

WHO WE ARE

EG GROUP IS ONE OF THE WORLD'S LEADING INDEPENDENT CONVENIENCE RETAILERS, WITH AN EXTENSIVE NETWORK OF SITES ACROSS TEN INTERNATIONAL MARKETS.

Founded in 2001 by the Issa family with the acquisition of a single site in the UK and with the help of colleagues, customers, brand partners and stakeholders, the Group has grown into the internationally renowned business it is today.

Always at the forefront of innovative forecourt trading, EG Group provides excellent service and quality products at our well maintained, multi-purpose, convenient locations.

OUR VALUES

We are committed to continue to work with our colleagues, customers and local communities to ensure we are all best placed to combat the recent inflationary pressures.



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



Awareness and commercial responsiveness to consumer trends and demands



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



Delivering value and results consistently to stakeholders

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HIGHLIGHTS AND KPIs

FINANCIAL

Revenue (\$m)⁽¹⁾

2022	30,616
2021	26,420
2020	21,463

Gross profit (\$m)

2022	4,353
2021	4,096
2020	3,607

Operating profit (\$m)⁽²⁾

2022	477
2021	626
2020	696

(Loss)/profit before tax (\$m)

(258)	2022
	2021
207	
(167)	2020

Adjusted EBITDA (\$m)⁽³⁾

2022	1,591
2021	1,660
2020	1,443

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

2022	1,356
2021	1,429
2020	1,248

Net debt before lease liabilities (\$m)

2022	(9,679)
2021	(9,601)
2020	(9,001)

Leverage⁽⁵⁾

2022	6.0x
2021	6.1x
2020	6.0x

NON-FINANCIAL

Fuel volume (bn litres)

2022	17.6
2021	17.7
2020	18.1

Number of sites^(6,7)

2022	6,612
2021	6,322
2020	6,000

Employee numbers⁽⁶⁾

2022	56,647
2021	53,000
2020	44,771

New-to-industry sites opened

2022	31
2021	30
2020	34

⁽¹⁾ Revenue is presented for information purposes only, as revenue is not a comparable KPI for the business due to the impact of wholesale fuel pricing on reported fuel revenues. Additionally, revenue in the first few months of 2022 and in the comparative periods was impacted by the COVID-19 pandemic, which impacted site footfall due to travel restrictions across some of the regions in which EG operates

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

⁽³⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 163

⁽⁴⁾ Adjusted EBITDA is stated before the impact of IFRS 16. Please refer to the APM section from page 163

Leverage is presented as the ratio between total net debt before lease liabilities to pro forma Adjusted EBITDA before IFRS 16, which includes an estimate to reflect the full-year Adjusted EBITDA of mid-year acquisitions, the annualised benefit of new sites opened and synergies expected to be realised. Please refer to the APM section from page 163

⁽⁵⁾ As at December 31, 2022 (and at December 31, 2021 for the comparative period), and excludes any acquisitions that have been announced as at December 31, 2022

⁽⁶⁾ Total number of sites comprises of 5,829 PFS locations and 783 standalone Foodservice/Grocery & Merchandise locations. Across these sites are 1,916 Foodservice outlets

CHAIRMAN'S STATEMENT



GIVEN THE GROUP'S GLOBAL FOOTPRINT AND GROWTH TRAJECTORY, BEST PRACTICE GOVERNANCE HAS NEVER BEEN MORE IMPORTANT

Lord Stuart Rose

This past year has been one of progress for EG Group and I would like to, first and foremost, thank our Co-CEOs for their leadership in delivering a resilient performance. This came despite challenging macroeconomic conditions, with geopolitical factors impacting global economies and driving elevated input costs, and volatile fuel prices creating a challenging operating environment.

I would also like to recognise, as ever, the massive contribution of our global colleagues, who have been vital in helping the business continue to outperform across all its markets.

FURTHER PROGRESS ON GOVERNANCE

Today, we employ more than 56,000 colleagues working in over 6,600 sites across the UK & Ireland, Europe, USA and Australia. The scale and international nature of the business requires good corporate governance, and over the year, this has continued to be a key focus of the Board. We continue to ensure that the Group has the right structures in place, reflecting the size of the business.

An important part of this focus has been having in place a talented management team, with the experience and ability to drive the business forward. That is why, in October 2022, we were delighted to promote Imraan Patel to Chief Strategy & Business Officer, following his appointment as Group General Counsel and Company Secretary in 2016. Imraan now plays a vital role in developing and executing the business's strategy and operations, and his promotion was a positive step for the whole Group.

Additionally, in September 2022, the Board was pleased to welcome Michael Bradley, who joined the Executive Management Team as Chief Financial Officer. Michael brings more than 25 years of experience to EG Group, having worked at board level across both the public and private sectors. His appointment represents a valuable addition to the business, and we have already seen the benefit of his experience.



ACTION ON ESG

Our commitment to being a responsible business means that we continue to evolve our work on ESG. We aim to report in line with good practice, and with that in mind, we published the Group's first ESG Report in 2022. This baselined our ESG performance and set out clear targets across three key areas: Planet, Colleagues and Communities. We will continue to measure and communicate our progress, so that we can demonstrate the steps we are taking on our ESG journey.

The business will continue to develop its reporting and is mindful of future requirements, including the UK's Task Force on Climate-Related Financial Disclosures, against which we have started to report in part for the first time this year, and the EU's Corporate Sustainability Reporting Directive. We look forward to reporting our progress against this over the coming years.

Developing our people is part of our DNA. In February 2022, we announced plans to create opportunities for approximately 500 apprentices over a three-year period, as part of our wider ongoing commitment to train and develop colleagues across the UK.

Opportunities are available at EG's head office in the UK, as well as at site level within Foodservice, Fuel and Grocery & Merchandise operations, allowing our apprentices to cover a wide range of disciplines and departments.

The goal is to provide individuals with the opportunity to develop their skills, behaviour and knowledge whilst gaining practical experience.

LAYING THE FOUNDATIONS FOR PRESENT AND FUTURE SUCCESS

We recognise that the world needs to limit global warming and we understand we have an important role to play in reducing emissions, as part of the energy transition to a lower-carbon future.

We continue to explore various alternative fuel solutions, leading to investments where they make sense in a disciplined and selective manner. In August 2022, we launched "evpoint", our proprietary branded ultra-fast EV charging proposition. This is an exciting development, and we are well placed to deliver the infrastructure to enable lower-carbon mobility for our customers. Additionally, we have committed to be net zero on our own operations by 2050.

There will be more challenges to come in 2023; cost of living pressures will continue to play a role, and economic recovery may not be even across markets. That said, I am confident that EG Group is ready to navigate these challenges, grasping the new opportunities that the coming months may bring, while continuing to adapt to our customers' needs.

Lord Stuart Rose

Chairman

May 10, 2023



CO-CHIEF EXECUTIVES' STATEMENT



OUR 56,647 COLLEAGUES, ACROSS OUR TEN GLOBAL MARKETS, CONTINUE TO DEMONSTRATE THEIR EXPERTISE, COMMITMENT AND PASSION FOR THE BUSINESS

Zuber Issa CBE & Mohsin Issa CBE

We had another successful year in 2022, thanks to the hard work of all colleagues. We made good strategic progress in all ten markets across Foodservice, Grocery & Merchandise and Fuel, leading to a good financial performance, which again saw us outperform the wider market.

RESILIENT PERFORMANCE

On a constant currency basis, the Group's Adjusted EBITDA before IFRS 16 increased by 1.9% to \$1.46bn for the full year to December 31, 2022, while total revenue rose by 25.1% to \$33.04bn, supported by the performance of all our three business teams and highly targeted acquisitions.

Over the last year we have continued to lead the market in serving significant numbers of customers on a daily basis across our multi-purpose sites, whether for essential grocery purchases, a cup of coffee, a hot meal with popular Foodservice brands, or filling up vehicles with petrol or alternative lower-carbon fuels.

Against a highly competitive backdrop across our markets, the performance of our Fuel business was robust, though this was to some extent offset by increasing overhead costs. We are encouraged by our ongoing trial of ultra-fast chargers and infrastructure, evpoint, in the UK, as part of our energy transition plans to lower-carbon fuels.

Our Foodservice business also continued to make good progress in 2022, reflecting our unparalleled offering and continuous innovation across our proprietary and popular third-party brands. Ongoing growth in Foodservice was supported by an increase in outlets globally, and 102 new openings in the year across the Group, reflecting our focused approach to capital investment.

The Grocery & Merchandise business performed well, benefiting from our strategic partnership with Asda in the UK, which we will continue to develop. Subsequent to the year end, we were pleased to reach a milestone by opening our 100th 'Asda On the Move' convenience store in February 2023.



INVESTMENT IN OUR OPERATIONS AND PEOPLE

To continue on an upward trajectory across geographies, we added 318 sites to our global estate in 2022, primarily driven by our completed acquisition from OMV of 285 forecourts in southern Germany in May 2022 – strengthening our European business.

As we have always done, we continue to offer colleagues extensive training and development opportunities. For instance, alongside our investment in apprenticeships, we launched the ‘Learning Hub’ for all UK colleagues, with plans to roll this out for colleagues in Europe in 2023. The ‘Learning Hub’ is an online resource centre, with the most extensive course library in the world, supporting every step of our colleagues’ careers.

From business skills to digital and leadership skills, the portal is accessible from any device 24/7, and makes learning free and accessible to our colleagues.

We are committed to maintaining the highest standards of health and safety utilising dedicated safety teams in each market, with our approach and performance regularly reviewed by the Board. All our PFS and FTG sites are subject to detailed internal and external audits with rigorous emergency response procedures in place relating to hazardous substances.

We continue to position EG for future growth, including the progress we continue to make to put in place a sustainable capital structure for the Group to underpin our long-term strategy.

PROGRESS TO PUT IN PLACE ROBUST CAPITAL STRUCTURE

At our Q3 trading update in November 2022, we stated management’s commitment to reducing total net leverage through debt reduction and free cash flow generation. We updated on our progress in Q1 2023, announcing the sale and leaseback on a portfolio of sites on the east coast of the United States of America to Realty Income Corporation, the global real estate investment bank, for a total consideration of approximately \$1.5bn, and the transaction is expected to complete during Q2 2023.

This attractive portfolio – which EG America will continue to operate and trade – comprised over 400 store assets under the Cumberland Farms, Fastrac, Tom Thumb and Sprint banners. Following completion of the transaction in Q2 2023, net proceeds will be used to repay debt and the business remains committed to a significant freehold underpin in the USA and globally.

We continue to have multiple potential levers to support our deleveraging options and we will continue to consider these on a selective basis where we believe they make financial sense and align with our strategic vision for the Group.

In addition, we completed the disposal of 26 non-core sites under the Minit Mart banner in the Group’s central USA portfolio for total gross proceeds of \$48m in Q2 2023, with no impact on the Group’s EBITDA.

PEOPLE ARE OUR GREATEST ASSET

Reflecting on our progress in 2022, we are well aware that none of this would be possible without our colleagues, and we would like to take this opportunity to sincerely thank them for their fantastic work, expertise and commitment, which we value on a daily basis.

Looking at the current financial year, we remain confident that EG is well positioned to continue to outperform the wider market, execute on our strategic objectives and take advantage of the opportunities that lie ahead.

Zuber Issa CBE & Mohsin Issa CBE

Co-Founders and Co-Chief Executive Officers

May 10, 2023



RESPONDING TO KEY MARKET FACTORS

INFLATION AND INCREASED COST OF LIVING

Macro economic and geopolitical factors continue to impact the economy, and with the cost of fuel, energy and raw materials rising significantly, people globally are facing significant increases in their household costs.

HOW WE ARE RESPONDING:

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

CONVENIENCE ON DEMAND

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

HOW WE ARE RESPONDING:

Through our 6,612 sites globally, we are well positioned to meet our customers' convenience needs, and we are focused on improving this even further through our digital strategy, which includes self-service kiosks and rapid delivery through Deliveroo and Uber Eats.



FOCUS ON SUSTAINABILITY

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

HOW WE ARE RESPONDING:

We are committed to minimising our environmental impact. During 2022, we undertook a materiality assessment to understand the most important ESG matters and to help formulate our ESG strategy focusing on the Planet, Colleagues and Communities. In our commitment to be net zero in our own operations by 2050, we seek to reduce our energy and water consumption on site, to manage waste responsibly, and have robust procedures to avoid serious environmental incidents. We operate a number of electric vehicle chargers across our sites and plan to continue to develop our mobility strategy which will include a significant increase in charging points in the future and consideration of other alternative fuels such as hydrogen. For further information regarding the rollout of EV chargers, please refer to page 31.

COMMUNITIES COMING TOGETHER

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

HOW WE ARE RESPONDING:

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



OUR BUSINESS MODEL

Delivering a best-in-class customer experience

Our purpose

We are a leading global independent convenience retailer with a diversified portfolio of over 6,600 sites⁽¹⁾ across three continents.

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

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

Our strategy

GROWTH

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

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

INNOVATION

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

FOODSERVICE

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

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

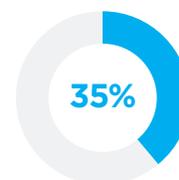
SITE NETWORK

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

[See our strategy on pages 10 to 13](#)

Our key business streams

GROCERY & MERCHANDISE



of Group gross profit⁽²⁾

[See page 14](#)

FOODSERVICE



of Group gross profit⁽²⁾

[See page 14](#)

FUEL



of Group gross profit⁽²⁾

[See page 15](#)

Our competitive advantage



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

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



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

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



Best-in-class owned and operated model

- Our directly managed, owned and operated site model gives control over quality, consistency, cost structures and pricing and allows us to execute our site optimisation and rollout strategy
- We develop strong brand partnerships and are viewed as a brand ambassador by our partners
- We are a leading independent global c-store operator with over 6,600 sites across ten countries in three continents, which makes us, by store numbers, the third largest independent c-store operator in the world

How we create value

FOR CUSTOMERS

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

FOR BRAND PARTNERS AND SUPPLIERS

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

FOR COLLEAGUES

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

FOR INVESTORS

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

FOR COMMUNITIES

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

[▶ For more information about how we engage with our stakeholders, see pages 24 to 27](#)

2022 outcomes

\$30.6bn

REVENUE

\$4.4bn

GROSS PROFIT

\$1.6bn

ADJUSTED EBITDA⁽¹⁾

318

NEW SITES (INCLUDING ACQUISITIONS)

\$0.5bn

CAPITAL EXPENDITURE

\$484m

GROWTH ACQUISITIONS

1.1bn

CUSTOMERS SERVED

⁽¹⁾ Site numbers are stated as at the year-end date and exclude any acquisitions that have completed or have been announced after December 31, 2022

⁽²⁾ Business stream gross profit for the Group presented as a percentage of Group total gross profit for 2022. The percentage represented by Grocery & Merchandise gross profit also includes other gross profit

⁽³⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 163

OUR STRATEGY

STRATEGY

Our strategy reflects our desire to build a sustainable business that is relevant to our customers and partners in future decades as it is today.

We recognise the sectors that we operate within are evolving, notably with an increased focus on sustainability and alternative fuel, and as a result we must similarly evolve. It is a source of pride for the business that often, in areas such as the provision of foodservice on forecourts, EG has been an innovator and disruptor to established forecourt business models.

