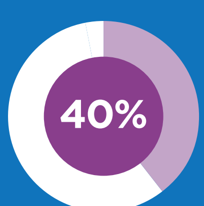
GROCERY & MERCHANDISE[3]



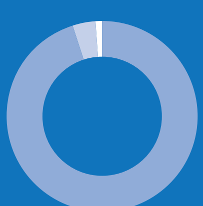
FOODSERVICE



FUEL



OPERATING MODEL BY TYPE



95% COCO
4% CONCO
1% OTHER

[1] Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization, before exceptional items

[2] Site numbers are as at December 31, 2019

[3] Also includes other gross profit

OPERATIONAL REVIEW

Following the acquisition of Kroger c-store and Minit Mart in 2018, we have continued to expand our presence in the USA during 2019 through the acquisitions of Fastrac and Certified Oil in July and August respectively, followed by the transformative acquisition of Cumberland Farms in October. Our business in North America, 'EG USA', now operates within 31 states and is the fifth largest c-store estate in the country by store number, with 1,697 sites (2018: 998 sites).

The Cumberland Farms acquisition represents a significant leap forward in the evolution of our North America business:

- 567 COCO c-stores located in the densely populated north-eastern US and Florida markets. Its network of high-quality and well-invested c-stores is adjacent to our existing network of sites, creating enhanced opportunities for synergies
- The Cumberland Farms non-fuel offering of high-quality local and national brands as well as a broad range of private label and fresh food products, offered through their network of sizable stores and supported by their culinary center facility. This operating model fits well with our strategic focus on Grocery & Merchandise and Foodservice, and we intend to leverage the capabilities of the business to our broader network of sites in North America

The bolt-on acquisitions of Fastrac and Certified Oil, together added a further 140 sites to our North American estate, further enhancing our presence in the market.

During 2019, we have undertaken various initiatives, including the review and optimization of in-store labor hours, a rationalization of the US regional head office structure and driven margin improvements through the use of more sophisticated fuel pricing strategies, the improvement of in-store layouts and the development of the convenience retail offering and pricing strategy.

At the end of 2019, we transitioned our North American headquarters to Westborough, Massachusetts, relocating all processes, roles and responsibilities from our previous headquarters in Cincinnati, Ohio.

STRATEGIC PRIORITIES

EG USA is now a scalable, nationwide platform for future expansion in North America, allowing the Group to continue to grow and develop through the following strategic activities:

- Rollout of Foodservice and coffee offerings through third-party and proprietary brands in line with our proven successful business model
- Continue to develop and integrate our recent acquisitions under the leadership of our high-quality management team to drive value and margin growth from the increased scale of our pan US business
- Development of our customer loyalty programs
- The US grocery market has historically been dominated by large formats, however, due to increasing preference for convenient locations, we will strive to offer range of products and services to appeal to these changing customer needs, including the expansion of click and collect and development of our sites to deliver a one-stop-shop combining Grocery & Merchandise, Foodservice and Fuel offerings
- Align non-fuel margin to US convenience sector
- Acquire and develop new sites to expand our presence across North America
- Improve our existing estate through our capital expenditure program including raze and rebuilds, site remodelling and refurbishment programs

GROCERY & MERCHANDISE

FOODSERVICE

FUEL

EUROPE

FINANCIAL REVIEW

Revenue for Europe in 2019 increased by €3,382m or 37% to €12,477m (2018: €9,095m) and Unaudited Adjusted EBITDA[1] before IFRS 16 increased by €17m to €417m (2018: €400m). This increase was driven by the full-year impact of 2018 acquisitions and the contribution of new sites, offset by the increased investment in our shared service center, based in the UK.

Fuel gross profit of €609m increased by €55m (2018: €554m) and non-fuel gross profit of €595m increased by €112m (2018: €483m). These increases are partly due to the full-year impact of 2018 acquisitions, with non-fuel gross profit benefiting from additional Foodservice outlets opened during the year and an increase in same store sales and margin. Fuel gross profit was impacted by the unfavorable fuel market conditions experienced during the final quarter of 2019.

In July 2019, a profit on disposal of €154m was generated on the sale of 'EG Business' (see operational review opposite).

European capital expenditure totaled €205m in 2019 (2018: €202m) and included the investment in new-to-industry sites, with 21 sites opening in 2019, the development of 72 Foodservice outlets and site maintenance expenditure.

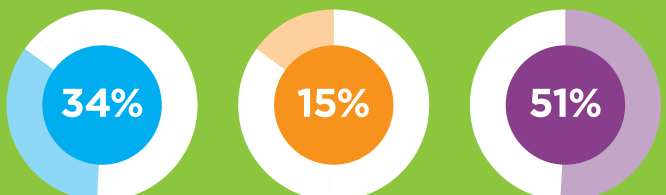
TOTAL SITES[2]
3,778

NUMBER OF EMPLOYEES[2]
20,669

CUSTOMERS SERVED ANNUALLY
370m

2019 GROSS PROFIT BY BUSINESS STREAM

GROCERY & MERCHANDISE[3] | **FOODSERVICE** | **FUEL**



OPERATING MODEL BY TYPE[2], [4]

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

(2) Includes Ireland, the 146 sites and 3,700 employees from the Herbert Group

(3) Also includes other gross profit

(4) UK is 100% COCO; Continental Europe is 31% COCO, 48% CONCO and 21% Other

OPERATIONAL REVIEW

Our European business consists of the UK Euro Garages business, the French and Benelux operations of EFR acquired in 2016, and the 2018 acquisitions of Esso Italy, NRG Value (the Netherlands) and Esso Germany. Within the European region we operate a highway site network of 249 sites, whilst a further 306 of our sites are unmanned and retail fuel only (in France and Benelux).

Representing our most mature region, we offer a strong, branded Grocery & Merchandise and Foodservice proposition across most of the countries we operate in, notably in the UK, with further rollout programs planned across continental Europe.

Our European estate also represents the highest proportion of sites not owned and/or not operated by EG, with 1,842 dealer-operated sites at the end of 2019, largely across Italy and Germany. We continued our focus on the conversion of these sites to our preferred COCO model, with 27 conversions opened during the year.

The flagship UK business continued to make good progress in growing revenues and gross margin from the existing estate. This is a result of the ongoing quality and relevance of the UK forecourt offering and the quality of service consistently delivered by colleagues. Successful partnerships have been developed in Grocery & Merchandise and Foodservice, with our brands including Starbucks, Subway, Greggs, Burger King, SPAR and, more recently, Sainsbury's, and we have seen the number of concessions increase during the year. There is also continued development of the site network, with ten new-to-industry sites opened in 2019 and a significant land bank pipeline for future development.

We have made significant progress to successfully integrate our European acquisitions into existing operations and have continued to execute strategic initiatives to drive profitability. Notable actions include the rationalization of regional office structures, overhead savings achieved through the implementation of new supplier contracts, and various initiatives to enhance Grocery & Merchandise, Foodservice and Fuel margins.

On July 1, 2019 we completed the sale of our proprietary fuel cards division 'EG business' for €235m. This business was acquired as part of the EFR acquisition in November 2016 and was regarded by the Board as a non-core element of the Group. The disposal has enabled us to simplify our European operations and allow for the continued focus on the Group's core competency as a fuel and convenience retailer.

On March 10, 2020 we acquired the largest KFC franchise in the UK & Ireland from the Belfast-headquartered Herbert Group. The acquisition consists of 145 KFC restaurants and one Pizza Hut for consideration of €154m, and complements our Foodservice offering in our UK market.

STRATEGIC PRIORITIES

Our European estate is now well integrated, with investment made to bring sites more in line with our preferred operating model; however, we aim to continue to grow and develop through the following strategic activities:

- Our UK business is in a mature state, however we continue to invest in the estate through new sites, with further new-to-industry sites in the pipeline. We are also focused on refurbishments and diversification to develop our existing offering with the planned opening of new Foodservice outlets and the development of our Grocery & Merchandise offering through our new partnership with Sainsbury's
- In France, a key focus area is the success in motorway site tenders, with subsequent Grocery & Merchandise and Foodservice rollouts at these lucrative high-throughput sites. We also aim to expand our relationship with Carrefour, a leading retail brand, to refit a number of our sites to enhance our Grocery & Merchandise offering
- Our Benelux strategy is focused on the rollout of branded Foodservice outlets and the continued enhancement of our Grocery & Merchandise offering through branded offerings. There are also opportunities to convert additional dealer-operated sites to our COCO model, allowing us to generate the uplift in EBITDA experienced by the execution of our historic conversions
- In Italy, we will seek to convert a number of our sites to our preferred COCO business model, with c.800 dealer agreements expiring over the next five years. Furthermore, we see an opportunity to develop a forecourt Grocery & Merchandise and Foodservice offering, which is currently under-developed in the Italian market
- Similar to our other continental Europe businesses, in Germany our strategy is focused on opportunities to convert our dealer sites to COCO and the development and rollout of Foodservice and Grocery & Merchandise brand partnerships

Across our entire European business we continue to focus on the optimization of fuel pricing to maximize profitability and the development of operational efficiencies through the sharing of best practice.

GROCERY & MERCHANDISE

FOODSERVICE

FUEL

REST OF WORLD

FINANCIAL REVIEW

The acquisition of Fuelco in Australia, the only business reported in the Rest of World division, completed on April 1, 2019 and therefore there is no reported comparative in our consolidated financial statements.

Revenue for Rest of World (Australia) in 2019 was €2,242m and Unaudited Adjusted EBITDA[1] before IFRS 16 was €79m. These results are broadly in line with management's expectations, with post-acquisition operational improvements continuing to be realized, albeit dampened by fuel margins that were below expectations due to the competitive Australian market dynamic creating challenging trading conditions.

Fuel gross profit was €197m and non-fuel gross profit was €56m. Non-fuel margin reflects Grocery & Merchandise[3] only, as EG Australia did not have a Foodservice offering in 2019.

Capital expenditure for Rest of World (Australia) totaled €13m in 2019 and includes the investment in NTI sites, with one site opening in the year and the refresh or rebranding of 42 sites.

TOTAL SITES[2]

537

NUMBER OF EMPLOYEES

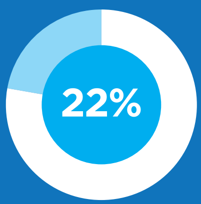
4,193

CUSTOMERS SERVED ANNUALLY

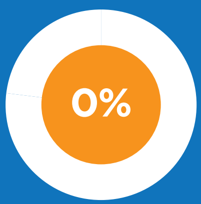
120m

2019 GROSS PROFIT BY BUSINESS STREAM

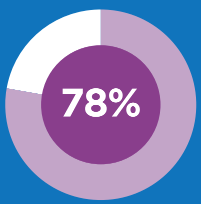
GROCERY & MERCHANDISE[3]



FOODSERVICE



FUEL



OPERATING MODEL BY TYPE

100% COCO

[1] Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization, before exceptional items

[2] Site numbers are as at December 31, 2019

[3] Also includes other gross profit

OPERATIONAL REVIEW

On April 1, 2019, the Group completed the acquisition of Fuelco, a portfolio of 537 petrol forecourts and c-stores in Australia from Woolworths, a leading national supermarket chain. The acquisition represented a compelling investment proposition, mainly due to Fuelco's leading market position in Australia, and provided further geographical diversification for the Group. In addition, Fuelco was a strong operational fit given that the estate was wholly comprised of EG's preferred COCO sites, whilst we identified significant upside opportunities from the rollout of Foodservice and further development of the Grocery & Merchandise offering.

Our Australian site network is the largest independent c-store retailer by fuel volume in the country, and third largest by sites number. It consists of 537 COCO sites, of which 97% are leasehold, with nearly 50% having a remaining lease life of over 20 years. Our attractive site portfolio has a strong presence in highly populated areas in New South Wales, Victoria and Queensland, and the average fuel volumes sold per site is greater than the national average, in part due to the Woolworths loyalty agreement for which EG has contracted to 2034.

Our acquisition of Fuelco came with long-term supply agreements with leading brands with a 15-year wholesale fuel supply agreement with Caltex and a 15-year commercial alliance with Woolworths Group.

Post-acquisition, our Australian management team has been focused on increasing the operating efficiency of the business, and this has been achieved by renegotiating supply contracts, reducing waste, focus on controlling overheads and improving product mix, including the benefit of a refocus away from low-margin tobacco sales. Additionally, a number of actions and initiatives have taken place under EG's ownership to drive an improvement in key metrics across the business, including the rebranding and refreshing of over 40 stores across our estate and significant progress on the transition of operations and systems from Woolworths, which we expect to complete during 2020.

STRATEGIC PRIORITIES

Our entry to the Australian market presents a number of opportunities for further growth and development through the following strategic activities:

- To leverage our Woolworths supply agreement to further develop our Grocery & Merchandise offering
- Our under-developed Australian Foodservice offering presents significant rollout potential at our site network. Working towards this strategy, in May 2020 we signed a long-term commercial supply agreement and intellectual property ("IP") license with Olivers Real Food. As part of this arrangement we have acquired an exclusive license to use the 'Olivers Food to Go' ("OFTG") trademark and we will sell OFTG products in our Australian site network. The supply agreement covers an initial term of ten years, with an option for both parties to extend the agreement for a further ten years
- To develop our fuel margin to align with our premium forecourt offering
- To increase site numbers through new site openings and to increase country penetration and support population growth
- Continued development of our site network through the 'refresh' program, utilizing EG's modus operandi to drive operational improvements and cost synergies

GROCERY & MERCHANDISE

Woolworths
the fresh food people

FOODSERVICE

oliver's

Commercial supply agreement and IP licence signed in May 2020

FUEL

CALTEX

FINANCIAL REVIEW

HOW WE PERFORMED IN 2019

REVENUE

€20,018m

(2018: €12,005m) – up 67%

GROSS PROFIT

€2,360m

(2018: €1,502m) – up 57%

UNAUDITED ADJUSTED EBITDA[(1), (2)] BEFORE IFRS 16

€770m

(2018: €570m) – up 35%

OTHER HIGHLIGHTS

- Entry into Asia-Pacific market with acquisition of Fuelco in Australia in April 2019
- Further expansion in North America with acquisitions of Fastrac in July 2019, Certified Oil in August 2019 and Cumberland Farms in October 2019
- Debut entry to the bond markets with the successful launch of Senior Secured Notes in April 2019 and with a subsequent issuance in October 2019
- Continued development and expansion of our estate and non-fuel offering, with over €280m investment in capital expenditure
- Disposal of EG Business fuel cards division in July 2019 for proceeds of €235m

Detailed below and opposite is a summary of our performance for the year ended December 31, 2019.

Following another transformational year for the Group, and reflective of our continued international growth, we have delivered a strong financial performance; significantly increasing revenues, profitability and cash generated from operations.

Group operating profit before exceptional items grew year-on-year by 35% and Unaudited Adjusted EBITDA before IFRS 16, increased by 35%, largely attributable to our acquisitions during the year and the full-year impact of our 2018 acquisitions.

Please note, a number of Alternative Performance Measures[(2)] ("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.

SUMMARY GROUP INCOME STATEMENT

	2019			2018		
	Before exceptional items €m	**Exceptional items €m**	**After exceptional items €m**	Before exceptional items €m	Exceptional items €m	After exceptional items €m
Revenue	**20,018**	**—**	**20,018**	12,005	—	12,005
Cost of sales	**(17,658)**	**—**	**(17,658)**	(10,503)	—	(10,503)
Gross profit	**2,360**	**—**	**2,360**	1,502	—	1,502
Operating profit	**417**	**(164)**	**253**	308	(88)	220
Profit on disposal	**—**	**154**	**154**	—	—	—
Net finance costs	**(472)**	**(17)**	**(489)**	(268)	(112)	(380)
(Loss)/profit before tax	**(55)**	**(27)**	**(82)**	40	(200)	(160)
Tax	**(10)**	**(37)**	**(47)**	(15)	25	10
(Loss)/profit for the year	**(65)**	**(64)**	**(129)**	25	(175)	(150)

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

(2) Please refer to the Alternative Performance Measures section on page 130

ADJUSTED OPERATING PROFIT AND ADJUSTED EBITDA[(1), (2)]

	2019 €m	2018 €m
Loss after tax	**(129)**	(150)
Add/(less) tax	**47**	(10)
Add net finance costs	**489**	380
Less profit on disposal	**(154)**	—
Operating profit	**253**	220
Exceptional items (note 5)	**164**	88
Adjusted operating profit	**417**	308
Add depreciation	**305**	199
Add IFRS 16 depreciation (note 2)	**113**	—
Add amortization	**75**	63
Adjusted EBITDA[(1), (2)]	**910**	570
Impact of IFRS 16 on EBITDA	**(140)**	—
Unaudited Adjusted EBITDA[(1), (2)] before IFRS 16	**770**	570

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

(2) Please refer to the Alternative Performance Measures section on page 130

Underpinning the performance of the Group for 2019 was the growth of our site network to 5,866 sites globally (2018: 4,688), largely attributable the completion of a number of acquisitions. In April 2019 we entered the Australian market through the completion of the acquisition of Fuelco, a portfolio of 537 petrol forecourts and c-stores from Woolworths, a leading national supermarket chain.

Further developing our foothold in the US market, we completed the acquisition of Fastrac and Certified Oil in July and August 2019 respectively, adding a further 140 sites to complement our North America estate.

In October 2019, we completed the acquisition of Cumberland Farms, adding a further 567 well-invested COCO sites in the north-eastern states and Florida to our US estate. The business also adds new capability into our US division through its operation of a culinary center in Massachusetts, a distribution center and a thriving own label product range that accounts for over 10% of in-store sales. Following this acquisition, we have made significant progress in restructuring our North American management team, including the relocation of our US headquarters to Massachusetts. We have also implemented a number of operational cost savings and actioned synergies through our increased scale.

In July 2019, we completed the disposal of the trade and assets of our proprietary fuel cards business, EG Business. The proceeds of €235m generated from the sale of this specialist division of our European business enable us to reinvest cash in our core retail business activities.

Group revenue increased by 67% to €20,018m (2018: €12,005m) reflecting both the impact of acquisitions in 2019, which generated sales of €3,214m, and the full-year impact of 2018 acquisitions.

Group Unaudited Adjusted EBITDA[(1), (2)], before IFRS 16, for 2019 was €770m, an increase of €200m or 35% (2018: €570m). This increase in performance is largely attributable to the impact of acquisitions in 2019, which contributed Unaudited Adjusted EBITDA, before IFRS 16, of €134m, and the full-year impact of 2018 acquisitions.

Group loss before tax was €82m, an increase of €78m from the loss before tax of €160m in 2018.

Our 2019 financial performance by region and by each of our three income streams is summarized on pages 16 to 21.

FINANCE COSTS

Excluding exceptional items, net finance costs increased by €204m to €472m (2018: €268m), attributable to incremental costs to service the Group's Senior Secured Notes issued to fund the acquisitions of Fuelco Australia and Cumberland Farms in May and October, and interest arising from the IFRS 16 lease liability (2019: €53m, 2018: €nil). Other items recorded in finance costs relate to interest accruing on term loans and short-term borrowing facilities, the amortization of debt arrangement fees and non-utilization fees.

PROFIT ON DISPOSAL

A profit on disposal of €154m arose in respect of the disposal of the proprietary cards business ("EG Business") – see our Europe review on pages 26 and 27.

EXCEPTIONAL ITEMS

In order to provide users of our accounts with insight into the trading performance of the business, items recognized 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.

Exceptional operating costs of €164m includes an exceptional impairment charge of €89m, being €54m as an impairment to property, plant and equipment and €35m as an impairment to right of use assets which were recognized following the implementation of IFRS 16 in the year. Impairment indicators were identified where the recent trading conditions and performance of the sites were unable to support the carrying value of the property, plant and equipment and right of use assets as at the balance sheet date. The impairment largely relates to specific sites acquired as part of business combinations which completed in the final quarter of 2018, for which the Group had at least one year of trading performance at the balance sheet date. For a number of those sites, specific performance development plans have been established to grow profitability, however these had not yet been fully enacted as at December 31, 2019. The carrying values have been written down to the book value of any land held or externally provided orderly liquidation values. A reversal of this impairment will be considered in future years following the implementation of management's turnaround plans and the resulting expected improvement in these sites' trading performance.

Additionally, exceptional costs were incurred relating to €27m of stamp duty costs in the acquisition of Fuelco Australia, a €15m adjustment to goodwill, and €35m of other restructuring costs, legal and professional fees relating to the acquisition and restructuring of our business in North America and Australia.

Non-operating exceptional items include the €154m profit on disposal (above) and exceptional finance costs of €17m were incurred on bridging loans and professional fees relating to the financing completed to secure the acquisitions of Fuelco Australia and Cumberland Farms.

TAX

The tax charge in the year was €47m (2018: tax credit of €10m) which represents an effective tax rate ("ETR") of -57% (2018: 6%). The ETR decreased in 2019 due to a number of factors, which when combined with the low loss before tax ("LBT") for the year has a disproportionate effect on the overall rate. These factors include: the Corporate Interest Restriction ("CIR") rules in the US, the UK, and the Netherlands, which have a significant impact on the ability of the Group to deduct finance costs for tax purposes; the non-deductible goodwill write-off on the disposal of EG Business; and non-deductible costs incurred in relation to the acquisition of the Woolworths business in Australia.

SUMMARY GROUP BALANCE SHEET

	2019 €m	2018 €m
Goodwill	**4,809**	2,625
Tangible and intangible fixed assets excluding goodwill	**5,175**	3,406
Right of use assets[1]	**1,325**	—
Net working capital	**(322)**	(166)
Net debt before lease liabilities[2]	**(8,073)**	(5,116)
Lease liabilities[1]	**(1,259)**	—
Current tax liabilities (net)	**(19)**	(5)
Deferred tax liabilities (net)	**(322)**	(137)
Provisions	**(683)**	(296)
Retirement benefit obligations	**(56)**	(26)
Other non-current assets/liabilities	**59**	16
Net assets classified as held for sale	**12**	55
Net assets	**646**	356
Leverage		
Net debt[3]/Adjusted EBITDA[4], [5]	**10.3x**	9.0x
Net debt before lease liabilities/ Unaudited Adjusted EBITDA[4], [5] before IFRS 16	**10.5x**	9.0x
Net debt before lease liabilities/ Unaudited Pro forma Adjusted EBITDA before IFRS 16[5], [6]	**5.9x**	5.7x

(1) Right of use assets and lease liabilities were recognized on the Group's transition to IFRS in January 2019, using the modified retrospective approach, and accordingly there are no comparative balances in 2018

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

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

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

(5) Please refer to the Alternative Performance Measures section on page 130

(6) Pro forma EBITDA includes an estimate to reflect the full-year EBITDA of acquisitions which completed mid-year and the full annualized benefit of synergies expected to be realized

GOODWILL

Goodwill of €2,066m arose on acquisitions that completed in 2019, comprising: the addition of Fuelco in Australia of €837m; additions in the US (for the Fastrac, Certified Oil and Cumberland Farms businesses, and the East Earl site) totaling €1,226m; additions in the UK (for the Urban Origin business) of €1m; and €2m in Belgium for the Paul Mahieu business.

CAPITAL EXPENDITURE AND LEASES

Tangible and intangible fixed assets (excluding goodwill) increased by €1,769m to €5,175m (2018: €3,406m) largely as a result of the assets arising on acquisitions, which totaled €1,984m.

In addition to the growth arising from large-scale acquisitions, during 2019 the Group invested €281m in capital expenditure projects (2018: €214m), which funded the investment in 76 new branded Foodservice outlets, 24 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.

Total depreciation and amortization of tangible and intangible fixed assets (excluding leases) for 2019 totaled €380m (2018: €262m), assets disposed of during the year or reclassified as held for sale totaled €21m and impairment losses of €89m were recognized for loss making sites (see page 31).

This is the first year IFRS 16, the new accounting standard on lease accounting, has been adopted in the preparation of our financial statements. As previously indicated, we have adopted the standard on a modified retrospective basis and accordingly, comparative periods have not been restated. The new standard results in material changes to the financial statements as set out in note 2 to the financial statements and we present closing right of use assets of €1,325m and closing lease liabilities of €1,259m at the end of the financial year.

WORKING CAPITAL

The Group generally benefits from a negative working capital profile, reflecting accounts payable payment terms exceeding stock holding and accounts receivable cash collections.
This negative position improved from €166m to €322m reflecting acquisitions and the impact on trade payables of a higher oil price in December 2019 compared to December 2018.

Inventories increased to €587m (2018: €293m) with trade and other receivables increasing to €549m (2018: €336m) and an increase in trade and other payables to €1,458m (2018: €795m); these increases are attributable to the growth in the business, notably with the acquisitions of Fuelco Australia and Cumberland Farms during 2019.

DEBT AND LIQUIDITY

At December 31, 2019, net debt before lease liabilities was €8,073m, compared to €5,116m at December 31, 2018. This increase primarily reflects the impact of the issue of €1,640m equivalent of Senior Secured Notes in May 2019 to fund the acquisition in Australia; the issue of €1,269m equivalent of Senior Secured Notes in October 2019 to fund the acquisition of Cumberland Farms, Inc in the USA; offset by the proceeds of €235m received on the disposal of the proprietary cards division of EG Business in July 2019.

Allowing for the full-year impact of acquisitions, the Group's net debt to pro forma Adjusted EBITDA[4] ratio was 5.9x (2018: 5.7x), demonstrating our discipline to maintain leverage whilst executing large-scale transactions.

PROVISIONS

Provisions primarily reflect the Group's obligations for site-level environmental remediation works and dismantling obligations for leased properties. The increase of €387m largely reflects the provisions arising on acquisitions in the year, which totaled €445m.

OTHER

On October 21, 2019, the Group issued €400m of equity, funded by preference shares of the same amount issued on the same date by the ultimate parent Company, Optima Bidco (Jersey) Limited.

SUMMARY GROUP CASH FLOWS

	2019 €m	2018 €m
Operating cash flows before movements in working capital	**813**	443
Working capital movements	**(166)**	(19)
Tax paid	**(37)**	(44)
Net cash from operating activities	**610**	380
Interest received	**2**	5
Capital expenditure, net of receipts from disposals	**(277)**	(209)
Proceeds from disposal of business	**235**	—
Acquisitions of subsidiaries/trade and assets, net of cash acquired	**(3,385)**	(3,336)
Net cash used in investing activities	**(3,425)**	(3,540)
Interest paid	**(371)**	(233)
Repayment of lease liabilities	**(90)**	—
Loan issuance costs paid	**(67)**	(157)
Net increase in borrowings	**3,017**	3,646
Proceeds from issue of equity	**400**	—
Net cash from financing activities	**2,889**	3,256
Net increase in cash and cash equivalents	**74**	96
Cash and cash equivalents at beginning of the year	**269**	172
Effect of foreign exchange rate changes	**26**	1
Cash and cash equivalents at end of the year	**369**	269

Cash flows from operating activities totaled €610m (2018: €380m) as we experienced an increase in operating cash flows from our enlarged business, offset by a working capital outflow of €166m (2018: €19m outflow) primarily reflecting the timing of supplier payments.