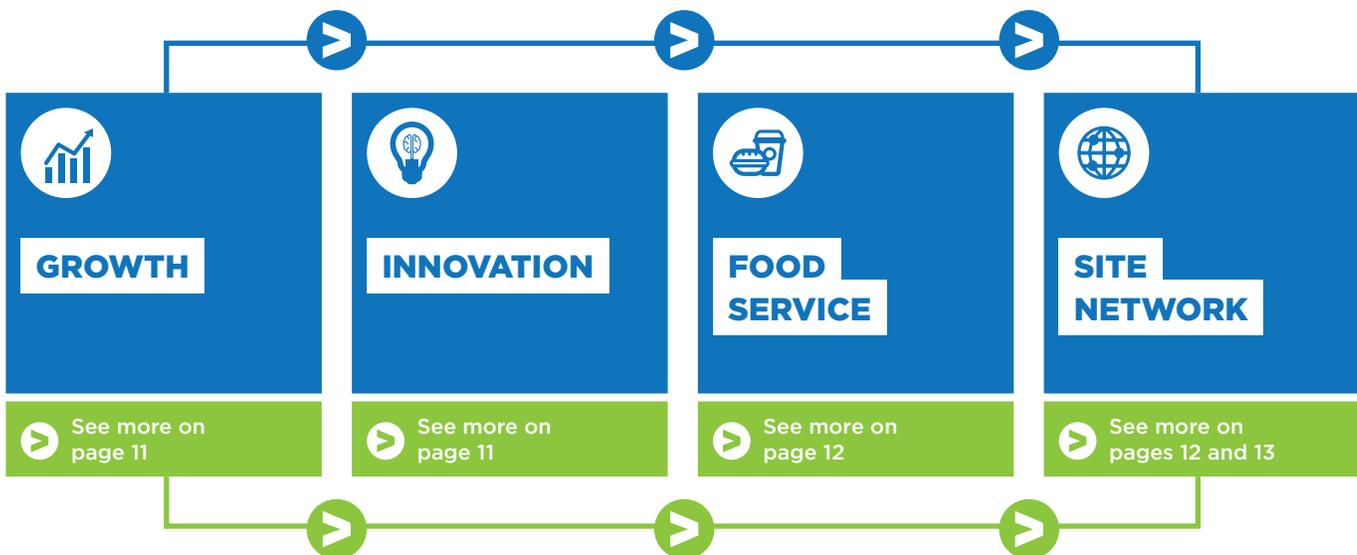
We are focused on developing a sustainable capital structure for the Group, through debt reduction and free cash flow generation. \$1.5bn is to be monetised through a sale and leaseback transaction of sites in our Eastern US site portfolio, with the size and scope of this transaction being carefully considered, representing only 15% of the Group's freehold estate. Our mid to long-term strategy remains consistent with that of prior years, with our four key strategic pillars.

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

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

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

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



GROWTH

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

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

We continue to see opportunities to grow, especially in the current environment, however we are ensuring we keep our discipline, in line with our financial policy, and are being increasingly selective when we consider inorganic opportunities.

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

We opened 31 NTI sites in 2022 (30 in 2021); almost half (13) of the sites were opened in the USA, with eight in the UK&I, seven in Australia and three opening in Continental Europe.

We have continued to grow our land bank to support future new site openings and expect to continue to roll out additional NTI sites across all of our regions.

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

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

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

During 2022 we undertook four KDRs (2021: four).

During the year, we completed the acquisition of OMV’s high-quality German forecourt business, consisting of 285 sites in Southern Germany, for a consideration of €495m (\$541m).

We also completed on a smaller KFC acquisition in Germany, which enhanced our growing Foodservice offering by seven sites, for €27m (\$33m).

INNOVATION

We continue to be innovative and forward-thinking with significant investments made to date in adapting to technological change.

This includes investment in EV charging stations, the development of IT capability to support evolving payment methods, and loyalty programmes.

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

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

EG Group has continued its rollout programme for EV chargers across the UK and some sites in Continental Europe. We now operate 470 electric charging points across 100 sites in the UK&I, Germany and France and have identified over 500 additional sites that, due to their locations and nature, are suitable for additional electric charge points as part of the next wave of site developments. The Group plans to continue the rollout of chargers in 2023, to have a further 300 electric charging points operating by the end of the year, with the majority of these being ultra-fast chargers.

Over time, we see an opportunity for more than 25,000 EV chargers to be deployed on our existing site network. To support that vision, we are working with leading market participants for the deployment of infrastructure and services to support energy transition demand across our network.

We are conscious that alternative forms of power, other than electric, are being explored as a means to fuel cars, light vehicles and trucks. Beyond EV chargers, we are also actively considering how compressed natural gas (“CNG”), liquefied petroleum gas (“LPG”) and hydrogen may form part of a broader strategic programme of retail fuels at our sites to sit alongside traditional transport fuels, with a particular focus on the potential for hydrogen to power light and heavy-duty vehicles. As part of the hydrogen strategy, we made a strategic investment in Hydrogen Vehicle Systems Limited (“HVS”), as well as planned deployment of hydrogen refuelling at key sites. Our investment in HVS allows us a unique insight into how that space is developing and, working with their team, we are driving thought leadership as well as infrastructure planning to support hydrogen refuelling at key sites across our portfolio. Outside the UK, following our acquisition of OMV, we inherited a stake in H2 Mobility in Germany. That venture is allowing fuel-cell vehicle drivers to refuel at hydrogen filling stations throughout Germany and we believe that our involvement will allow us to gain an accelerated insight into that space.

EG Group has further progressed our digital strategy, ensuring we deliver market-leading technology to increase transaction value, frequency of visits and attraction of new customers, whilst enabling efficiencies in operations. We have continued to increase our method of payment options and will soon be trialling cashier-less stores in select locations.

OUR STRATEGY CONTINUED

FOODSERVICE

The development of our Foodservice business is increasingly important given the sector is expected to experience secular growth over the next few years, driven by changing lifestyles and the evolution of our Fuels business.

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

Across the Group we now operate almost 2,000 Foodservice outlets, of which 707 are located at standalone Foodservice locations.

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

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

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

During 2022, we made continued investment in Foodservice outlets globally with a total of 102 new outlets opening in the year, including those at Asda locations (see UK&I operating update on page 16) and new brand partnerships developed.

We continue to invest in and grow our proprietary Foodservice brands, LEON and Cooplands, with 16 and six new openings respectively. Following an in-depth review of the Cooplands business, we have proposed to make some changes to both our retail and bakery operations, to help better position the business for long-term and sustainable growth. This has been done to ensure that our store estate and broader business are fully aligned with our 'modern bakery food-to-go retailer' strategy.



SITE NETWORK

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

From a single UK site in 2001 to over 6,600 across three continents and ten countries today, we have been on an incredible growth journey, facilitated by our acquisitions and NTI opening programme. A significant proportion of our sites are company owned and company operated and our sites are typically larger than the average site size in the markets in which we operate.

We have a dynamic approach to managing our site estate, where we look to add to the number of sites we operate through acquisitions or the development of new-to-industry sites. We will also, and have, exited sites that are believed to be non-core to the Group's wider strategy or are significantly underperforming. There have been a number of small divestments throughout the year, mainly in the USA.

In addition to growing our site numbers, we continually look to upgrade the quality of our estate through knock-down-rebuilds and site conversions as described in our organic growth strategy on page 11.

We have a mix of company-owned, company-operated ("COCO"), company-owned, not company-operated ("CONCO"), and retailer or dealer-owned and operated ('other') sites. Different models result in different levels of revenue generation and require different levels of capital expenditure.

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

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

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

In addition to our growth strategy, which includes opening new and redeveloped sites, during 2022 we saw the development of our site network through the following actions:

Recognising the enhancement to our Grocery & Merchandise offering in the UK&I through our strategic relationship with Asda, we continued to focus on expanding our customer proposition and earnings potential through the rollout of the 'Asda On the Move' convenience retail offering at our UK locations, converting an additional 37 of our forecourt convenience stores during 2022, bringing the total to 68 by the end of the year. We intend to roll out the Asda On the Move proposition across our UK&I PFS network.

Our European estate represents the highest proportion of CONCO sites, with 2,202 dealer-operated sites at the end of 2022, largely in Italy. We converted 53 CONCO sites to our preferred COCO operating model during the year.

As part of our site network assessment to ensure the appropriate brands are being leveraged, at the end of 2021 we took the decision to commence a rebranding programme of a number of sites in the USA from our Tom Thumb brand to our Cumberland Farms brand, with 25 being completed during 2022.

Also in the USA, as part of ongoing reviews of our site network, in the prior year we decided to exit 35 of our sites across the states of Wisconsin, Minnesota and Indiana, with these sites being sold in early 2022. This decision was made due to the small number of sites that we operated in these states, that limited our ability to operate efficiently.

In Australia, we continue to focus on delivery of contractually committed rebranding obligations and have used the opportunity to upgrade backcourts at the same time as the rebrand of forecourts.

As per the German Anti-Trust Authorities clearance decision relating to our completion of the OMV network acquisition, we agreed to divest 48 sites, 24 of which were in our existing German estate and 24 in the OMV estate. These divestments completed by Q3 2022.

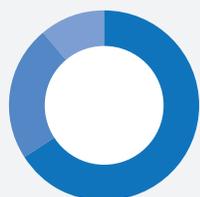
The strength of our site network offers a number of distinct strategic advantages over our competitors:

We are more attractive to third-party brand partners, who are looking for new routes to market with trusted partners, often across multiple geographies. We have a strong pipeline of sites that are suitable for roll out of new Foodservice and Grocery & Merchandise propositions, whilst having established a strong track record as a responsible brand ambassador.

By being so diversified, the Group has the resiliency to cope with localised natural catastrophes, such as hurricanes and wildfires. This geographic diversification was demonstrated during the pandemic, where our operating countries experienced lockdown restrictions at different times, enabling the sharing of best practice across the Group whilst the adverse financial impact from individual countries was able to be offset from the recovery of others.

An unrivalled platform to build an extensive electric vehicle, and other lower carbon fuels, network. A vast number of sites are large enough to operate both fossil and alternative fuel offerings and already host a number of attractive non-fuel propositions for customers. Our high-quality sites are able to provide a strong Foodservice and Grocery & Merchandise offering for consumers to take advantage of.

GROUP SITE NUMBERS BY OPERATING MODEL



66% COCO

23% CONCO

11% OTHER

⁽¹⁾ At December 31, 2022



OUR BUSINESS MODEL IN ACTION



GROCERY & MERCHANDISE⁽¹⁾

AS A % OF GROUP GROSS PROFIT FOR 2022:



GROSS PROFIT (IN \$M)

2022	1,537
2021	1,547
2020	1,428

Grocery & Merchandise⁽²⁾ continues to be the most stable of our business streams.

We have cultivated strong relationships with well-known retail and grocery brands such as SPAR, Rewe and Carrefour and developed our strategic partnership with Asda to supply our UK site network, in addition to operating our own proprietary brands, including the Cumberland Farms brand in the USA, which supports our premium convenience offering to consumers. We are continually reviewing our brand portfolio and evaluating opportunities to partner with other leading convenience retail businesses and expand our ancillary services offering to further enhance our Grocery & Merchandise business.

In 2022, our Grocery & Merchandise operations were impacted by changes in consumer buying behaviour, due to the inflationary pressures and cost-of-living increases seen in most regions. Margins remained consistent with the prior year, despite some unavoidable underlying product cost pressures; not only is this reflective of our disciplined approach to purchasing and pricing, but also demonstrates the resilience of convenience retail against the backdrop of rising prices.

Grocery & Merchandise revenue of \$4,914m (2021: \$5,012m) was a decrease of \$98m or 2% on 2021, and gross profit for the full year decreased by 0.6% to \$1,537m in 2022 (2021: \$1,547m). These decreases are attributable to the impact of foreign exchange movements; when translated at a constant currency rate, both sales and gross profit increased on the prior year (sales 3%, gross profit 4%), supported by the acquisition of Sprint Foods in December 2021 and our continued focus on converting our UK forecourt convenience stores to the 'Asda On the Move' concept, bringing the total to 68 sites at December 2022.



FOODSERVICE

AS A % OF GROUP GROSS PROFIT FOR 2022:



GROSS PROFIT (IN \$M)

2022	706
2021	613
2020	305

Our well-documented strategic focus and growth in Foodservice has provided a strong platform to provide choice for customers, across the Group's multiple brand partnerships and proprietary brands.

The Group has established a scaled, global footprint across the Foodservice market, driven by our strong international brand partnerships and strategic acquisitions. Our expanded Foodservice operations have transformed our sites into destinations serving multiple customer needs, which supports an increase in customer traffic and sales volumes. Over the past year, inflationary pressures on wholesale food cost prices and reductions in discretionary spending from budget-conscious customers have impacted the performance of our Foodservice operations.

We continued to see our Foodservice business grow in the year, driven by the contribution of our 2021 acquisitions and our continued programme of outlet openings. Foodservice revenue for 2022 of \$1,280m (2021: \$1,062m) is an increase of 21%, and Foodservice gross profit of \$706m (2021: \$613m) is a year-on-year increase of 15%, partially driven by the annualised impact of our UK Foodservice acquisitions made throughout 2021. Excluding the impact of foreign exchange movements, Foodservice revenue increased by 37% and gross profit by 28%. We recognised a slight reduction in gross profit margin from 58% to 55%, primarily due to the impact of inflationary cost pressures on product costs and the conclusion of UK reduced VAT support during COVID-19.

⁽¹⁾ Grocery & Merchandise includes 'Other revenue'

⁽²⁾ All number references include other gross profit



FUEL

AS A % OF GROUP GROSS PROFIT FOR 2022:



GROSS PROFIT (IN \$M)

2022	2,109
2021	1,935
2020	1,874

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

The Group has continued to focus on the growth and quality of our network through the acquisition of businesses alongside the development of new-to-industry sites (“NTIs”), knock-down-rebuilds, upgrades and conversions to our company-owned, company-operated (“COCO”) model. Our wholesale supply agreements with valuable and well-known brands increase customer confidence in our products and services, leading to higher customer traffic, and support our premium positioning on Fuel. This was further supported by the introduction of Asda branded fuel to 15 trial sites in the UK with further rollout expected in 2023. We also operate a wholesale supply business, EG Fuel, that focuses on the strategic and operational fuel supply and distribution in mainland Europe.

Market volatility caused by ongoing geopolitical events, following the conflict in Ukraine, has impacted wholesale oil prices and demand, resulting in an increase in gross profit of 9% to \$2,109m (2021: \$1,935m) at December 31, 2022. All regions, except Continental Europe, noted a slight decrease in volumes due to the impact of higher than average fuel retail prices and cautious consumer spending, with 17.6bn litres sold in 2022 (2021: 17.7bn litres). The acquisition of OMV in Germany supported growth in fuel volumes in Continental Europe.

Fuel margins have strengthened slightly, against a backdrop of rising inflation and continued volatile macroeconomic environment conditions in the oil industry covering the increased cost of delivering our fuel service offering.



OPERATING REVIEW



EUROPE: UK AND IRELAND

OPERATIONAL REVIEW

Our UK & Ireland (“UK&I”) business represents the Group’s most mature business in terms of our forecourt strategy and customer proposition, having grown over a period of 20 years, from a single site in 2001, to a network of 388 petrol filling stations and 696 standalone Foodservice outlets at the end of 2022, with our operations now including our proprietary Foodservice brands, LEON and Cooplands, in addition to our extensive relationships with global retail brands.

During the year, our UK&I operations continued to be enhanced through our strategic relationship with Asda, where we focused on expanding our customer proposition and earnings potential through the rollout of the ‘Asda On the Move’ convenience retail offering at our UK locations, with 68 locations open as at December 31, 2022. Our Fuel operations were enhanced further through the supply of the ‘Asda fuel’ product on our existing estate, which offers customers an unbranded value proposition. We opened 15 trial ‘Asda On the Move’ branded petrol filling stations (“PFS”) in the year through the conversion of 14 of our existing UK&I locations and three new-to-industry sites.

FINANCIAL REVIEW

Revenue for the UK&I business in 2022 increased by \$401m, or 11%, to \$4,079m (2021: \$3,678m), whilst Adjusted EBITDA^(1,2) decreased by \$87m to \$309m (2021: \$396m) and operating profit^(1,3) decreased by \$162m to \$152m (2021: \$314m). Excluding the impact of foreign exchange movements, revenue for the UK&I business increased by \$884m, or 24%, in 2022, whilst Adjusted EBITDA^(1,2) decreased by \$55m to \$341m (2021: \$396m).

Our UK&I business has been impacted by rising costs and inflationary pressures, particularly in Foodservice, in addition to the negative impact of the increased hospitality VAT rate following the conclusion of the reduced rate introduced during COVID-19.

We saw an overall increase in non-fuel gross profit of \$44m to \$690m (2021: \$646m); excluding the impact of foreign exchange movements the increase was \$124m, of which, our recently acquired businesses contributed \$110m. The remaining improved performance is primarily due to the continued growth in our Foodservice operations, driven by ongoing site development during the year, including the opening of eight new-to-industry forecourts, bringing our total number of forecourts in UK&I to 388 at the end of the year.

Fuel gross profit increased by 5% to \$197m (2021: \$188m) in the year, with supportive fuel margins offsetting a reduction in volume, as a result of the volatile fuel market conditions.

Capital expenditure in the UK totalled \$169m in 2022 (2021: \$174m) and included the building of the eight new-to-industry sites and significant investment in developing our Foodservice offering and acquiring land for future development.

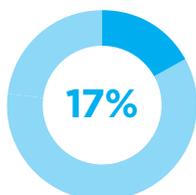
- ⁽¹⁾ Adjusted EBITDA and operating profit excludes shared service centre costs
- ⁽²⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 163
- ⁽³⁾ Operating profit includes the impact of depreciation, amortisation and impairment

- ⁽⁴⁾ Also includes other gross profit
- ⁽⁵⁾ As at December 31, 2022 (and at December 31, 2021 for the comparative period)
- ⁽⁶⁾ Petrol filling station (“PFS”) locations, where each site includes the forecourt and any co-located Foodservice outlets and Grocery & Merchandise stores



2022 GROSS PROFIT BY BUSINESS STREAM

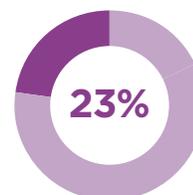
GROCERY & MERCHANDISE⁽³⁾



FOODSERVICE



FUEL



ADJUSTED EBITDA^(1,2,5)

\$309m

(2021: \$396m)

PFS LOCATIONS^(5,6)

388

(2021: 380)

FOODSERVICE OUTLETS⁽⁵⁾

1,132

(2021: 1,048)

CUSTOMERS SERVED DURING 2022⁽⁵⁾

189m

(2021: 180m)

NUMBER OF EMPLOYEES⁽⁵⁾

22,339

(2021: 20,194)

SITE NUMBERS BY OPERATING MODEL



100% coco



OPERATING REVIEW

CONTINUED



EUROPE: CONTINENTAL EUROPE

OPERATIONAL REVIEW

We operate a large European network, built around the acquisition of our French and Benelux operations of EFR acquired in 2016, and the 2018 acquisitions of Esso Italy, NRGValue (the Netherlands) and Esso Germany, which was expanded further in 2022 with the acquisition of OMV Germany. Our prime location European estate comprises of 293 sites, whilst a further 311 of our sites are unmanned and retail fuel only.

Our European estate also represents the highest proportion of company-owned, not company-operated (“CONCO”) sites, with 2,202 dealer-operated sites at the end of 2022, largely across Italy and Germany. We continued to review and identify dealer-operated sites with the potential to convert selected suitable sites to our preferred COCO model, with 52 conversions taking place during the year.

The Group completed its acquisition of OMV’s German forecourt business, consisting of 285 sites in Southern Germany, on May 1, 2022. As per the German Anti-Trust Authorities clearance decision relating to the completion of the OMV acquisition, the Group agreed to divest 48 sites, 24 of which were in EG’s existing estate and 24 in the OMV estate; these divestments completed in the second quarter of 2022. This transaction further bolsters EG Group’s established footprint within Germany and demonstrates our confidence in the German market, a key European market with significant growth potential.

During the year we have continued to invest in our Foodservice proposition, which demonstrates the Group’s desire to improve our non-fuel offering across the region, with the acquisition of seven KFCs in Southern Germany, in January 2022. We also saw continued strong momentum from the rollout of branded third-party Foodservice outlets across Continental Europe, with 293 outlets open at December 31, 2022.

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

⁽²⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 163

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

FINANCIAL REVIEW

Revenue for Continental Europe in 2022 increased by \$1,792m, or 16%, to \$13,095m (2021: \$11,333m). This increase was largely due to positive contribution from our 2022 acquisitions, and the Group’s investment in branded third-party foodservice outlets and new site openings in the year.

Adjusted EBITDA^(1,2) marginally decreased by \$6m to \$565m (2021: \$571m) and operating profit^(1,3) increased by \$128m to \$223m (2021: \$95m). Our European countries’ performances were impacted by changes in consumer buying behaviour, as well as the impact of negative currency movements, excluding the impact of foreign exchange movements, revenue for the Continental Europe business increased by \$3,443m, or 30%, in 2022, whilst Adjusted EBITDA^(1,2) increased by \$97m to \$668m (2021: \$571m).

Fuel gross profit of \$643m decreased by \$2m (2021: \$645m); when translated at a constant currency rate, gross profit increased by 13% on the prior year, with OMV contributing \$64m of Fuel gross profit in 2022. Non-fuel gross profit of \$498m increased by \$48m (2021: \$450m), with a strong Foodservice performance, demonstrating the returns from our continued investment in Foodservice outlets offset slightly by a reduction in our Grocery & Merchandise performance driven by cautious consumer spending. On a constant currency basis, non-Fuel gross profit was \$565m, an increase of \$115m on 2021. We noted an improvement in Grocery & Merchandise margins, reflecting the strong focus on product mix optimisation and our responsiveness to inflationary product cost increases.

European capital expenditure totalled \$115m in 2022 (2021: \$78m) with over 70% of this amount being spent on the growth of our network, with three new-to-industry sites in the year, 52 COCO conversions and nine new Foodservice outlets.

⁽⁴⁾ Also includes other gross profit

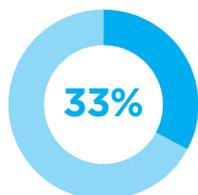
⁽⁵⁾ As at December 31, 2022 (and at December 31, 2021 for the comparative period)

⁽⁶⁾ Petrol filling station (“PFS”) locations, where each site includes the forecourt and any co-located Foodservice outlets and Grocery & Merchandise stores



2022 GROSS PROFIT BY BUSINESS STREAM

GROCERY & MERCHANDISE⁽³⁾



FOODSERVICE



FUEL



ADJUSTED EBITDA^(1,2,5)

\$565m

(2021: \$571m)

PFS LOCATIONS^(5,6)

3,286

(2021: 3,062)

FOODSERVICE OUTLETS⁽⁵⁾

293

(2021: 276)

CUSTOMERS SERVED DURING 2022⁽⁵⁾

332m

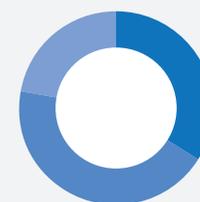
(2021: 276m)

NUMBER OF EMPLOYEES⁽⁵⁾

9,117

(2021: 8,220)

SITE NUMBERS BY OPERATING MODEL

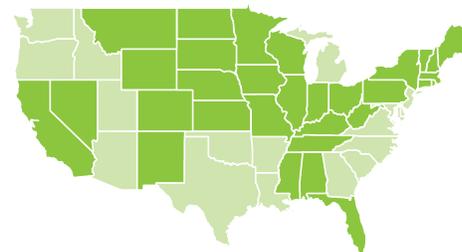


34% COCO
44% CONCO
22% other



OPERATING REVIEW

CONTINUED



USA

OPERATIONAL REVIEW

Our USA region operates across 33 states and is the fourth largest independent c-store estate in the country. The region contributed almost 46% of Group EBITDA in 2022, making it the largest region within our Group in terms of profitability and second largest in terms of store count. The Group's USA business is a scalable, nationwide platform and one which we continue to look at for further opportunities; we expect our store numbers to continue increasing year on year as a result of our investment in new-to-industry sites.

We regularly perform a review of our portfolio, and took the decision to exit 35 of our sites across the states of Wisconsin, Minnesota and Indiana, with these divested in the first half of 2022. This decision was made due to the small number of sites that we operated in these states, which limited our ability to operate efficiently.

Further to this, the Group has announced two key post-balance sheet transactions as part of the continued focus on deleveraging; firstly, EG has a significant global freehold portfolio of which \$1.5bn is to be monetised at attractive terms through the sale and leaseback of freehold assets on the East Coast of the USA agreed in Q2 2023. The Group also generated \$48m of gross proceeds from the disposal of a number of non-core sites in our central USA portfolio with negligible impact from this disposal on the EBITDA of the Group; this includes assets that are less focused on Grocery & Merchandise and Foodservice offerings.

In December 2022, the Group committed to sell 98 non-core locations in the USA. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the locations have been classified as a disposal group held for sale on the Group balance sheet. The disposal group does not meet the definition of a discontinued operation. No impairment loss has been recognised, as at the year end it was expected the fair value less costs to sell is in excess of the carrying value of the assets and liabilities.

FINANCIAL REVIEW

Revenue in the USA increased by \$1,537m, or 18%, to \$10,180m (2021: \$8,643m), whilst Adjusted EBITDA⁽¹⁾ increased by \$53m to \$668m (2021: \$615m) and operating profit⁽²⁾ increased by \$3m to \$366m (2021: \$363m); these increases were largely driven by promotional activity driving improved footfall, the impact of the 2021 Sprint acquisition and from enhanced product mix.

Fuel gross profit of \$945m increased by \$171m (2021: \$774m) attributable to the increased fuel margins observed as a result of market volatility and the acquisition of Sprint, which contributed an additional \$21m of Fuel gross profit in 2022. Non-fuel gross profit of \$963m decreased by \$5m (2021: \$968m) due to reduced lottery sales as a result of reduced discretionary spending despite the positive contribution of the Sprint acquisition in 2021, the rollout of eleven new Foodservice outlets during the year and improved Grocery & Merchandise performance from an enhanced sales mix including increased beverage sales.

USA capital expenditure totalled \$199m in 2022 (2021: \$191m), of which \$130m is growth capex which included investment in 13 new-to-industry sites and land bank acquisitions.

⁽¹⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 163

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

⁽³⁾ Also includes other gross profit

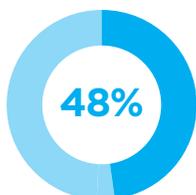
⁽⁴⁾ As at December 31, 2022 (and at December 31, 2021 for the comparative period)

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



2022 GROSS PROFIT BY BUSINESS STREAM

GROCERY & MERCHANDISE⁽³⁾



FOODSERVICE



FUEL



ADJUSTED EBITDA^(1,4)

\$668m

(2021: \$615m)

PFS LOCATIONS^(4,5)

1,619

(2021: 1,656)

FOODSERVICE OUTLETS⁽⁴⁾

477

(2021: 485)

CUSTOMERS SERVED DURING 2022⁽⁴⁾

528m

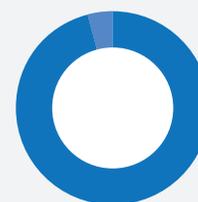
(2021: 511m)

NUMBER OF EMPLOYEES⁽⁴⁾

20,368

(2021: 20,228)

SITE NUMBERS BY OPERATING MODEL



96% COCO

4% CONCO



OPERATING REVIEW

CONTINUED



AUSTRALIA

OPERATIONAL REVIEW

Acquired by EG Group in April 2019, our Australian site network is the second largest independent c-store retailer by site numbers.

The Australian business consists of 536 COCO sites, of which over 99% are leasehold, all of which provide fuel and convenience retail offerings. We have continued to expand our presence in Australia through the opening of ten food outlets to the existing network, including Café Aurora and Pizza Hut alongside the addition of seven new-to-industry sites.

Management remain focused on their investment in the transformation of the existing network through the continued upgrade and rebranding of stores. Through the year, eight stores have been upgraded with an additional 174 stores rebranded to Ampol.

FINANCIAL REVIEW

Revenue for Australia during 2022 increased by \$489m, or 18%, to \$3,255m (2021: \$2,766m). This revenue increase was primarily due to increased Fuel retail prices, due to wholesale fuel costs, throughout 2022.

Adjusted EBITDA⁽¹⁾ decreased by \$13m to \$191m (2021: \$204m), and operating profit⁽²⁾ increased by \$69m to an operating profit of \$18m (2021: operating loss of \$47m), due to the weakening of the Australian Dollar. Excluding the impact of foreign exchange movements, revenue for the Australian business increased by \$754m, or 27%, in 2022, whilst Adjusted EBITDA^(1,2) increased by \$3m to \$207m.

Fuel gross profit of \$324m decreased by \$4m (2021: \$328m). This decrease is ascribable to foreign exchange movements; when translated at a constant currency rate, Fuel gross profit increased by 7% on the prior year. Non-Fuel gross profit of \$90m decreased by \$4m (2021: \$94m). Excluding the impact of foreign exchange movements, non-Fuel gross profit was \$94m, a 3% increase on 2021, largely driven by improved product mix in our convenience retail offering.

Capital expenditure for Australia totalled \$37m in 2022 (2021: \$74m) and includes the store refresh programme and the addition of seven new-to-industry sites.

On April 1, 2022, our Australia business resolved its Federal Court proceedings with Ampol Limited ('Ampol'). In resolving the dispute, the parties agreed updated commercial terms, and agreed to rebrand our sites to Ampol. Further details are provided in note 5 to the financial statements.

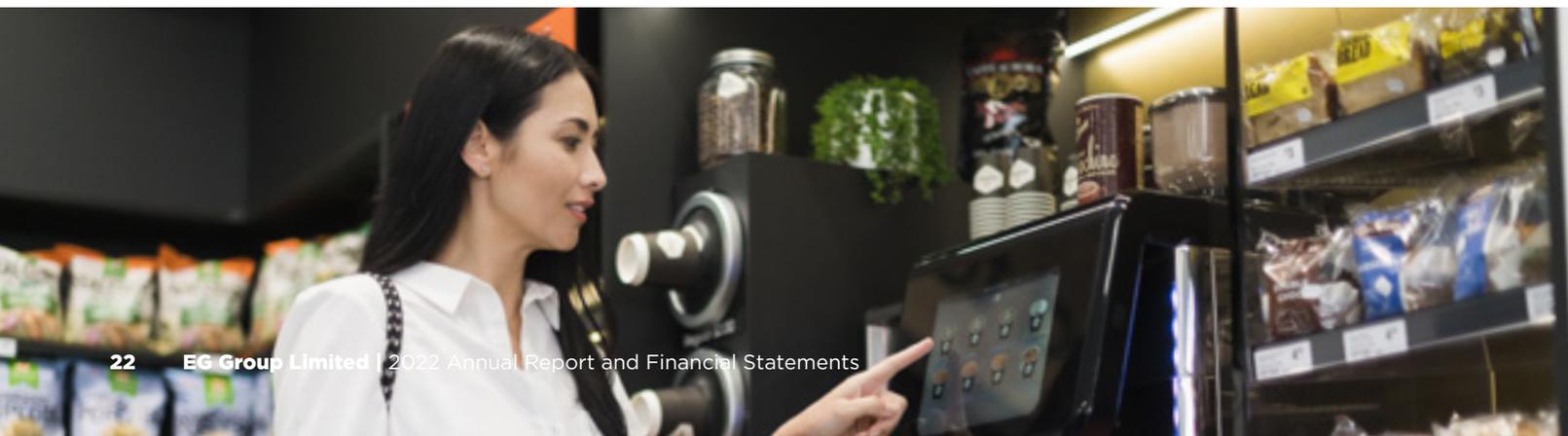
⁽¹⁾ Earnings before interest, tax, depreciation and amortisation, before exceptional items. Please refer to the APM section from page 163

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

⁽³⁾ Also includes other gross profit

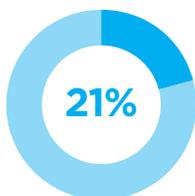
⁽⁴⁾ As at December 31, 2022 (and at December 31, 2021 for the comparative period)

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



2022 GROSS PROFIT BY BUSINESS STREAM

GROCERY & MERCHANDISE⁽³⁾



FOODSERVICE



FUEL



ADJUSTED EBITDA^(1,4)

\$191m

(2021: \$204M)

PFS LOCATIONS^(4,5)

536

(2021: 538)

FOODSERVICE OUTLETS⁽⁴⁾

14

(2021: 19)

CUSTOMERS SERVED DURING 2022⁽⁴⁾

93m

(2021: 122M)

NUMBER OF EMPLOYEES⁽⁴⁾

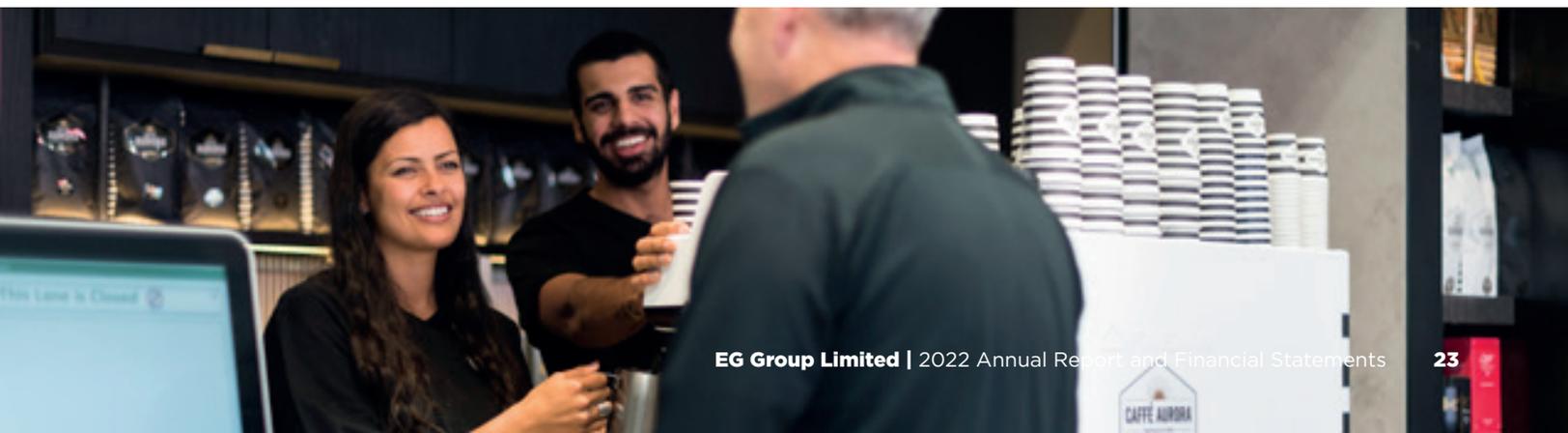
4,823

(2021: 4,358)

SITE NUMBERS BY OPERATING MODEL



100% coco



OUR STAKEHOLDERS & SECTION 172

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

The Board considers the needs of our stakeholders and the consequences of the Group's decisions in the long term. We have identified our key stakeholder groups on pages 25 to 27 and have detailed how we have engaged with the stakeholders and decisions made during 2022.