In addition to the cash generated from operations, the Group saw cash inflows of €235m as proceeds for the sale of EG Business, €400m from issuing equity and €2,909m from the issuance of secured loan notes. This enabled the Group to invest in the growth of the business through the completion of acquisitions for total consideration (net of cash acquired) of €3,385m (2018: €3,336m) and capital expenditure, net of receipts from disposals, totaling €277m (2018: €209m).

DIVIDENDS

The Directors are not proposing to recommend a dividend from the Company in respect of the financial year ended December 31, 2019. No dividends were paid to shareholders from the Company during the year ended December 31, 2019 (2018: same).

POST BALANCE SHEET EVENTS

On March 10, 2020 we acquired the largest KFC franchise in the UK & Ireland from the Belfast-headquartered Herbert Group. The acquisition consists of 145 KFC restaurants and one Pizza Hut. As part of the acquisition, provisional net assets of €43m was acquired for consideration of €154m.

In order to fund the acquisition, on March 10, 2020 we successfully completed a financing exercise, securing the additional term loan funding of €158m.

Effective for our 2020 financial year, we will present our Group financial statements in US Dollars. This is to better align with the Group's operations, which generate an increasingly significant proportion of revenue and profit in US Dollars, and is expected to reduce the volatility of foreign exchange rate movements.

COVID-19, CURRENT TRADING AND OUTLOOK

We continue to adapt to the rapidly changing marketplace, developing our business model to respond to evolving consumer trends and requirements across all the markets we operate in as referenced on pages 6 and 7. We have made a strong start to the year; however, footfall and volumes were impacted as governments and customers implemented measures to contain the spread of COVID-19. The impact we have observed and the operational and financial actions we have taken in response to COVID-19 are detailed on pages 6 and 7, and our consideration of the impact on our financial statements as a non-adjusting post balance sheet event is detailed in note 36.

We are mindful of the uncertainty that continues to exist for the outlook for 2020, however the resilience and diversification shown in the business model to date provides confidence in the long-term strategy of the Group. We continue to adopt a disciplined approach to managing liquidity and profitability through various cost management initiatives and the Board remains positive that the Group has sufficient liquidity to navigate through the crisis.

PRINCIPAL RISKS AND UNCERTAINTIES

Effective risk management aids decision-making, underpins the delivery of our strategy and objectives, and helps to ensure that the risks the Group takes are adequately assessed and actively managed. We regularly monitor our key risks and review our management processes and systems to ensure that they are effective and consistent with good practice.

The following table shows the principal risks the businesses are exposed to and the Group and Company's approach to mitigating the risk.

As with all businesses, we are affected by a number of risks and uncertainties, some of which are beyond our control. The Directors consider these to be the most significant risks facing the business, including those that would threaten its business model, future performance, solvency or liquidity. However, they do not comprise all the risks that the business is facing; there may be risks and uncertainties of which the Board is not aware, or which are believed to be immaterial, which could have an adverse effect on the Group and Company.

COVID-19

The impact of COVID-19 was not apparent at the balance sheet date. However, the business has experienced disruption in the period to the date of this report. Please refer to note 36 for consideration of the post balance sheet event.

In all Group operating countries, fuel stations were deemed an essential service and were allowed to remain open and played a key role in providing essential household products and groceries to our communities. The majority of the Group's Foodservice operations were temporarily closed in response to government-led social distancing and health and safety measures.

The financial performance has not been materially affected as a result of actions taken by management. However, the possibility of further disruption from a second wave of the virus creates uncertainty around the duration of the pandemic and the impact on the Group's forecast financial performance.

The key risks to our operations include:

- The impact on our colleagues, especially those who are at high risk and need to self-isolate
- A prolonged significant outbreak resulting in geographical movement restrictions leading to reduced demand for fuel products
- A change in customer behavior which could impact demand for our fuel products
- Disruption to our global supply chain through restrictions on movement

See pages 6 and 7 for the Group's response to the COVID-19 pandemic.

Risk	Impact on Group	Mitigation of risk
Strategic/commercial		
ACQUISITIONS Increased risk	Acquisitions continue to be a core element of the Group's growth strategy. Such acquisitions are based on detailed plans that assess the value creation opportunity for the Group. These plans are inherently uncertain and provide execution and market risks which might have been overlooked or incorrectly forecast. There is a risk that the anticipated synergies and benefits of the acquisition are not delivered and this can result in a failure or a delay in the delivery of the expected return on investment and a subsequent impact on the strategic development of the Group. There is a risk that the acquisitions are not integrated into the business appropriately or that risks embedded in a newly acquired business, particular those in new markets, are not fully understood and managed. In addition, due diligence undertaken by the Group may not identify all risks and liabilities in respect of an acquisition.	The Group has a dedicated M&A function and transition team who focus on the acquisition and integration of new sites. All acquisitions are approved by the Board and the Group uses a mix of external experts and internal resource to undertake appropriate and thorough due diligence on all potential acquisitions. We regularly assess the business strategy and performance of each entity within the portfolio against strategic KPIs and the Board reviews this performance on a monthly basis.

KEY

New risk · Increased risk · Remains a principal risk · Decreased risk

Risk	Impact on Group	Mitigation of risk
Strategic/commercial continued		
CUSTOMER PREFERENCES AND TECHNOLOGICAL CHANGES (Increased risk)	Increasing consumer preferences for alternative motor fuels, or improvements in fuel efficiency, could adversely impact the business. Furthermore, there continue to be innovations and developments in relation to motor vehicles, including, amongst others, the development and increased sales of electric vehicles, the development of self-driving vehicles, and vehicles with improved fuel efficiency. This could cause significant changes to the forecourt industry, driving down the demand for petroleum-based fuel products at the Group's forecourts.	The Group remains aware of changing industry and consumer trends and operates an agile business model. Significant investment in our non-fuel offering is a cornerstone of the Group's long-term diversification strategy. A significant proportion of the Group's gross profit is non-fuel and this is expected to increase in the short to medium term. In developing a well-invested network of sites, the Group is well placed to adapt and evolve the traditional fuel offering to cater for changing customer demands such as electric vehicle charging. The Group has invested in the provision of facilities for electric vehicles and its chargepoint infrastructure and continues to monitor industry trends and technological advances.
MACROECONOMIC CONDITIONS (Remains a principal risk)	The Group's financial performance is dependent on national and regional economic conditions and consumer confidence in the territories in which we operate. The systemic impact of a potential long-term and widespread recession, reduced gross domestic product growth or production, higher energy costs, fluctuation in commodity prices (including changes in fuel prices), strong currency fluctuations, inflationary pressures, the availability and cost of credit, diminished business and consumer spending and increased or persistent unemployment in its countries of operation could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. The UK's exit from the EU could create uncertainty in the UK retail market, impacting customer confidence in the Group's UK-based operations.	Management continuously monitor the broader macroeconomic environment and trends, particularly in those countries and regions in which the Group operates. The Group's offering is constantly reviewed to ensure it continues to meet customer requirements in terms of price, relevance and quality in a changing macroeconomic landscape.

KEY

New risk · Increased risk · Remains a principal risk · Decreased risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Impact on Group	Mitigation of risk
Strategic/commercial continued		
COMPETITION	The industries and locations in which the Group operates are highly competitive. We face significant competition within each of our business segments 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. These competitive pressures could cause us to lose market share and may require us to lower prices, increase capital, marketing and advertising expenditures or increase the use of discounting or promotional campaigns. This may also restrict our ability to increase prices, including in response to commodities or other cost increases. We may face difficulties competing in the highway concession market. These operations, which are among our most profitable operations, depend on authorizations 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 favorable terms or at all.	Management continually assess the Group's competitive position in relation to price, customer service, choice and quality of product to ensure the Group continues to meet changing customer demands. We continue to evolve our proposition through investment in our site infrastructure, the rollout of non-fuel brand partnerships and training of colleagues to deliver the highest possible standard of service.

Risk	Impact on Group	Mitigation of risk
Operational		
FUEL PRICING RISK	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. An inability to pass on cost increases to customers could impact the Group's margins.	The Group employs experienced commercial teams to develop and monitor fuel pricing strategies and maintains a strong commercial focus on fuel procurement to manage and mitigate this risk.

KEY

New risk · Increased risk · Remains a principal risk · Decreased risk

Risk	Impact on Group	Mitigation of risk
Operational continued		
LEGISLATIVE AND REGULATORY REQUIREMENTS	The sector in which we operate is subject to extensive regulation in our countries of operation. Operations relating to the storage, transportation and sale of fuel products are subject to stringent environmental laws and regulations which vary across the countries in which we operate. Risks include the failure of equipment, accidents, fires and leaks or spills which may cause injury or environmental contamination, disrupt operations and damage the Group's reputation. This could lead to a decline in sales, adversely impacting the Group's financial condition and results of operations. The Group's food preparation facilities, Grocery & Merchandise and Foodservice operations are similarly subject to regulations, including regulations relating to food safety and product quality, alcohol and tobacco licensing, minimum wage laws, tax laws and health and safety regulations. Expanding operations into new geographical markets will also result in exposure to legislation and regulatory requirements in such markets. Failure to comply with such regulations could result in civil or criminal penalties and/or disruption to operations from the temporary or permanent shutdown of operations. Certain of our operations depend on concessions, authorizations, licenses and permits from governmental regulatory agencies in the countries in which we operate, which are subject to expiration, limitation on renewal and various other risks and uncertainties. Our inability to obtain highway concessions or negotiate their renewal on favorable terms, or at all, could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. We are subject to regulation regarding the use of personal data and debit and credit card data. We collect, process and, in some cases, store personal data of customers and employees (some of which may be sensitive) as part of our business and therefore must comply with strict data protection and privacy laws.	The safety of our operations and compliance with all regulatory requirements is given highest priority and is regularly reported and reviewed at Board level. 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. The General Data Protection Regulation ("GDPR") came into effect for the United Kingdom and all EU member states as of May 25, 2018. The Group continues to review and develop existing processes to ensure that customer personal data is processed in compliance with the GDPR's requirements.

KEY

New risk   Increased risk   Remains a principal risk   Decreased risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Impact on Group	Mitigation of risk
Operational continued		
BUSINESS SYSTEMS (Increased risk)	The timely development, implementation, and continuous and uninterrupted performance of our fueling equipment, payment systems, fuel card processing systems, warehouse and distribution operations, business intelligence tools, financial reporting systems, hardware, network, applications, website and other systems, including those which may be provided by third parties, are important factors in our delivery of products and services to customers. Our ability to protect our equipment and systems against unexpected adverse events is a key factor in continuing to offer consumers our full range of products and services in an uninterrupted manner. Interruption to systems could result in delays or disruptions in the supply and delivery of our products, problems maintaining or upgrading our equipment and systems, customer dissatisfaction, harm to our reputation, fines and penalties or unanticipated capital expenditures or trade losses, each of which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. Core business systems must also be kept up to date with the capability to support the Group's growth strategy. If investment in both systems and infrastructure does not keep pace with the growth of the business there may be a limitation to the Group's ability to trade and expand.	The Group continually monitors the effectiveness of business systems and has a program of investment to ensure they are fit for purpose and support the Group's strategy. The Group is currently upgrading the continental Europe ERP platform to SAP and considering strategies for the full alignment of ERP systems across the Group. Disaster recovery is also a key part of our systems strategy, enabling us to continue to trade in the event of a system outage or business interruption event (such as a cyber-attack). The Group maintains a formal IT disaster recovery plan which is reviewed regularly.
FUEL SUPPLIERS AND BRAND PARTNERS (Remains a principal risk)	The Group's operations depend on our ability to obtain goods and services from third-party suppliers, and we are dependent upon the supply from a relatively limited number of fuel suppliers. For instance, ExxonMobil, BP, Texaco, Shell and Caltex supply the majority of the fuel we sell. Whilst the Group has agreements in place with suppliers, we do not have direct control over their operations or the products and services they provide, and our supply stream may be interrupted by circumstances outside our control. Any significant disruption or other adverse event affecting our supplies could have a significant impact on our ability to receive fuel supplies or result in significant cost inflation, which could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects. The Group's Foodservice offerings are delivered through franchise agreements with brand partners. A decision by any of those brand partners to terminate an agreement may negatively impact the business.	The Group procures fuel from a range of third-party suppliers, minimizing, as far as possible, reliance on any single supplier. The Group also operates a number of supply depots in certain European locations where fuel is stored prior to its distribution to European forecourts. The Board has developed and maintained strong relationships with brand partners.

KEY

New risk · Increased risk · Remains a principal risk · Decreased risk

Risk	Impact on Group	Mitigation of risk
Operational continued		
RECRUITMENT, DEVELOPMENT AND RETENTION OF KEY PEOPLE (Increased risk)	The Group has experienced a period of substantial growth in its business. The success of the Group depends on both our ability to retain members of our senior management, many of whom have significant experience in our business and industry, and our ability to attract and retain a workforce that includes experienced marketing, finance and operating personnel.	The Group will continue to ensure that it has the appropriate management structure and workforce required to meet the demands of its expanding business. Recognizing the recent developments, that have increased the scale and operations of the business, to enhance the mix of knowledge, skills and experience of the Board, the Group is actively seeking the introduction of Non-executive Directors and a chairperson. Senior management teams are focused on recruitment and retention of key local talent in each of the markets in which we operate. Remuneration policies are regularly reviewed to ensure employees are appropriately incentivized. Succession planning and development of key employees are also considered by the Board.

Risk	Impact on Group	Mitigation of risk
Financial		
INTEREST RATES (Remains a principal risk)	The Group's credit facilities bear interest at variable rates and therefore Group earnings and cash flow are subject to fluctuation from changes in LIBOR (and its future replacement) and EURIBOR. Increases in short-term interest rates will increase debt service requirements and reduce earnings and net cash flows.	Interest rate exposure is evaluated regularly and risk management strategies reflect interest rate views and a defined risk appetite ensuring the most cost-effective strategies are applied. Where appropriate, the risk is managed by the Group through the use of interest rate hedging instruments.
TAX (New risk)	In an increasingly complex international tax environment, such matters as changes in tax laws, tax audits and transfer pricing judgements may impact the Group's tax liability or reporting requirements.	The Group's tax department ensures compliance with all taxation matters globally. The Group also engages external taxation advisers for support and guidance on matters of compliance where appropriate.

KEY

New risk · Increased risk · Remains a principal risk · Decreased risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Impact on Group	Mitigation of risk
Financial continued		
FOREIGN EXCHANGE	We have operations in the United Kingdom, continental Europe, the USA and Australia. Our financial statements are presented in Euro. Exchange rates between the Pound Sterling and the Euro have been volatile, and fluctuations in these currencies may have a substantial effect on our financial statements due to related gains or losses resulting from the translation of foreign currency denominated assets, liabilities and earnings into Euro. Our hedging practices may not completely insulate us from currency exchange risks and may involve costs and risks of their own. As a result, fluctuations in currency exchange rates could adversely affect our business, financial condition, liquidity, results of operations and prospects.	The Group maintains a mix of Sterling, US Dollar, Euro and Australian Dollar denominated borrowings to provide an economic hedge against net asset and cash flow fluctuations arising from changing exchange rates. In addition, the Group may seek to hedge any significant short-term transactional exposures via the use of forward currency exchange contracts.
LIQUIDITY	Liquidity risk is the risk of the Group being unable to meet financial obligations as they fall due. This could significantly impact both the reputation and financial position of the Group and potentially its ability to continue as a going concern. The Group requires high levels of capital investment for the refurbishment and conversions of the existing estate. If the capital expenditure plans cannot be met, the Group may not be able to support its operations or development strategies.	The Group 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. Liquidity risk is mitigated 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. The Group also benefits from a structurally negative working capital cycle which is continually monitored by management.
INSURANCE	Each of our insurance policies is subject to certain limitations. We are not fully insured against all risks inherent to our business and we may face liabilities or losses that are not adequately covered by our insurance. Further, our insurance policies might provide for high deductibles (or excess payments), which could impose a significant strain on our capital before we are able to recover under our insurance policies. Additionally, if we suffer from one or more events that result in us making a claim under our insurance policies, we could face higher premiums or be unable to renew or purchase new insurance in the future. Any inadequacy in our insurance coverage, including those mentioned here, could have a material adverse effect on our business, financial condition, liquidity, results of operations and prospects.	The Group continuously monitors its potential risks to ensure that insurance cover is appropriate.

KEY

New risk — Increased risk — Remains a principal risk — Decreased risk

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

WE ARE FULLY COMMITTED TO BEING A RESPONSIBLE BUSINESS

We continue to invest in our infrastructure, people, systems and local communities to deliver value to shareholders and other stakeholders. By incorporating these elements in our investment considerations, we believe we can continue to drive sustainable value in the business.

We strive to be an environmentally responsible group and we have robust procedures, systems and controls in place to manage and monitor compliance with relevant legislation. This helps build the foundations of a sustainable business model.

The development of the Investor Relations function has helped the Group to understand the landscape from an external stakeholder's point of view and the introduction of Group Internal Audit is helping to develop Group-wide governance. The recent charity work performed through the EG Foundation demonstrates the contribution the Group makes to society.

Over the next few pages we will highlight a range of responsible business practices from across the Group. This will cover the environmental, social and governance aspects of our performance.

ENVIRONMENTAL

We are committed to being an environmentally responsible group and aim to positively manage our impact on the environment. We closely monitor electricity and water consumption and the volume and disposal of waste materials. Strong controls and monitoring procedures are also in place to avoid serious environmental incidents.

We continue to support the delivery of our vision to operate as a sustainable business, undertaking a range of environmental initiatives to help promote and embed sustainable business practices.

ENERGY CONSERVATION

The Group targets a 2.5% like-for-like reduction in energy consumption each year.

AMR metering contracts are in place for the UK estate to monitor live energy consumption and this will be rolled out to the rest of the site portfolio to help provide a Group-wide monitoring program. The rollout of LED lighting (which uses up to 80% less energy) across the estate is continuing and we are also progressing the rollout of solar panel installations. Additionally, we are trialing solar thermal systems to potentially heat hot water tanks naturally through sunlight. We educate site managers on energy conservation and related matters.

Sites are monitored on a regular basis to ensure all site managers are educated as part of an ‘Energy Efficiency Campaign’. ‘Smart Cool’ systems are currently being trialed which help to increase the efficiency and performance of air conditioning systems, helping to reduce energy consumption through achieving optimal performance of the units.

Separately, we are evaluating battery storage with the aim of securing self-generated electricity supply for the estate at all times and generating revenue by supplying national grid infrastructure during peak demand times. We have also worked to ensure compliance with the European Energy Efficiency Directive has been met across the estate. Behavioral changes and staff awareness are also a key part of the strategy to bring down energy consumption; the Group provides basic training to educate staff on efficiencies.

ALTERNATIVE FUEL

The Group has installed electric vehicle ("EV") charging points at around 70 locations throughout Europe. Group-level joint ventures are being explored with automotive manufacturers and leading players in the industry to offer charging solutions to consumers across the portfolio that are future-proofed. We see alternative fuels as an enhancement to the portfolio and an opportunity to drive greater footfall onto the estate; however, we recognize the need to make strategic choices that are supported by robust business cases.

WATER CONSERVATION

We continue to explore options to reduce water consumption, meeting with advisers to discuss water usage and consumption savings initiatives. There is a rollout of push-button taps and flush control systems for urinals across the estate. There is rainwater harvesting at larger consuming locations, currently installed at two motorway sites in the UK, and a broader rollout is being considered. We are also promoting water savings at Foodservice outlets.

WASTE MANAGEMENT

Sites are continually encouraged to minimize stock loss through optimized stock management and ordering and the Group is working to maximize the proportion of waste which is appropriately segregated and recycled. Waste summaries are reviewed monthly to help target underperforming sites.

Segregation of hazardous materials (e.g. waste and gas) is required by law. Accordingly, hazardous waste is emptied annually from each site as a minimum. Associated documents are stored on site, HQ servers and site registers. Transfer notes are obtained from waste management companies upon collection of the waste – this is a yearly cycle. The Group's aim is to ensure that all work is done on a continuous basis and regularly maintained, and that all transfer notes are collated, stored and easily auditable.

There is a rolling program for the refurbishment and replacement of underground storage tanks to ensure structural integrity.

EMISSIONS

Greenhouse gas emissions will be disclosed as part of the SECR reporting in the 2020 Annual Report.

To help minimize the impact of the Group's activities on the environment, the Group has committed to plant 500,000 trees every year through the EG Foundation.

Trees to be planted every year through the EG Foundation

500,000

Reduction in energy consumption targeted every year (on a like-for-like basis)

2.5%

SOCIAL

The Group has the opportunity to make a positive impact on society, including the communities in which we operate and the safety and wellbeing of our colleagues.

GLOBAL COMMUNITIES

We highly value the communities across the ten countries in which we operate. Over the last year, we have continued to encourage colleagues to have a positive impact within their local communities, supporting the following charities:

- Disabled American Veterans – €0.9m raised
- Support to Children In Need in the United Kingdom – €0.2m raised
- Support to the Salvation Army in Australia – €0.1m raised

In 2019, a number of these initiatives were supported by the newly established EG Foundation which looks to formalize the excellent work carried out by the Group in recent years. The EG Foundation has a vision to operate and enter into a partnership with other like-minded organizations who can deliver on its goals to support education, children and young people, health and wellbeing and the environment, which would enable us to create "our footprint for a brighter tomorrow". By engaging with these groups, we can help and support individuals in becoming thriving members of society as well as giving them the self-belief and understanding they need to live their lives to the full. We believe that access to education, access to knowledge, but above all understanding of how everyone might function together in today's world, is critical to the EG Foundation's strategy.

PEOPLE AND CULTURE

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

The culture of the Group is underpinned by the values set out on page 50 but each of our regions have unique elements, tailored to deliver the best customer experience.

Employees

We are fortunate to have a committed workforce whose skills, expertise and passion make a significant contribution to the success of our business. The activities that impact on colleagues are closely monitored to ensure that both strategy and colleague engagement are aligned to keep the Group at the forefront of a competitive marketplace. During the year, we took further steps to add strength and depth to the management team to support the further growth of the business.

We place considerable value on the involvement of our employees and continue to keep them informed on matters that affect them as employees and on the various factors affecting the performance of the Group. We achieve this through regular meetings and employee representatives are consulted on a wide range of matters affecting their current and future interests.

Diversity and inclusion

Diversity and inclusion are key to our business and we treat all our employees fairly. Accordingly, we seek to employ people with different ideas, styles and skill sets, all of whom contribute in unique ways. Our willingness and ability to think differently and work in innovative ways is critical to our success. With a formal Equal Opportunities Policy, we are committed to recruiting, promoting and remunerating our people solely on the basis of their ability to contribute to the Group's objectives.

Gender Pay Statement

We are committed to treating all our staff equally and reward them fairly for the work they carry out. We encourage a culture where people can be themselves at work, regardless of their gender or any other characteristic. We are confident that we have equal pay and a signed Gender Pay Statement is currently live on the EG website.

We monitor the gender impact of our reward processes – a practice that plays a fundamental role in helping us identify and improve our gender pay gap. This includes conducting a review throughout the organization to ensure that decisions about pay are made fairly and in keeping with our commitment to diversity. As part of our ongoing work to foster gender balance, we will continue to ensure we attract a diverse pool of candidates to all job roles.

Training and development

There is a robust training program for store managers. The strength of this program and the strong pool of talent provides the Group with great strength. There is also an annual Talent Review process, which assists with the retention of colleagues and succession planning.

There is an electronic EG induction for colleagues across all roles and all brands. Once completed, they then complete operational training for their specific brand. Each brand has set job roles which have a clearly defined career pathway.

The UK business has achieved employer-provider status, allowing the Group to deliver apprenticeship training directly, within the values and boundaries of the corporate brand and reputation. It enables us to do things the EG way and allows control over the content to ensure it meets the business needs.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Wellbeing

The Group also cares about the wellbeing of our colleagues.

The Group aims to be an employer of choice and we are committed to ensuring colleagues are respected and their views are valued. There is an anti-bullying and harassment policy, which is part of the employee handbook. There is appropriate training and colleague communication programs are maintained. Employee activities are closely monitored to ensure that both strategy and colleague engagement are aligned to keep the Group at the forefront of a competitive marketplace.

Environmental, Social and Governance continued

SOCIAL CONTINUED

HEALTH AND SAFETY

We are committed to not only meeting our legal obligations but ensuring the business continually improves in order to achieve the highest standards of health and safety practice. We strive to maintain these high standards for our colleagues, customers, visitors, contractors and anyone affected by our business activities.

We have heavily invested in a variety of training courses, externally hosted, in-house and online, to ensure that our staff are trained and competent to complete their assigned tasks in an efficient and compliant manner.

Good health, environment and safety management are considered to be an essential part of the business performance and culture and these areas are on the Board's agenda. Our health and safety policies and procedures include, but are not limited to:

- Appropriate training and education of all staff to adhere to legal compliance and best practice
- Proactively conducting regular risk assessments and root cause analyses to provide and maintain safe and healthy working environments to significantly reduce occupational injuries or illnesses
- Quarterly audits of health and safety performance

The Group formally monitors health and safety incident rates. All health and safety incidents are recorded on a new software system (iMEGS) and the Group has a commitment to zero accidents and incidents.

BUSINESS ETHICS

The Group purchases from a relatively small number of large suppliers. We engage with these companies to ensure their goods, materials and labor-related supply chain are transparent, accountable and auditable and free from ethical ambiguities.

The Group is committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in the business or in any of the supply chains.

The Modern Slavery Act 2015 statement, as found on the Group's website, reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place in the Group's supply chains. This policy applies to all persons working for the Group or on its behalf in any capacity, including employees at all levels, Directors, officers, agency workers, contractors, external consultants, third-party representatives and business partners.

We also have in place a formal anti-bribery policy and whistleblowing procedures.

GOVERNANCE

As set out in the Wates Disclosure section of the Annual Report on pages 50 to 53, the Group has applied the Wates Corporate Governance Principles in the current year.

STRUCTURE AND OVERSIGHT

There are four members of the Board, who speak regularly to discuss the key matters of the Group. Manjit Dale is Founding Partner and Gary Lindsay is a Partner of TDR Capital ("TDR") and they both represent TDR, alongside Mohsin Issa and Zuber Issa, as Directors of Optima Bidco (Jersey) Limited.

TDR is a leading international private equity firm, managing capital on behalf of institutional, governmental and private investors worldwide. TDR was founded in 2002 by Manjit Dale and Stephen Robertson and invests in medium to large-sized businesses, and partners with them to develop and grow their operations.