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

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



BOARD DECISIONS DURING THE YEAR

1. Launch of our ESG strategy 1 2 3 4 5

The Board recognises the increasing importance of ESG as integral to being a responsible business. In 2022 we undertook an ESG materiality assessment to identify our ESG priorities, based on what matters most to our business, and to our stakeholders, including our colleagues, customers, investors and wider society. Following the outcome of the assessment, the Board agreed our ESG strategy, which focuses on three strategic pillars: Planet, Colleagues and Communities. The strategy sets out targets to show how we intend to progress over time. This includes a target to halve our carbon emissions from our own operations by 2030 (vs 2021), and to achieve net zero emissions by 2050 in line with climate science. To read more on how we are progressing this, please refer to our ESG section on page 28, and our ESG Report, which will be published later this year.

2. Rationalisation of Portfolio 1 2 3 4

During the year, the Board approved a number of non-core asset disposals across the USA, Germany and Italy in line with our strategic objectives. Following year end, the Board has continued to deliver on this objective with the announcement of a sale and leaseback and disposal of certain sites across the USA business. Further information can be found in note 8.

3. Investment in social media strategy 1 2 3

EG Group recognises the importance of social media in building brand awareness, engaging with customers and employees, and driving business growth.

As such, in 2022, we invested heavily in our social media strategy to enhance our online presence further and optimise our messaging. 'Sprout Social' which uses key features such as brand monitoring, tracking social media activity and performance metrics in order to improve brand sentiment internally with employees and externally with customers to identify areas for improvement.

Additionally, we have increased our focus on employee advocacy, encouraging our EG Group colleagues to share their experiences and engage with our followers on social media. We have also enhanced our community management offering, ensuring prompt and personalised responses to customer enquiries and feedback.

Overall, our investment in social media has enabled us to deepen our relationships with customers and employees, increase brand awareness, and drive business growth in the highly competitive digital landscape.

- 1 Customers
- 2 Brand Partners & Suppliers
- 3 Colleagues
- 4 Investors
- 5 Communities

CUSTOMERS

The Group exists to serve the needs of our customers, of which we serve up to 21 million every week across the world.

WHO & WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

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

Undertook ESG materiality assessment, reviewing legislation, regulations and standards as well as market trends and behaviours to understand the key issues that are important to our customers.

Offers and promotions as well as loyalty club membership to drive engagement with customers.

OUTCOMES AND HIGHLIGHTS

Agreeing strategic decisions to achieve our purpose of providing multi-purpose sites to meet customer needs ensuring a wide range of good quality and value products, and working hard to ensure we have optimum availability across product lines, including conversion of 68 sites to 'Asda On the Move'.

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

Opened 31 NTI sites to improve our offering and market presence, with continued expansion of our Foodservice offering.

Capital expenditure of \$504m invested in facilities for our customers.

Approved ESG strategy with increased focus on our customers. Further details can be found on pages 29.

COLLEAGUES

We have an experienced, diverse and dedicated workforce of over 56,000 colleagues who we recognise as a key asset to our business.

WHO & WHY THEY ARE IMPORTANT

- We have a diverse workforce, who we consider to be a key asset, and we therefore want to develop and retain talent for the long-term success of the Group

HOW WE ENGAGE

Weekly country leadership meetings and monthly senior leadership meetings to escalate and cascade key messages via the Co-CEOs to the Board and colleagues.

Colleagues are one of the three strategic pillars under our ESG strategy and we have a target to improve our engagement score year on year. While we did not undertake a Group-wide engagement survey in 2022, we intend to do this in 2023, and will measure our progress against our first survey which was carried out in 2021. In 2022, we worked to respond to the issues raised by our colleagues from our 2021 survey, including pay and benefits, and colleague wellbeing. Further details can be found on pages 32 to 33.

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

Publication of EG's first global newsletter in December 2022, with a follow-up scheduled every six months.

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

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

OUTCOMES AND HIGHLIGHTS

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

Continued enhancement of transparent pay structures, aligning bonus to the longer-term strategy of the business, including both financial and non-financial KPIs. For further information please refer to the Remuneration Committee report on page 78.

Enhanced employee benefits including approval of Asda discount cards for our UK colleagues. Further details can be found on pages 32 to 33.

Enhanced colleague training and development with the rollout of a Learning & Development programme to set out our internal development commitments to dedicated training programmes for colleagues as well as internal promotions and apprenticeships.

Launched 'Learning Hub', an online resource centre, with the most extensive course library in the world - from business skills to digital and leadership skills - for all UK colleagues to provide continued support at every step of our colleagues' careers. Further plans to extend the platform to Europe in 2023.

OUR STAKEHOLDERS & SECTION 172

CONTINUED

SUPPLIERS & BRAND PARTNERS

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

WHO & WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

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

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

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

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

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

Attended conferences and events as a founding member of Diversity in Retail.

During 2022, we worked with suppliers and brand partners to support with cost increases to deliver menu optimisation and promotions.

OUTCOMES AND HIGHLIGHTS

Commitment to ethical standards, including zero tolerance of anti-bribery and corruption and modern slavery.

We continue to strengthen our brand partnerships with our Foodservice brand partners with 102 new outlets opening in the year, a demonstration of the Group's commitment to expand the brand offerings.

Progression of the key strategic alliance between EG and the UK supermarket, Asda, which is mutually beneficial and creates significant value for both organisations, with 37 new Asda On the Move openings on EG locations in the year (total of 68) and the introduction of eight Foodservice outlets at Asda locations (total of 32).

As part of our approach to ESG, we are focusing on supplier engagement on sustainability through attendance at supplier sustainability forums, as much of our impact on sustainability is in our supply chains. We have engaged with key suppliers and brand partners on issues including carbon, waste, energy efficiency and human rights, as we look to strengthen our approach on these issues and share good practice with our partners.

INVESTORS

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

WHO & WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

Quarterly investor presentations are hosted by the Group Co-CEO and Group CFO, and ad hoc investor announcements are provided for relevant Company updates. There are also regular calls for investors with the Executive and Investor Relations team.

A dedicated online investor portal is updated with presentations, financial reports, trading updates and press releases and an investor mailbox is actively managed by the Investor Relations team.

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

OUTCOMES AND HIGHLIGHTS

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

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

Engagement with investors on ESG, including the publication of our first Sustainability report in October 2022 and regular updates as part of our quarterly presentations, as well as in-person meetings and active dialogue with our Head of ESG. Engagement with investors also helped to inform the Group's ESG materiality assessment in early 2022.

An active and transparent dialogue was maintained with investors on the Group's refinancing strategy and broader strategic options as this developed during 2022 and continued into 2023.

COMMUNITIES

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

WHO & WHY THEY ARE IMPORTANT

- Supporting local communities through corporate sponsorship
- Continued efforts to create job opportunities in the communities in which we operate

HOW WE ENGAGE

Engaged with communities via our global charity partnerships, in which colleagues and customers fundraise for good causes across our markets.

The Group is the corporate sponsor to EG Foundation, an independent charity established in 2019. In 2022, EG Foundation continued to make grants to individuals, community groups and charities.

We work with 'Too Good To Go' in the UK and Europe, and 'Feeding America' in the US, to sell or distribute surplus food to local communities – helping to prevent food waste, whilst also supporting households in making their food budgets go further.

OUTCOMES AND HIGHLIGHTS

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

In 2022, we continued to support a wide range of family and children's charities, as well as specialist health and wellbeing-related charities. Further details can be found on pages 34.

REGULATORY AND TRADE BODIES

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

WHO & WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

Liaise and engage with global regulators including Competition & Markets Authority ("CMA") (UK), FTC (US), The Bundeskartellamt (Germany).

Membership of 'Diversity in Retail' and Petrol Retailers Association ("PRA").

OUTCOMES AND HIGHLIGHTS

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

As a leading operator within the sector, we have actively engaged and responded to queries and consultations from the PRA and CMA in the UK.

Mentorship programmes to provide support and professional development of colleagues within Diversity in Retail.

SHAREHOLDERS

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

WHO & WHY THEY ARE IMPORTANT

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

HOW WE ENGAGE

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

Regular communication with shareholders throughout the year, including quarterly financial results.

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

OUTCOMES AND HIGHLIGHTS

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

ESG & SUSTAINABILITY

The world faces a number of critical environmental and societal challenges, from climate change and biodiversity loss to challenging economic pressures including rising energy and food prices. Businesses are expected to act responsibly and ethically, manage impacts on the environment and on people, and deliver long-term value to shareholders and wider stakeholders. At EG, we continue to invest in our people and infrastructure in line with our commitment to being a responsible business. In 2022, we set out our new ESG strategy and targets, and published our first-ever ESG Report. This section provides an overview of our strategy and activity. Our 2022 ESG Report will provide greater detail on our ESG performance in 2022, and will be published in the first half of 2023.



PLANET

See page 30



COLLEAGUES

See page 32



COMMUNITIES

See page 34

ESG STRATEGY

As a retailer with global operations and supply chains, our impacts are extensive and varied. We focus on the ESG issues that matter most to our business and our stakeholders, and on the issues where we have greatest influence to effect change.

In early 2022, we conducted our first comprehensive ESG materiality assessment, to identify and define our priorities. With the support of external consultants, we reviewed different areas of our business, including our products and supply chain; our own operations; our people and communities; and our governance. We also reviewed stakeholder expectations, and undertook peer benchmarking and horizon scanning. Our assessment found that 'Climate change and the transition to a lower-carbon economy' is EG's most material ESG priority. Diversity and inclusion, Colleague well-being and Waste were also highlighted as being important to our stakeholders.

Based on this materiality assessment, in 2022, we set out our ESG strategy which covers three focus areas: Planet, Colleagues and Communities. We have set performance improvement targets in each of these areas, against which we will monitor and report progress annually via our ESG Report. In addition, we are also committed to taking a responsible approach to our ESG 'fundamentals' – these are issues that form part of our business as usual activity (such as health and safety and data protection). In 2022, we also published a set of policy position statements which set out our approach to managing our ESG priorities and impacts. Read our ESG policy position statements on our EG Group homepage. In 2023, we will focus on embedding our new ESG strategy into the business, and delivering against our set targets.

ESG REPORTING

The process of measuring and reporting is important for us to drive performance and accountability, and to demonstrate continued progress on ESG initiatives to our stakeholders. In 2022 we published our first-ever ESG Report (covering performance in 2021), in line with external frameworks including the UN Sustainable Development Goals and the Sustainability Accounting Standards Board. More importantly, we created a baseline, against which we will measure progress on ESG over time. Our 2022 ESG Report will be published in the first half of 2023 and will provide greater detail of our progress against our ESG strategy and targets. In this section we provide a summary of our targets and progress to date.

As ESG reporting requirements increase, we continue to develop our reporting approach and capabilities. For the first time in our Annual Report, we have started to disclose information in line with the UK's Task Force on Climate-Related Financial Disclosures, on pages 36 to 43. And in 2023, we will start to develop our approach to the EU's Corporate Reporting Sustainability Directive.

STRATEGIC ESG PRIORITIES



PLANET

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

We will play our part in tackling climate change by reducing emissions, scaling up products and services that enable lower-carbon mobility, and minimising our waste.

OUR TARGETS:

CLIMATE CHANGE

Own operations: Reduce our carbon footprint by at least 50% by 2030 (vs 2021) and reach net zero by 2050. We will develop a reduction roadmap for this in 2022/23

Products and supply chain: Develop a carbon reduction target in 2023/24

WASTE

Aim to increase our landfill diversion rate year on year

See Planet progress on pages 30 to 31.



COLLEAGUES

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

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

OUR TARGETS:

DIVERSITY AND INCLUSION

Implement a Diversity and Inclusion Plan in each of our operating markets by 2024

Increase the percentage of women in senior leadership positions⁽¹⁾ from 23% in 2021 to at least 40% by 2025

EMPLOYEE ENGAGEMENT

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

TRAINING AND DEVELOPMENT

Ensure every colleague has access to development opportunities

Create 500 apprenticeships by 2025

See Colleagues progress on pages 32 to 33.



COMMUNITIES

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

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

OUR TARGETS:

COMMUNITIES

Extend our community programmes across all our operating markets

Start to roll out our volunteering policy – allowing colleagues two paid days a year to volunteer for good causes

See Communities progress on page 34.

ESG FUNDAMENTALS

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

ENVIRONMENT

Water, Biodiversity, Sustainable Sourcing, Fuel Safety

SOCIAL

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

GOVERNANCE

Business Ethics, Data Protection, Tax, Compliance

⁽¹⁾ This includes members of the Board, Group Executive, managers who report directly to any member of the Group Executive Management and senior leadership teams within each country who report to the country CEO/country manager

ESG & SUSTAINABILITY CONTINUED



PLANET

We recognise that the world needs to achieve net zero emissions by 2050 at the latest. We will play our part in tackling climate change by reducing emissions, scaling up products and services that enable lower-carbon mobility, and minimising our waste.

CLIMATE CHANGE AND THE TRANSITION TO A LOWER-CARBON ECONOMY

Our targets:

- Own operations: Reduce our carbon footprint by at least 50% by 2030 (vs 2021) and reach net zero by 2050. We will develop a reduction roadmap for this in 2022/23
- Products and supply chain: Develop a carbon reduction target in 2023/24
- Expand our lower-carbon mobility offering, including electric vehicle charging

On page 36, our Climate-related financial disclosure section provides detail on how we are responding to climate risk, including physical risk to our sites and operations, and transition risks to our business model and product offering from changing legislation and regulation. Our climate-related financial disclosure has been prepared in line with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, which are based on the framework set out by the Task Force on Climate-related Financial Disclosures (TCFD). It covers the four key areas of the TCFD framework: governance, risk management, strategy, and metrics and targets. Below is a summary of our approach.

We have a responsibility to respond to climate risk, and to measure and reduce our carbon emissions. In 2022, as part of our ESG Report, we disclosed our 2021 Group-wide carbon footprint across our operations (Scope 1 and 2) and our products and supply chain (Scope 3). We set a target in line with science, to reduce our operational carbon footprint by at least 50% by 2030 (vs our 2021 baseline) and reach net zero by 2050. And in 2022 we started to develop a carbon reduction roadmap which will set out how we expect to achieve this target, supported by consultants from The Carbon Trust.

Sourcing from renewables

We have already switched to renewable electricity at a number of sites, including all LEON sites in the UK where we are responsible for purchasing the energy, and all sites in Luxembourg. We install solar panels wherever possible at new-to-industry sites, including petrol filling stations (“PFS”) and all suitable Foodservice sites, as well as our UK head office. In 2022, our solar panels in the UK generated almost 7 million kWhs of electricity. We also continue to explore battery storage with the aim of securing self-generated electricity, and in early 2023 we installed our first battery storage unit at our head office in the UK.



As a convenience retailer with sites in local communities across the world, we are well placed to play a role in the transition to a lower-carbon economy through our products and services. We continue to explore options with automotive manufacturers and industry experts to offer electric vehicle charging solutions. Having been an early adopter (our first EV charger was installed at one of our sites near Heathrow Airport more than ten years ago), as at the end of 2022, we have 470 EV charging points across sites in the UK and Europe. In the US we successfully applied for 43 EV subsidy awards, as we continue to explore the rollout of EV chargers there.

evpoint

'evpoint' is our proprietary branded ultra-fast electric vehicle charging proposition that we believe has the potential to become one of Europe's leading charge point operators. Our flagship location at Frontier Park in Blackburn, the home of six ultra-fast chargers, opened in August 2022. We have installed EV chargers at over 20 trial sites across the UK and Europe in 2022, and have earmarked a broader rollout across many hundreds of our sites through to 2026, with more than 20,000 chargers across the network having already been scoped. With between two and six charging points per site, and innovations in charging hardware, the latest load-balancing technology means several customers can use a single point simultaneously.

We are also actively considering how compressed natural gas, liquefied petroleum gas, and hydrogen could sit alongside traditional transport fuels, with a particular focus on the potential for hydrogen to power light and heavy-duty vehicles. We have invested in Hydrogen Vehicle Systems ("HVS"), a company that designs and develops hydrogen-electric vehicles for the commercial vehicle market. HVS' initial success has resulted in it securing almost £20m in government grants as well as an additional £25m in support from EG in 2022.



WASTE MANAGEMENT

Our target:

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

Waste regulations differ across our markets. We aim to minimise waste and maximise waste recovery and recycling – not only is this good for the planet but it also reduces our operational costs at the same time. We work with waste contractors to manage all our waste, and we plan to consolidate the number of contractors we work with. Going forward, waste management and segregation will factor more formally in our waste contracts as we look to increase the proportion of our waste being diverted from landfill. We also minimise stock loss through optimised stock management and ordering.

Supporting our customers and communities – whilst also reducing food waste

In the UK and Europe, we partner with "Too Good To Go" ("TGTG"), an organisation which seeks to prevent food waste, whilst also supporting households in making their food budgets go further. An app allows anyone to pick up unsold, surplus food in 'magic bags' at a discount at the end of the working day. Since the start of our partnership, we have sold 1,857,129 magic food bags (2022: 967,516) from almost 1,500 EG sites, helping to avoid an estimated 4,642t of CO₂e (2022: 2,418t).

Feeding America

"Feeding America" is a United States-based non-governmental organisation, and is a nationwide network of more than 200 food banks that feed more than 46 million people through food pantries, soup kitchens, shelters and other community-based agencies. In 2022 we donated 217 tonnes of food to "Feeding America" food banks.

ESG & SUSTAINABILITY CONTINUED



COLLEAGUES

We believe everyone should have the opportunity to create a better future. That's why, on top of creating job opportunities, we also aim to provide an inclusive culture where all our colleagues can develop, progress and share our success.

COLLEAGUE ENGAGEMENT

Our target:

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

Our colleagues' skills and expertise make a significant contribution to our business. Having engaged colleagues who feel valued and connected to EG is vital to our continued success.

In 2021, we carried out our inaugural 'Better Together' Group-wide colleague survey, to measure colleague engagement and experience. Following on from this, in 2022, teams have been working to create action plans, conduct listening sessions with colleagues, and implement improvements to workplace policies and processes. In addition, HR leads conduct quarterly colleague engagement reviews and report this into the Remuneration Committee. Our approach to themes raised via the survey, such as learning and development, and reward and well-being, are covered below. The next Group-wide engagement survey will be carried out in 2023.

PAY AND REWARD

At EG, our Remuneration Committee oversees workforce pay and reward. In 2022 the Committee recognised the increasing impact on colleagues from ongoing challenges including high food and energy prices, resulting from global inflationary pressures and an uncertain economic backdrop. At EG, we want to ensure our colleagues are rewarded appropriately for their contribution to our business, and we review pay and benefits to ensure these remain fair.

Throughout 2022 we have been focused on providing colleagues with targeted, additional support at a time when many are feeling constraints on basic household spending. Our support includes, for example, increases in pay and bonus payments; an enhanced life assurance policy; 24/7 access to a GP and employee assistance; employee recognition schemes; discounts at EG brands and partner brands; and access to tailored benefits such as vouchers and rewards. We also launched a colleague discount card in the UK, giving 10% off grocery shopping at Asda stores for colleagues and their wider households.

SUPPORTING COLLEAGUE WELL-BEING

We offer a range of resources to support and enhance colleague well-being. Our Employee Assistance Programme provides counselling and support to colleagues whenever they need it. We also provide training on wellbeing-related issues across our markets, to ensure colleagues are supported by their line managers. In 2022, we had a particular focus on mental health issues, and we delivered a range of activities, from mental health training in France, to dedicated mental health communications and resources in the USA, to leadership training for head office leaders in the UK, which covered issues such as well-being, team management, resilience and diversity and inclusion.

Supporting colleagues in times of greatest need

In the USA, the 'Hope Fund' is an emergency financial resource fund for team members to apply for financial assistance due to unforeseen catastrophic hardship or loss, or an economic hardship or loss. The Hope Fund programme is funded by voluntary donations from team members, which the Company matches. Since 2012, the Hope Fund programme has donated over \$1m to more than 480 team members, offering support in their time of greatest need.



DIVERSITY, EQUALITY AND INCLUSION

Our targets:

- Implement a Diversity and Inclusion Plan in each of our operating markets by 2024
- Increase the percentage of women in senior leadership positions¹ from 23% in 2021 to at least 40% by 2025

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

All our markets will be implementing diversity and inclusion plans by 2024 to ensure we have locally led actions to drive progress. A key focus is on increasing the proportion of women in senior leadership, and we will be working to understanding some of the barriers to progression in the workplace. We also measure and publish other key demographic data, such as ethnicity and disability in certain markets, in our ESG Report, and will look to expand this to other markets (where possible and where compliant with local legislation).

We are a founding member of Diversity in Retail ("DIR"), an organisation devoted to increasing women's and ethnic minorities' representation at all levels and in leadership positions across the retail sector. And in the USA, our Inclusion and Diversity Council is dedicated to enhancing diversity in the workplace. The group is focused on engaging with colleagues on diversity issues through events; supporting women and women of colour in the workplace, and training for all colleagues on diversity. In a survey of USA colleagues, the majority of the respondents said they feel they can be their authentic self at work, without fear of discrimination.

We report our gender pay gap (the average difference between remuneration for women and men) for our UK entities as required under UK legislation. In 2022 across all entities in scope (Eurogarages, LEON, Cooplands and ScotCo) our mean gender pay gap was 2.6% and the median gap was 0.7%. We are actively working on actions to close our gender pay gap. This includes monitoring the impact of our recruitment, succession planning and reward processes. To read more, see our 2022 UK Gender Pay Statement on our corporate website.

Recognition for our inclusivity practices

In the Netherlands, we achieved the 'Prestatieladder Sociale Ondernemen' (a Dutch quality mark for social entrepreneurship), achieving 'Aspirant' status, which means that we are taking important steps to be an inclusive employer. The mark consists of four performance levels - from Aspirant status up to level 3. The mark is a recognition of what we do as an employer for people who may otherwise be marginalised or excluded from the workplace.

TRAINING AND DEVELOPMENT

Our targets:

- Ensure every colleague has access to development opportunities
- Create 500 apprenticeships by 2025

Across all our markets we offer a comprehensive learning and development programme, ranging from induction for new starters, mandatory training courses, career development opportunities, issue-specific training and upskilling, and professional development schemes.

We provide sponsorship opportunities for colleagues working towards professional qualifications, helping them to develop important skills for their current and future roles. Not only does this benefit our colleagues, this initiative also ensures we have a steady pipeline of talent in key business functions. In Australia, we launched our 'Hidden Gem' survey - giving colleagues the opportunity to share with us which areas of the business they are interested in and could add value to (through prior experience or study). As a result, many of our team members were appointed to new roles and projects, enabling these colleagues to take up new opportunities and develop their career with us.

We invest significantly in apprenticeships, which offer colleagues the opportunity to develop skills and knowledge while gaining practical experience. In 2022, we announced our intention to create 500 apprenticeships over three years. This includes opportunities at our head office, as well as our proprietary brands LEON and Cooplands, in a range of departments, including HR, finance, legal, property and operations. It also includes opportunities at site level, with courses in retail and hospitality.

Accessible learning for all

In 2022 we launched the Learning Hub for all UK colleagues, with plans to roll this out for colleagues in Europe in 2023. The Learning Hub is an online resource centre, with the most extensive course library in the world, supporting every step of our colleagues' careers. From business skills to digital and leadership skills, the portal is accessible from any device 24/7, and makes learning free and accessible to our colleagues.



⁽¹⁾ This includes members of the Board, Group Executive, managers who report directly to any member of the Group Executive Management and senior leadership teams within each country who report to the country CEO/country manager

ESG & SUSTAINABILITY CONTINUED



COMMUNITIES

We believe that where you start in life shouldn't determine where you end up – that's why we aim to create a better future for our wider communities.

Our targets:

- Extend our community programmes across all our operating markets
- Start to roll out our volunteering policy – allowing colleagues up to two paid days a year to volunteer for good causes

Across our markets, our colleagues are passionate about fundraising and give their time to good causes in the communities where they live and work. Whether it's via formal charity partnerships, one-off donations, events or sponsorships, our colleagues actively contribute to charitable causes.

INTERNATIONAL DISASTER RELIEF

The British Red Cross was selected as one of our charity partners for 2023, meaning colleagues and customers in the UK will raise funds in support of their projects for part of the year. Following the earthquake in Turkey and Syria in 2023, we took the decision to ensure all funds raised in January and February 2023 would be committed solely to the British Red Cross's ongoing relief efforts in the aftermath of the earthquake. In addition, EG Group made a £100,000 donation to the earthquake appeal, recognising the devastation caused by the disaster and the need for emergency funds to support those affected by it.

Colleague and customer fundraising

In 2022, we continued to support a wide range of family and children's charities, including:

- Barnardo's, the UK's largest children's charity
- Villa Pardoes, a charity which offers families with a seriously ill child a unique holiday experience
- Sponsoring the Ronald McDonald Rally – a car rally where all funds raised are donated to a Ronald McDonald house. The charity provides accommodation for parents of sick or disabled children in hospital, meaning they can remain close to their child without having to travel long distances
- The Disabled American Veterans, which supports former military veterans of the United States Armed Forces and their families. It currently has over one million members

We also support a number of health and well-being related charities, including:

- The Firefighters Charity, which offers specialist, lifelong support for members of the UK fire services community;
- The Christie Charitable Fund, the largest single-site cancer centre in Europe which treats more than 60,000 patients a year;
- The ANT Foundation, a specialist home care charity for cancer patients. Patients are supported by specialist doctors, nurses and psychologists;
- Disabled American Veterans, which helps provide support and resources to more than one million veterans, and their families, each year;
- American Cancer Society, helping to improve the lives of people with cancer and their families through advocacy, research, prevention, awareness and patient support; and
- United Way, which helps communities thrive by promoting health, education, youth development and economic mobility.

EG FOUNDATION

The EG Foundation was established in 2019 as an independent charity with EG Group as its corporate sponsor – aiming to create 'a brighter tomorrow' by supporting education, children and young people, and health and well-being. In 2022, the EG Foundation made grants to individuals, community groups and charities. Beneficiaries included hospices, educational organisations, emergency services, and children and mental health charities.

\$186,000

in grants made by the EG Foundation in the UK in 2022, supporting 24 charities



OUR ESG FUNDAMENTALS

Our ESG strategy is underpinned by our commitment to taking a responsible approach on our 'ESG Fundamentals'. These are the many issues and impacts we need to measure and manage, to ensure we continue to operate responsibly across our business, which we consider to be 'business as usual'. Below we cover health and safety, supply chains, and governance. In our ESG Report we cover further topics including water management, business ethics and data protection.

HEALTH AND SAFETY

We are committed to the highest standards of health and safety practice. We have a commitment to zero accidents and incidents, and our approach and performance are regularly reviewed by the Board.

Our health and safety policies and procedures include:

- Dedicated health & safety teams in every market in which we operate
- Appropriate training for all colleagues to adhere to legal compliance and best practice
- Proactive and regular risk assessments, with root cause analyses to maintain safe and healthy working environments which helps to reduce occupational injury or illness
- Internal and external audits to review a number of areas (including health and safety) are conducted across all PFS and FTG sites on a regular basis
- In own-brand food operations, we employ a combination of food safety technical managers, quality assurance, and in-house and third-party auditing
- We formally monitor health and safety incident rates – all incidents are logged and reported on a software system. Accidents data is reported in our ESG Report

In terms of tank safety, we have emergency response procedures in place in all our markets, for any potential spill or leaks. Each site has automatic tank gauges (to detect potential leaks), and all tanks are monitored 24/7 by an external global partner.

OUR SUPPLY CHAINS

Our procurement activities take place predominantly from our Group head office and shared services centre in Blackburn (UK), with support from regional offices in France, Italy, Germany, the Netherlands, the USA and Australia. We aim to work with trusted brand partners that are well recognised globally or in their local markets and that have well-established ESG policies and programmes. We expect our suppliers and brand partners to ensure they monitor, manage and mitigate ESG risks in their business and supply chains, and we engage with them regularly on ESG issues to learn and share good practice.

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

GOVERNANCE

Good governance is an essential part of any approach to ESG. At EG, we have been on a journey towards good governance, and over the last few years we have made improvements including the introduction of independent Non-Executive Directors on the Board, and establishing new Board-level committees. We provide a comprehensive review of our governance processes from page 62.

CLIMATE-RELATED FINANCIAL DISCLOSURE

Our climate-related financial disclosure has been prepared in line with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, which are based on the framework set out by the Task Force on Climate-related Financial Disclosures (TCFD).

Whilst EG Group is not required to produce a climate-related financial disclosure until 2024 (for our 2023 calendar year), we have chosen to prepare a voluntary disclosure for 2022. Our disclosure covers the four key areas of the TCFD framework: governance, risk management, strategy, and metrics and targets. However, in the section on metrics and targets, 2022 Group-wide carbon data has not been included this year as it is not yet available in time for the publication of our Annual Report, and will instead be published in our 2022 ESG Report, to be published in 2023.

GOVERNANCE

BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Our governance of climate-related risk is integrated into our overall ESG governance and risk management structures.

The Group Board has oversight of our climate-related strategy and performance, and receives updates on climate at least twice a year as part of a schedule of ESG updates. In 2022, key decisions taken by the Board included approval of: our new climate change policy position statement; carbon reduction targets; and our inaugural ESG Report for 2021, which included our Group-wide carbon footprint (covering Scope 1, 2 and 3 emissions). In September 2022, we held an ESG training session for our Board members, facilitated by an external expert from the Cambridge Institute for Sustainability Leadership, which covered global climate trends, as well as climate-related risks and opportunities for EG Group. In 2023 we have extended this training to our senior leadership across our markets.

The following Board Committees also have climate-related responsibilities:

- Our Audit & Risk Committee is responsible for identifying risks (see page 74 for further detail on this Committee). The Committee has identified climate change as a key strategic risk. Our climate risk assessment has been updated to consider risks and opportunities under different climate scenarios (see risk section below for further details)
- Our Remuneration Committee sets our remuneration approach and agrees KPIs that apply to incentive plans (see page 78 for further detail on this Committee). We have started to embed climate-related key performance indicators into remuneration (see metrics and targets section on page 42)

MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Our Co-CEOs, together with our Group Executive team, have overall responsibility for our climate change approach. Our Executive Risk & Disclosure Committee is responsible for reviewing and approving key risks and disclosures (see page 63 for further detail on this Committee). In 2022, members of the Committee reviewed and approved our inaugural ESG Report for 2021, which included a summary of our key climate-related risks and opportunities, trends on lower-carbon mobility, and our Group-wide carbon footprint.