The Board has overall responsibility for ensuring that the Group maintains a system of internal control, to provide it with reasonable assurance regarding the reliability of financial information that is used within the business. The Group's organizational structure has clear lines of responsibility. Operating and financial responsibility for subsidiary companies is delegated to operational management.

DATA PROTECTION AND CYBER SECURITY

We are subject to regulations and data protection and privacy laws in all the jurisdictions in which we operate regarding the use of personal data and debit and credit card data. We maintain our own databases and ensure that procedures are in place to ensure compliance with data protection laws and regulations. We also have policies and procedures in place to seek to prevent cyber breaches and carry out detailed root cause analysis on any breach that does occur in order to ensure that similar occurrences do not arise.

CODE AND VALUES

The values of the Group can be found on page 3.

STAKEHOLDERS

The Board's approach to business decisions and the long-term impact on stakeholders is presented in the Group's Section 172 disclosure on pages 48 and 49.

OUR STAKEHOLDERS AND SECTION 172

We believe that a real understanding of the priorities of our Group's stakeholders is key to securing long-term success and maximizing value in the business.

This understanding enables us to consider the potential impact of our decisions on each stakeholder group (in accordance with Section 172 of the Companies Act 2006), communicate effectively and then act in a responsible way. Acting in a responsible manner is at the heart of the Group's business practice, as set out on pages 41 to 47 – ESG section.

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

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

These principal stakeholder groups are set out in the table opposite, along with why we engage (the reasons why they were identified as key stakeholders) and how we engage with them. 2019 highlights show the progress that has been made in the current financial year.

Description	Why we engage
CUSTOMERS The Group exists to serve the needs of our customers, of which we serve up to 24 million every week across the world.	• We strive to provide excellent service, quality and choice to each of our customers, at convenient local destinations • To increase market awareness and enable quick response to customer trends
BRAND PARTNERS AND SUPPLIERS We partner with prominent fuel brands such as ExxonMobil, BP, Shell and Texaco, well-known grocery and merchandise brands such as SPAR, Woolworths, Carrefour and Louis Delhaize, and globally recognized Foodservice brands such as Starbucks, Burger King, Subway and KFC as well as strong local Foodservice brands such as Greggs and Pomme de Pain.	• To maintain strong long-term relationships • To ensure continuity of supply • To provide a relevant and competitive offer for our customers and react to changing trends
COLLEAGUES We have an experienced, diverse and dedicated workforce of almost 44,000[1] colleagues which we recognize as a key asset of our business.	• We have a diverse workforce, which we consider to be a key asset • We therefore want to develop and retain talent for the long-term success of the Group • To maintain an open dialogue with all of our colleagues • We need to comply with different regulations in each of our territories
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, characterized by openness, transparency and mutual understanding.	• Our investors are concerned with a broad range of issues, including the Group's financial and operational performance, strategic execution, investment plans and capital allocation
COMMUNITIES We are committed to supporting the communities in which we operate, including local businesses, residents and the wider public.	• The Group is committed to operating responsibly and to make a significant positive impact and provide opportunities to the communities in which we operate

[1] Includes acquisitions completed in the year and 3,700 employees who joined from the Herbert Group in March 2020

[2] This acquisition completed after the year end

How we engage	2019 highlights
• We offer a broad product range to our customers from our well-invested site portfolio. Mystery shopper visits are used to ensure that we offer the best customer service. Offers and promotions are used to drive customer loyalty. A new app has been launched to communicate effectively with our customers and to receive feedback	• 1,200 additional sites to improve our offering to customers, with continued expansion of our Foodservice offering • Over €200m of growth capital expenditure, investing in facilities for our customers • The Cumberland Farms acquisition brings a successful food and coffee offering alongside a recognized customer loyalty scheme • Ensured that we kept our customers safe through the COVID-19 pandemic with investment in protective screens, hand sanitizer, in-store floor markings and retaining fair pricing on key products such as toilet rolls, hand sanitizer and household food essentials
• We listen carefully to the concerns of brand partners and suppliers and act accordingly. We have regular meetings at both an operational and strategic level and there are clear service level agreements in place. The Board discusses opportunities with new brand partners and suppliers and how to develop new relationships	• Renewed agreements with several of our suppliers • A new agreement with Olivers Real Food in Australia • The acquisition (in March 2020) of 145 KFC restaurants in the UK & Ireland from the Herbert Group strengthens our relationship with KFC, as their largest franchisee in Europe[2]
• Our approach varies by geography but includes employee surveys, town hall and team meetings and engagement with workers councils. Training schemes are in place to ensure we have the highest quality of staff, and talent schemes recognize our high flyers. The Group aims to be an employer of choice	• A 17,000[1] year-on-year increase in Group employees • We have also launched apprenticeship schemes and are the first employer to receive approval from the Association of Accounting Technicians ("AAT") to run our own in-house training scheme • See pages 44 to 46 for further detail on our colleagues
• Quarterly investor presentations are hosted by the Group Co-CEO, Mohsin Issa, and Group CFO and ad-hoc investor announcements are provided for relevant Company updates. There are also regular calls for investors with the CFO and Investor Relations team • International roadshows take place annually • 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	• Successful completion of two financing transactions in 2019 in support of the Group's international growth strategy • Development of Investor Relations team and dedicated communication channels • Active engagement during well-attended investor presentations throughout the year
• We invest time and money in local communities through employees volunteering and via the EG Foundation • We pay our taxes and aim to operate responsibly, minimizing our impact on the environment	• International coverage including Disabled American Veterans, Children In Need, Swim to Fight Cancer in Benelux and The Salvation Army in Australia • Community initiatives during the COVID-19 pandemic such as free coffee for key workers • See page 44 for further detail on our work in the community

GOVERNANCE

For the year ended December 31, 2019, under The Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council ("FRC") in December 2018 and available on the FRC website).

These corporate governance reporting requirements apply to reporting for financial years starting on or after 1 January 2019 and companies are able to adopt any suitable framework.

As the business grows it continues to evolve and whilst on this journey has committed to further develop the governance of the Group in light of the change in its breadth and scope of operations. As part of a reassessment of its governance principles, the Group and its stakeholders believe that Wates is an appropriate framework when making disclosures regarding corporate governance arrangements.

Principles

1. Purpose and leadership
2. Board composition
3. Director responsibilities
4. Opportunity and risk
5. Remuneration
6. Stakeholders

Principle 1
Purpose and leadership

An effective Board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

PURPOSE

EG Group is a leading global independent fuel station and convenience retail operator with a diversified presence across ten countries in Europe and North America. The Group has evolved from a single site in 2001 to >5,800 high-quality sites at December 31, 2019.

The Group's purpose is to deliver a best-in-class fuel, convenience retail experience and food and drink offer that always exceeds customer expectations, thereby promoting the success of the Group.

The Board clearly articulates the business model, which is then delivered by senior management under its leadership.

VALUES AND CULTURE

The Group is committed to investing in infrastructure, people, systems and local communities to deliver value to shareholders and other stakeholders. This can be seen in the EG values and business ethos. These values are explained by the Board, integrated into the workforce and used to inform expected behaviors and practice.

STRATEGY

Our core strategy remains the development of a business with an attractive scale and diversification across a range of international markets, which we believe can provide operational synergies across markets and the ability to share best practices across our estate. We distinguish ourselves from our competitors through large, well-invested, non-fuel retail site areas and a differentiated owner-operator model, which drive best-in-class profitability and high last-mile foot traffic which results in higher profitability per site. We look to continue to be a partner of choice for key brands across our offerings, and will continue to evaluate acquisitions of sites that complement and strengthen our portfolio.

Further information:

Strategic report on page 3 which shows the EG vision and values.

Section 172 on pages 48 and 49 which shows how the Board understands the views of stakeholders and builds relationships with them.

Principle 2
Board composition

Effective Board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual Directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the Company.

There are four members of the Board, who speak regularly to discuss the key matters of the Group. Manjit Dale is Founding Partner and Gary Lindsay is a Partner of TDR Capital ("TDR") and they both represent TDR, alongside Mohsin Issa and Zuber Issa, as Directors of Optima Bidco (Jersey) Limited.

Mohsin Issa and Zuber Issa both hold the position of Group Co-CEO. Each has over 20 years' experience operating c-stores and they have built a strong senior management team around them. They, along with the senior management team, demonstrate a detailed understanding of the Group's business needs and stakeholder interests.

TDR is a leading international private equity firm, managing capital on behalf of institutional, governmental and private investors worldwide. TDR was founded in 2002 by Manjit Dale and Stephen Robertson and invests in medium to large-sized businesses, and partners with them to develop and grow their operations. TDR has an experienced team of investment professionals and operating partners and has a low-volume investment strategy based on principles developed by the investment team over the past decade. TDR seeks to spend significant resources on each investment and to focus on operational excellence through a tested and integrated operating partner model, working in partnership with management through Board representation and professional support.

The entrepreneurial Co-CEOs have developed the business from one site in 2001 to the almost 6,000 sites today. They continue to update their skills, knowledge and familiarity with the Group by meeting with senior management and regularly visiting operations (such as visits to sites across the regions).

The Board is also regularly involved in investor relations, particularly through quarterly investor presentations led by Co-CEO Mohsin Issa and the CFO.

The small Board size enables extremely effective decision-making, and in part reflects the entrepreneurial nature of the business and its rapid growth. Recognizing the recent developments that have increased the scale and operations of the business, to enhance the mix of knowledge, skills and experience of the Board, the Group is actively seeking the introduction of Non-executive Directors and a chairperson, which the Group does not currently have, who can bring complementary experience and guidance to assist in the further development of the Group.

Further information:

Directors' report on page 54 which provides further detail on the Board.

Principle 3
Director responsibilities

The Board and individual Directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.

ACCOUNTABILITY

Good governance supports open and fair business, ensures that the Group has the right safeguards in place and makes sure that every decision it makes is underpinned by the right considerations. The Board recognizes the importance of good governance and is looking to strengthen this area as the Group evolves.

We believe that there are currently no conflicts of interest between the private interests of management and the duties they owe to the Group. The Company Secretary regularly reviews the governance processes to ensure they are fit for purpose and that the Board undertake their work with due care.

PROVISION OF INFORMATION

The Board receives regular and timely information (at least monthly) on all key aspects of the business, including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by Key Performance Indicators ("KPIs").

Key financial information is collated from the Group's various accounting systems and reviewed by the Group's many qualified accountants across the world. The Group continues to invest in enhancing and aligning the accounting systems. The Group's finance function is appropriately qualified to ensure the integrity of this information and is provided with the necessary training to keep up to date with regulatory changes. The finance function was expanded further after the year end to continue the good progress made in 2019 with further investment planned to reflect the increased scale of the organization. The controls are being developed and will be reviewed by the Group's Internal Audit function, which was introduced in 2020 and is currently comprised of five people. Other key information (such as KPIs, HR, environmental etc.) is prepared and reviewed by the relevant internal function.

The Board is focused on supporting the principle of independent challenge through a commitment to introduce Board-level committees attended by Non-executive Directors.

Find out more on page 55

Principle 4
Opportunity and risk

A Board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

The Board seeks out opportunities to create value whilst mitigating risk to the Group. Senior management are responsible for maintaining the internal controls across the Group.

OPPORTUNITY

The Board has clearly articulated the Group's purpose, and long-term strategic opportunities to deliver this are discussed regularly between the Board and senior management.

Acquisition opportunities arise from external relationships supported by internal research. They are analyzed and discussed in detail and approved by the Co-CEOs before binding or indicative offers are made.

Short-term opportunities to improve performance, resilience and liquidity are discussed in monthly meetings.

RISK

The principal risks and uncertainties are set out on pages 34 to 40. These will be documented as part of a risk register in 2020 and reviewed each quarter by the Board and wider management team. The risk register will document the likelihood of occurrence, potential impact, ownership of the risk and possible mitigating actions.

The Group introduced an Internal Audit team in the first quarter of 2020 and there is a plan in place to further enhance the internal controls.

The Group has inherited a number of legacy systems and is currently implementing SAP S/4HANA to provide the Group with a consistency in reporting and automated controls. In addition, it is reviewing, enhancing and designing new manual controls.

The Group is establishing a shared service center in Boston, Massachusetts to support the US business and is ensuring that the business in Australia is prepared for the expiry of the Woolworths Transition Services Agreement in 2020.

Whilst not in place for 2019, supported by the above actions, the Group is working towards a controls framework compliant with the requirements of the Sarbanes-Oxley Act 2002. This is not a statutory requirement for the Group but highlights the focus on risk management by the Board.

Further information

Strategic report on pages 2 to 47, which includes details on the opportunities for the Group.

Principal risks and uncertainties on page 34 to 40.

Principle 5
Remuneration

A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the Company.

Whilst the Group does not currently have a remuneration committee, the Board reviews remuneration across the Group to ensure that it is appropriate to support the strategy of the Group and to secure and retain high-quality Directors, senior management and their workforce. We are committed to remunerating our people solely on the basis of their ability to contribute to the Group's objectives. Directors' remuneration is disclosed in this report.

Succession planning and talent retention are both areas of key focus across the Group.

The Group has published its Gender Pay Statement on the Group website and is committed to implementing the considerations arising.

Find out more on pages 44 and 45

Principle 6
Stakeholders

Directors should foster effective stakeholder relationships aligned to the Company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The Board is clear that good governance and effective communication are essential to deliver our purpose and to protect the Group's brand, reputation and relationships with all stakeholders, including shareholders, employees, suppliers and the local communities in which the Group operates.

The Board aligns the Group's strategic direction with its purpose and to the stakeholders' long-term aspirations for the Group. The quarterly investor presentations led by Co-CEO Mohsin Issa and the CFO represent the primary communications route between the Board and stakeholders.

EXTERNAL IMPACTS

The Board is committed to social responsibility, community engagement and environmental sustainability. It achieves this in part through its commitment to 'Zero accidents and incidents' (ensuring the safety of everyone who works with us), being an employer of choice where individuals grow, contribute and succeed, and through the Group's contribution to local and wider charities.

STAKEHOLDERS

The Group has included a response to Section 172 requirements on pages 48 and 49.

The Board holds regular dialogue with the stakeholders of the Group. This is driven by the Investor Relations team who deliver quarterly investor presentations with Co-CEO Mohsin Issa and the CFO, and are available for questions at all other times.

This is supported by this Annual Report, which sets out what we believe is a fair, balanced and understandable assessment of the Group's position and prospects.

Our workforce (including colleagues and contractors) is our biggest stakeholder and we believe our regular dialogue, directly with our employees through town hall sessions, or via works councils, is an essential two-way dialogue to receive feedback and to support our desired culture.

The EG Foundation has been established in the UK to drive support for the local and wider communities.

The Group's website (www.eurogarages.com), intranet and social media channels provide regular updates on the development of the Group.

Further information

Section 172 on pages 48 and 49 which includes details on how the Board seeks to understand the priorities of the key stakeholders through engagement with them.

ESG on pages 42 and 43 which includes reference to the Group's commitment to reducing energy usage and carbon emissions.

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, 2019.

BUSINESS REVIEW, POST-BALANCE SHEET EVENTS AND FUTURE DEVELOPMENTS

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

FINANCIAL RISK MANAGEMENT

Information relating to the principal risks and uncertainties of the Group has been included within the strategic report. Further information relating to the financial risks of the Group has been included in note 33.

OWNERSHIP

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

DIRECTORS

The Directors of the Company who served throughout the year and thereafter were as follows:

- Zuber Vali Issa
- Mohsin Issa

DIVIDENDS

The Directors are not proposing to recommend a dividend from the Company in respect of the financial year ended December 31, 2019 (2018: €Nil). No dividends were paid to shareholders from the Company during the year ended December 31, 2019 (2018: €Nil).

CAPITAL STRUCTURE

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 27. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings 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 sensitized basis, considering the principal risks and uncertainties of the Group.

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

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

Further details regarding the adoption of the going concern basis can be found in note 3 in the financial statements.

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were in force during the year and up to the date of this report.

EMPLOYEES

The Company's policy with respect to disabled employees and employee consultation is outlined in the Social section on pages 44 to 46.

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.

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.

Pursuant to Section 487 of the Companies Act 2006, the Group's auditor, Deloitte LLP, will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

APPROVAL

This report was approved by the Board of Directors and signed on its behalf by:

Mohsin Issa

Co-Chief Executive Officer

July 31, 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Mohsin Issa

Co-Chief Executive Officer

July 31, 2020

INDEPENDENT AUDITOR'S REPORT

to the members of EG Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion:

- the financial statements of EG Group Limited (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at December 31, 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board ("IASB");
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent Company balance sheets;
- the consolidated and parent Company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 37 to the consolidated financial statements and notes 1 to 8 to the Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

We have nothing to report in respect of these matters.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors 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 FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

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.

Christopher Thomas ACA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London

July 31, 2020

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2019

	Note	2019			2018[1]		
		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	**20,018**	**—**	**20,018**	12,005	—	12,005
Cost of sales		**(17,658)**	**—**	**(17,658)**	(10,503)	—	(10,503)
Gross profit		**2,360**	**—**	**2,360**	1,502	—	1,502
Distribution costs		**(1,704)**	**—**	**(1,704)**	(1,082)	—	(1,082)
Administrative expenses		**(247)**	**(164)**	**(411)**	(123)	(92)	(215)
Other operating income		**7**	**—**	**7**	10	4	14
Share of profit of equity accounted investments	19	**1**	**—**	**1**	1	—	1
Operating profit/(loss)		**417**	**(164)**	**253**	308	(88)	220
Profit on disposal		**—**	**154**	**154**			
Finance income	12	**7**	**—**	**7**	12	—	12
Finance costs	13	**(479)**	**(17)**	**(496)**	(280)	(112)	(392)
(Loss)/profit before tax		**(55)**	**(27)**	**(82)**	40	(200)	(160)
Tax	14	**(10)**	**(37)**	**(47)**	(15)	25	10
(Loss)/profit for the year		**(65)**	**(64)**	**(129)**	25	(175)	(150)

[1] The financial information at December 31, 2018 reflects retrospective adjustments made to the provisional value on finalization of the purchase price allocation in accordance with IFRS 3 Business Combinations within the measurement period. See note 35 for more information

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

	2019 €m	2018[1] €m
Loss for the year	**(129)**	(150)
Other comprehensive income/(expense)		
Items that may be reclassified subsequently to income statement		
Exchange differences on translation of foreign operations	**24**	(2)
Items that will not be reclassified subsequently to income statement		
Remeasurement on defined benefit pension plan	**(5)**	—
Other comprehensive income/(expense) for the year	**19**	(2)
Total comprehensive loss for the year	**(110)**	(152)

[1] The financial information at December 31, 2018 reflects retrospective adjustments made to the provisional value on finalization of the purchase price allocation in accordance with IFRS 3 Business Combinations within the measurement period. See note 35 for more information

CONSOLIDATED BALANCE SHEET

As at December 31, 2019

	Note	2019 €m	2018[1] €m
Non-current assets			
Goodwill	15	**4,809**	2,625
Other intangible assets	16	**953**	549
Property, plant and equipment	17	**4,222**	2,857
Right of use assets	24	**1,325**	—
Interests in joint ventures	19	**6**	—
Deferred tax asset	23	**524**	204
Financial assets	33	**2**	1
Trade and other receivables	21	**91**	69
		11,932	6,305
Current assets			
Inventories	20	**587**	293
Trade and other receivables	21	**549**	336
Current income tax assets		**12**	16
Derivative financial instruments	33	**2**	—
Assets classified as held for sale	8	**12**	365
Cash and cash equivalents	30	**369**	269
		1,531	1,279
Total assets		**13,463**	7,584
Current liabilities			
Trade and other payables	25	**(1,458)**	(795)
Current income tax liabilities		**(31)**	(21)
Borrowings	22	**(435)**	(355)
Lease liabilities	24	**(141)**	—
Provisions for other liabilities and charges	26	**(74)**	(26)
Liabilities classified as held for sale	8	**—**	(310)
Derivative financial instruments	33	**—**	(4)
Employee benefit obligations	32	**(20)**	—
		(2,159)	(1,511)
Net current liabilities		**(628)**	(232)
Non-current liabilities			
Trade and other payables	25	**(40)**	(50)
Borrowings	22	**(8,007)**	(5,030)
Lease liabilities	24	**(1,118)**	—
Derivative financial instruments	33	**(2)**	—
Provisions for other liabilities and charges	26	**(609)**	(270)
Deferred tax liabilities	23	**(846)**	(341)
Employee benefit obligations	32	**(36)**	(26)
		(10,658)	(5,717)
Total liabilities		**(12,817)**	(7,228)
Net assets		**646**	356
Equity			
Share capital	27	**—**	—
Share premium account	28	**1,987**	1,587
Merger reserve	29	**(1,188)**	(1,188)
Currency translation reserve	29	**(39)**	(63)
Retained (losses)/earnings		**(114)**	20
Total equity		**646**	356

(1) The financial information at December 31, 2018 reflects retrospective adjustments made to the provisional value on finalization of the purchase price allocation in accordance with IFRS 3 Business Combinations within the measurement period. See note 35 for more information

The financial statements on pages 58 to 125 of EG Group Limited, registered number 09826582, were approved by the Board of Directors and authorized for issue on July 31, 2020. They were signed on its behalf by:

Mohsin Issa
Co-Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2019

Equity attributable to equity holders of the Company

	Note	Share capital €m	Share premium account €m	Merger reserve €m	Currency translation reserve €m	Retained earnings /(losses) €m	Total equity €m
Balance at January 1, 2018		—	1,587	(1,188)	(61)	169	507
Loss for the year		—	—	—	—	(150)	(150)
Other comprehensive loss for the year		—	—	—	(2)	—	(2)
Total comprehensive loss		—	—	—	(2)	(150)	(152)
Other reserve movements		—	—	—	—	1	1
Balance at December 31, 2018[1]		—	1,587	(1,188)	(63)	20	356
Loss for the year		**—**	**—**	**—**	**—**	**(129)**	**(129)**
Other comprehensive income/(loss) for the year		**—**	**—**	**—**	**24**	**(5)**	**19**
Total comprehensive income/(loss)		**—**	**—**	**—**	**24**	**(134)**	**(110)**
Issue of shares	27, 28	**—**	**400**	**—**	**—**	**—**	**400**
Balance at December 31, 2019		**—**	**1,987**	**(1,188)**	**(39)**	**(114)**	**646**

(1) The financial information at December 31, 2018 reflects retrospective adjustments made to the provisional value on finalization of the purchase price allocation in accordance with IFRS 3 Business Combinations within the measurement period. See note 35 for more information

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2019

	Note	2019 €m	2018 €m
Net cash from operating activities	30	**610**	380
Investing activities			
Interest received		**2**	5
Proceeds on disposal of property, plant and equipment		**4**	5
Purchases of property, plant and equipment		**(275)**	(195)
Purchases of intangibles		**(6)**	(19)
Proceeds from disposal of business	8	**235**	—
Acquisition of businesses	34	**(3,385)**	(3,336)
Net cash used in investing activities		**(3,425)**	(3,540)
Financing activities			
Interest paid		**(371)**	(233)
Repayment of lease liabilities		**(90)**	—
Loan issuance costs paid		**(67)**	(157)
Repayments of borrowings		**(1,079)**	(1,661)
Proceeds from new borrowings		**4,096**	5,307
Proceeds from issue of equity		**400**	—
Net cash from financing activities		**2,889**	3,256
Net increase in cash and cash equivalents		**74**	96
Cash and cash equivalents at beginning of the year	30	**269**	172
Effect of foreign exchange rate changes		**26**	1
Cash and cash equivalents at end of the year	30	**369**	269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2019

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 Euro House, The Beehive Trading Park, Haslingden Road, Blackburn, Lancashire, BB1 2EE.

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

Basis of preparation

The financial statements have been prepared for the year ended December 31, 2019 (2018: year ended December 31, 2018) in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have also been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

The consolidated financial statements are presented in Euro, generally rounded to the nearest million.

They are prepared on the historical cost basis, except for financial amounts that are measured at fair value at the end of each reporting period, as explained in the accounting policies in note 3.

The financial statements have been prepared on a going concern basis. For further details see note 3.

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

Finalization of acquisition accounting and retrospective adjustment to provisional amounts within the measurement period

As disclosed in the 2018 financial statements, the exercise to determine the fair value of the acquired assets and liabilities was incomplete at the reporting date in respect of the acquisitions of Echo Tankstellen GmbH and its subsidiaries ('Germany') and Minit Mart, which completed in October 2018 and December 2018 respectively, and accordingly the fair values reported were provisional as at December 31, 2018.

The Group finalized the accounting for the Minit Mart and Germany business combinations during 2019, within the twelve-month measurement period permitted by IFRS 3 Business Combinations. Accordingly, the Group has revised the comparative information for prior periods presented in the financial statements to reflect the adjustments to the provisional valuation of acquired assets and liabilities, as if the accounting had been completed at the acquisition date.

Details of the impact of the revisions to the comparative period are provided in note 35.

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

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

- IFRS 16 Leases which has been applied using the modified retrospective approach
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments on prepayment features with negative compensation
- Amendments to IAS 19 Employee Benefits on plan amendments, curtailments or settlements
- Amendments to IAS 28 Investments in Associates and Joint Ventures on long-term interests in associates and joint ventures
- Annual Improvements Cycle 2015-2017 (issued in December 2017)

The Group has considered the above new standards, and amendments to published standards, and has concluded that, except for IFRS 16 and IFRIC 23, they are either not relevant to the Group or they do not have a significant impact on the Group's consolidated financial statements.

New and revised IFRS in issue but not yet effective

At the date of authorization 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 (and in some cases had not yet been adopted by the EU):

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 Business Combinations on the definition of a business
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' on the definition of material
- Amendments to IFRS 9 Financial Instruments, IAS 39 'Financial Instruments: Presentation' and IFRS 7 Financial Instruments: Disclosures on interest rate benchmark reform
- IFRS 17 Insurance Contracts

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, although the amendments to IFRS 3 will require further assessment for future acquisitions to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS adopted in the period

IFRIC 23 UNCERTAINTY OVER INCOME TAX TREATMENTS

The Group has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires the Group to:

- Determine whether uncertain tax positions are assessed separately or as a group
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings
  - If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method

Adoption of this standard had no material impact.

IFRS 16 LEASES

IFRS 16 Leases was published in January 2016 and became effective for the Group for the year ended December 31, 2019, replacing IAS 17 Leases.