The Group Executive team are supported by:

- Our Head of ESG and Sustainability, who leads on the development of our climate-related strategy, including policies and targets, and climate reporting
- Teams across the business, at both Group and country level, who are responsible for managing specific climate-related issues. This includes operational areas such as energy use at sites, waste reduction, and colleague travel, but also product and supply chain issues such as developing and expanding our offering on lower-carbon mobility solutions

⁽¹⁾ The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022

STRATEGY

We have identified key climate-related risks and opportunities associated with our own operations, as well as with the products we sell. This includes physical risks from changes in climate, as well as transition risks arising from regulation and societal trends. The tables on pages 38 to 40 summarise our most significant climate-related risks and opportunities and show the potential impact on our business under two different climate scenarios.

Whilst the UN agreement at COP26 in Paris aimed to limit global warming to well below 2°C (and preferably 1.5°C) above pre-industrial levels by 2100, the world is not currently on track to achieve decarbonisation in line with this goal. According to a 2022 report from the UN, the world is currently heading for warming of around 2.5°C above pre-industrial levels, based on current national pledges⁽¹⁾.

Given the uncertainty around the pace of global decarbonisation, the TCFD requires businesses to assess the impact of climate change under different scenarios. In line with this, we consider the financial impact of climate change on our business under different warming scenarios and timeframes.

The scenarios we chose are based on the following emissions pathways developed by the Intergovernmental Panel on Climate Change "IPCC"⁽²⁾:

- A high emissions scenario: where global temperatures increase by over 4°C above pre-industrial levels due to limited global efforts to control emissions. Under this scenario, emissions will continue to grow unmitigated and temperatures rise by 4.3°C by 2100. We refer to this as a '>4°C scenario' in the tables on page 38
- A low emissions scenario: where the increase in global temperatures is limited to around 2°C above pre-industrial levels, in line with the Paris climate change agreement. This requires rapid global decarbonisation, including halving of emissions by 2030 from pre-industrial levels, and net zero by 2050. We refer to this as a '<2°C scenario' in the tables on page 38

The timeframes we use are short term (up to 2025), medium term (up to 2035) and long term (2050). We selected these timeframes to align with climate science and to help inform strategic planning over the longer term.

We used the following thresholds for financial impact:

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

We are committed to measuring and reducing our impact on climate change (see section on metrics and targets). In 2022, we started working with The Carbon Trust to develop a roadmap for reducing our operational carbon footprint by 50% by 2030 (from 2021). This work will identify the investment required to achieve our target and the areas we need to focus on - from purchasing renewable electricity to installing solar panels and reducing fugitive emissions from refrigerants. In 2023, the roadmap will be reviewed by the Board.

We continue to explore and develop our electric vehicle charging offer. We believe 'evpoint' (our proprietary branded ultra-fast electric vehicle charging proposition) has the potential to become one of Europe's leading charge point operators. We have installed EV chargers at over 20 trial sites across the UK and Europe in 2022, and have earmarked a broader rollout across our site network through to 2026, with many hundreds of sites having already been scoped for suitability to install EV chargers.

⁽¹⁾ Source: UN Report presented at COP27 'Synthesis report - Nationally determined contributions under the Paris Agreement', October 26, 2022

⁽²⁾ The IPCC Representative Concentration Pathways ("RCPs") describe several potential future pathways based on the concentration of carbon in the atmosphere

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

OUR OWN OPERATIONS

TRANSITION RISK

DESCRIPTION OF RISK

Rising cost of energy due to regulatory changes.

POTENTIAL FINANCIAL IMPACT

Increase in energy bills affecting EBITDA.

Potential business impact under different climate scenarios before risk mitigation (low, medium, high)

Climate scenario	2025 (short term)	2035 (medium term)	2050 (long term)
>4°C	Low	Low	Low
<2°C	Low	Low	Low

OUR RESILIENCE & STRATEGY TO MITIGATE RISK

Our resilience: Utilities (energy and water) currently accounts for 7% of our total selling, general and administrative expenses. Whilst we are cognisant of rising energy costs, in the context of our wider business operations and costs, we believe we are resilient to energy costs in the short, medium and long term, under both climate scenarios. We are increasing our resilience to rising energy costs via our approach to reducing energy consumption (and emissions) set out below.

Our strategy: We have set a target to reduce our operational carbon footprint by at least 50% by 2030 (from 2021) and reach net zero by 2050. In 2022, we started to develop a carbon reduction roadmap, which will outline the actions and investment required to achieve our target (see page 43 for more details). The majority of reductions will come from savings in energy consumption and through renewable energy procurement. In 2022 we also set up an Energy Committee to review our approach to energy procurement in the UK and Europe, as we look to take a longer-term approach to managing our energy needs.

PHYSICAL RISK

DESCRIPTION OF RISK

Changing climate and more frequent extreme weather events.

POTENTIAL FINANCIAL IMPACT

Greater risk of damage to our property and supply chain disruption.

Increase in insurance costs and increase in our energy costs due to greater need for cooling in some regions.

Potential business impact under different climate scenarios before risk mitigation (low, medium, high)

Climate scenario	2025 (short term)	2035 (medium term)	2050 (long term)
>4°C	n/a	Low	Low
<2°C	n/a	Low	Low

OUR RESILIENCE & STRATEGY TO MITIGATE RISK

Our resilience: An external review of physical risks to our sites found that there are increasing risks of heat stress, precipitation stress, fire risk and drought over the medium and longer term, with the highest risks in Australia, Italy and the east and west coasts of the USA. Globally, we are relatively protected from flood risk and sea level rise, with some sites exposed to high or extreme risk from flood and sea level rise by 2030 (under a climate scenario that looked at the potential impact on our sites of global warming >3°C). Although our energy costs and insurance costs may increase at a small number of sites due to physical risks (for example, from flooding at sites in Australia in 2022), overall EBITDA is unlikely to be significantly impacted.

Our strategy: We will seek to ensure our sites are more resilient to physical climate risks. We already maintain robust insurance programmes for our own assets, and we also recognise that we need to build resilience by taking account of physical climate risks in the planning and design of new sites, refurbishment and preventative maintenance programmes.

OUR PRODUCTS AND SUPPLY CHAIN

TRANSITION RISK

DESCRIPTION OF RISK

Reducing demand for petrol and diesel as society shifts towards alternative, lower-carbon forms of transport (see box on page 41 for further details).

POTENTIAL FINANCIAL IMPACT

Reduction in gross profit from petrol and diesel sales and risk of stranded assets.

Potential business impact under different climate scenarios before risk mitigation (low, medium, high)

Climate scenario	2025 (short term)	2035 (medium term)	2050 (long term)
>4°C	n/a	Low	Medium
<2°C	n/a	Medium	High

OUR RESILIENCE & STRATEGY TO MITIGATE RISK

Our resilience: A significant proportion of our gross profit is generated through non-fuel sales (Foodservice and Grocery & Merchandise).

Our strategy: We continue to diversify our business to reduce reliance on petrol and diesel sales. This includes the development of non-fuel offerings at our sites, expanding our EV charging capabilities and investments in proprietary Foodservice brands.

TRANSITION OPPORTUNITY

DESCRIPTION OF OPPORTUNITY

Growth in demand for electric vehicle charging and lower-carbon forms of transport (see box on page 41 for further details).

POTENTIAL FINANCIAL IMPACT

Increase in gross profit from electric vehicle charging and sales of low-carbon fuels for transport.

Potential business impact under different climate scenarios before risk mitigation (low, medium, high)

Climate scenario	2025 (short term)	2035 (medium term)	2050 (long term)
>4°C	Low	Low	Medium
<2°C	Low	Medium	High

OUR RESILIENCE & STRATEGY TO MAXIMISE OPPORTUNITY

Our resilience: We recognise that decarbonisation will require a transition over the mid to long-term, from petrol and diesel cars to lower-carbon alternatives. While this has not yet materially impacted our forecourt operations, we recognise that the development of lower-carbon mobility solutions will be a key driver of value for EG over the medium to long-term.

Our strategy: We continue to develop our electric vehicle charging offer, and have already installed 470 EV charging points across the UK and Europe. We believe 'evpoint' (our proprietary branded ultra-fast electric vehicle charging proposition) has the potential to become one of Europe's leading charge point operators. We have installed EV chargers at over 20 trial sites across the UK and Europe in 2022, and have earmarked a broader rollout across our site network through to 2026, with many hundreds of sites having already been scoped for suitability to install EV chargers. Our multi-service sites are well-suited to EV charging, since customers can buy their groceries or enjoy our food service while recharging their vehicles. See page 31 for more details of our EV charging rollout.

Beyond EV chargers, we are also starting to expand our offering of lower-carbon fuels for commercial customers and are exploring hydrogen solutions. See page 31 for more details of our investment in hydrogen-based commercial vehicles.

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

OUR PRODUCTS AND SUPPLY CHAIN CONTINUED

TRANSITION RISK

DESCRIPTION OF RISK

Reducing demand for meat and dairy as costs increase, and as consumer preferences evolve.

POTENTIAL FINANCIAL IMPACT

Reduction in sales from meat and dairy products.

Potential business impact under different climate scenarios before risk mitigation (low, medium, high)

Climate scenario	2025 (short term)	2035 (medium term)	2050 (long term)
>4°C	n/a	Low	Low
<2°C	n/a	Low	Medium

OUR RESILIENCE & STRATEGY TO MITIGATE RISK

Our resilience: Some of our brand partners in Foodservice and Grocery & Merchandise have started to offer a wider range of vegetarian and vegan food in response to evolving demand for lower-carbon diets. At LEON, our proprietary food brand, a significant amount of the menu is vegan or vegetarian. By offering alternative vegetarian and vegan products, we aim to mitigate against the risk of falling demand for meat and dairy.

Our strategy: We will continue to evolve our menus in light of customer preferences.

HOW CLIMATE CHANGE WILL IMPACT THE FUTURE OF FUEL RETAIL

Climate change and the transition to a lower-carbon economy will significantly impact the future of fuel supply, distribution and retail. In order to gain a better understanding of the potential risks and opportunities for our fuel retail business, we have carried out desk-based research into different climate change scenarios and their impact on fuel retail, including growth in demand for electric vehicle charging and reduction in oil demand for transport. The key findings are summarised below.

ELECTRIC VEHICLES

The total number of passenger electric vehicles on the road has tripled over the past three years to over 16.5 million in 2021. Nearly 10% of global car sales were electric in 2021 – four times the market share in 2019. The IEA Global Electric Vehicle Outlook 2022⁽¹⁾ analyses the future of the electric vehicle market under different climate scenarios, in which they report:

- The value of the electric charging market is likely to increase to \$135bn per year by 2030 under current planned national policies, reaching almost \$190bn if governments meet their domestic climate pledges
- The IEA forecasts significant growth this decade in the number of electric vehicles. This ranges from 200 million electric vehicles under current planned national policies (around 10% of the road fleet), to 350 million electric vehicles (around 20% of the road fleet) by 2030, under a net zero by 2050 scenario where global warming is limited to 1.5°C

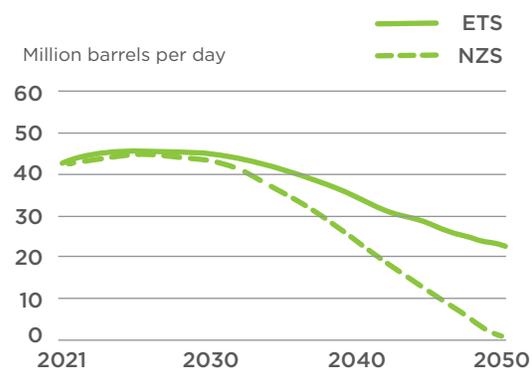
According to the BNEF Electric Vehicle Outlook 2022⁽²⁾, zero-emission vehicles need to represent over 61% of global new passenger vehicle sales by 2030 (and 93% by 2035) in order to attain a net zero global fleet by 2050. The last internal combustion vehicle needs to be sold by 2038. A number of countries have already announced they will introduce bans on sales of new petrol and diesel vehicles, including the UK by 2030 and Europe by 2035.

PETROL AND DIESEL

According to the BNEF Electric Vehicle Outlook 2022⁽²⁾, electric vehicles of all types are currently displacing 1.5 million barrels of oil per day and are likely to displace almost 2.5 million barrels per day by 2025. As shown in the chart, oil demand for road transport is likely to decrease from 43.6 million barrels of oil per day in 2019 to 34 million barrels per day by 2040 under the BNEF 'economic transition scenario' ("ETS"), based on current climate policies and regulation. The decrease in demand is greater under the 'net zero scenario' ("NZS"), with demand falling an additional 10 million barrels per day by 2040 and reaching close to zero by 2050.

By 2050, around 25-30% of passenger and light commercial vehicles will still require petrol or diesel under the BNEF 'economic transition scenario' (ETS), but will be close to zero by 2050 under a 'net zero scenario' (NZS).

Oil demand from road transport by scenario



Source: BNEF. Note: Includes biofuels.

HYDROGEN

The global hydrogen fuel cell vehicle market size was estimated at US\$0.65 billion in 2021 and is expected to reach around US\$43.19 billion by 2030⁽³⁾. According to the IEA, fuel cell vehicles are likely to reach between 1% to 6% of sales of total cars and light trucks by 2030 under different climate scenarios⁽⁴⁾.

⁽¹⁾ www.iea.org/reports/global-ev-outlook-2022

⁽²⁾ <https://about.bnef.com/electric-vehicle-outlook/>

⁽³⁾ Source: Precedent Research <https://www.precedenceresearch.com/hydrogen-fuel-cell-vehicle-market>

⁽⁴⁾ Source: IEA World Energy Outlook 2020 <https://www.iea.org/reports/world-energy-outlook-2020>

ESG & SUSTAINABILITY CONTINUED

CLIMATE-RELATED FINANCIAL DISCLOSURE CONTINUED

RISK MANAGEMENT

We regularly review climate-related risks and opportunities as part of our overall governance processes and controls.

We carried out our first comprehensive ESG materiality assessment in 2022, supported by external consultants. This identified climate change and the transition to a lower-carbon economy as our most significant ESG priority. The assessment was based on interviews with senior leaders across the countries in which we operate. The process also involved a review of peer benchmarking, legislation, reporting requirements, and horizon scanning of emerging trends.

Our Group risk register, which is regularly reviewed and updated by the Audit & Risk Committee, identifies climate change as a key strategic risk for EG. See further details of our Group risk register and risk management processes on page 44. We have reviewed our climate risks under different scenarios and assessed the impact on our business over different timeframes (short, medium and long term).

Our risk review process included:

- Researching climate scenarios to use in our risk assessment. We decided to use two scenarios that reflect a high emissions and low emissions future (see strategy section above)

- Selecting timeframes for our risk assessment covering the short, medium and long term (see strategy section above)
- Desk-based research to assess our key climate-related risks and opportunities under each scenario over different timeframes. This included:
 - A climate risk assessment carried out by a third party in 2021
 - Working with The Carbon Trust in 2022 to research the potential market opportunity for electric vehicles and other lower-carbon technologies under different climate scenarios (see pages 38 to 40)
 - A workshop for senior leaders in 2022 on the future of fuels led by external consultants, PwC. This looked at the scale and speed of the transition to lower-carbon mobility solutions, as well as market dynamics for EV and hydrogen, particularly in the UK
- Engaging with senior leaders across the business to review and agree the business impact of our key climate-related risks and opportunities (as summarised in the tables on pages 38 to 40)

METRICS AND TARGETS

OUR METRICS

As part of our ESG reporting, we measure and disclose our carbon footprint in line with the international greenhouse gas accounting standard developed by the Greenhouse Gas Protocol (GHG Protocol). Our data includes Scope 1, 2 and 3 emissions as defined under the GHG Protocol. We also report data on our energy and water consumption, waste and recycling, and decarbonisation initiatives, including electricity purchased from renewables, number of sites with solar panels and rollout of customer electric vehicle charging.

We measured our Group-wide carbon footprint for the first time in our 2021 ESG Report (published in 2022), which we use as the baseline year for our carbon reduction targets. Our 2022 ESG Report is due to be published later in 2023, and includes details of our data collection methodology. In addition, we also report in line with mandatory SECR requirements on UK-related emissions (see page 43).

In line with good practice, we have started to embed climate-related key performance indicators into colleague remuneration. In 2022, we included metrics on climate change in our UK Short-term Incentive Plan ("STIP"), which applies to UK head office colleagues and 'above store' leaders. This required us to set a Group carbon reduction target. A target was approved by the Board in 2022 (see page 43 for details of this target).

In 2023, we have again embedded ESG-related metrics into the UK STIP, but we have also extended this to cover our Long-term Incentive Plan ("LTIP") for senior leaders across some of our markets:

- UK STIP: 20% of this will be awarded based on meeting personal objectives, which includes an objective to complete an online ESG training module
- LTIP: 15% of this is linked to progress against our operational carbon reduction target. The LTIP covers senior leadership, including Senior Managers such as Heads of Functions and Country Managers

METRICS AND TARGETS CONTINUED

OUR CARBON REDUCTION TARGETS

As part of our ESG strategy, we have set a target to reduce our operational carbon footprint by at least 50% by 2030 (vs 2021) and reach net zero by 2050. This target covers our operations and aligns with the level of decarbonisation required to achieve the Paris Agreement goal to limit global warming to 1.5°C above pre-industrial levels by the end of the century. In 2022, we started working with The Carbon Trust to develop a carbon reduction roadmap for achieving our target (see strategy section on page 37).

In order to reduce our Scope 3 emissions, we have set a target to expand our lower-carbon mobility offering, including electric charging. We also plan to develop a carbon reduction target for our products and supply chain (Scope 3) in 2023/24.

We report progress against our targets on an annual basis in our ESG Report, due to be published later in 2023.

OUR UK EMISSIONS

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

Total energy consumption and emissions increased in 2022 against the 2019 baseline. This is primarily due to entities that were acquired in the UK part way through 2021, now being part of EG Group for the whole of 2022. Therefore, the associated energy consumption and emissions are significantly higher than both 2019 (when these entities were not part of EG Group), and 2021 (when these entities were part of EG Group for only a part of the year).

In order to express our emissions in relation to a quantifiable factor associated with our activities, we have used Adjusted EBITDA⁽²⁾ as our intensity ratio as this is a relevant indication of our growth and is aligned with our business strategy. The intensity ratio shows an increase of 17% vs 2019, reflecting that whilst total absolute emissions increased by 128%, they show a much smaller increase when normalised against EBITDA.

UK emissions (tonnes of CO ₂ e)	2022	2021 ⁽³⁾	2019 ⁽⁴⁾	Variance vs 2019
Scope 1 (fuel combustion and operation of facilities)	4,481	3,056	1,378	225%
Scope 2 (purchased electricity, heat and steam generated) ⁽⁵⁾				
Location based	32,399	29,935	19,895	63%
Market based	39,691	25,618	17,513	127%
TOTAL Scope 1 and 2 (location based)	36,880	32,991	21,273	73%
TOTAL Scope 1 and 2 (market based)	44,171	28,674	18,891	134%
Intensity ratio (tCO₂e / EBITDA £m)	185.3	131.8	158.8	17%
UK energy consumption (kWh)	2022	2021	2019	Variance
Scope 1 (fuel combustion and operation of facilities)				
Natural gas	17,371,176	10,016,574	995,199	1645%
Gas oil	0	187,600	586,347	-100%
White diesel	200,504	0	0	100%
LPG	617,768	787,307	883,842	-30%
Direct transport	4,500,455	3,862,664	3,311,547	36%
TOTAL Scope 1	22,689,903	14,854,145	5,776,935	293%
Scope 2 (purchased electricity)	167,540,486	140,981,570	77,837,638	115%
TOTAL Scope 1, 2 and 3 energy consumption	190,230,389	155,835,715	83,614,573	128%

⁽¹⁾ Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 i.e. the UK's Streamlined Energy and Carbon Reporting regulations. The methodology used to calculate our emissions and energy use is in accordance with the GHG Protocol and Environmental Reporting Guidelines including Streamlined Energy and Carbon Reporting guidance, and we have applied DEFRA 2021 emissions factors

⁽²⁾ Adjusted EBITDA for all UK entities including SSC

⁽³⁾ Data restated to exclude refrigerants data, which is now measured and reported as part of our global carbon footprint in our ESG Report

⁽⁴⁾ As above

⁽⁵⁾ This includes emissions from direct transport which are categorised as Scope 1 emissions. Transport data was previously categorised as Scope 3 (as these are leased vehicles), however it has come to light that vehicles used by EG are leased vehicles used solely on business purposes and therefore are direct operational emissions, which have been re-categorised as Scope 1. This does not affect the calculations on carbon emissions, it is purely a recategorisation of scopes

PRINCIPAL RISKS AND UNCERTAINTIES

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

RISK MANAGEMENT

As with all businesses, we are affected by a number of risks and uncertainties, some of which are beyond our control. During 2022 and into 2023, we continued to develop our risk management framework and to work with in-house teams across the business to support an enterprise risk approach in order to align our risk framework from both a 'top-down' and 'bottom-up' approach.

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

During 2022, a review of the risk environment, the Group's risk register and associated controls was undertaken during Q2 and Q4 of 2022 and the presented to the Board in November.

COMPONENTS OF OUR RISK MANAGEMENT FRAMEWORK

Risk Identification

Based on a review of our risk universe in 2021 and 2022, including an appraisal of the business, external environment and regulatory landscape, Group risks were identified. Each risk was categorised into a key area of the business (as listed below) and an Executive-level risk owner was assigned to each category.

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

Risk Assessment

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

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

The risks identified to be most significant to our operations are detailed on pages 46 to 53 by function rather than in any order of priority. This list is not exhaustive and there may be risks that are presently unknown. We have revised our external risk reporting from the previous year as we feel this reflects our business and operations more accurately.

Risk Response

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

- Business Improvement & Internal Controls Programme
- SAP implementation working group
- Health & Safety Committees
- Energy Committee

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

MONITORING AND ASSURANCE

The Board maintains overall responsibility and oversight for risk management across the Group and sets the 'tone from the top' in relation to the Group risk framework and appetite. Monitoring and assurance is provided by the Executive Risk & Disclosure Committee who report on risk matters to the Audit & Risk Committee, chaired by Alison Carnwath. For further information regarding the workings of the Audit & Risk Committee please refer to pages 74 to 77.

EMERGING RISKS AND LANDSCAPE

Macroeconomic factors

Currently there is an increased level of macroeconomic uncertainty impacting the business, our customers and our suppliers. Rising inflation is resulting in increased salary, utility and supply costs for the business in addition to a reduction in disposable income for our customers. This situation has been exacerbated by the conflict within Ukraine, resulting in supply issues and increases in wholesale prices. This uncertainty is a risk to our financial performance and we are continuously monitoring the situation and implementing contingency measures as appropriate. The financial outlook for 2023 is described in further detail on pages 54 to 60 and has been considered as part of our going concern review on page 92.

Whilst we continue to monitor the impact of these issues, at the time of this risk assessment, we do not determine the war in Ukraine to be a principal risk.

Refinancing Risk

The Group will need to refinance its term loans and senior secured notes in advance of their maturity date, with \$300m maturing in February 2024, \$7,036m maturing in February 2025, \$1,381m maturing in October 2025 and a further \$1,163m maturing in 2026 and 2027.

With the Group's continued resilient financial performance and the actions already taken to implement the Group's updated financial policy (as described in the financial review on page 60) in which management commit to a significant reduction in leverage, the Group is well positioned to refinance ahead of the debt's maturity date.

The debt market was challenging during 2022 but has shown improvement in recent months, and the Group continues to see the first half of 2023 as the first window to address the refinancing of its upcoming maturities. The Board remains confident of the Group's ability to execute its refinancing plans, however market volatility remains a risk with respect to the cost and interest rate achievable.

WHAT WE ARE DEVELOPING

Risk landscape

Current risks:

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

Emerging risks:

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

Risk categories

STRATEGIC

OPERATIONAL

COMPLIANCE

PEOPLE

TECHNOLOGY/IT

FINANCIAL

HEALTH & SAFETY

What we assess

Risk ownership:

Each risk has a named owner

Risk scoring:

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

Inherent risk:

Before mitigating controls are put in place

Residual risk:

After mitigating controls are applied

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

STRATEGIC RISK

Risk

ACQUISITION

A core element of the Group's growth strategy is through selective acquisitions.

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

Acquired businesses may fail to realise expected synergies, growth targets and performance, impacting Group profitability and cash flows.

Controls

The Group has detailed targeted appraisal procedures in place, including appropriate due diligence, and has a dedicated M&A function and transition teams who focus on the acquisition and integration of new businesses.

We have robust Board approval procedures to ensure thorough and detailed review of acquisition proposals.

Integration plans are finalised prior to acquisitions to ensure newly acquired businesses are integrated efficiently and swiftly. We regularly assess the business strategy and performance of each entity within the portfolio against strategic KPIs, while the Executive Management and the Board review performance of the acquisitions on a monthly basis and complete post-acquisition hindsight reviews in the following year.

Risk

DELIVER GROWTH STRATEGY

The Group's strategy for expansion is based on a mix of organic growth and selective acquisitions. The strategy is subject to a number of risks, including:

- Failure to identify, acquire and develop new sites or upgrade existing sites
- Failure to convert sites to our preferred COCO model
- Inadequate acquisition due diligence
- Inability to meet capital expenditure requirements for development or refurbishment

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

Failure to successfully implement our growth strategy could adversely affect Group profitability, leading to an inability to attract further investment and stalled growth.

Post year end, the Group committed to reduce overall net debt as outlined in our financial policy for 2023. For further information on our non-core assets disposals please refer to page 109 and information relating to our financial policy can be found in the financial review on page 60.

Controls

All material acquisitions require Board approval and to date all acquisitions have been in sectors (PFS, Foodservice) that the Group knows well. For large acquisitions, and/or Group acquisitions in new territories, the Group engages with investment banks to increase its chance of success. Organic growth is achieved both through operational improvements and through growth capex.

Operational performance of the Group is monitored in weekly calls with the management of all countries of operation, chaired by the Co-CEO and attended by the Group CFO.

Annual capex budgets and capital plans are approved by the Board. Allocation of capital spend is approved by the Co-CEO in the monthly property meetings with criteria and thresholds for investment well established. Updates on budgeted capex versus actual spend are provided to the Board via monthly financial reporting.

STRATEGIC RISK CONTINUED

Risk

CLIMATE CHANGE AND TRANSITION TO LOWER-CARBON ECONOMY

Developments in policy, law, regulation, technology and markets. Changing societal and investor sentiment, related to the issue of climate change and increased preferences for alternatives to fossil fuels including hybrid and electric vehicles.

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

Significant changes to the forecourt industry, which would adversely affect our business plans and financial performance.

Controls

The Group remains aware of changing industry and consumer trends and operates an agile business model which is committed to being environmentally responsible, positively managing our impact on the environment.

Non-fuel offerings are a cornerstone of the Group's long-term diversification strategy and a significant, and increasing, proportion of the Group's gross profit is non-fuel.

In developing a well-invested network of sites, the Group's focus is on developing multi-use retail sites that are well placed to adapt and evolve beyond a traditional fuel offering to cater for changing customer demands for convenience retail as well as new motor vehicle fuel sources, such as alternative fuels and sources of power. Whilst not yet materially impacting site operations, the Group remains highly conscious of the importance of alternative, lower-carbon fuels. We have invested in the provision of facilities for electric vehicles and developing a strategy to significantly increase their number in the coming years. We have also made a strategic investment towards our hydrogen strategy along with planning the deployment of hydrogen refuelling at key sites.

During 2022, the Group undertook a materiality assessment to understand the key ESG matters impacting the business and ESG training has been undertaken by the Board and Executive Management.

Further details of our response to environmental issues and challenges can be found in the ESG section on pages 28 to 43.

Our approach to climate risk can be found on pages 36 to 43 which outlines our climate governance, strategy risk management, metrics and targets.

KEY

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

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

OPERATIONAL RISK

Risk

COMPETITION

The Group faces significant competition within each of our operating regions from other existing forecourt retailers, c-stores, food retailers, grocery stores, supermarkets and fast-food concessions drawn from local and large-scale multinational corporations, as well as from new competitors entering the markets that we serve.

We may face difficulties competing in the highway concession market in Continental Europe. These operations, which are among our most profitable, depend on authorisations from governmental regulatory agencies in the countries in which we operate, which are subject to bid, expiration, limitation on renewal and various other risks and uncertainties. There can be no guarantee we will obtain or be able to renew highway concessions on favourable terms or at all in both the public and private sectors. This is in turn influenced by macroeconomic factors, consumer confidence and government spending policy in our key markets.

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

Competitive pressures could result in a loss of market share and may require us to lower prices, increase capital, marketing and advertising expenditures or increase the use of discounting or promotional campaigns. This may also restrict our ability to increase prices, including in response to commodities or other cost increases.

Controls

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.

KEY

- Newly reportable risk
- Increased risk
- Remains a principal risk
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OPERATIONAL RISK CONTINUED

Risk

FUEL PRICING

The Group faces significant competition within each of our operating regions from other existing forecourt retailers, c-stores, food retailers, grocery stores, supermarkets and fast-food concessions drawn from local and large-scale multinational corporations.

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

An inability to pass on cost increases to customers could impact the Group's margins and profitability.

During 2022, the Group has observed the impact on wholesale fuel costs caused by the conflict in Ukraine.

Controls

The Group's fuel inventory holdings average between five and eight days. Furthermore, fuel retail prices will normally adjust to movements in wholesale fuel costs within a short period, meaning the Group has limited exposure to reductions in fuel margins. In addition, experienced commercial teams develop and monitor fuel pricing strategies and maintain a strong commercial focus on fuel procurement to further manage and mitigate this risk.

Risk

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are affected by various statutes, regulations and standards in the countries and markets in which it operates. The amount of such regulation and the penalties can vary. The Group is subject to the laws governing businesses generally, including laws relating to competition, product safety, data protection, labour and employment practices, accounting and tax standards, international trade, fraud, bribery and corruption, anti-money laundering, terrorist financing, land usage, environment, health and safety, transportation and other matters.

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

Significant and long-term changes across the political and environmental landscape combined with changes in societal expectations on how businesses should operate and engage with various stakeholders resulting in increased legislative and regulatory reform, in addition to increasing consequences for breaches.

The war in Ukraine has resulted in increased challenges in this area as a result of import/export restrictions and increased political, public and media scrutiny.

Failure to comply with such regulations could result in civil or criminal penalties and/or disruption to the business.

Controls

The legal and compliance functions are headed by the Group General Counsel and Company Secretary who has direct access to the Board members including the Chairman of the Board.

Expert legal teams are appointed in all markets in which we operate and non-compliance is escalated. Teams are supported by technical experts and external advisers. A list of laws and regulations across all jurisdictions is maintained and reviewed annually to include future changes.

The Group has robust procedures, systems and controls in place to manage and monitor compliance with relevant legislation and ensure operations are conducted safely and to the highest possible standard. Following the establishment of the Audit & Risk Committee in May 2021, the Group continues to enhance and streamline reporting with regard to regulatory compliance reporting.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

TECHNOLOGY RISK

Risk

INFORMATION SECURITY

Failure to prevent a cyber security incident resulting in unauthorised access or misuse of EG's systems, networks or data resulting in a leak of sensitive information or asset.

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

This risk was previously titled 'business systems' within the operational risk category. Given the ever-increasing frequency and sophistication of cyber attacks and the threat this presents not only to EG, but to our suppliers and other businesses, cyber risk has been reported as a standalone risk within the technology risk category, with executive oversight from the Group's CIO.

Controls

24/7 Security Operations Centre to monitor threats and vulnerabilities which has been strengthened as a result of the increased threat factors in the fuel retail sector.

We operate a layered security defence model across the business.

External penetration testing on critical infrastructure, simulation testing and backups.

Regular reporting of cyber threats, incidents and security to the Board.

Training and communications across the business for new starters and existing colleagues.

Risk

TECHNOLOGY

Failure to design, build, operate and maintain resilient key IT systems and infrastructure, resulting in a disruption.

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

Technology can become obsolete and unsupported; failure to adequately design and maintain systems may result in disruption to business critical systems and applications.

Controls

The Group continually monitors and enhances technology infrastructure and the effectiveness of our business systems to ensure they are fit for purpose and support the Group's strategy.

We have IT development, change management and lifecycle procedures in place and partner with third-party suppliers where appropriate.

We have reviewed with support from external advisers and mapped our IT risks and controls across the Group that continue to be designed and tested.

Digital strategy, technology and infrastructure and controls are monitored and regularly reported to the Audit & Risk Committee and the Board.

We have invested in the latest products from SAP, ServiceNow and Microsoft to enhance the capabilities in the technology systems.

KEY

- Newly reportable risk
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PEOPLE RISK

Risk

TALENT, CULTURE AND CAPABILITY

The success of the Group depends on our ability to attract, retain and develop colleagues and to embed our culture and values in order for the business to achieve its purpose and strategic objectives.