The Group adopted IFRS 16 using the modified retrospective method of adoption, where the asset equals the liability on transition, with the date of initial application of January 1, 2019, adjusted for existing accruals and prepayments on the balance sheet. Under this method, prior period comparatives are not restated and the cumulative effect of initially applying the standard recognized at the date of initial application.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group utilized the recognition exemptions for both short-term leases applicable to machinery, property and vehicle assets that have a lease term of twelve months or less and for leases of low-value assets, including IT equipment. The lease payments associated with those leases are recognized as an expense on a straight-line basis over the lease term.

The Group has also applied, wherever applicable, the following practical expedients as permitted by the standard:

- Application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessment of whether leases are onerous in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review
- Election not to apply the measurement requirements of the standard to leases where the term ends within twelve months of the date of initial application unless the leases were significant
- Exclusion of initial direct costs from the measurement of the right of use asset at the date of initial application

Significant estimates and judgements

The most significant IFRS 16 judgements and estimates include the determination of lease term when there are extension or termination options, the selection of an appropriate discount rate to calculate the lease liability and the impairment assessment of right of use assets. Where lease extension options exist, the Group assumes that these options will be taken. See note 24 for further information.

Nature of the effect of adoption of IFRS 16

The Group leases forecourts, offices and cars. Rental contracts are typically made for fixed periods of 3 to 30 years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Before January 1, 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Under IFRS 16, the lease liability is remeasured upon the occurrence of certain events, such as a change in lease term or a change in future lease payments resulting from a change in an index or rate (for example, inflation-linked payments or market rate rent reviews). A corresponding adjustment is made to the right of use asset.

Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee entity's incremental borrowing rate as of January 1, 2019.

The Group's opening lease liability of €666m is not directly comparable to the Group's total operating lease commitments at December 31, 2018, as disclosed in the EG Group 2018 Annual Report and Financial Statements. This is due to the impact of discounting the lease liability, assumed extension options included within the lease liability and the exclusion of liabilities relating to short-term leases and low-value assets in the opening lease liability.

On transition to IFRS 16, concession arrangements previously recognized in intangible assets totaling €114m were transferred to the right of use asset.

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

Adjustments recognized on adoption of IFRS 16 continued

The discounted remaining lease payments are reconciled to the lease liability recognized on initial application as follows:

	€m
Operating lease commitment disclosed as at December 31, 2018	557
Discounted using the incremental borrowing rate	(240)
Contracted rent steps adjustment not included in IAS 17	21
Extension to economic end date	328
Lease liability at January 1, 2019	666

The Group's weighted average incremental borrowing rate applied to lease liabilities on January 1, 2019 ranges from 2.9% to 7.7%, determined by the country in which the lessee is located and the remaining term of the lease.

Financial impact of the transition balance sheet

The effect of the adoption of IFRS 16 as at January 1, 2019 (increase/(decrease)) is as follows:

	Reference	January 1, 2019 €m
Assets		
Right of use assets	1	778
Other intangible assets	2	(114)
Property, plant and equipment	3	(13)
Trade and other receivables	4	(12)
Total assets		639
Liabilities		
Lease liabilities	1	666
Provisions for other liabilities and charges	5	(27)
Total liabilities		639

(1) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right of use assets of €778m and lease liabilities of €666m

(2) Concession arrangements previously recognized in intangible assets totaling €114m were transferred to the right of use asset

(3) Equipment under finance lease arrangements previously presented within 'Property, plant and equipment' of €13m is now presented within the line item 'Right of use assets'. There has been no change in the amount recognized

(4) Trade and other receivables principally relates to pre-payment of rent which has been adjusted against lease liabilities recognized

(5) The provision for onerous lease contracts of €27m required under IAS 17 has been derecognized

3. SIGNIFICANT ACCOUNTING POLICIES

Presentational currency

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

The exchange rates prevailing were as follows:

£/€ exchange	Year ended December 31, 2019	Year ended December 31, 2018
Opening rate	**1.11791**	1.12710
Closing rate	**1.17536**	1.11791
Average rate	**1.14039**	1.13036

US$/€ exchange	Year ended December 31, 2019	Year ended December 31, 2018
Opening rate	**0.87336**	0.82788
Closing rate	**0.89981**	0.87336
Average rate	**0.89329**	0.86375

A$/€ exchange	Year ended December 31, 2019	Year ended December 31, 2018
Opening rate	**—**	—
Closing rate	**0.62519**	—
Average rate	**0.62096**	—

The principal accounting policies adopted are set out below.

Foreign currencies and functional currency

The individual financial statements of each Group subsidiary are presented 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 Euro, 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 periods. Exchange differences arising are recognized 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 recognized in the income statement.

Intragroup loans are translated at the year-end exchange rate with the resulting exchange differences recognized 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 recognized in other comprehensive income.

Basis of consolidation

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

SUBSIDIARIES

Subsidiaries are consolidated in the Group's financial statements from the date that control commences until the date that control ceases. Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. A list of all the subsidiaries of the Group is included in note 18 of the Group financial statements. All apply accounting policies which are consistent with those of the rest of the Group.

JOINT VENTURES

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

Investments in joint ventures are carried in the Group balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures include acquired goodwill. If the Group's share of losses in a joint venture equals or exceeds its investment in the joint venture, the Group does not recognize further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture. Dividends received from joint ventures with nil carrying value are recognized in the income statement as part of the Group's share of post-tax profits/(losses) of joint ventures. Unrealized 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.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Going concern

The Directors have performed an assessment of going concern, including a review of the Group's current cash position and available working capital facilities, financial forecasts for 2020 and 2021, and the ability to adhere to the covenants contained within the Group's financing agreements.

In determining whether the Group's financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities together with factors likely to affect its financial performance and liquidity position. These factors included actual trading performance during the first half of 2020 (including the lockdown period as a result of the COVID pandemic), the trading performance since the lockdown restrictions have begun to be lifted, expectations of the future macroeconomic environment, the impact of possible mitigation actions and government support measures, available liquidity and the other principal risks associated with the business's ongoing operations. See pages 6 and 7 for the impact of COVID-19 on recent trading and actions taken to date.

In reaching their conclusion, the Directors have considered a number of key factors, including our business model, our strategy, our principal risks and uncertainties and the financial position of the Group, its cash flows, liquidity position and borrowing facilities. The impact of COVID-19 has been considered as part of the Group's assessment of post balance sheet events (see note 36).

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 utilization levels of the revolving credit facility ("RCF").

At July 27, 2020, the Group's net debt position was €7,528m approximately comprising €602m in cash at bank, €126m cash in transit and in stores, and €8,255m of borrowings. In addition, the Group had access to undrawn committed facilities of €492m giving total available liquidity at that time of €1,219m. The Group's net debt benefited from €396m relating to the deferral of tax and duties payable.

FORECASTS

The Directors have prepared base and sensitized cash flow forecasts for a period of at least twelve months from the date of approval of these financial statements which indicate that the Group and Company will remain compliant with its covenants and will have sufficient funds through its existing cash balances and available facilities to meet its liabilities as they fall due for that period, without any structural changes to the business needed. In developing the forecasts, the Directors considered trading performance to date during lockdown restrictions, mitigating actions available and the current outlook for the business. Sensitized forecasts considered (a) a reasonable worst case including a resurgence of the COVID-19 pandemic; (b) a run rate trading scenario based on the observed COVID-19 lockdown scenario; and (c) a 'reverse stress test' scenario. These are described in further detail below.

The base case, which is built up from detailed projections on a regional basis, given the difference in the timing and extent of the impact observed across the countries in which the Group operates, and is underpinned by the following key assumptions:

- Fuel volumes were significantly impacted across all regions during lockdown periods in April and May, with total volumes across the Group falling to around half of normalized levels, albeit this impact has, to date, been largely offset by supportive retail fuel margins. A gradual recovery commenced from May as lockdown restrictions were eased which is expected to continue through the second half of 2020, normalizing to 90-100% of pre-COVID-19 levels by the final quarter of 2020 in most regions with a reduction in fuel margins from COVID-19 levels
- Grocery & Merchandise volumes have traded at, or slightly above, normalized levels in most regions and are expected to continue to return to pre-COVID levels in all regions by the final quarter of 2020 and margins remaining broadly consistent
- Foodservice volumes were impacted by the temporary closure of a number of food outlets across the Group, largely in the UK during April and May. Following the reopening of all outlets by the end of July, gradual recovery is expected by the final quarter of 2020 in all regions
- Variable costs were reduced during periods of decreased trading activity including furloughing staff through government employment support schemes, reduced site overheads achieved through reviewed opening times and reductions in variable rentals
- Synergies from acquisitions relating to operating costs are expected to be achieved in line with previous realization plans. Synergies arising from fuel and retail are still expected to be realized, albeit over a longer period based on the corresponding activity levels
- Mitigating actions taken to preserve cash flow and liquidity, including a significant reduction in discretionary growth capital expenditure and access to tax deferral schemes implemented by national governments. Given the uncertainty around the timing of these repayments, we have prudently modelled that these will be repaid within the going concern period and largely within the second half of 2020

The reasonable worst case forecast reflects the impact of potential resurgence of the COVID-19 pandemic and a return of lockdown measures in the second half of 2020 for a similar extent and time as the first lockdown with a recovery during the first half of 2021. The principal trading and recovery assumptions being broadly aligned to those observed during the first wave of the pandemic as described above and on pages 6 and 7. Synergies in fuel and retail margins are capped at 75% of the base case.

As a further downside scenario, the Directors have applied the trading results observed during lockdown (March 2020 to June 2020) throughout the going concern period to create a COVID-19 run rate scenario. Under this scenario, the Group continues to have sufficient headroom from a covenant and liquidity perspective.

There are a number of mitigating actions available to the Directors (which are in their control), that would be implemented to ensure the Group has adequate liquidity to continue to operate and comply with financial covenants. Furthermore, the designation as an 'essential retailer' in all of the countries in which the Group operates fuel stations and/or c-stores, combined with the successful operation of stores while adhering to social distancing guidelines and resilience of the Group's earnings during the pandemic to date, indicate to the Board that the Group would be able to mitigate the impact of a resurgence of the COVID-19 pandemic, and this scenario demonstrates that there is sufficient liquidity in the business for a period of at least twelve months from the date of approval of these financial statements.

As a result of the uncertainties surrounding the forecasts due to the COVID-19 pandemic, the Group has also modelled a reverse stress test scenario. The reverse stress test models the decline in sales and 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. The principal assumptions in the reverse stress test model include fuel volumes consistent with the reasonable worst case scenario, fuel margins being reduced to 90% of the average achieved over the 24 months to December 31, 2019, retail volume and margin sales assumptions consistent with the reasonable worst case scenario and the additional realization of expected synergies arising from acquisitions relating to fuel and retail margins being capped at 50% and operating costs being capped at 90% of the base case. On the basis of the Group's resilient trading performance during COVID-19 and the proven inverse correlation between fuel margins and volumes, the Directors have considered that the sequence of events leading to this scenario would be considered remote.

CONCLUSION

The Directors are confident that the Group is well positioned to manage its business risks and have considered a number of factors including current trading performance, the outcomes of a range of possible future trading impacts, current liquidity and the available mitigating actions. The Directors continue to consider and assess acquisition opportunities as they arise, however the forecast scenarios considered for going concern do not include any such opportunities. The Directors would only approve acquisitions if they are accretive to the value and position of the Group and sufficient funding is available. The Directors are of the view that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next twelve months following the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Exceptional items

In addition to presenting information on an IFRS basis, the Group also presents an income statement that separately identifies exceptional items, including the impact of related tax, as shown in a separate column. This adjusted information is disclosed to allow a better understanding of the underlying trading performance of the Group and is consistent with the Group's internal management reporting. These measures are used for performance analysis.

Exceptional items are those which are separately identified by virtue of their size or incidence and include, but are not limited to, acquisition costs, impairment charges, significant onerous contract charges, reorganization costs, profits and losses on disposal of subsidiaries and other one-off items which meet this definition. 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 assessed based on the same criteria.

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 recognized within other revenue. The Group also earns revenue from franchise fees which is presented within other revenue.

Revenue is recognized 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 recognized when the transaction is completed in store or at the filling station. Revenue from fuel sales to authorized dealers is recognized 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 stand-alone basis. The stand-alone selling price of fuel and goods is estimated on the basis of the retail price, except for sales to authorized 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 recognized by the Group when the goods are delivered to the authorized 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.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Revenue recognition continued

GROSS VERSUS NET PRESENTATION – FUEL DUTY

The treatment of fuel duty in the UK and Europe 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.

Revenue is recognized gross of fuel duty where the obligation to pay the duty is at the point of purchase from the fuel supplier, therefore the Group's role in the transaction is that of principal.

The fuel duty is set and payable at this point and the risk of recovering this element of the cost through the sale of fuel to the end customer lies with the Group.

In some regions, the Group acts as an agent to collect the duty on behalf of the tax authority, and revenue is recognized net of fuel duty.

LOYALTY PROGRAMS

The Group operates certain customer loyalty programs where customers accumulate points for all purchases made, which entitles them to discounts on future purchases. The customer loyalty program of the Group is 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 recognized when the customer redeems the points. Revenue for points that are not expected to be redeemed is recognized in proportion to the pattern of rights exercised by customers. A contract liability is recognized in respect of the price allocated to points which remain unredeemed and are expected to be exercised by the customer at year end.

PROVISION OF SERVICES

Revenue from the provision of services such as car washes, lotteries, payzones, ATMs etc, is recognized when the service is provided as that is the point in time at which the customer benefits from the service. Where the Group acts as an agent selling goods or services, only the commission income is included within revenue.

COMMERCIAL INCOME

Supplier incentives, rebates and discounts are collectively referred to as commercial income. Commercial income is recognized 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 recognized 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 recognized. Accrued commercial income is recognized within accrued income when commercial income earned has not been invoiced at the balance sheet date.

FINANCE INCOME AND COSTS

Finance income is recognized 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 recognized in the consolidated income statement as it accrues using the effective interest method
- Foreign exchange gains arising on financing
- Finance income is recognized in the consolidated income statement in the year in which it occurs

Finance costs comprise of:

- Foreign exchange losses arising on financing
- Finance costs incurred on finance leases which are recognized 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 recognized. Where an acquisition of trade and assets takes place, an assessment is initially made as to whether it should be accounted under IFRS 3 or not.

Goodwill arising on consolidation represents the excess of the consideration transferred over the net fair value of the Group's share of the net assets, liabilities and contingent liabilities of the acquired subsidiary, joint venture and the fair value of the non-controlling interest in the acquiree.

If the consideration is less than the fair value of the Group's share of the net assets, liabilities and contingent liabilities of the acquired entity (i.e. a discount on acquisition), the difference is credited to the Group income statement in the period of acquisition.

At the acquisition date of a subsidiary, goodwill acquired is recognized as an asset and is allocated to each of the cash-generating units expected to benefit from the business combination's synergies and to the lowest level at which management monitors the goodwill. Goodwill arising on the acquisition of joint ventures is included within the carrying value of the investment.

On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Where the Group obtains control of a joint venture, the Group's previously held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognized 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 recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the net results of discontinued operations are presented separately in the consolidated income statement (and the comparatives restated) and the assets and liabilities of these operations are presented separately in the consolidated balance sheet. Refer to note 8 for further details.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Properties in the course of construction are carried at cost, less any recognized impairment loss.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalized 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 recognized 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 according to the estimated economic life of the asset
Service concession arrangements	10 to 15 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

For periods ended December 31, 2018 and prior, assets held under finance leases were depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership would be obtained by the end of the lease term, assets were depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized 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 recognized in the income statement.

Impairment of property, plant and equipment

The Group reviews the carrying amounts of its property, plant and equipment if there are indications that assets might be impaired. In performing the review assets are grouped together into the smallest group of assets that is largely independent of the Group's other cash generating streams. If events or changes in circumstances indicate that the carrying value of property, plant and equipment, may not be recoverable, the Group determines the recoverable amount. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing the value-in-use, the Group considers site performance and development plans that have been established at the balance sheet date.

Fair value is determined as the price that would be received to sell the 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 recognized in the consolidated income statement. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversals are recognized in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Intangible assets

Intangible assets, such as 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 capitalized only if specific criteria are met, including that the asset created will generate future economic benefits. Intangible assets acquired in a business combination are recognized at fair value at the acquisition date.

Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization 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	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, amortization methods, useful lives and residual values are reviewed at each balance sheet date with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of non-financial assets

Goodwill is not amortized but is reviewed for impairment at least annually by assessing the recoverable amount of each cash-generating unit to which the goodwill relates.

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 recognized, and is not subsequently reversed.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

Any impairment is recognized immediately in the consolidated income statement. 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 recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately as a credit to the consolidated income statement.

Inventories

Inventories comprise goods held for resale and are valued at the lower of cost or net realizable 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 realizable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

Leases – policies applicable from January 1, 2019

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes 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 recognizes 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 cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payment's change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate. The Group did not make any such adjustments during the periods presented

The variable lease payments that do not depend on an index or a rate are recognized 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 at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accrual of interest and reduced for the lease payments made.

RIGHT OF USE ASSETS

The Group recognizes 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 recognized, initial direct costs incurred, restoration costs, and lease payments made at or before the commencement date less any lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized 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 recognized 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 a 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 stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option).

The Group also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

CRITICAL JUDGEMENTS IN DETERMINING 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).

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.

Taxation

The tax expense for the year represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized 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 recognized 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 23.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Taxation continued

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 realized 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 recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. 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 recognized for taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

No deferred tax liabilities are recognized for temporary differences that arise on the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, that affects neither the taxable profit nor the accounting profit.

Employee benefits

I) POST-EMPLOYMENT SCHEMES

The Group operates various post-employment schemes, including both defined benefit and defined contribution plans. For defined benefit plans, obligations are measured at discounted present value (using the projected unit credit method) whilst plan assets are recorded at fair value. The operating and financing costs of such plans are recognized separately in the Group income statement; service costs are spread systematically over the expected service lives of employees and financing costs are recognized in the periods in which they arise. Actuarial gains and losses are recognized immediately in the Group consolidated statement of comprehensive income. Payments to defined contribution schemes are recognized 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 recognized 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 recognizes termination benefits at the earlier of the following dates:

- When the Group can no longer withdraw the offer of those benefits
- When the Group recognizes 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 recognized immediately through profit or loss.

A provision for restructuring is recognized 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 recognizes a liability and an expense for bonuses. The Group recognizes an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

Financial instruments

Financial assets and financial liabilities are recognized 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.

Bank overdrafts are presented as a financing activity in the statement of cash flows.

TRADE AND OTHER RECEIVABLES

Trade receivables are recognized initially at the amount of consideration that is unconditionally due from customers for goods sold or services performed in the ordinary course of business. Further information is included within the revenue recognition policy.

The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost. Loss allowances are recognized 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 recognized at the proceeds received, net of direct issue costs.

FINANCIAL ASSETS

All financial assets are recognized and derecognized 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 amortized 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.

AMORTIZED COST

Financial assets are measured at amortized cost where the asset is held for the objective of collecting contractual cash flows and the terms of the asset give rises to cash flows on specific dates that are solely payments of principal and interest on the amount outstanding.

The effective interest method is utilized in the calculation of amortized 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 recognized 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 amortized cost or FVTOCI are measured at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 33.

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 33. 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 recognize gains and losses arising from changes in fair value in other comprehensive income or through profit or loss.

Where an election is made to recognize gains and losses arising from changes in fair value in other comprehensive income, the cumulative gain or loss previously recognized 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 recognized in the income statement as they arise. Dividends on all equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

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 recognized 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

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 recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments continued

DERECOGNITION OF FINANCIAL ASSETS

The Group derecognizes 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

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 recognized less, where appropriate, the cumulative amount of income recognized 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 amortized 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 recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 33.

OTHER FINANCIAL LIABILITIES

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized 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 derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Where the change in terms reflects only a non-substantial modification, a gain or loss equal to the difference between the present value of cash flows under the new and the old terms will be immediately recognized 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 33.

Derivatives are initially recognized 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 recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized 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 realized or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized 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 and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized 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') are recorded, a corresponding asset is recognized 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 recognized as a provision in accordance with IFRS 3 Business Combinations.

4. CRITICAL 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 recognized 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.

Critical 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 recognized 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.

ALTERNATIVE PERFORMANCE MEASURES – 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 recognized measure under IFRS and may not be directly comparable with adjusted measures used by other companies.

Management exercises 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 assessed based on the same criteria.

The Group's definition of exceptional items, together with further details of adjustments made during the period, is provided in note 3 and note 5.

INDEFINITE LIFE BRANDS

The brand of Cumberland Farms is well known and as a result of the reputation and association with quality there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. The brand is therefore deemed to have an indefinite useful economic life and the value of €297m will not be amortized. Details of intangible assets are set out in note 16.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

FAIR VALUES IN BUSINESS COMBINATIONS

In assessing the fair value of assets and liabilities acquired in business combinations, estimation is used in a number of areas. To assist in this work, the Group engages external valuation experts to assess the fair value. Management then review the work and assess the results.

The Group completed the acquisition of Cumberland Farms, Inc on October 22, 2019 and accordingly presents provisional fair values in the balance sheet as at December 31, 2019 with the Group having a twelve month measurement period to determine finalised values. The completion of this exercise involves reflecting any new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized. This could result in a material change to the assets and liabilities recorded with a corresponding impact on the goodwill balance provisionally calculated of €972m and the depreciation and amortization changes. Details of the fair value of the acquired assets and liabilities are detailed in note 34.

MEASUREMENT OF PROVISIONS

The Group has recognized provisions totaling €683m (2018: €296m) for environmental costs, dilapidations and onerous contracts. The provision for environmental costs and dilapidations is based on the current cost escalated at an inflation rate and discounted at a risk-free rate. The provision for onerous contracts is based on the lower of our current estimates of cost of fulling the contracts and any compensation or penalties and discounted 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 26.

5. EXCEPTIONAL ITEMS

In order to allow a better understanding of the underlying trading performance of the Group, items recognized 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). These items are as follows:

	2019 €m	2018 €m
Included within operating profit:		
Acquisition and transaction-related costs	**(43)**	(74)
Profit arising on disposal of property, plant and equipment	**—**	4
Restructuring costs	**(17)**	(18)
Impairment charge	**(89)**	—
Goodwill adjustment	**(15)**	—
	(164)	(88)
Included below operating profit:		
Disposal of EG Business	**154**	—
	154	—
Included within finance costs:		
Transaction-related finance costs	**(4)**	—
Loss on extinguishment of debt on refinancing	**(13)**	(112)
	(17)	(112)
Tax on exceptional items	**(37)**	25
Total exceptional items	**(64)**	(175)

In order to allow a better understanding of the underlying trading performance of the Group, items recognized 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). These items are as follows:

All items are shown gross, unless IFRS permits netting of such expenditure.

Tax on exceptional items has been calculated using the applicable statutory tax rate for taxable items.

For the year ended December 31, 2019

Exceptional income for the year of €154m relates to the profit on the sale of the proprietary fuel business ('EG Business'). Professional fees of €2m were incurred in the completion of this sale, included within acquisition and transaction-related costs. The Group has classified the amount as exceptional considering the nature of this one off event and the financial materiality involved.

Exceptional costs for the year primarily relate to acquisition and transaction costs, directly attributable incremental cost incurred as a result of the acquisitions in Australia (€37m), Cumberland Farms (€4m), Fastrac Market, LLC (€1m) and Certified Oil (€1m) which are not expected to be incurred by the Group on an ongoing basis.

Restructuring costs of €17m relate to the restructuring of management and support teams in the USA and Australia incurred by the Group as a result of the review organizational structures, operational activities and relevant roles and responsibilities to ensure the Group is able to operate more efficiently post the acquisition in Australia and the USA.

During the year, the Group recognized an exceptional impairment charge of €89m, being €54m as an impairment to property, plant and equipment and €35m as an impairment to right of use assets which were recognized following the implementation of IFRS 16 in the year. Impairment indicators were identified where the recent trading conditions and performance of the sites were unable to support the carrying value of the property, plant and equipment and right of use assets as at the balance sheet date. The impairment largely relates to specific sites acquired as part of business combinations which completed in the final quarter of 2018, for which the Group had at least one year of trading performance at the balance sheet date. For a number of those sites, identified performance development plans have been established to develop profitability, however these had not yet been fully enacted as at December 31, 2019.

The carrying values have been written down to the book value of any land held or externally provided orderly liquidation values. A reversal of this impairment will be considered in future years following the implementation of management's turnaround plans and the resulting expected improvement in these sites' trading performance.

As part of finalizing the purchase price accounting of Kroger c-stores, previously acquired on April 20, 2018, an adjustment was identified. This adjustment is a reduction in the goodwill balance and an increase in the pre-acquisition reserves totaling €15m. This adjustment was identified outside of the measurement period and therefore cannot be adjusted through the opening balance sheet as a measurement period adjustment. Since the adjustment is not material, the current year financial statements reflect an adjustment to decrease goodwill by €15m.

Following the Group's financing exercise to secure the necessary additional term loan funding for the 2019 acquisition in Australia, the arrangement fees and exit fees for the bridging loans totaling €13m were expensed in the year. The Group has classified the amount as exceptional considering that it related to the acquisition in Australia and the financial materiality involved. An additional €4m of exceptional finance costs relating to professional fees were incurred on the issue of the Group's bonds during the year. For further details see note 22.

For the year ended December 31, 2018

Exceptional items in the year ended December 31, 2018 primarily relate to acquisition and transaction-related costs, incurred as a result of the acquisitions that completed in the year in Italy, the Netherlands (NRG), the USA (Kroger c-stores and Minit Mart) and Germany. The costs recognized within operating income of €74m relate to the legal and professional fees included within administrative expenses, associated with the completion of the acquisitions.

Profits arising on disposal and exit of properties, net of fees incurred, amounted to €4m.

Restructuring costs of €18m relate to the restructuring of management and support teams across the Group including associated legal costs.

The Group's refinancing in February 2018, for the purpose of funding the acquisitions, which has been accounted for as an extinguishment of the pre-existing debt, gave rise to an extinguishment loss of €112m.

6. REVENUE

An analysis of the Group's revenue is as follows:

	2019 €m	2018 €m
Continuing operations		
Sale of goods		
Grocery & Merchandise sales	**2,880**	1,640
Foodservice sales	**366**	282
Fuel sales	**16,352**	9,936
Other	**420**	147
Revenue per income statement	**20,018**	12,005

Details on the accounting treatment of fuel duty, within fuel sales, is disclosed in note 3 to the financial statements.

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.

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.

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

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

	2019				2018			
€m	**Europe**	**North America[(1)]**	**Rest of World[(2)]**	**Group Total**	Europe[(3)]	North America[(4)]	Rest of World	Group Total
Revenue								
Grocery & Merchandise	**1,010**	**1,682**	**188**	**2,880**	766	874	—	1,640
Foodservice	**311**	**55**	**—**	**366**	256	26	—	282
Fuel	**10,807**	**3,494**	**2,051**	**16,352**	7,961	1,975	—	9,936
Other	**349**	**68**	**3**	**420**	112	35	—	147
Total revenue	**12,477**	**5,299**	**2,242**	**20,018**	9,095	2,910	—	12,005
Gross profit	**1,205**	**902**	**253**	**2,360**	1,035	467	—	1,502
Adjusted EBITDA	**499**	**298**	**113**	**910**	400	170	—	570
Right of use asset depreciation				**(113)**				—
Depreciation				**(305)**				(199)
Amortization				**(75)**				(63)
Operating exceptional costs[(5)]				**(164)**				(88)
Profit on disposal				**154**				—
Finance income				**7**				12
Finance costs				**(496)**				(392)
Loss before tax				**(82)**				(160)
Tax (charge)/credit				**(47)**				10
Loss after tax				**(129)**				(150)

(1) The results of the Fastrac, Certified Oil and Cumberland Farms businesses are included within the North America results from their acquisition dates of July 1, 2019, August 1, 2019 and October 22, 2019 respectively

(2) The first operations for the Rest of World division were acquired in April 2019. The above table reflects the results of EG Australia from its acquisition date of April 1, 2019

(3) The Europe comparatives incorporate the results of acquisitions in Italy, Germany and the Netherlands (NRG), from their respective acquisition dates

(4) The first operations in North America (Kroger c-stores) were acquired in April 2018, with Minit Mart acquired in December 2018. The above table reflects the results of the Kroger C-store and Minit Mart businesses for the period from acquisition. Fastrac (acquired on July 1, 2019), Certified Oil (acquired August 1, 2019) and Cumberland Farms (acquired October 22, 2019) are reflected in 2019 only

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

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

Cumberland Farms

At December 31, 2019, €12m of real estate assets are presented as held for sale. This reflects four sites in the United States for which a signed agreement to sell was in place at year end. The sales are expected to complete during 2020.

European proprietary cards business

In October 2018, the Group committed to a plan to sell its European proprietary fuel cards business. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the proprietary cards business were classified as a disposal group held for sale on the Group balance sheet at December 31, 2018. No impairment loss was recognized, as at the year end it was expected the fair value less costs to sell was in excess of the carrying value of the assets and liabilities.

On July 1, 2019 the Group completed the sale of its European proprietary fuel cards business for proceeds of €235m, generating a profit on disposal of €154m, which has been presented in the income statement as exceptional within profit on disposal in the period.

	2019 €m	2018 €m
Assets classified as held for sale		
Goodwill	–	59
Other intangible assets	–	22
Trade and other receivables	–	32
	–	113
Liabilities classified as held for sale		
Trade and other payables	–	(5)

European fuel supply business

In December 2018, the Group committed to a plan to sell its European fuel supply and distribution business (referred to as 'EG Fuel'). A sale was expected to complete in 2019, and an active program to initiate a disposal had been initiated. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the European fuel supply business were classified as a disposal group held for sale on the Group balance sheet as at December 31, 2018. No impairment loss was recognized, as at the year end it was expected the fair value less costs to sell was in excess of the carrying value of the assets and liabilities.

During 2019, the Group reversed this decision and is no longer committed to a plan to sell the European fuel supply business. Accordingly, the disposal group is no longer presented separately as held for sale on the Group balance sheet for the financial year ended December 31, 2019. Prior year comparatives have not been restated.

	2019 €m	2018 €m
Assets classified as held for sale		
Goodwill	–	80
Other intangible assets	–	2
Property, plant and equipment	–	23
Investments in joint ventures	–	6
Deferred tax assets	–	2
Inventories	–	52
Trade and other receivables	–	87
	–	252
Liabilities classified as held for sale		
Trade and other payables	–	(293)
Borrowings	–	(1)
Provisions for other liabilities and charges	–	(9)
Deferred tax liabilities	–	(1)
Employee benefit obligations	–	(1)
	–	(305)

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after (crediting)/charging:

	2019 €m	2018 €m
Net foreign exchange (gains)/losses	**(31)**	34
Acquisition-related transaction costs	**43**	74
Depreciation of property, plant and equipment	**305**	199
Depreciation of right of use assets	**113**	—
Loss on disposal of property, plant and equipment	**2**	4
Amortization of intangible assets	**75**	63
Profit on disposal of EG Business	**(154)**	—
Cost of inventories recognized as an expense	**17,200**	10,355
Staff costs (see note 11)	**827**	482

10. AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration is as follows:

	2019 €m	2018 €m
Fees payable to the Company's auditor and their associates for the audit of the Company financial statements	**0.1**	0.1
Fees payable to the Company's auditor and their associates for other services to the Group		
– The audit of the financial statements of the Company's subsidiaries	**5.2**	1.7
Fees payable to other auditors for other services to the Group		
– The audit of the financial statements of the Company's subsidiaries	**0.1**	0.1
Total audit fees	**5.4**	1.9

	2019 €m	2018 €m
Audit-related assurance services	**0.1**	—
Other assurance services	**1.1**	—
Other taxation advisory services	**0.1**	0.2
Other services	**—**	0.3
Total non-audit fees	**1.3**	0.5

11. STAFF COSTS

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

	2019 Number	2018 Number
Sales	**31,087**	19,391
Administration	**2,242**	884
	33,329	20,275

Their aggregate remuneration comprised:

	2019 €m	2018 €m
Wages and salaries	**681**	407
Social security costs	**128**	68
Other pension costs (see note 32)	**18**	7
	827	482

The highest paid Director information is included within note 37.

12. FINANCE INCOME

	2019 €m	2018 €m
Fair value gains on derivatives not designated in a fair hedge accounting relationship	**2**	7
Other foreign exchange gains	**2**	4
Interest receivable	**3**	1
	7	12

13. FINANCE COSTS

	2019 €m	2018 €m
Interest on bank overdrafts and loans	**(386)**	(216)
Total interest expense	**(386)**	(216)
Amortization of debt issue costs	**(33)**	(19)
Debt extinguishment loss (see note 5)	**(13)**	(112)
Other finance charges	**(12)**	(9)
Unwinding of discount on provisions	**(1)**	(1)
Finance charges on leases	**(53)**	—
Foreign exchange gain/(losses) on financing activities	**2**	(35)
	(496)	(392)

Debt extinguishment losses for 2019 of €13m (2018: €112m) have been recognized in the income statement on completion of the issue of Secured Loan Notes in May 2019 (2018: bank loans refinancing). This item has been presented as exceptional costs (see note 5). The total finance cost for financial liabilities measured at amortized cost is €419m (2018: €235m).

14. TAX

The charge/(credit) for the year is as follows:

	2019 €m	2018 €m
Corporation tax:		
Current year	**(42)**	(30)
Adjustments in respect of prior period	**(6)**	4
	(48)	(26)
Deferred tax:		
Origination and reversal of temporary differences	**(7)**	24
Adjustments in respect of prior period	**18**	1
Effect of changes in tax rates	**(10)**	11
Total tax (charge)/credit	**(47)**	10

	2019 €m	2018 €m
Loss before tax	**(82)**	(160)
Tax (charge)/credit at the UK corporation tax rate of 19% (2018: 19%)	**16**	30
Tax effect of non-deductible expenses	**(3)**	(2)
Tax effect of non-deductible expenses on exceptional items	**(36)**	(7)
Effect of interest restriction	**(25)**	(28)
Effect of differences in overseas tax rates	**3**	(5)
Effect of changes in tax rates	**(10)**	11
Adjustments in respect of prior years	**12**	5
Tax losses on which deferred tax is not recognized	**2**	(3)
Other	**(6)**	9
Tax (charge)/credit for the year	**(47)**	10

The current tax rate used for the year is 19%, based on rates already enacted in previous periods.

For the United Kingdom operations, the Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax from 19% to 17% with effect from April 1, 2020. This rate reduction was substantively enacted by the balance sheet date and therefore included in these consolidated financial statements. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As this has not been enacted by the balance sheet date, balances as at December 31, 2019 continue to be measured at 17%, the amended tax rate would cause a 1% increase in the deferred tax asset and liability.

For the Netherlands, on December 18, 2018 the Dutch Senate accepted the Dutch Tax Plan 2019. This means that the measures as included in the Dutch Tax Plan 2019 are considered to be substantively enacted under IFRS. Included in the Dutch Tax Plan were provisions to gradually reduce the corporate income tax rate. The standard rate will be reduced in steps from 25% to 22.55% in 2020 and to 21.7% in 2021. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements.

For Belgium, on July 26, 2017 the Belgian Federal government reached an agreement on an important corporate tax reform to gradually reduce the corporate income tax rate. The standard rate will be reduced in steps from 29% to 25% in 2020. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements.

On March 5, 2019 the Luxembourg parliament (Chambre des Députés) released a draft bill on the 2019 budget, providing for a reduction in the corporate income tax rate. The standard rate will be reduced to 24.94% in 2019. This rate reduction was 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 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, 2019), and the US s163j interest limitation rules (effective from January 1, 2018), which restrict the amount of interest that can be deducted for tax purposes by UK companies with reference to the tax-adjusted EBITDA of those jurisdictions and by reference to the Group's global interest expense.

No material amounts relating to tax have been recognized in other comprehensive income during the year (2018: €nil).

15. GOODWILL

	€m
Cost	
At January 1, 2018	947
Recognized on acquisition of subsidiaries	1,758
Exchange differences	59
Transfer to disposal group classified as held for sale	(139)
At December 31, 2018	2,625
Recognized on acquisition of subsidiaries	**2,066**
Transfer from disposal group classified as held for sale	**139**
Exchange differences	**52**
Disposals	**(58)**
Goodwill adjustment	**(15)**
At December 31, 2019	**4,809**
Carrying amount	
At December 31, 2019	**4,809**
At December 31, 2018	2,625

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 cash-generating unit 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. Cash-generating units are tested for impairment annually at the balance sheet date.

The Group's CGUs for goodwill impairment testing purposes have been allocated to the individual countries. The carrying amounts of goodwill have been allocated as follows:

	2019 €m	2018 €m
UK	**45**	42
France	**392**	398
Italy	**35**	35
Germany	**397**	397
NRG (combined into Benelux for 2019)	**—**	65
USA	**2,556**	1,328
Benelux	**556**	499
Australia	**828**	—
Transfer to disposal group classified as held for sale	**—**	(139)
	4,809	2,625

The goodwill presented in the financial year ended December 31, 2018 includes acquisitions made during the year in Italy of €35m, the USA (for Kroger c-stores and Minit Mart) of €1,323m, the Netherlands (for the NRG business) of €65m and Germany of €397m.

Goodwill of €2,066m arose on acquisitions that completed in 2019, comprising additions of Fuelco in Australia of €837m, additions in the USA (for the Fastrac, Certified Oil and Cumberland Farms businesses, and the East Earl site) totaling €1,226m, additions in the UK (for the Urban Origin Business) of €1m, and €2m in Belgium for the Paul Mahieu business.

During the year the proprietary cards operations ('EG Business') was sold, resulting in the disposal of €59m of goodwill allocated from the Benelux CGU measured on the basis of the relative values of the operation disposed of and the portion of the Benelux CGU retained.

Included in the carrying amounts presented above are a foreign exchange gain of €18m (2018: €66m) on the USA goodwill, a foreign exchange gain of €43m (2018: loss of €7m) on the Sterling-denominated goodwill, and a foreign exchange loss of €9m (2018: €nil) on the Australian goodwill, which have been recognized on translation to Euro at the year-end closing rate.

For the year ended December 31, 2019 impairment reviews were performed by comparing the carrying value of goodwill and the assets of the cash-generating units to which goodwill has been allocated with the recoverable amount of the cash-generating units. Recoverable amounts for cash-generating units are the higher of fair value less costs of disposal, and value-in-use. The key estimates for the value-in-use for each territory are discount rates, growth rates and expected changes in margins.

15. GOODWILL CONTINUED

As part of finalizing the purchase price accounting of Kroger c-stores, previously acquired on April 20, 2018, an adjustment was identified. This adjustment is a reduction in the goodwill balance and an increase in the pre-acquisition reserves totaling €15m. This adjustment was identified outside of the measurement period and therefore cannot be adjusted through the opening balance sheet as a measurement period adjustment. Since the adjustment is not material, the current year financial statements reflect an adjustment to decrease goodwill by €15m. This has also been included as an exceptional item within note 5.

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 rates used to calculate value-in-use are derived from a post-tax weighted average cost of capital for each of the Group's CGUs, and range from 6.7% for Benelux and France to 8.8% for Italy.

Cash flow projections for each territory have been generated based on the Group's five-year internal forecasts, the results of which are reviewed by the Board. Estimates of selling prices and direct costs are based on past experience and expectations of future changes in the market. The forecasts incorporate annualized growth from recent site investments, but exclude further growth capital expenditure. For newly acquired territories, short to medium-term changes in margins and revenue have been forecast based on the Group's experience of implementing its business model in existing territories. The Group has prepared a forecast through to 2050 because it expects fuel volumes to decline, with an offsetting increase in fuel margins, over that period as electric vehicles and alternative fuels become more common and therefore applying a terminal value to cash flows after five years would not accurately model the value-in-use.

The Group has carried out a sensitivity analysis on the impairment tests of each group of cash-generating units to which goodwill has been allocated. A reasonably possible increase in the discount rate or reduction in the long-term growth rate or margins would not indicate impairment in any group of cash-generating units.

16. OTHER INTANGIBLE ASSETS

	Note	Concession rights €m	Customer /dealer relationships €m	Trade names €m	Other intangible assets €m	Total €m
Cost						
At December 31, 2018		101	232	219	76	628
Reclassification to right of use assets	24	(101)	—	—	(26)	(127)
At January 1, 2019		—	232	219	50	501
Additions		**—**	**—**	**—**	**6**	**6**
Additions from acquisition of subsidiaries	34	**—**	**246**	**325**	**11**	**582**
Disposals		**—**	**(37)**	**—**	**—**	**(37)**
Exchange differences		**—**	**(3)**	**—**	**2**	**(1)**
Transfer from disposal group classified as held for sale	8	**—**	**30**	**—**	**—**	**30**
At December 31, 2019		**—**	**468**	**544**	**69**	**1,081**
Accumulated amortization and impairment						
At December 31, 2018		(12)	(38)	(8)	(21)	(79)
Reclassification to right of use assets	24	12	—	—	1	13
At January 1, 2019		—	(38)	(8)	(20)	(66)
Charge for the year		**—**	**(46)**	**(17)**	**(12)**	**(75)**
Eliminated on disposals		**—**	**17**	**—**	**—**	**17**
Exchange differences		**—**	**1**	**—**	**1**	**2**
Transfer from disposal group classified as held for sale	8	**—**	**(6)**	**—**	**—**	**(6)**
At December 31, 2019		**—**	**(72)**	**(25)**	**(31)**	**(128)**
Carrying amount						
At December 31, 2019		**—**	**396**	**519**	**38**	**953**
At December 31, 2018		89	194	211	55	549

	Concession rights €m	Customer/ dealer relationships €m	Trade names €m	Other intangible assets €m	Total €m
Cost					
At December 31, 2017	50	41	—	17	108
Additions from separate acquisitions	14	—	—	5	19
Additions from acquisition of subsidiaries	37	221	206	55	519
Disposals	—	—	—	(2)	(2)
Exchange differences	—	—	13	1	14
Transfer to disposal group classified as held for sale	—	(30)	—	—	(30)
At December 31, 2018	101	232	219	76	628
Accumulated amortization and impairment					
At December 31, 2017	(4)	(8)	—	(11)	(23)
Charge for the year	(8)	(36)	(8)	(11)	(63)
Eliminated on disposals	—	—	—	1	1
Transfer to disposal group classified as held for sale	—	6	—	—	6
At December 31, 2018	(12)	(38)	(8)	(21)	(79)
Carrying amount					
At December 31, 2018	89	194	211	55	549
At December 31, 2017	46	33	—	6	85

Of the total amortization expense for the year ended December 31, 2019 of €75m (2018: €63m), €55m (2018: €50m) has been charged to administrative expenses and €20m (2018: €13m) to distribution costs.

The trade name additions of €325m in 2019 reflect the fair value attributed to trade names acquired in the US as part of the Fastrac (€2m), Certified Oil (€2m) and Cumberland Farms (€297m) acquisitions, and in Australia (€24m) from the Fuelco acquisition.

The trade name additions in 2018 primarily reflect the fair value attributed to the US trade names which were acquired as part of the Kroger c-stores business combination.

The remaining useful life of the following trade names at December 31, 2019 is 18 years and the carrying amounts are as follows: 'Turkey Hill' €81m, 'Kwik Shop' €25m, 'Tom Thumb' €26m, 'Loaf 'n' Jug' €43m, and 'Quik Stop' €23m. The 'Minit Mart' trade name had a carrying value of €5m at December 31, 2019 with a remaining useful life of 19 years. The 'Woolworths' trade name (acquired on April 1, 2019) had a carrying value of €13m and a remaining useful life of three years. The remaining useful life of the following trade names as at December 31, 2019 is five years and the carrying amounts are as follows: 'Fastrac' €2m, and 'Certified Oil' €2m. The Cumberland Farms trade name (€297m at December 31, 2019) has an indefinite economic life based on management's assessment that it will generate net cash inflows in definitely. As a result, the trade name is not amortized, but tested for impairment at least annually.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €m	Fixtures and fittings €m	Assets under construction €m	Total €m
Cost				
At December 31, 2018	2,311	853	46	3,210
Reclassification to right of use assets	(4)	(12)	—	(16)
At January 1, 2019	2,307	841	46	3,194
Additions	**106**	**67**	**102**	**275**
Additions from acquisition of subsidiaries	**715**	**658**	**29**	**1,402**
Disposals	**(12)**	**(17)**	**(2)**	**(31)**
Transfers	**28**	**55**	**(83)**	**—**
Exchange differences	**43**	**9**	**—**	**52**
Transfer from disposal group classified as held for sale	**9**	**29**	**1**	**39**
At December 31, 2019	**3,196**	**1,642**	**93**	**4,931**
Accumulated depreciation and impairment				
At December 31, 2018	(199)	(154)	—	(353)
Reclassification to right of use assets	3	—	—	3
At January 1, 2019	(196)	(154)	—	(350)
Charge for the year	**(128)**	**(177)**	**—**	**(305)**
Impairment	**(24)**	**(30)**	**—**	**(54)**
Eliminated on disposals	**9**	**16**	**—**	**25**
Exchange differences	**(3)**	**(6)**	**—**	**(9)**
Transfer from disposal group classified as held for sale	**(1)**	**(15)**	**—**	**(16)**
At December 31, 2019	**(343)**	**(366)**	**—**	**(709)**
Carrying amount				
At December 31, 2019	**2,853**	**1,276**	**93**	**4,222**
At December 31, 2018	2,112	699	46	2,857

	Land and buildings €m	Fixtures and fittings €m	Assets under construction €m	Total €m
Cost				
At December 31, 2017	1,313	392	12	1,717
Additions	97	67	45	209
Additions from acquisition of subsidiaries	922	428	—	1,350
Disposals	(28)	(13)	(1)	(42)
Transfers	4	5	(9)	—
Exchange differences	12	3	—	15
Transfer to disposal group classified as held for sale	(9)	(29)	(1)	(39)
At December 31, 2018	2,311	853	46	3,210
Accumulated depreciation and impairment				
At December 31, 2017	(111)	(92)	—	(203)
Charge for the year	(108)	(91)	—	(199)
Eliminated on disposals	19	13	—	32
Exchange differences	—	1	—	1
Transfer to disposal group classified as held for sale	1	15	—	16
At December 31, 2018	(199)	(154)	—	(353)
Carrying amount				
At December 31, 2018	2,112	699	46	2,857
At December 31, 2017	1,202	300	12	1,514

The carrying amount of land and buildings shown above includes €1,028m (2018: €733m) in relation to land that is not depreciated.

Of the total depreciation expense for the year ended December 31, 2019 of €305m (2018: €199m), €51m (2018: €7m) has been charged to administrative expenses and €254m (2018: €192m) to distribution costs.

Further details of the impairment recorded in 2019 are set out in note 5.

Assets pledged as security

Freehold land and buildings with a carrying amount of €2,853m (2018: €2,112m) have been pledged to secure borrowings of the Group (see note 22).

18. SUBSIDIARIES

The Group consists of a parent Company, EG Group Limited, incorporated in the UK, and a number of subsidiaries held directly and indirectly by EG Group Limited, which operate and are registered in either the UK, Jersey or continental Europe. A full list of the Group's related undertakings, registered office addresses and the percentage of share class owned as at December 31, 2019 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 Finco Limited	Holding company	UK	100
Euro Garages Limited	Trading of fuel/other products	UK	100
EG (Shared Services) Limited	Dormant	UK	100
The Orchard Group Limited	Trading of fuel/other products	UK	100
Three Oaks Investments Limited	Holding company	UK	100
Three Elms Investments Limited	Holding company	UK	100
Wolfson Trago Limited	Restaurant operator	UK	100
Wycliffe Moore Limited	Restaurant operator	UK	100
EG AsiaPac Ltd	Holding company	UK	100
EG Global Finance Plc	Holding company	UK	100
Urban Origin Limited	Holding company	UK	100
GB3 Limited	IT consultancy	UK	100

All companies incorporated in the United Kingdom are registered at Euro House, The Beehive Trading Park, Haslingden Road, Blackburn, Lancashire, BB1 2EE.

International subsidiary undertakings

Subsidiaries	Principal activity	Place of incorporation/ registration and operation	Proportion of ordinary shares and voting power held %
Euro Garages 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
NRGValue Branding Nederland B.V.(2)	Trading of fuel/other products	Netherlands	100
NRGValue Retail Nederland B.V.(2)	Trading of fuel/other products	Netherlands	100
NRGValue Tankstations Nederland B.V.(2)	Trading of fuel/other products	Netherlands	100
EG Fuels (Kampen Terminal)(3)	Fuels depot operations	Netherlands	100
EG Fuels (Logistics) B.V.(3)	Fuels transportation	Netherlands	100
Stichting Rocks Loyalty Nederland B.V.(2)	Loyalty card business	Netherlands	100
EG (France) B.V.(2)	Holding company	Netherlands	100
AJJ Hermes B.V.(2)	Real estate development	Netherlands	100
EG (Germany) B.V.(2)	Holding company	Netherlands	100
EG Retail (Belgium) B.V.B.A.(4)	Trading of fuel/other products	Belgium	100
Station Services B.V.B.A.(4)	Dormant	Belgium	100
EG Retail (Station Support) B.V.B.A.(4)	Employer of service station colleagues	Belgium	100

Subsidiaries	Principal activity	Place of incorporation/ registration and operation	Proportion of ordinary shares and voting power held %
Stars Loyalty Belgium C.V.B.A.(4)	Loyalty card business	Belgium	100
EG Services (Belgium) B.V.B.A.(4)	Employer of service station colleagues	Belgium	100
EG Services (Belgium Property) B.V.B.A.(4)	Real estate development	Belgium	100
Raga NV(4)	Real estate development	Belgium	100
EG Retail (Luxembourg) S.à.r.l.(5)	Trading of fuel/other products	Luxembourg	100
EG Services (Luxembourg) S.à.r.l.(5)	Trading of fuel/other products	Luxembourg	100
EG (Luxembourg) Holdings S.à.r.l.(5)	Holding company	Luxembourg	100
EG Business GmbH(6)	Trading of fuel/other products	Germany	100
EG Deutschland GmbH(8)	Holding company	Germany	100
Echo Tankstellen GmbH(8)	Trading of fuel/other products	Germany	100
Retail Operating Company GmbH(8)	Trading of fuel/other products	Germany	100
EG Retail (Food Services France) SAS(7)	Trading of fuel/other products	France	100
EG Holdings (France) SAS(7)	Holding company	France	100
EG Retail (France) SAS(7)	Trading of fuel/other products	France	100
EG Services (France) SNC(7)	Operator of service stations	France	100
EG Italia S.p.A(10)	Trading of fuel/other products	Italy	100
EG (Italy) B.V.(2)	Holding company	Netherlands	100
EG America, LLC(9)	Holding company	USA	100
EG Retail (America), LLC(9)	Holding company	USA	100
EG Shared Services (America), LLC(9)	Holding company	USA	100
TH Midwest, Inc(9)	Trading of fuel/other products	USA	100
Junior Food Stores of West Florida Inc.(9)	Trading of fuel/other products	USA	100
Kwik Shop, Inc.(9)	Trading of fuel/other products	USA	100
Mini Mart, Inc.(9)	Trading of fuel/other products	USA	100
Quik Stop Markets, Inc(9)	Trading of fuel/other products	USA	100
TH Minit Markets LLC(9)	Trading of fuel/other products	USA	100
Fastrac Markets, LLC(12)	Trading of fuel/other products	USA	100
Certified Oil, Inc(12)	Trading of fuel/other products	USA	100
Cumberland Farms, Inc(12)	Trading of fuel/other products	USA	100
CFI GC LLC(12)	Holding company	USA	100
Cumberland Farms Vermont, Inc(12)	Holding company	USA	100
Cumberland Farms Massachusetts, Inc(12)	Holding company	USA	100
Conven-Petro Insurance Company(12)	Holding company	USA	100
EG Group Australia Pty Ltd(11)	Holding company	Australia	100
EG (Retail) Australia Pty Ltd(11)	Trading of fuel/other products	Australia	100
EG (FuelCo) Australia Pty Ltd(11)	Trading of fuel/other products	Australia	100

18. SUBSIDIARIES CONTINUED

International subsidiary undertakings continued

(1) Registered address: No 2 The Forum, Grenville Street, St Helier, Jersey

(2) Registered address: Princenhagelaan 9, 4813 DA, BREDA, The Netherlands

(3) Registered address: Genuakade 4, 8263 CG, Kampen, The Netherlands

(4) Registered address: Kapelsesteenweg 71, 2180 Ekeren, Belgium

(5) Registered address: Bei der Härewiss 103, 1141 Luxembourg

(6) Registered address: Bentheimer Strasse 120, 48529, Nordhorn, Germany

(7) Registered address: Immeuble Le Cervier B, 12, avenue des Béguines, Cergy Saint Christophe, 95800 Cergy Pontoise, France

(8) Registered address: Ludwig-Erhard-Straße 22, Hamburg, Germany

(9) Registered address: 302 W. 3rd Street Floor 3, Cincinnati, OH, 45202, USA

(10) Registered address: Via Giovanni Marradi 4, Livorno, Livorno, 57126 Italy

(11) Registered address: Unit 3, Ivory, 25-31, Darley Street East, Mona Vale, NSW, 2103, Australia

(12) Registered address: 165 Flanders Rd, Westborough, MA 01581, USA

19. JOINT VENTURES

Details of joint ventures

Details of each of the Group's joint ventures 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	
			2019	2018
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%

(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

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. Summarized financial information in respect of each of the Group's material joint ventures is set out opposite. The summarized financial information below represents amounts in joint ventures' financial statements prepared in accordance with IFRS adjusted by the Group for equity accounting purposes.

2019	Petroleum Products Storage & Transport Company S.A./N.V. €m	De Pooter Olie B.V. €m	Dépôt Pétrolier de Lyon S.A.S. €m	Total €m
Summarized balance sheet				
Current assets	1	6	5	12
Non-current assets	4	4	7	15
Current liabilities	(1)	(4)	—	(5)
Non-current liabilities	(2)	(1)	(1)	(4)
Net assets	**2**	**5**	**11**	**18**
Summarized income statement				
Revenue	3	56	4	63
Profit after tax for the year	**1**	**—**	**—**	**1**

Reconciliation of the above summarized financial information to the carrying amount of the interest in the joint ventures recognized in the consolidated financial statements:

2019	Petroleum Products Storage & Transport Company S.A./N.V. €m	De Pooter Olie B.V. €m	Dépôt Pétrolier de Lyon S.A.S. €m	Total €m
Group's share in ownership	50%	50%	50%	
Group's share of net assets/liabilities	1	3	5	9
Other adjustments	—	—	(3)	(3)
Carrying amount of the Group's interest in the joint venture	**1**	**3**	**2**	**6**

2018	Petroleum Products Storage & Transport Company S.A./N.V. €m	De Pooter Olie B.V. €m	Dépôt Pétrolier de Lyon S.A.S. €m	Total €m
Summarized balance sheet				
Current assets	—	6	5	11
Non-current assets	4	3	8	15
Current liabilities	(1)	(3)	(1)	(5)
Non-current liabilities	(2)	(1)	—	(3)
Net assets	**1**	**5**	**12**	**18**
Summarized income statement				
Revenue	3	59	4	66
Profit after tax for the year	**—**	**1**	**—**	**1**

19. JOINT VENTURES CONTINUED

Details of joint ventures continued

Reconciliation of the above summarized financial information to the carrying amount of the interest in the joint ventures recognized in the consolidated financial statements:

2018	Petroleum Products Storage & Transport Company S.A./N.V. €m	De Pooter Olie B.V. €m	Dépôt Pétrolier de Lyon S.A.S. €m	Total €m
Group's share in ownership	50%	50%	50%	
Group's share of net assets/liabilities	–	3	6	9
Other adjustments	–	(1)	(2)	(3)
Transfer to disposal group classified as held for sale	–	(2)	(4)	(6)
Carrying amount of the Group's interest in the joint venture	**–**	**–**	**–**	**–**

The Group holds a 19.64% investment stake in Multi Tank Card B.V. (2018: 19.64%), which is held as a financial asset at fair value through other comprehensive income in line with the accounting policy in note 3.

20. INVENTORIES

	2019 €m	2018 €m
Retail products	**274**	126
Foodservice products	**2**	3
Fuel and oil products	**311**	216
Transfer to disposal group classified as held for sale	**–**	(52)
	587	293

The cost of inventories recognized as an expense during the year was €17,200m (2018: €10,355m). The carrying value of inventories recognized as an expense includes €13m (2018: €5m) in respect of write-downs of inventory to net realizable value.

Inventories with a carrying amount of €587m (2018: €293m) have been pledged as security for certain of the Group's bank facilities.

21. TRADE AND OTHER RECEIVABLES

	2019 €m	2018 €m
Trade receivables	**289**	309
Allowance for doubtful debts	**(8)**	(4)
	281	305
Guarantee deposits	**3**	5
Loans to related parties (note 37)	**64**	58
Other receivables	**177**	42
Prepayments and accrued income	**115**	113
Transfer to disposal group classified as held for sale	**–**	(118)
	640	405

The balances are analyzed as follows:

	2019 €m	2018 €m
Current	**549**	336
Non-current	**91**	69
	640	405

Trade receivables are recognized 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 amortized 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 €33m (2018: €26m) within prepayments and accrued income of amounts due from suppliers in relation to commercial income which has been earned but not yet invoiced.

Allowances against doubtful debts are recognized 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 aging analysis of trade receivables and the provision for impairment of trade receivables is as follows:

2019	**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	**165**	**59**	**7**	**40**	**18**	**289**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**40%**	
Provision for impairment of trade receivables	**—**	**—**	**—**	**—**	**(8)**	**(8)**

2018	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	291	—	7	1	10	309
Expected credit loss rate	0%	0%	0%	0%	46%	
Provision for impairment of trade receivables	—	—	—	—	(4)	(4)

As at December 31, 2019 and December 31, 2018, trade receivables that were neither past due nor impaired related to a receivable for whom there is no recent history of default. The other classes of receivables do not contain impaired assets.

At December 31, 2019, trade and other receivable of €18m (2018: €10m) were past due and impaired. Movement in the allowance for doubtful debts:

	2019 €m	2018 €m
Balance at the beginning of the year	**(4)**	(4)
Loss allowance recognized	**(4)**	(1)
Amounts written off during the year as uncollectible	**—**	1
Balance at the end of the year	**(8)**	(4)

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

22. BORROWINGS

	2019 €m	2018 €m
Secured borrowing at amortized cost		
Bank loans	**(5,201)**	(5,080)
Secured loan notes	**(2,860)**	—
Revolving credit facilities	**(361)**	(259)
Bank overdrafts	**(20)**	(45)
Finance lease liabilities	**—**	(2)
Transfer to disposal group classified as held for sale	**—**	1
Total borrowings	**(8,442)**	(5,385)
Amount due for settlement within twelve months	**(435)**	(355)
Amount due for settlement after twelve months	**(8,007)**	(5,030)
	(8,442)	(5,385)

22. BORROWINGS CONTINUED

	Sterling €m	Euros €m	US Dollar €m	Australian Dollar €m	Total €m
Analysis of borrowings by currency:					
December 31, 2019					
Bank loans	**(462)**	**(2,271)**	**(2,227)**	**(241)**	**(5,201)**
Secured loan notes	**—**	**(1,646)**	**(1,214)**	**—**	**(2,860)**
Bank overdraft	**(14)**	**—**	**(2)**	**(4)**	**(20)**
Revolving credit facilities	**—**	**—**	**(361)**	**—**	**(361)**
	(476)	**(3,917)**	**(3,804)**	**(245)**	**(8,442)**
December 31, 2018					
Finance lease liabilities	—	(2)	—	—	(2)
Bank loans	(447)	(2,360)	(2,273)	—	(5,080)
Bank overdraft	(9)	(5)	(31)	—	(45)
Revolving credit facilities	(34)	(120)	(105)	—	(259)
	(490)	(2,487)	(2,409)	—	(5,386)

At December 31, 2019 the Group has the following term loans:

i) A facility B GBP loan of £400m. The loan was taken out on February 7, 2018. Repayments totaling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.75% above LIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

ii) A facility B EUR loan of €2,160m. The loan was taken out on February 7, 2018. Repayments totaling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above EURIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

iii) A facility B US$ loan of US$500m. The loan was taken out on February 7, 2018. Repayments totaling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above US$ LIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

iv) A second lien EUR loan of €125m. The loan was taken out on April 18, 2018, repayable on maturity in 2026 with an initial value of €200m. An early repayment of €75m was made during 2019. The loan carries interest at 8.75% and is secured on the assets of the Group and guaranteed by certain entities of the Group.

v) An additional term US$ loan of US$1,700m. The loan was taken out on April 19, 2018. Repayments totaling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above US$ LIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

vi) A second lien US$ loan of US$159m. The loan was taken out on April 19, 2018 (initially US$245m), repayable on maturity in 2026. An early repayment of US$86m was made during 2019. The loan carries interest at 8% above US$ LIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

vii) An additional term facility EUR loan of €75m. The loan was taken out on December 4, 2018. Repayments totaling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above EURIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

viii) An additional term facility US$ loan of US$225m. The loan was taken out on December 4, 2018. Repayments totaling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above US$ LIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.

ix) A facility B A$ loan of A$400m. The loan was taken out on April 4, 2019. Repayments totaling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 5% above BBSY and is secured on the assets of the Group and is guaranteed by certain entities of the Group.

At December 31, 2019 the Group has the following Senior Secured Notes:

i) Six-year EUR senior secured loan notes of €670m issued on May 13, 2019 repayable on maturity in 2025. The loan notes carry interest at 4.375% and are secured on the assets of the Group.

ii) Six-year US$ senior secured loan notes of US$750m issued on May 13, 2019 repayable on maturity in 2025. The loan notes carry interest at 6.75% and are secured on the assets of the Group.

iii) Five-year EUR senior secured loan notes of €300m issued on May 13, 2019 repayable on maturity in 2024. The loan notes carry interest at 3.625% and are secured on the assets of the Group.

iv) Six-year EUR senior secured loan notes of €700m issued on October 21, 2019 repayable on maturity in 2025. The loan notes carry interest at 6.25% and are secured on the assets of the Group.

v) Six-year US$ senior secured loan notes of US$635m issued on October 21, 2019 repayable on maturity in 2025. The loan notes carry interest at 8.5% and are secured on the assets of the Group.

The other principal features of the Group's borrowings are as follows:

i) The Group has GBP revolving credit facilities available for £250m (for utilization in GBP, EUR, US$ or A$) and US$ revolving credit facilities available for US$150m and US$47m (2018: £250m in GBP and US$150m in US$) which mature in 2022. These carry an interest rate of LIBOR/EURIBOR/BBSY +3% depending on the currency drawn down (2018: +3%) and are secured on the Group's assets. A commitment fee is payable quarterly in arrears on the aggregate undrawn at a rate of 1.05% of the applicable margin for the revolving credit facility.

The weighted average interest rates paid during the year were as follows:

	2019	2018
Bank overdrafts	**3.72%**	4.28%
Revolving credit facilities	**4.16%**	4.05%
Capex/acquisition facilities	**—**	3.73%
Secured loan notes	**5.64%**	—
Bank loans	**5.23%**	5.58%

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the Group to liquidity risk, credit risk, interest rate risk, foreign currency risk and market risk, are given in note 33. On March 10, 2020 the Group successfully completed a financing exercise securing the necessary funding, in the form of an additional term loan financing of €158m for the 2020 acquisition from the Herbert Group.

23. DEFERRED TAX

The following are the major deferred tax liabilities and (assets) recognized by the Group and movements thereon during the current year and prior reporting year.

	At December 31, 2018	Reclassifications	Arising on acquisition/ balance sheet movements	Charged/ (credited) to income statement	**At December 31, 2019**
Fixed assets	242	—	137	96	**475**
Goodwill	—	(110)	(2)	(1)	**(113)**
Intangibles	(19)	110	155	30	**276**
Rolled over gain	—	—	—	43	**43**
IFRS 16	—	—	—	(3)	**(3)**
Pensions	(4)	—	—	—	**(4)**
Tax losses	(39)	—	1	(104)	**(142)**
Change of accounting policy	—	7	—	—	**7**
Excess interest capacity	(17)	—	—	(52)	**(69)**
Provisions	—	(20)	(50)	(18)	**(88)**
Inventory	—	3	16	(1)	**18**
Unfavorable contracts	—	1	(83)	5	**(77)**
Other	(26)	21	—	4	**(1)**
Total	137	12	174	(1)	**322**

23. DEFERRED TAX CONTINUED

	At January 1, 2018	Arising on acquisition/ balance sheet movements	Charged/ (credited) to income statement	At December 31, 2018
Fixed assets	210	38	(6)	242
Goodwill	—	—	—	—
Intangibles	—	(33)	14	(19)
Rolled over gain	—	—	—	—
IFRS 16	—	—	—	—
Pensions	(1)	(3)	—	(4)
Tax losses	(22)	—	(17)	(39)
Change of accounting policy	—	—	—	—
Excess interest capacity	—	(4)	(13)	(17)
Provisions	—	—	—	—
Inventory	—	—	—	—
Unfavorable contract	—	—	—	—
Other	(13)	—	(13)	(26)
Total	174	(2)	(35)	137

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:

	2019 €m	2018 €m
Deferred tax liabilities	**846**	341
Deferred tax assets	**(524)**	(204)
	322	137

At the balance sheet date, the Group has unused tax losses of €910m (2018: €299m) and excess interest capacity of €342m (2018: €153m) available for offset against future profits.

A deferred tax asset has been recognized in respect of €652m (2018: €140m) of such losses and €241m (2018: €nil) of excess interest capacity. This is in respect of losses arising in the current period in entities in the US which are expected to have future taxable profits against which these losses can be offset, losses brought forward in entities which are utilizing their brought-forward losses each year, and losses in respect of the head of the German fiscal group which should be available for future offset against the future taxable profits of the consolidated fiscal group.

No deferred tax asset has been recognized in respect of the remaining €258m (2018: €159m) of losses or €101m (2018: €153m) of excess interest capacity as there are restrictions in place against these losses such that it is not considered probable that there will be future taxable profits available against which to offset them. It is also not considered probable that there will be interest capacity in the foreseeable future to enable these amounts to be utilized. Losses may be carried forward indefinitely.

No deferred tax liabilities have been recorded with respect to investments in subsidiaries and joint ventures as any unremitted earnings may be repatriated tax free.

24. LEASES

Right of use assets	Land and buildings €m	Vehicles €m	Total €m
Cost			
At January 1, 2019	776	2	778
Additions	**75**	**1**	**76**
Recognition on acquisition of subsidiaries	**599**	**12**	**611**
Exchange differences	**8**	**—**	**8**
At December 31, 2019	**1,458**	**15**	**1,473**
Accumulated depreciation			
At January 1, 2019	—	—	—
Charge for the year	**(111)**	**(2)**	**(113)**
Impairment charge for the year	**(35)**	**—**	**(35)**
At December 31, 2019	**(146)**	**(2)**	**(148)**
Carrying amount			
At December 31, 2019	**1,312**	**13**	**1,325**
At January 1, 2019	776	2	778

The Group leases land and buildings and vehicles. The average lease term on a weighted average is 26 years.

The Group's obligations under leases are secured by the lessors' title to the leased assets.

Details of the impairment recognized in the year are set out in note 5.

Approximately 8% of the leases for land and buildings expired in the current financial year. Of these expired contracts, 54% were replaced by new leases for identical underlying assets. This resulted in additions to right of use assets of €12m in 2019.

Lease liabilities	Total €m
At January 1, 2019	(666)
Additions	**(69)**
Interest expense	**(53)**
Payments	**127**
Recognition on acquisition of subsidiaries	**(608)**
Exchange differences	**10**
At December 31, 2019	**(1,259)**

Lease liabilities	2019 €m
Maturity analysis:	
Year ended December 31	
2020	**147**
2021	**143**
2022	**136**
2023	**130**
2024	**121**
Onwards	**993**
Less: un-earned interest	**(411)**
	1,259
Analyzed as:	
Non-current	**1,118**
Current	**141**
	1,259

24. LEASES CONTINUED

The Group does not face a significant liquidity risk with regard to its lease liabilities.

	€m
Amounts recognized in profit and loss	
Depreciation expense on right of use assets	**(113)**
Interest expense on lease liabilities	**(53)**
Expense relating to short-term leases	**(4)**
Expense relating to leases of low-value assets	**(2)**
Expense relating to variable lease payments not included in the measurement of the lease liability	**(42)**

At December 31, 2019, the Group is committed to €1m for short-term leases.

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 stores. The breakdown of lease payments for these stores is as follows.

	2019 €m
Fixed payments	**(33)**
Variable payments	**(42)**
Total payments	**(75)**

The total cash outflows for leases amount to €127m.

The Group does not have any restrictions or covenants imposed by leases.

25. TRADE AND OTHER PAYABLES

	2019 €m	2018 €m
Trade payables	**(637)**	(468)
Amounts due to related parties (note 37)	**(29)**	(2)
Social security and other taxes	**(317)**	(307)
Accrued expenses	**(387)**	(305)
Deferred income	**(49)**	(38)
Other payables	**(79)**	(23)
Transfer to disposal group classified as held for sale	**—**	298
	(1,498)	(845)

The balances are analyzed as follows:

	2019 €m	2018 €m
Current	**(1,458)**	(795)
Non-current	**(40)**	(50)
	(1,498)	(845)

The average credit period taken for trade purchases is 9 days (2018: 20 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.

Accrued expenses principally comprise invoices to be received from suppliers, rent payable and employee-related costs. Other payables include deferred revenue of €4m (2018: €5m) representing customer loyalty points which have not yet expired or been redeemed and €2m (2018: €9m) of guarantees received from customers.

26. PROVISIONS

	Note	Property €m	Unfavorable contract €m	Other €m	Total €m
At December 31, 2018		(191)	—	(105)	(296)
Transfer to IFRS 16 right of use asset	24	—	—	27	27
At January 1, 2019		(191)	—	(78)	(269)
Transfer from disposal group classified as held for sale	8	**(9)**	**—**	**—**	**(9)**
On acquisition of subsidiary	34	**(99)**	**(281)**	**(65)**	**(445)**
Additional provision in the year		**(5)**	**—**	**(15)**	**(20)**
Utilization of provision		**19**	**14**	**30**	**63**
Release of provision		**1**	**—**	**10**	**11**
Unwind of discount		**(1)**	**—**	**—**	**(1)**
Change in discount rate		**(8)**	**—**	**—**	**(8)**
Exchange differences		**(2)**	**1**	**(4)**	**(5)**
At December 31, 2019		**(295)**	**(266)**	**(122)**	**(683)**

The balances are analyzed as follows:

	2019 €m	2018 €m
Current	**(74)**	(26)
Non-current	**(609)**	(270)
	(683)	(296)

Property provisions

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, 2019: €167m; 2018: €92m)**
  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 utilized in the medium to long term.
- **Environmental restoration (December 31, 2019: €110m; 2018: €88m)**
  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 recognized 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 utilized in the medium to long term.
- **Debranding (December 31, 2019: €10m; 2018: €8m)**
  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 utilized in the medium to long term.
- **Dilapidations (December 31, 2019: €8m; 2018: €3m)**
  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 utilized in the medium to long term.

26. PROVISIONS CONTINUED

Other provisions

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, 2019: €40m; 2018: €29m)**
  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 utilized in the medium to long term.
- **Onerous contracts (December 31, 2019: €27m; 2018: €33m)**
  The amount provided represents onerous contracts in which the unavoidable costs resulting from the entity meeting its contractual obligations exceed the economic benefits expected to be received under that contract. Amounts provided for are based on the cost of fulfilling the terms of the contract. The provision is expected to be utilized in the medium to long term.
- **Retailer/dealer contract premiums (December 31, 2019: €20m; 2018: €30m)**
  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.
- **Unfavorable contracts (December 31, 2019: €266m; 2018: €Nil)**
  The amount provided represents unfavorable contracts acquired through business combinations in which the business was committed to a contract with less favorable 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 utilized in the medium to long term.
- **Other (December 31, 2019: €35m; 2018: €13m)**
  The Group has a number of other smaller provisions which make up this total balance. This balance includes items such as expected costs for the Group's committed restructuring activity, insurance excess reserves, and real estate transfer taxes.

27. SHARE CAPITAL

	Number of shares	€
Authorized, issued and fully paid: ordinary shares of £1 each		
At December 31, 2018	1,911	2,501
Issue of shares	**100**	**116**
At December 31, 2019	**2,011**	**2,617**

The Company has one class of ordinary shares, which carry no right to fixed income. An issue of shares during 2019 occurred on October 21, 2019.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

28. SHARE PREMIUM ACCOUNT

	Share premium €m
Balance at December 31, 2018	1,587
Premium arising on issue of equity shares	**400**
Balance at December 31, 2019	**1,987**

The share premium account arose on issue of ordinary shares on January 29, 2016 for consideration of €883m and a further issue of ordinary shares on November 17, 2016 for consideration of €704m. On October 21, 2019, the Group issued 100 ordinary shares for consideration of €400m.

29. 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 Euro Garages Jersey Limited by EG Group Limited. In the case of the Group, the merger reserve represents the difference between the fair value and the nominal value of the share capital issued by EG Group Limited.

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 Euros, are recognized directly in the translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are also included in the translation reserve.

	Translation reserve €m
Balance at December 31, 2018	(63)
Exchange differences on translating the net assets of foreign operations	24
Balance at December 31, 2019	**(39)**

30. NOTES TO THE CASH FLOW STATEMENT

	2019 €m	2018 €m
Cash flows from operating activities		
Loss for the year	**(129)**	(150)
Adjustments for:		
Share of profit of equity accounted investments	**(1)**	(1)
Finance income	**(7)**	(12)
Finance costs	**496**	392
Income tax expense/(credit)	**47**	(10)
Loss on disposal of property, plant and equipment	**2**	4
Gain on disposal of business	**(154)**	—
Depreciation of property, plant and equipment and right of use asset	**418**	199
Amortization of intangible assets	**75**	63
Impairment of property, plant and equipment and right of use asset	**89**	—
Goodwill adjustment	**15**	—
Decrease in provisions	**(38)**	(42)
Operating cash flows before movements in working capital	**813**	**443**
Changes in working capital		
Increase in inventories	**(48)**	(28)
(Increase)/decrease in receivables	**(191)**	2
Increase in payables	**73**	7
Cash generated by operations	**647**	**424**
Income taxes paid	**(37)**	(44)
Net cash from operating activities	**610**	**380**

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.

30. NOTES TO THE CASH FLOW STATEMENT CONTINUED

Analysis of changes in net debt

2019	January 1, 2019 €m	Financing cash flow[1] €m	Non-cash movements: Acquisition of subsidiary €m	Non-cash movements: New leases €m	Non-cash movements: Exchange movements €m	Non-cash movements: Other non-cash movements[2] €m	December 31, 2019 €m
Bank loans	(5,080)	(35)	—	—	(76)	(10)	(5,201)
Secured loan notes	—	(2,905)	—	—	(2)	47	(2,860)
Revolving credit facilities	(259)	(102)	—	—	—	—	(361)
Bank overdrafts	(45)	25	—	—	—	—	(20)
Lease liabilities[3]	(666)	127	(608)	(69)	10	(53)	(1,259)
Total liabilities arising from financing activities	(6,050)	(2,890)	(608)	(69)	(68)	(16)	(9,701)
Cash and bank balances	269	87	—	—	13	—	369
Net debt	(5,781)	(2,803)	(608)	(69)	(55)	(16)	(9,332)

2018	January 1, 2018 €m	Financing cash flow[1] €m	Non-cash movements: Acquisition of subsidiary €m	Non-cash movements: New leases €m	Non-cash movements: Exchange movements €m	Non-cash movements: Other non-cash movements[2] €m	December 31, 2018 €m
Bank loans	(1,610)	(3,851)	—	—	304	77	(5,080)
Revolving credit facilities	(59)	(200)	—	—	—	—	(259)
Bank overdrafts	(40)	(5)	—	—	—	—	(45)
Finance lease liabilities[3]	(2)	—	—	—	—	1	(1)
Total liabilities arising from financing activities	(1,711)	(4,056)	—	—	304	78	(5,385)
Cash and bank balances	172	95	—	—	2	—	269
Net debt	(1,539)	(3,961)	—	—	306	78	(5,116)

(1) Financing cash flows consist of the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement for borrowings, and lease repayments for lease liability movements

(2) Other non-cash movements relate to additions to capitalized borrowing fees in the year offset by amortization of borrowing fees, in 2019 the unwind of discounting on lease liabilities, and in 2018 the transfer of finance lease liabilities to assets held for sale

(3) Due to adoption of IFRS 16 on January 1, 2019, the 2019 reconciliation shows all lease liabilities, whereas the prior year equivalent to December 31, 2018 treats only finance lease liabilities as borrowings

Balances at December 31, 2019 comprise:

	Non-current assets €m	Current assets €m	Current liabilities €m	Non-current liabilities €m	Total €m
Cash and bank balances	—	369	—	—	369
Borrowings	—	—	(435)	(8,007)	(8,442)
Lease liabilities	—	—	(141)	(1,118)	(1,259)
Net debt	—	369	(576)	(9,125)	(9,332)

31. COMMITMENTS AND CONTINGENCIES

Capital commitments

Capital commitments are due to the acquisition or renewal of new highway stations and concessions. As a result of these acquisitions, the Group has an obligation to undertake specified constructions and refurbishment for these locations. The commitment as at December 31, 2019 is €41m (2018: €105m).

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 duration of these contracts range from one to five years. The total volume of these purchase commitments over the remaining contract duration is 36,048m liters (2018: 29,440m liters). The fuel price at the time of purchase is not in excess of current market prices and reflects normal business operations.

Contingent liabilities

The Group recognizes provisions for liabilities when it is more likely than not that a settlement will be required and the value of such a payment can be reliably estimated. On review of ongoing matters at the reporting date, management have concluded that all such claims other than those that are provided for are remote, and accordingly contingent liabilities have not been recognized. Contingent liabilities identified through business combinations are recognized on the balance sheet as provisions in accordance with IFRS 3.

Subsidiary audit exemptions

The following wholly owned subsidiary undertakings, consolidated into the Group financial statements for the year ended December 31, 2019, are exempt from the requirements for the audit of individual accounts by virtue of Section 479A to the Dutch Civil Law Section 403 and the Italian civil code article 27 of Legislative Decree 127/91. Information on the countries of incorporation, registered offices and principal activities are detailed in note 18.

Name	Company number
EG Holdings B.V.	66527198
EG Europe B.V.	60737719
EG Retail B.V.	60757124
EG (Benelux) B.V.	34271801
EG Retail (Netherlands) B.V.	24031986
EG Services (Netherlands) B.V.	27068921
EG Fuels (Kampen Terminal) B.V.	05085655
EG Fuels (Logistics) B.V.	05054898
EG (France) B.V.	50707043
EG (Italy) B.V.	69518998
EG (Germany) B.V.	70043086
EG Dutch Finco B.V.	70742618
NRGValue Branding Nederland B.V.	68338120
NRGValue Retail Nederland B.V.	61694673
NRGValue Tankstations Nederland B.V.	64380610
A.J.J. Hermes B.V.	16065280
GB3 Limited	05147753
Urban Origin Limited	08201483

EG Group Limited will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial year ended December 31, 2019 in accordance with Section 479A to the Dutch Civil Law Section 403, Section 477 of the Companies Act 2006 in England, and the Italian civil code article 27 of Legislative Decree 127/91.

32. 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:

	2019 €m	2018 €m
Balance sheet obligations for:		
Defined benefit plan	**(31)**	(24)
Jubilee premium plan	**(3)**	(3)
Long service award	**(22)**	–
Transfer to disposal group classified as held for sale	**–**	1
Liability in the balance sheet	**(56)**	(26)
Income statement charge:		
Defined benefit plan	**(2)**	(1)
Defined contribution plan	**(15)**	(5)
Jubilee premium plan	**(1)**	(1)
	(18)	(7)

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 recognized in the consolidated balance sheet represents the present value of the obligation at the reporting date. The long service award for financial year ended December 31, 2019 represents amounts acquired within the acquisitions of Cumberland Farms and Fuelco.

Defined benefit schemes

Following the acquisition of EFR in November 2016 and Echo Tankstellen GmbH and Retail Operating Company GmbH in October 2018, the Group now operates the following long-term employee benefit plans for its working and retired personnel: retirement benefit plan, jubilee benefits for long years of service and bridge pension plan for employment terminated before the normal retirement date.

The Group operates five defined benefit plans (2018: five), one for employees in Belgium, three for employees in the Netherlands and one for employees in Germany. Employee contributions are required regarding the defined benefit plan.

In Belgium the defined benefit plan is subject to the Belgian law and is insured by AG Insurance. The pension plan is an annuity plan, which also provides an option for a lump sum payment at the retirement age based on the average salary. These arrangements are typical in the Belgian market. The plan in Belgium is funded. If the plan assets are below the legal minimum funding requirement, the employer is obliged to make an immediate contribution to the plan. The legal requirement is based on a 6% interest rate and the mortality table. The investments are governed by the insurer, who oversees all investment decisions.

In the Netherlands, the defined benefit plans are subject to Dutch law and are insured by Aegon Levensverzekering N.V. and Nationale-Nederlanden Levensverzekering Maatschappij N.V. One of the defined benefit plans is a final pay plan, which provides benefits to members in the form of annuities based on final salary. The other defined benefit plans are average pay plans, which provide benefits to members in the form of annuities based on average salary. The annuity arrangements are typical in the Dutch market and are required by Dutch law. After retirement or withdrawal, pensions are indexed conditionally with inflation. All of the plans in the Netherlands are funded. The plan assets are governed by the insurer, who also bears the risks and responsibility of the plan assets – overseeing all investment decisions and guaranteeing the accrued benefits in the case of a deficit position of the scheme.

In Germany, the defined benefit plan is unfunded. Members are eligible to receive life-long benefit payments in case of death, disability and when reaching normal retirement age. The amount of benefits depends mainly on the length of service and final salary of the plan members, while the exact details of the pension benefits vary based on the employee's date of hire. Benefit payments will be paid directly from the Company.

The risks of the Group in the Netherlands are limited to pension increases and transfer of value. In Belgium an additional risk for the Group arises if the plan assets are below the legal minimum funding requirement. This requirement does not exist for the Group's plans in the Netherlands. In Germany, as the plans are unfunded, the Group bears the risks of longevity, future salary increases, inflation (pension increases) and interest risk.

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, 2019 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:	**2019**	2018
Discount rate (%)	**1.5**	2.2
Expected rate of salary increase (%)	**—**	—
Future inflation (%)	**1.7**	1.8
Average age of active participants (years)	**49.1**	49.1
Average service of active participants (years)	**19.5**	19.5
Average longevity at retirement age for current pensioners (years)		
Male	**22.1**	22.1
Female	**24.5**	22.1
Average longevity at retirement age for current employees (future pensioners) (years)	**24.5**	24.5
Male	**24.7**	24.7
Female	**26.9**	26.9

The principal assumptions used for the purposes of the Belgium actuarial valuations were as follows:

Key assumptions used:	**2019**	2018
Discount rate (%)	**1.5**	2.2
Expected rate of salary increase (%)	**2.0**	2.0
Future inflation (%)	**1.7**	1.8
Average age of active participants (years)	**52.0**	52.0
Average service of active participants (years)	**24.0**	23.0
Average longevity at retirement age for current pensioners (years)		
Male	**20.5**	20.5
Female	**24.1**	24.1
Average longevity at retirement age for current employees (future pensioners) (years)		
Male	**20.5**	20.5
Female	**24.1**	24.1

32. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED

Defined benefit schemes continued

The principal assumptions used for the purposes of the Germany actuarial valuations were as follows:

Key assumptions used:	**2019**	2018
Discount rate (%)	**1.5**	2.2
Expected rate of salary increase (%)	**3.0**	3.0
Future inflation (%)	**—**	—
Average age of active participants (years)	**49.0**	47.9
Average service of active participants (years)	**21.0**	19.7
Average longevity at retirement age for current pensioners (years)		
Male	**20.1**	20.1
Female	**23.6**	23.6
Average longevity at retirement age for current employees (future pensioners) (years)		
Male	**23.5**	23.5
Female	**26.4**	26.4

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement schemes is as follows:

2019

€m	**Belgium**	**Netherlands**	**Germany**	**Total**
Present value of defined benefit obligations	**5.3**	**8.8**	**27.2**	**41.3**
Fair value of plan assets	**(1.1)**	**(8.8)**	**—**	**(9.9)**
Net liability arising from defined benefit obligation	**4.2**	**—**	**27.2**	**31.4**

2018

€m	Belgium	Netherlands	Germany	Total
Present value of defined benefit obligations	4.6	7.4	20.9	32.9
Fair value of plan assets	(1.2)	(7.4)	—	(8.6)
Net liability arising from defined benefit obligation	3.4	—	20.9	24.3

Movements in the present value of defined benefit obligations in the year were as follows:

2019

€m	**Belgium**	**Netherlands**	**Germany**	**Total**
Opening defined benefit obligation	**(4.6)**	**(7.4)**	**(20.9)**	**(32.9)**
Current service cost	**(0.1)**	**—**	**(1.0)**	**(1.1)**
Interest cost	**(0.1)**	**(0.2)**	**(0.5)**	**(0.8)**
Remeasurement losses/(gains):				
Actuarial gains and losses arising from changes in financial assumptions	**(0.7)**	**(1.3)**	**(4.5)**	**(6.5)**
Actuarial gains and losses arising from experience adjustments	**—**	**—**	**(0.3)**	**(0.3)**
Benefits paid	**0.2**	**0.1**	**—**	**0.3**
Closing defined benefit obligation	**(5.3)**	**(8.8)**	**(27.2)**	**(41.3)**

2018 €m	Belgium	Netherlands	Germany	Total
Opening defined benefit obligation	(6.0)	(7.6)	—	(13.6)
Arising on acquisition	—	—	(18.8)	(18.8)
Current service cost	(0.2)		(0.2)	(0.4)
Interest cost	(0.1)	(0.1)	(0.1)	(0.3)
Remeasurement losses/(gains):				
Actuarial gains and losses arising from changes in demographic assumptions	0.5	0.1	—	0.6
Actuarial gains and losses arising from changes in financial assumptions	0.1	0.1	(1.6)	(1.4)
Actuarial gains and losses arising from experience adjustments	0.8	—	(0.2)	0.6
Benefits paid	0.3	0.1	—	0.4
Closing defined benefit obligation	(4.6)	(7.4)	(20.9)	(32.9)

Movements in the fair value of plan assets in the year were as follows:

2019 **€m**	**Belgium**	**Netherlands**	**Germany**	**Total**
Opening fair value of plan assets	**1.2**	**7.4**	**—**	**8.6**
Interest income	**—**	**0.2**	**—**	**0.2**
Remeasurement gain	**0.1**	**1.3**	**—**	**1.4**
Benefits paid	**(0.2)**	**(0.1)**	**—**	**(0.3)**
Closing fair value of plan assets	**1.1**	**8.8**	**—**	**9.9**

2018 €m	Belgium	Netherlands	Germany	Total
Opening fair value of plan assets	1.8	7.6	—	9.4
Interest income	—	0.1	—	0.1
Remeasurement gains	(0.3)	(0.2)	—	(0.5)
Benefits paid	(0.3)	(0.1)	—	(0.4)
Closing fair value of plan assets	1.2	7.4	—	8.6

The major categories and fair values of plan assets at the end of the reporting year for each category are as follows:

2019 **€m**	**Belgium**	**Netherlands**	**Germany**	**Total**
Assets held by insurance companies	**1.1**	**8.8**	**—**	**9.9**

2018 €m	Belgium	Netherlands	Germany	Total
Assets held by insurance companies	1.2	7.4	—	8.6

The average duration of the defined benefit obligations at the end of the reporting year is 24.7 years (2018: 23.4 years) relating to active, deferred and retired members.

The Group expects to make a contribution of €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.

32. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED

Sensitivity analyses

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior periods.

If the discount rate was 25bps higher/(lower) the defined benefit obligation would decrease/(increase) by €2.2m/(€2.0m).

If the expected salary growth increases/(decreases) by 0.25%, the defined benefit obligation would (increase)/decrease by (€1.0m)/€1.0m.

33. FINANCIAL INSTRUMENTS

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 maximizing the return to shareholders through the optimization of the debt and equity balance and sustaining the future development of the business.

The capital structure of the Group consists of net debt (borrowings disclosed in notes 22 and 30 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings as disclosed in notes 27 to 29). The Group is not subject to any externally imposed capital requirements.

The Board can manage the Group's capital structure by diversifying the debt portfolio, recycling capital through sale and leaseback transactions and flexing capital expenditure. Part of the Group's capital risk management is to monitor a broad range of financial metrics and ensure compliance with the general covenants included in the Group's various borrowing facilities. There have been no breaches of financial covenants in the financial year ended December 31, 2019 or December 31, 2018.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Gearing ratio

The gearing ratio at the year end is as follows:

	2019 €m	2018 €m
Debt	**(9,701)**	(5,385)
Cash and cash equivalents	**369**	269
Net debt	**(9,332)**	(5,116)
Equity	**646**	356
Net debt to equity ratio	**1,445%**	1,437%

Debt is defined as long and short-term borrowings (excluding derivatives and financial guarantee contracts but including lease liabilities) as detailed in note 22.

Equity includes all capital and reserves of the Group that are managed as capital.

Categories of financial instruments

	2019 €m	2018 €m
Financial assets		
At amortized cost		
Cash and bank balances	**369**	269
Trade and other receivables (excluding prepayments)	**523**	410
Investments at fair value through OCI	**2**	1
Fair value through profit and loss ("FVTPL") – mandatorily measured		
Forward fuel contracts	**2**	—
	896	680
Financial liabilities		
At amortized cost		
Borrowings (excluding finance lease liabilities)	**(8,442)**	(5,384)
Finance lease liabilities	**—**	(2)
Trade and other payables (excluding social security and other taxes)	**(1,152)**	(806)
Lease liabilities	**(1,259)**	—
Fair value through profit and loss ("FVTPL") – mandatorily measured		
Interest rate swaps	**(2)**	(4)
	(10,855)	(6,196)

Financial risk management objectives

Risks facing the Group include market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize 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 minimize the effects of these risks by using derivative financial instruments (interest rate swaps or forward exchange contracts) to hedge certain risk exposures.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Forward foreign exchange contracts to hedge the exchange rate risk arising on purchase of fuel in US Dollars by European subsidiaries
- Interest rate swaps to mitigate the risk of rising interest rates

The Group has not applied cash flow hedge accounting on forward foreign exchange contracts.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

33. FINANCIAL INSTRUMENTS CONTINUED

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:

2019	**Euro €m**	**US Dollar €m**	**GBP €m**	**AUD €m**	**Total €m**
Cash and cash equivalents	**17**	**—**	**—**	**—**	**17**
Trade and other receivables	**—**	**13**	**—**	**—**	**13**
Trade and other payables	**(13)**	**(38)**	**—**	**—**	**(51)**
Borrowings	**(3,730)**	**(1,850)**	**—**	**(4)**	**(5,584)**
Balance sheet exposure	**(3,726)**	**(1,875)**	**—**	**(4)**	**(5,605)**

2018	Euro €m	US Dollar €m	GBP €m	AUD €m	Total €m
Cash and cash equivalents	26	—	—	—	26
Trade and other receivables	—	2	—	—	2
Trade and other payables	—	(27)	(7)	—	(34)
Borrowings	(2,288)	(458)	—	—	(2,746)
Balance sheet exposure	(2,262)	(483)	(7)	—	(2,752)

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro in relation to the servicing of Euro-denominated debt held by subsidiaries with a GBP functional currency, the servicing of US$-denominated debt held by subsidiaries with a Euro functional currency and the US Dollar liabilities in relation to fuel purchases by European subsidiaries with a Euro functional currency.

The following table details the Group's sensitivity to a 10% increase and decrease in GBP against the Euro and the Euro against the US Dollar. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the functional currency strengthens 10% against the relevant foreign currency. For a 10% weakening of the functional currency against the relevant foreign currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Income statement		Equity	
	2019 €m	2018 €m	**2019 €m**	2018 €m
10% change	**566**	285	**566**	285

In management's opinion, a change in exchange rate of 10% of the Euro against GBP, US Dollars 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 Euro against GBP at year end would have an impact of €10m on equity, a 10% change in Euro against US Dollars at year end would have an impact of €43m on equity, and a 10% change in Euro against Australian Dollars at year end would have an impact of €38m 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. The risk is managed through the use of interest rate swap contracts.

Interest rate swap contracts

Under interest rate swap contracts, the Group exchanges the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the earnings and cash flow risk of changing interest rates on the variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Outstanding receive floating pay fixed contracts

	Average contract fixed interest rate		Notional principal value		Fair value	
	2019 %	2018 %	**2019 €m**	2018 €m	**2019 €m**	2018 €m
Less than 1 year	**—**	1.76	**—**	280	**—**	(1)
1 to 2 years	**—**	—	**—**	—	**—**	—
2 to 5 years	**—**	—	**—**	—	**—**	—
5 years +	**5.5**	5.5	**15**	15	**(2)**	(3)
			15	295	**(2)**	(4)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months LIBOR/EURIBOR. The Group will settle the difference between the fixed and floating interest rate on a net basis.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the interest rate exposure for both derivative and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared on the assumption that the liability outstanding at the balance sheet date was outstanding for the full year. A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year would be impacted as follows:

	2019 €m	2018 €m
Variable rate borrowings	**46**	55
	46	55

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 €523m (2018: €405m), reflecting its maximum exposure to credit risk. These receivables are normally settled when due and are spread across a number of counterparties so the likelihood of material losses arising as a result of this exposure is considered insignificant for the reasons set out below.

The Group's trade receivable balances comprise a number of individually small amounts from unrelated customers, over a number of geographical areas. Concentration of risk is therefore limited.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties, taking into account the financial position of customers, past experience and other factors, are continuously monitored.

The Group has no significant concentration of credit risk. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

33. FINANCIAL INSTRUMENTS CONTINUED

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.

	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, 2019						
Non-derivative financial liabilities:						
Trade and other payables	**(1,152)**	**(1,145)**	**(7)**	**—**	**—**	**(1,152)**
Lease liabilities	**(1,259)**	**(147)**	**(143)**	**(136)**	**(1,244)**	**(1,670)**
Fixed interest rate instruments	**(2,984)**	**(187)**	**(187)**	**(517)**	**(3,078)**	**(3,969)**
Variable interest rate instruments	**(5,456)**	**(421)**	**(313)**	**(3,478)**	**(2,119)**	**(6,331)**
	(10,851)	**(1,900)**	**(650)**	**(4,131)**	**(6,441)**	**(13,122)**
December 31, 2018						
Non-derivative financial liabilities:						
Trade and other payables	(1,106)	(1,065)	(39)	—	(2)	(1,106)
Finance lease liability	(2)	(1)	(1)	(1)	—	(3)
Fixed interest rate instruments	(200)	(18)	(18)	(35)	(217)	(288)
Variable interest rate instruments	(5,184)	(355)	(218)	(630)	(5,318)	(6,521)
	(6,492)	(1,439)	(276)	(666)	(5,537)	(7,918)

Liquidity risk tables

The above tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates or foreign exchange rates as illustrated by the yield curves existing at the reporting date.

	Carrying amount €m	1 year or less €m	1 to <2 years €m	2 to <5 years €m	5+ years €m	Total contractual cash flows €m
2019						
Net settled:						
Interest rate swaps	**(2)**	**—**	**—**	**(2)**	**—**	**(2)**
Forward fuel contracts	**2**	**2**	**—**	**—**	**—**	**2**
	—	**2**	**—**	**(2)**	**—**	**—**
2018						
Net settled:						
Interest rate swaps	(4)	(4)	—	—	—	(4)
	(4)	(4)	—	—	—	(4)

FINANCING FACILITIES

	2019 €m	2018 €m
Secured bank overdraft facility, reviewed annually and payable at call:		
– amount used	**20**	45
– amount unused	**39**	5
	59	50
Secured revolving credit facilities maturing in 2022:		
– amount used	**361**	259
– amount unused	**50**	151
	411	410
Secured term loan facilities maturing in 2023:		
– amount used	**5,201**	5,080
– amount unused	**—**	—
	5,201	5,080
Secured loan notes:		
– amount used	**2,860**	—
– amount unused	**—**	—
	2,860	—
Letter of credit facility maturing in 2022:		
– amount used	**417**	—
– amount unused	**155**	385
	572	385

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)

.

33. 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		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	December 31, 2019	December 31, 2018				
1) Fuel purchase forwards	**Assets – €2m** **Liabilities –€nil**	Assets – €nil 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
2) Interest rate swaps	**Assets – €nil** **Liabilities – €2m**	Assets – €nil Liabilities – €4m	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
3) Unquoted equity shares at FVTOCI[1]	**Assets – €1m** **Liabilities – €nil**	Assets – €1m Liabilities – €nil	Level 3	Discounted cash flow. Future cash flows are estimated using an income-based approach and discounted at the Group's weighted average cost of capital ("WACC").	Discount rate and future cash flow forecasts	A 1% increase/(decrease) in the discount rate would result in a decrease/(increase) in fair value of €nil

[1] The unquoted equity shares at FVTOCI financial asset included under Level 3 related to the Group's non-controlling interest in Multi Tank Card B.V. in the Netherlands

FAIR VALUE MEASUREMENTS RECOGNIZED IN THE BALANCE SHEET

	Fair value hierarchy as at December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	€m	**€m**	**€m**	**€m**
Unquoted equity shares at FVTOCI				
Derivative financial assets	**—**	**2**	**—**	**2**
Unquoted equities	**—**	**—**	**2**	**2**
Total	**—**	**2**	**2**	**4**
Financial liabilities at FVTPL				
Derivative financial liabilities	**—**	**(2)**	**—**	**(2)**
Total	**—**	**(2)**	**—**	**(2)**

	Fair value hierarchy as at December 31, 2018			
	Level 1	Level 2	Level 3	Total
	€m	€m	€m	€m
Unquoted equity shares at FVTOCI				
Unquoted equities	—	—	1	1
Total	—	—	1	1
Financial liabilities at FVTPL				
Derivative financial liabilities	—	(4)	—	(4)
Total	—	(4)	—	(4)

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.

33. FINANCIAL INSTRUMENTS CONTINUED

Fair value measurements continued

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

	Financial assets at fair value €m
Balance at December 31, 2018	1
Total gains or losses:	
– in other comprehensive income	**1**
Balance at December 31, 2019	**2**

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate to their fair values.

	Carrying value		Fair value	
	2019 €m	2018 €m	**2019 €m**	2018 €m
Financial assets				
Financial assets held at amortized cost:				
– loans to related parties	**64**	58	**64**	58
– trade and other receivables	**458**	347	**458**	347
– guarantee deposits	**3**	5	**3**	5
Total	**525**	410	**525**	410
Financial liabilities				
Financial liabilities held at amortized cost:				
– borrowings	**(8,442)**	(5,384)	**(8,610)**	(5,520)
– loans from related parties	**—**	(2)	**—**	(2)
– trade and other payables	**(1,152)**	(1,104)	**(1,152)**	(1,104)
Financial lease payable	**—**	(2)	**—**	(2)
Lease liabilities	**(1,272)**	—	**(1,272)**	—
Total	**(10,866)**	(6,492)	**(11,034)**	(6,628)

34. BUSINESS COMBINATIONS

2019 acquisitions

AUSTRALIA

On April 1, 2019, the Group acquired 100% of the share capital of the Woolworths petrol business ('Fuelco'), comprising 537 fuel c-stores sites across Australia. The acquisition forms part of the Group's core growth strategy and enabled the Group to enter the Australian and Asia-Pacific market.

Fair value of assets and liabilities

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The finalization of the fair value of the acquired assets and liabilities is now complete.

	Note	€m
Property, plant and equipment	i.	**343**
Intangible assets	ii.	**265**
Right of use assets	iii.	**423**
Deferred tax asset		**264**
Inventories		**65**
Cash and cash equivalents		**9**
Trade and other receivables		**7**
Trade and other payables		**(121)**
Provisions	iv.	**(374)**
Deferred tax liabilities		**(223)**
Lease liabilities	iii.	**(423)**
Total identifiable assets		**235**
Goodwill	v.	**837**
Total consideration		**1,072**
Satisfied by:		
Cash		**1,072**
Net cash outflow arising on acquisition:		
Cash consideration		**(1,072)**
Less: cash and cash equivalent balances acquired		**9**
		(1,063)

i) The fair value of the acquired property, plant and equipment was determined following an external valuation

ii) The fair value of intangible assets of €265m relates to the Woolworths trademark and non-contractual customer acquisitions

iii) Represents the fair value of lease right of use assets and lease liabilities on acquisition

iv) Represents provisions for obligations to dismantle or restore leased sites, environmental remediation obligations and an onerous customer loyalty program

v) The goodwill arising on acquisition of €837m reflects the Group's core growth strategy and desire for further geographical diversification. There are also significant synergies available between the Group and acquired entities. None of the goodwill is expected to be deductible for income tax purposes

Transaction costs of €36m relating to stamp duty, professional and legal fees have been recognized as administrative expenses in the income statement. These have been separately presented as exceptional costs as detailed in note 3.

The results of the Australia business have been consolidated from April 1, 2019, contributing €2.2bn of revenue and €36m loss after tax between the date of acquisition and December 31, 2019.

34. BUSINESS COMBINATIONS CONTINUED

2019 acquisitions continued

FASTRAC

On July 1, 2019 the Group completed the acquisition of the trade and assets which constitute a business of Fastrac Markets, LLC, comprising their 71 site network in the US for purchase consideration of €240m ($273m). The acquisition forms part of the Group's core growth strategy and enabled the Group to further expand into the North American market.

Fair value of assets and liabilities

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The finalization of the fair value of the acquired assets and liabilities is now complete.

	Note	€m
Property, plant and equipment	i.	**89**
Intangible assets	ii.	**2**
Right of use assets	iii.	**2**
Inventories		**6**
Trade and other receivables		**1**
Lease liabilities	iii.	**(2)**
Trade and other payables		**(1)**
Provisions		**(3)**
Total identifiable assets		**94**
Goodwill	iv.	**146**
Total consideration		**240**
Satisfied by:		
Cash		**240**
Net cash outflow arising on acquisition:		
Cash consideration		**(240)**
Less: cash and cash equivalent balances acquired		**–**
		(240)

i) The fair value of the acquired property, plant and equipment was determined following an external valuation

ii) The fair value of intangible assets includes €2m relates to the acquired trade name of 'Fastrac' reflecting the future economic benefit expected to be realized

iii) Represents the fair value of lease right of use assets and lease liabilities on acquisition

iv) The goodwill arising on acquisition of €146m reflects Group's core US growth strategy and desire to further enhance our presence in the North American market. There are also significant synergies available between the Group and acquired entities. None of the goodwill is expected to be deductible for income tax purposes

Transaction costs of €1m relating to professional and legal fees have been recognized as administrative expenses in the income statement. These have been separately presented as exceptional costs as detailed in note 3.

The results of the Fastrac business have been consolidated from July 1, 2019, contributing €184m of revenue and €7m profit after tax between the date of acquisition and December 31, 2019.

CERTIFIED OIL

On August 1, 2019, the Group completed the acquisition of 100% of the share capital of Certified Oil Company, Inc. for total consideration of €146m ($163m). The company owns and operates 69 sites in the USA. The acquisition forms part of the Group's core growth strategy and enabled the Group to further expand into the North American market.

Fair value of assets and liabilities

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. The exercise to determine the fair value of the acquired assets and liabilities is now complete.

	Note	€m
Property, plant and equipment	i.	**40**
Intangible assets	ii.	**2**
Right of use assets	iii.	**4**
Inventories		**7**
Cash and cash equivalents		**1**
Trade and other receivables		**6**
Lease liability	iii.	**(4)**
Trade and other payables		**(14)**
Provisions	iv.	**(2)**
Total identifiable assets		**40**
Goodwill	v.	**106**
Total consideration		**146**
Satisfied by:		
Cash		**139**
Contingent consideration		**7**
Total		**146**
Net cash outflow arising on acquisition:		
Cash consideration		**(139)**
Less: cash and cash equivalent balances acquired		**1**
		(138)

i) The fair value of the acquired property, plant and equipment was determined following an external valuation

ii) The fair value of intangible assets includes €2m relates to the acquired trade name of 'Certified Oil', reflecting the future economic benefit expected to be realized

iii) Represents the fair value of lease right of use assets and lease liabilities on acquisition

iv) Represents provisions for obligations to dismantle or restore leased sites and environmental remediation obligations

v) The goodwill arising on acquisition of €106m reflects the Group's core US growth strategy and desire to further enhance our presence in the North American market. There are also significant synergies available between the Group and acquired entities. None of the goodwill is expected to be deductible for income tax purposes

Transaction costs of €1m relating to professional and legal fees have been recognized as administrative expenses in the income statement. These have been separately presented as exceptional costs as detailed in note 3.

The results of the business have been consolidated from August 1, 2019, contributing €89m of revenue and €1m of profit after tax between the date of acquisition and December 31, 2019.

34. BUSINESS COMBINATIONS CONTINUED

2019 acquisitions continued

CUMBERLAND FARMS

On October 22, 2019, the Group completed the acquisition of 100% of the share capital of Cumberland Farms, Inc in the US for €2,058m ($2,291m). Cumberland Farms, Inc operates approximately 567 Grocery & Merchandise stores and fuel stations across seven north-east states and Florida. The acquisition forms part of the Group's core USA growth strategy and enabled the Group to further expand into the North American market.

Fair value of assets and liabilities

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.
The exercise to determine the fair value of the acquired assets and liabilities is complete, however this will continue to be reviewed within the twelve-month post-acquisition measurement period and therefore remains provisional at the date of approval of these financial statements.

	Note	€m
Property, plant and equipment	i.	**930**
Intangible assets	ii.	**313**
Right of use assets	iii.	**182**
Inventories		**113**
Cash and cash equivalents		**124**
Trade and other receivables	iv.	**32**
Derivatives		**2**
Assets held for sale		**11**
Deferred tax liabilities		**(230)**
Trade and other payables		**(145)**
Provisions	v.	**(66)**
Lease liabilities	iii.	**(179)**
Income tax liability		**(1)**
Total identifiable assets		**1,086**
Goodwill	vi.	**972**
Total consideration		**2,058**
Satisfied by:		
Cash		**2,058**
Net cash outflow arising on acquisition:		
Cash consideration		**(2,058)**
Less: cash and cash equivalent balances acquired		**124**
		(1,934)

i) The fair value of the acquired property, plant and equipment was determined following an external valuation

ii) The fair value of intangible assets includes €313m relates to the acquired trade name and intangible software

iii) Represents the fair value of lease right of use assets and lease liabilities on acquisition

iv) The fair value of the acquired receivables is equal to the gross contractual amounts receivable

v) Represents provisions for obligations to dismantle or restore leased sites and environmental remediation obligations

vi) The goodwill arising on acquisition of €972m reflects the Group's core US growth strategy and desire to further enhance our presence in the North American market. There are also significant synergies available between the Group and acquired entities. None of the goodwill is expected to be deductible for income tax purposes

Transaction costs of €4m relating to professional and legal fees have been recognized as administrative expenses in the income statement. These have been separately presented as exceptional costs as detailed in note 3.

The results of the Cumberland Farms business have been consolidated from October 22, 2019, contributing €690m of revenue and €13m of profit after tax between the date of acquisition and December 31, 2019.

2019 other acquisitions

PAUL MAHIEU

On February 15, 2019, the Group completed the acquisition of all shares of Paul Mahieu NV, comprising four trading sites in Belgium. As part of this acquisition, net assets of €2m were acquired for consideration of €4m, generating goodwill of €2m.

URBAN ORIGIN LIMITED (‘GB3’)

On March 8, 2019, the Group completed the acquisition of all shares of Urban Origin Limited, an IT consultancy business in the United Kingdom. As part of this acquisition, net assets of €0.3m were acquired for consideration of €1m, generating goodwill of €1m.

EAST EARL

On April 10, 2019, the Group completed the acquisition of the trade and assets of a single c-store site in East Earl, Pennsylvania, US. As part of this acquisition, net assets of €3m were acquired for consideration of €5m, generating goodwill of €2m.

Had all of the 2019 acquisitions taken place at the start of the financial year, the consolidated revenue would have been €24,019m and consolidated profit after tax would have been €74m.

2018 acquisitions

In 2018, the Group completed acquisitions in Italy, the Netherlands, the US (Kroger C-Store and Minit Mart) and Germany.

Provisional fair values of identifiable assets and liabilities for the NRG, US Kroger, US Minit Mart and Germany acquisitions were reported in the financial statements for the year ended December 31, 2018. In respect of the NRG and US Kroger acquisitions, in finalizing the fair value of identifiable assets and liabilities, no changes have been made to the provisional fair values.

In finalizing the fair value of identifiable assets and liabilities of the German acquisition and Minit Mart, the following updates have been made to the provisional fair values, within the twelve-month measurement period:

GERMANY

For the Germany acquisition, the exercise to determine the fair value of the acquired assets and liabilities is now complete. A measurement period adjustment of €16m was recognized in the prior year ended December 31, 2018, being recognition of €9m of income in 2018 post acquisition and a €7m provision for onerous leases existing at acquisition. Accordingly, the total goodwill recognized has increased by €16m to €397m.

	Note	€m
Property, plant and equipment		242
Intangible assets		228
Inventories		58
Cash and cash equivalents		73
Trade and other receivables	i.	179
Deferred tax assets		120
Trade and other payables		(168)
Deferred tax liabilities		(91)
Employee benefit obligations		(19)
Provisions	i.	(59)
Total identifiable assets		563
Goodwill	i.	397
Total consideration		960
Satisfied by:		
Cash		960
Net cash outflow arising on acquisition:		
Cash consideration		(960)
Less: cash and cash equivalent balances acquired		73
		(887)

i) The fair values have been updated following the finalization of the previously restated provisional balances acquired. As these changes have been identified within the remeasurement period, under IFRS 3 the reported balance sheet for December 31, 2018 has been restated to reflect these changes. See note 35

34. BUSINESS COMBINATIONS CONTINUED

2018 acquisitions continued

MINIT MART

For the US Minit Mart acquisition the exercise to determine the fair value of the acquired assets and liabilities is now complete. The finalization of the fair values relate primarily to an €80m reduction in fair value of property, plant and equipment below book value. This has resulted in recognition of a €52m goodwill balance on acquisition, the reversal of the €31m of negative goodwill recognized as an exceptional gain in the prior year, and recognition of an associated tax credit of €10m.

Accordingly, the total goodwill recognized has increased to €52m.

	Note	€m
Property, plant and equipment	i.	248
Intangible assets	i.	5
Inventories		22
Cash and cash equivalents		1
Trade and other receivables		1
Trade and other payables		(33)
Provisions	i.	(6)
Total identifiable assets		238
Goodwill	i.	52
Total consideration		290
Satisfied by:		
Cash		290
Net cash outflow arising on acquisition:		
Cash consideration		(290)
Less: cash and cash equivalent balances acquired		1
		(289)

i) The fair values have been updated following the finalization of the previously reported provisional balances acquired. As these changes have been identified within the remeasurement period, under IFRS 3 the reported balance sheet for December 31, 2018 has been restated to reflect these changes. See note 35

35. FINALIZATION OF ACQUISITION ACCOUNTING AND ADJUSTMENT TO PROVISIONAL AMOUNTS WITHIN THE MEASUREMENT PERIOD

On completion of the purchase price accounting for the 2018 acquisitions of Germany and Minit Mart, management identified a number of adjustments. In accordance with IFRS 3, the December 31, 2018 position has been restated as below.

German acquisition

Restatements within the German acquisition include recognition of €9m of income previously recognized as part of the consideration (during the completion of the purchase price accounting this item was concluded as being separate to consideration and therefore has been revised to be recognized as revenue), and a €7m provision for onerous leases existing at acquisition. This has resulted in recognition of additional goodwill of €16m at December 31, 2018.

Minit Mart acquisition

Within Minit Mart, adjustments identified on completion of the purchase price accounting relate primarily to an €80m reduction in fair value of property, plant and equipment below book value. This has resulted in the recognition of a €52m goodwill balance on acquisition, the reversal of the €31m exceptional income recognized on negative goodwill in 2018, and an associated tax credit of €10m.

	December 31, 2018			
	As previously reported €m	Minit Mart Adjustment (in-year impact) €m	Germany Adjustment (in-year impact) €m	As revised €m
Consolidated income statement				
Cost of sales	(10,512)	—	9	(10,503)
Exceptional items (excluding finance costs)	(57)	(31)	—	(88)
Operating profit	242	(31)	9	220
Loss before taxation	(138)	(31)	9	(160)
Loss after taxation	(138)	(21)	9	(150)
Consolidated statement of other comprehensive income				
(Loss)/gain for the year	(138)	(21)	9	(150)
Exchange differences on translation of foreign operations	(2)	—	—	(2)
Other comprehensive expense for the year	(2)	—	—	(2)
Total comprehensive loss for the year	(140)	(21)	9	(152)
Consolidated balance sheet				
Goodwill	2,557	52	16	2,625
Other intangible assets	544	5	—	549
Property, plant and equipment	2,937	(80)	—	2,857
Trade and other payables	(45)	(5)	—	(50)
Provisions for other liabilities and charges	(286)	(3)	(7)	(296)
Deferred tax liabilities	(351)	10	—	(341)
Retained earnings	32	(21)	9	20
Consolidated statement of changes in equity				
Retained earnings				
Balance at January 1, 2018	169	—	—	169
Loss for the year	(138)	(21)	9	(150)
Other reserve movements	1	—	—	1
Balance at December 31, 2018	32	(21)	9	20

36. POST BALANCE SHEET EVENTS

COVID-19

The impact of COVID-19 is considered to represent a non-adjusting post balance sheet event as at December 31, 2019. For further information on the potential future impact of COVID-19, refer to the Co-Chief Executive Officers' statement within the strategic report.

Given these events are of such significance, further explanation of the impact of increased volatility of assumptions on sensitivities presented in the financial statements are given below.

IMPAIRMENT OF GOODWILL AND OTHER NON-CURRENT ASSETS

Refer to notes 3 and 15 for details of the Group's impairment methodology, impairment losses and reversals, net carrying value of goodwill, and key assumptions and sensitivity analysis. As at December 31, 2019, indicators observable at the balance sheet date have been factored into the Group's impairment testing of goodwill.

From mid-March, we experienced the impact of COVID-19 on fuel volumes across the Group as governments and customers took measures to contain the spread of the virus. A gradual recovery of volumes commenced from May as lockdown restrictions were eased, and this is expected to continue through the second half of 2020. Except for the temporary closure of our UK Foodservice outlets from the end of March which have all reopened except for 14 outlets which are expected to reopen in the near term.

PENSION DEFICIT

It is too early to assess the impact of COVID-19 upon the Group's long-term life expectancy assumptions but any impact is expected to be immaterial to the Group. The fair value of plan assets is expected to be volatile in the short term due to uncertain market conditions.

36. POST BALANCE SHEET EVENTS CONTINUED

COVID-19 continued

FINANCIAL RISKS

The interest rate and foreign exchange rate sensitivity assumptions in note 33 have been reviewed in light of the latest market data. Utilizing both historic and current market data since the balance sheet date, management have concluded that the sensitivities (1% and 10% respectively) remain valid in the current economic environment.

DEFERRED TAX ASSET RECOGNITION

Deferred tax assets can only be recognized to the extent it is probable there will be future taxable profits. Subsequent to the balance sheet date, the Group has reviewed the current impact of COVID-19 on those future taxable profits and concluded that there is no material impact.

Acquisitions from The Herbert Group

On March 10, 2020 in line with the Group's strategy to expand its Foodservice offering, the Group acquired the largest KFC franchise in the UK & Ireland from the Belfast-headquartered, The Herbert Group. The acquisition consists of 145 KFC restaurants and one Pizza Hut site. As part of the acquisition of 100% of the share capital of a number of subsidiaries from Herbert Corporate Holdings Limited, provisional net assets of €43m were acquired for consideration of €154m. At the date of approval of these financial statements, due to the proximity of the acquisition to the reporting date, a fair value exercise has not yet been completed, and so these values remain provisional.

Additional funding

On March 10, 2020 the Group successfully completed a financing exercise, securing the necessary additional term loan funding for the 2020 acquisition from the Herbert Group. The Group secured additional €158m term loan funding.

Presentational currency change

From January 1, 2020 the Group has changed the presentational currency from Euros to US Dollars. This is to better align with the Group's operations, which generate an increasingly significant proportion of revenue and profit in US Dollars, and is expected to reduce the volatility of foreign exchange rate movements. All future financial statements will be reported in US Dollars, and in line with IAS 1, the change will be made retrospectively for all comparative periods.

37. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures are disclosed below.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Sale of goods/services		Purchase of goods/services	
	2019 €m	2018 €m	**2019 €m**	2018 €m
De Pooter Olie B.V.	**14**	17	**(1)**	(1)
Petroleum Products Storage & Transport Company S.A.	**—**	—	**—**	(1)
Depot Petrolier de Lyon S.A.S.	**1**	1	**(1)**	(1)
Clearsky 1 LP and Clearsky 2 LP	**—**	—	**(2)**	(1)
Monte Blackburn Limited	**—**	—	**(1)**	—
Total	**15**	18	**(5)**	(4)

In addition to those in the table above, an amount of €0.3m (2018: €0.3m) was payable in total to M Issa and Z Issa (Directors of the Company) relating to property lease costs.

Goods are sold based on the price list in force and terms that would be available to third parties. Sale of services are negotiated with related parties on a cost-plus basis. Goods and services are bought from related parties on normal commercial terms and conditions.

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	2019 €m	2018 €m	**2019 €m**	2018 €m
De Pooter Olie B.V.	**–**	–	**–**	–
Petroleum Products Storage & Transport Company S.A.	**1**	1	**–**	–
Clearsky 1 LP	**5**	2	**–**	–
Clearsky 2 LP	**8**	37	**–**	–
Optima Bidco (Jersey) Limited	**50**	18	**–**	(2)
M Issa and Z Issa	**–**	–	**(29)**	–
Total	**64**	58	**(29)**	(2)

De Pooter Olie B.V., Petroleum Products Storage & Transport Company S.A. and Depot Petrolier de Lyon S.A.S. are 50% joint ventures of the Group, to whom the Group provide fuel supplies. The receivable from Petroleum Products Storage & Transport Company S.A. has arisen from sale transactions and are due one month after the date of sales.

Optima Bidco (Jersey) Limited ("OBJ") is the ultimate parent Company of the Group. The Group has provided a loan at rates comparable to the average commercial rate of interest. Amounts receivable from Optima Bidco (Jersey) Limited include €30m in respect of a dividend declared by Optima Bidco (Jersey) Limited which was partly settled with cash from the bank accounts of EG Finco Limited, a subsidiary of EG Group Limited.

Clearsky 1 LP is a partnership in which the controlling parties are also Directors of the Group. Purchases from Clearsky 1 LP in the year are for the provision of commercial transport for the Group at arm's length rates. Amounts owed by Clearsky 1 LP to the Group are for a short-term loan, repayable on demand.

Clearsky 2 LP is a partnership in which the controlling parties are also Directors of the Group. Amounts owed by Clearsky 2 LP to the Group are for a short-term loan, repayable on demand.

The receivables are unsecured in nature, and unless otherwise stated, bear no interest. No guarantees have been given or received and no provisions have been made for doubtful debts in respect of the amounts owed by related parties. The payables to related parties are from purchase transactions for services due one month after the date of purchase. The payables from purchase transactions are unsecured and bear no interest.

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.

	2019	2018
Number of Directors	**2**	2

	2019 €m	2018 €m
Short-term employee benefits	**3.7**	3.4

Highest paid Director

	2019 €m	2018 €m
Short-term employee benefits	**0.6**	1.1

No Directors or key management personnel are members of the Group's defined benefit pension scheme (2018: none). No Directors are members of money purchase schemes (2018: none).

No dividends were paid in the year in respect of ordinary shares held by the Company's Directors (2018: €nil). A €30m dividend was declared by Optima Bidco (Jersey) Limited and partly settled with cash from the bank accounts of EG Finco Limited, a subsidiary of EG Group Limited.

COMPANY BALANCE SHEET

As at December 31, 2019

	Notes	**2019 £m**	2018 £m
Non-current assets			
Investment in subsidiaries	6	**2,305**	1,212
Net assets		**2,305**	1,212
Equity			
Share capital	7	**—**	—
Share premium account	7	**1,558**	1,212
Retained earnings		**747**	—
Total equity		**2,305**	1,212

The Company's profit for the year was £747m (2018: £nil).

The notes on pages 128 and 129 form part of these financial statements.

The financial statements of EG Group Limited (registered number 09826582) were approved by the Board of Directors and authorized for issue. They were signed on its behalf by:

Mohsin Issa

Co-Chief Executive Officer

July 31, 2020

COMPANY STATEMENT OF CHANGES IN EQUITY

As at December 31, 2019

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at December 31, 2017 and December 31, 2018	—	1,212	—	1,212
Issue of share capital	—	346	—	346
Profit for the year	—	—	747	747
Balance at December 31, 2019	**—**	**1,558**	**747**	**2,305**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended December 31, 2019

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 Euro House, The Beehive Trading Park, Haslingden Road, Blackburn, Lancashire, BB1 2EE.

2. BASIS OF PREPARATION

The separate financial statements of the Company have been prepared on the historical cost basis, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and are presented as required by the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group accounts.

The Company's financial statements are presented in Pounds Sterling, its functional currency, rounded to the nearest million.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented an income statement or a statement of comprehensive income for the Company alone.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Financial guarantees of subsidiary obligations

The Company has provided financial guarantees in respect of the borrowings of certain subsidiaries. These are accounted for under IFRS 4 (rather than IFRS 9) as the Company regards such contracts as insurance for the lender against default by the borrower.

4. CRITICAL 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 recognized 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 critical accounting judgements applied in preparation of the Company's financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investments

The carrying amounts of the Company's investments are reviewed at each reporting date to determine whether there is any indication of impairment in accordance with the accounting policy set out in note 3 of the consolidated financial statements. Note 15 in the consolidated financial statements details the assumptions used together with an analysis of the sensitivity to changes in key assumptions.

5. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITOR'S REMUNERATION

There were no employees other than the Directors during the current year (2018: none). None of the Directors received any emolument in respect of their services as Directors of the Company.

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	
On December 31, 2018	1,212
Acquisition of new shares in subsidiaries	**346**
Capital contributions into subsidiaries	**747**
On December 31, 2019	**2,305**

Details of the Company's direct subsidiaries at December 31, 2019 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
EG Finco Limited	UK	100	100
EG AsiaPac Limited	UK	100	100
EG Global Finance Plc	UK	100	100

All direct subsidiaries are holding companies.

The investments in subsidiaries are all stated at cost.

The above subsidiaries are registered at Euro House, The Beehive Trading Park, Haslingden Road, Blackburn, Lancashire, BB1 2EE.

The list of the Company's subsidiary undertakings is provided in note 18 to the consolidated financial statements.

7. SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

The movements on these accounts are disclosed within notes 27 and 28 to the consolidated financial statements. The movements in the Group financial statements are presented in Euros, rather than Sterling in the Company financial statements.

8. 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 Midco Limited, a company incorporated in Great Britain, registered at Euro House, Beehive Trading Park, Haslingden Road, Blackburn, BB1 2EE, United Kingdom.

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, 2019.

APMs are not uniformly defined by all companies, including those in the Group's industry, and consequently the APMs used by the Group may not be comparable with similarly titled measures or disclosures made by other companies. APMs should be considered in addition to, and not as a substitute for, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

Purpose

The Group uses APMs to improve the comparability of information between reporting periods and business units, either by adjusting for uncontrollable factors or special items which impact upon IFRS measures, or by aggregating measures, to aid the users of the Annual Report in understanding the activity taking place across the Group.

Their use is driven by characteristics particularly relevant to the EG Group:

- Adjustments to operating profit – the Group has a significant fixed asset base and consequently incurs a high proportion of depreciation and amortization. APMs are used to provide adjusted measures for users of the financial statements to evaluate our operating performance and our ability to incur and service our indebtedness.
- Transactional activity – the Group is in a growth phase in its lifecycle and has made significant acquisitions in the current and previous reporting periods. Consequently, a high volume of transaction, restructuring and financing costs are incurred within the Group which do not reflect its underlying business. APMs are used to provide an adjusted measure for users of the financial statements to consider performance after such items.
- Interest cost – the Group is proportionately highly funded by debt when compared to other businesses in its industry and/or of similar size. APMs are used to provide an adjusted measure for users of the financial statements to consider performance before interest costs.
- IFRS 16 transition – the Group applied a modified retrospective approach to the adoption of IFRS 16, and prior period results were not restated to show an equivalent result under IFRS 16. Certain of the Group's financial covenants are assessed on a fixed GAAP basis under IAS 17. APMs are used for covenant calculations and to provide information to users of the accounts which is more readily comparable with that presented in previous periods.

Consequently, APMs are used by the Board and management for planning and reporting. APMs are also referred to in the Group's covenant calculations and debt facility arrangements. The measures are also used in discussions with investors in the Group's secured notes and credit ratings agencies.

FINANCIAL APMs

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustments
Income statement			
Adjusted operating profit	Loss for the year	• Exceptional items	• Excluded certain items due to their size and nature to aid comparability
Adjusted EBITDA	Loss for the year	• Depreciation and amortization • Exceptional items • Tax • Net finance costs	• Exceptional items excluded due to their size and nature to aid comparability
Adjusted EBITDA before IFRS 16	Loss for the year	• Depreciation and amortization • Exceptional items • Tax • Net finance costs • Estimated lease costs under IAS 17 legacy accounting standard	• Exceptional items excluded due to their size and nature to aid comparability • Include expenses which would have been presented in previous periods to aid comparability
Pro forma revenue	Revenue	• Estimated revenue for acquired businesses in the pre-acquisition period	• Include estimated annualized performance for acquired businesses to improve comparability to future periods and facilitate performance forecasting
Pro forma adjusted EBITDA before IFRS 16	Loss for the year	• Depreciation and amortization • Exceptional items • Tax • Net finance costs • Estimated lease costs under IAS 17 legacy accounting standard • Estimated operating profit, exceptional (costs)/income, depreciation and amortization for acquired businesses in the pre-acquisition period	• Exceptional items excluded due to their size and nature to aid comparability • Include estimated annualized performance for acquired businesses to improve comparability to future periods and facilitate performance forecasting • Excluded certain items due to their size and nature to aid comparability
Balance sheet			
Net debt before lease liabilities	Borrowings less cash	• Borrowings • Cash	• Excluded certain items due to their size and nature to aid comparability
Combined			
Covenant leverage	Borrowings less cash divided by loss for the year	• Depreciation and amortization • Exceptional items • Estimated operating profit, exceptional (costs)/income, depreciation and amortization for acquired businesses in the pre-acquisition period	• Included estimated annualized performance and estimated annualized integration synergies for acquired businesses to improve comparability to future periods and facilitate performance forecasting • Exceptional items excluded due to their size and nature to aid comparability

Adjusted operating profit – includes the Group's operating profit, less exceptional items. A reconciliation to loss for the year, the closest equivalent IFRS measure to Adjusted operating profit, is provided on page 31 of the financial review.

Adjusted EBITDA – is defined as the Group's loss after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortization added back. A reconciliation to loss after tax, the closest equivalent IFRS measure to Adjusted EBITDA, is provided on page 31 of the financial review.

Adjusted EBITDA before IFRS 16 – includes the Group's loss after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortization added back, and estimated lease costs under IAS 17 deducted. A reconciliation to loss for the year, the closest equivalent IFRS measure to Adjusted EBITDA before IFRS 16, is provided on page 31 of the financial review.

FINANCIAL APMS CONTINUED

Pro forma revenue – includes the Group's revenue, plus estimated revenue of acquired businesses in the pre-acquisition period, (including businesses acquired post year end but prior to approval of the financial statements). A reconciliation to revenue, the closest equivalent IFRS measure to pro forma revenue, is provided below:

	2019 €m
Revenue	**20,018**
Estimated revenue from acquisitions in 2019 in the period pre-acquisition	**4,001**
Estimated revenue for 2019 from acquisitions completed in 2020	**213**
Pro forma revenue	**24,232**

Pro forma adjusted EBITDA before IFRS 16 – includes the Group's loss after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortization added back, and estimated lease costs under IAS 17 deducted, plus estimated equivalent results of acquired businesses in the pre-acquisition period. A reconciliation to loss after tax, the closest equivalent IFRS measure to Adjusted EBITDA before IFRS 16, is provided below:

	2019 €m	2018 €m
Loss after tax	**(129)**	(150)
Tax	**47**	(10)
Net finance cost	**489**	380
Profit on disposal	**(154)**	—
Operating profit	**253**	220
Exceptional (costs)/income (note 5)	**164**	88
Add depreciation	**305**	199
Add IFRS 16 depreciation	**113**	—
Add amortization	**75**	63
Impact of IFRS 16 on EBITDA	**(140)**	—
Estimated EBITDA from acquisitions in the period pre-acquisition	**253**	149
Estimated synergies from acquisitions	**334**	174
Pro forma adjusted EBITDA before IFRS 16	**1,357**	893

Net debt before lease liabilities – includes the Group's current and non-current borrowings, less the Group's cash. A reconciliation to cash and borrowings, the closest equivalent IFRS measures to net debt before lease liabilities, is provided below:

	2019 €m	2018 €m
Cash	**369**	269
Borrowings	**(8,442)**	(5,385)
Finance lease liabilities presented within borrowings	**—**	1
Net debt before lease liabilities	**(8,073)**	(5,115)

Covenant leverage – includes the Group's net debt before lease liabilities (as defined above), adjusted for certain items set out in the covenant agreement, 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:

	2019 €m	2018 €m
Pro forma adjusted EBITDA before IFRS 16 (see above)	**1,357**	893
Net debt before lease liabilities (see above)	**(8,073)**	(5,115)
Adjustments to net debt per covenant agreement	**34**	29
Covenant adjusted net debt	**(8,039)**	(5,086)
Covenant leverage	**5.9**	5.7

The non-IFRS measures have limitations as an analytical tool 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:

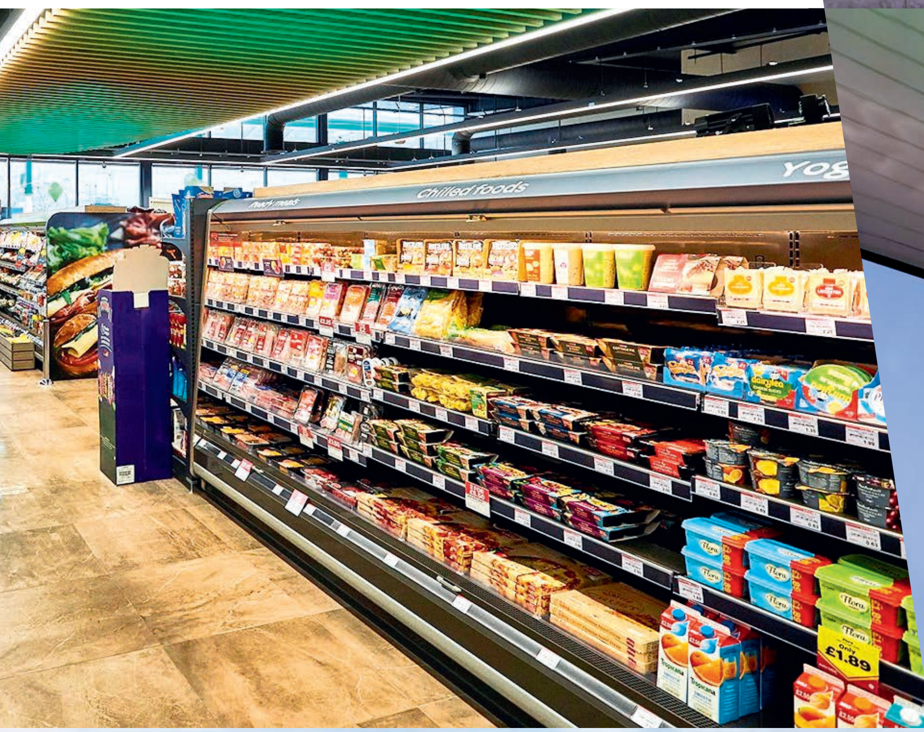
- They do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments
- They do not reflect changes in, or cash requirements for, our working capital needs
- They do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt
- They do not reflect our tax expenses or the cash that we 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 amortization are non-cash charges, the assets being depreciated and amortized 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

EG Group

Global Headquarters and Support Centre
Euro House, Beehive Trading Park, Haslingden Road,
Blackburn, BB1 2EE, United Kingdom

Registered in England and Wales
Company Number: 09826582

www.eurogarages.com



EG Group Annual Report 2019