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

Loss of skills, key contacts, relationships and important knowledge could affect the operational ability of the business.

Market competition for key leadership remains strong, with increased challenges as a result of macro-political and economic factors such as Brexit, inflation and cost-of-living increases particularly felt across the retail sector.

Controls

Recognising the increased scale and operations of the business, the Group Board comprises three independent Non-Executive Directors, including a Non-Executive Chairman, to enhance the mix of knowledge, skills and experience. For details of the composition of the Board, please refer to pages 64 to 66.

A Group-wide people strategy to make EG an 'employer of choice' is being developed and overseen by the Remuneration Committee, where retention, starters and leavers information and salary data is reported on a quarterly basis.

Transparent remuneration structures and salary benchmarking have been reviewed and enhanced to incentivise colleagues across the Group.

Management teams are focused on recruitment, development and retention of key local talent in each of the markets in which we operate.

Succession planning and development of key employees also continues to be a key priority for consideration by the Board. For further information on our people strategy and training and development programmes please refer to page 33.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

HEALTH & SAFETY

Risk

FOOD PREPARATION AND STORAGE

Failure to meet regulatory standards and customer expectations relating to product safety including food sourcing, preparation and storage which may result in illness, death or injury.

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

Increased legislative requirements following the implementation of Natasha's law, evolution of customer preferences and the development of EG's strategy with the acquisition of three proprietary brands including foodservice has seen an increase in the risks associated with food preparation and storage.

Controls

We have a robust H&S risk register identifying, assessing and monitoring specific H&S risks across the business and brands with key controls and control owners identified. Every brand has established operational support, robust reporting systems and support functions for food and health and safety; this includes Food Safety Managers, Safety Managers, Technical advisers, Quality Assurance advisers and Primary Authority Partnerships ("PAP").

Health & Safety Committees are in place across the business for each region, reporting into the Group's Health & Safety Manager, who has direct access to the Group General Counsel and Company Secretary, and quarterly reports are presented to the Executive Risk & Disclosure Committee and the Board.

Risk

HEALTH AND SAFETY

Failure to meet safety standards in our workplace may unfortunately result in death or injury to our customers and colleagues which may result in damage to our operations and reputation as well as adverse financial and legal consequences.

LINKS TO VALUES:



CHANGE FROM 2021:



LINK TO OUR STRATEGY:



Impact/Movement

Providing a safe environment for our colleagues and customers is important to EG and we continue to review and monitor our controls and processes to ensure safety.

The pandemic had a significant impact on our operations, resulting in new ways of working to serve our customers.

We closely monitor changes in regulations and legislation to ensure our British Retail Consortium ("BRC") members, as well as controls and processes, are compliant. Colleagues are provided with H&S training and bespoke training is identified and provided based on roles. This includes NEBOSH, IOSH, Food Safety RSPH Levels 2, 3 and 4.

Our internal and external auditing programme, safety inspections and risk assessment completion assist us in assessing our compliance status, with established policies and procedures; this enables us to continuously review and identify areas for potential improvement. Our bespoke safety reporting system enables us to conduct a thorough safety analysis and reporting of all incidents through to Board level, which assists us in targeted safety initiatives and communications across all brands.

KEY

- Newly reportable risk
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FINANCE RISK

Risk

FINANCIAL PERFORMANCE

Failure to achieve our financial performance objectives impacted by macroeconomic conditions including inflation, increased commodity prices, currency and interest rate fluctuations and tax exposure across our global markets.

These conditions may impact our cash liquidity position and the Group's ability to fund further capital investment, interest payments and fixed cost commitments.

LINKS TO VALUES:**CHANGE FROM 2021:****LINK TO OUR STRATEGY:**

Impact/Movement

Global markets are experiencing volatility as a result of geopolitical and macroeconomic factors which may impact commodity prices, taxes and tariffs and may result in increased costs for the business.

While the business has demonstrated continued resilience during challenging market conditions, as a result of inflation and cost-of-living increases, customers may be negatively impacted by a reduction in disposable income. This may then cause a decline in earnings and cash generation, potentially reducing the Group's ability to repay and refinance its external debt and to fund working capital, capital expenditures and other expenses.

Controls

We maintain an infrastructure of systems, policies and reporting to ensure discipline across all financial matters, including treasury, tax, and financial reporting and performance.

Continued focus on working capital management to continue to improve cash flow, including reviewing discretionary growth capital expenditure to maximise liquidity.

Frequent engagement and dialogue with the market and rating agencies.

Enhanced budgeting processes, including projected cash, financial covenants testing and other rating metrics.

The Group Chief Financial Officer and senior finance executives monitor adherence on principles and policies.

Weekly and monthly trading updates are presented to Executive Management and reporting circulated to the Directors which analyses performance against budget and prior year.

Monthly Finance Board reports which include cash forecasts over the short and medium term, working capital and liquidity positions are reviewed and discussed by the Directors.

We regularly review rolling cash flow and earnings forecasts, capital expenditure plans and liquidity levels and access to committed credit facilities to ensure the Group maintains appropriate liquidity positions. We plan to address refinancing of existing debt facilities well ahead of scheduled maturity dates.

Risk management strategies reflect the defined risk appetite, ensuring risk mitigation using cost-effective strategies. The Group continually evaluates the use of interest rate hedging instruments and fixed rate borrowings.

The Audit & Risk Committee maintains regular oversight and governance of key areas including liquidity and funding strategy, our going concern statements and Group financial controls.

FINANCIAL REVIEW

HOW WE PERFORMED IN 2022

REVENUE

\$30,616m

(2021: \$26,420m) – UP 16%

GROSS PROFIT

\$4,353m

(2021: \$4,096m) – UP 6%

ADJUSTED EBITDA⁽¹⁾

\$1,591m

(2021: \$1,660m) – DOWN 4%

ADJUSTED EBITDA⁽²⁾ BEFORE IFRS 16

\$1,356m

(2021: \$1,429m) – DOWN 5%

CONSTANT CURRENCY ADJUSTED EBITDA⁽²⁾ BEFORE IFRS 16

\$1,455m

(2021: \$1,429m) – UP 2%

2022 HIGHLIGHTS

The Group delivered a resilient financial performance in 2022 despite a challenging environment and elevated operating costs, reflecting its well-diversified global business across Foodservice, Grocery & Merchandise, and Fuel.

Adjusted EBITDA before IFRS 16 decreased by 5% to \$1.36bn for the full year to December 2022, with this being driven by the weakening of the Euro, Australian Dollar and Sterling against the US Dollar during the year. On a constant currency basis, the Group's Adjusted EBITDA before IFRS 16 increased by 1.9% to \$1.46bn for the full year to December 31, 2022.

Total revenue rose by 16% (or 25.1% on a constant currency basis) to \$30.62bn, which includes the contribution of the Group's recent acquisitions.

Cash generation remained strong with operating cash flow generated by the Group of \$1,213m, being 89% of Adjusted EBITDA before IFRS 16.

The Group's site network increased to 6,612 sites by the end of the year, of which two-thirds are company owned and company operated, with the increase primarily driven by its completed acquisition from OMV of 285 forecourts in southern Germany in May 2022 – strengthening its European business. The Group has continued to invest in its estate through new-to-industry sites and refits, following growth capital spend of \$484m.

Detailed opposite is a summary of our performance for the year ended December 31, 2022.

Please note, a number of Alternative Performance Measures⁽³⁾ (“APMs”) have been adopted by the Directors to provide additional information on the trading performance of the Group. These measures are intended to supplement, rather than replace, the measures provided under IFRS, and further detail on these measures and how they are derived from the financial statements can be found from page 163 onwards.

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

⁽²⁾ Adjusted EBITDA is stated before the impact of IFRS 16. Please refer to the APM section from page 163 onwards

⁽³⁾ Please refer to the APM section from page 163 onwards



SUMMARY GROUP INCOME STATEMENT

	2022			2021		
	Before exceptional items \$m	Exceptional items \$m	After exceptional items \$m	Before exceptional items \$m	Exceptional items \$m	After exceptional items \$m
Revenue	30,616	—	30,616	26,420	—	26,420
Cost of sales	(26,263)	—	(26,263)	(22,324)	—	(22,324)
Gross profit	4,353	—	4,353	4,096	—	4,096
Operating profit⁽¹⁾	539	(62)	477	680	(54)	626
Net finance costs	(735)	—	(735)	(404)	(15)	(419)
Profit/(loss) before tax	(196)	(62)	(258)	276	(69)	207
Tax	(52)	(12)	(64)	(147)	(6)	(153)
Profit/(loss) for the year	(248)	(74)	(322)	129	(75)	54

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

	2022 \$m	2021 \$m
(Loss)/profit after tax	(322)	54
Add tax	64	153
Add net finance costs	735	419
Operating profit⁽¹⁾	477	626
Operating exceptional items (note 5) ⁽⁴⁾	(32)	11
Adjusted operating profit	445	637
Add depreciation	464	515
Add impairment	390	295
Add IFRS 16 depreciation	217	197
Add amortisation	91	87
(Profit)/loss on disposal	(16)	(71)
Adjusted EBITDA^(2,3)	1,591	1,660
Impact of IFRS 16 on EBITDA	(235)	(231)
Adjusted EBITDA^(2,3) before IFRS 16	1,356	1,429

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

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

⁽³⁾ Please refer to the APM section from page 163 onwards

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

FINANCIAL REVIEW CONTINUED

ADJUSTED OPERATING PROFIT AND ADJUSTED EBITDA^(1,2) CONTINUED

Group revenue increased by 16% to \$30,616m (2021: \$26,420m) reflecting the increase in fuel prices which occurred during 2022 as a result of the oil price volatility which occurred following the Ukraine war.

Group loss before tax was \$258m, a decrease of \$465m from the profit before tax of \$207m in 2021, which was driven by the reduced gain on retranslation of our non-functional currency borrowings of \$250m compared to 2021 and additional impairments recognised in the current year.

More detail on our 2022 financial performance by region and by each of our three income streams is summarised on pages 16 to 23 and 14 to 15 respectively.

FINANCE COSTS

Excluding exceptional items, net finance costs increased by \$331m to \$735m (2021: \$404m). A large component of this movement is the gain on retranslation of our non-functional currency borrowings, where we saw no retranslation gains in 2022, a decrease of \$250m from a net gain in 2021.

Excluding these retranslation gains and losses, net finance costs for the year were \$728m (2021: \$664m). These costs are largely attributable to the costs to service the Group's Senior Secured Notes, term loans and short-term borrowing facilities, in addition to interest on lease liabilities, the amortisation of debt arrangement fees and non-utilisation fees.

The Group's external interest expense and debt servicing costs increased as a result of variable interest rate increases in the year. The Group recorded interest income on its financial assets of \$23m.

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

EXCEPTIONAL ITEMS

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

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

During 2022, the Group presented net exceptional expense within operating profit of \$62m (2021: \$11m). This was primarily driven by \$100m of goodwill impairment and \$12m of transaction and acquisition, litigation and restructuring costs incurred in the year, offset by a \$43m exceptional gain on revaluation of the unfavourable Ampol contract provision in Australia, following the updated commercial terms agreed in April 2022, and a \$5m profit on disposal of PPE. More details on the exceptional items can be found in note 5.

TAX

The tax charge in the year was \$64m (2021: \$153m) which represents an effective tax rate ("ETR") of (25)% (2021: 74%). The decrease in tax charge is attributable to the reduction in earnings in the year. Please see note 14 for additional details.

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

⁽²⁾ Please refer to the APM section from page 163 onwards

SUMMARY GROUP BALANCE SHEET

	2022 \$m	2021 \$m
Goodwill	5,809	5,991
Tangible and intangible fixed assets	5,465	5,838
Right of use assets	1,937	2,105
Net working capital	(187)	(299)
Net debt before lease liabilities	(9,679)	(9,601)
Lease liabilities	(2,021)	(2,022)
Indirect tax deferrals	(445)	(546)
Current tax liabilities (net)	(60)	(142)
Deferred tax liabilities (net)	(383)	(379)
Provisions	(692)	(839)
Retirement benefit obligations	(39)	(56)
Other non-current assets/liabilities	205	521
Net assets classified as held for sale	293	12
Net assets	203	583
Leverage		
Net debt ⁽¹⁾ /Adjusted EBITDA ⁽²⁾	7.4	7.0
Net debt before lease liabilities ⁽³⁾ /Adjusted EBITDA ⁽²⁾ before IFRS 16	7.1	6.7
Net debt before lease liabilities ⁽³⁾ /Pro forma Adjusted EBITDA before IFRS 16 ^(2,4)	6.0	6.1
Covenant leverage ⁽⁵⁾	5.7	5.5

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

⁽²⁾ Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, before exceptional items; refer to the APM section from page 163 onwards

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

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

⁽⁵⁾ Covenant leverage is calculated as Group senior net debt (i.e. the Group's net debt excludes second lien facilities totalling \$651m) before lease liabilities adjusted for certain items set out in the covenant agreement (predominantly unamortised debt costs and accrued interest), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined on page 164). Please refer to the APM section from page 163

GOODWILL

Goodwill of \$393m arose on acquisitions that completed in 2022, comprising \$364m recognised on the acquisition of 285 sites from OMV in Germany and a further \$29m on the acquisition of M&L Gastronomiegesellschaft GmbH and Geiger Fast Food GmbH in Germany.

Following an assessment of the recoverability of Goodwill carried out by the Group at the year end, an impairment totalling \$100m has been recognised in relation to the Australian CGU.

More detail on the completed acquisitions, and their strategic rationale is included in the growth strategy updates on pages 10 to 13.

TANGIBLE AND INTANGIBLE FIXED ASSETS

Tangible and intangible fixed assets (excluding goodwill) decreased by \$373m to \$5,465m (2021: \$5,838m). Tangible assets decreased by \$302m largely driven by depreciation, impairment and foreign exchange losses. These were offset by assets acquired from new businesses totalling \$156m in the year; our continued capital expenditure projects totalled \$504m (2021: \$610m) and funded the investment in 102 new branded Foodservice outlets, 31 new-to-industry sites and the continued development and maintenance of the site portfolio. The Group also continues to develop its land bank to further facilitate expansion in its chosen geographies.

Other intangibles consist of acquired brand names in the USA and UK, dealer relationships acquired in Europe and other intangible assets such as software, with the decrease from December 2021 of \$71m largely relating to the amortisation charge for the year, translation loss and the transfer of a trade name to held for sale, offset by additions of dealer relationships and other intangibles acquired in the year as part of the OMV acquisition.

The total depreciation and amortisation of tangible and intangible fixed assets (excluding leases) was \$555m (2021: \$602m) and impairment losses of \$166m (2021: \$142m) which were recognised for loss-making or low-performing sites (see page 118).

FINANCIAL REVIEW CONTINUED

LEASES

Right of use (“RoU”) assets represent the present value of leased assets recognised under IFRS 16, which is largely the Group’s portfolio of 3,530 leased sites, which are depreciated on a straight line basis over the remaining life of the lease. Lease liabilities represent the present value of future payments for leasehold sites, in which lease payments are discounted at the Group’s incremental borrowing rate, with the unwinding of the discount recognised as an interest cost in the period. The decrease in right of use assets of \$168m in the year to \$1,937m (2021: \$2,105m) versus a decrease in lease liabilities of \$1m to \$2,021m (2021: \$2,022m) was driven by an impairment charge of \$124m recognised for loss-marking or low-performing sites.

WORKING CAPITAL

The Group generally benefits from a negative working capital profile, reflecting accounts payable payment terms exceeding stock holding and accounts receivable cash collections. Transactional activity levels remained broadly consistent versus December 2021, however fuel prices have been consistently higher in 2022 than 2021, due to rising wholesale costs, which has resulted in increases across all component parts of working capital. Inventories have increased to \$842m (2021: \$772m), Current trade and other payables have increased to \$1,799m (2021: \$1,672m) and current trade and other receivables increased to \$676m (2021: \$547m).

DEBT AND LIQUIDITY

At December 31, 2022, net debt before lease liabilities was \$9,679m, compared to \$9,601m at December 31, 2021. The revaluation of the US Dollar reporting currency relative to the Euro, Sterling and Australian Dollar has resulted in a reduction of net debt totalling \$328m, which has been offset by net cash outflows for the year (excluding debt repayments/draw-downs) of \$349m and non-cash movements impacting net debt. The net cash outflow was driven by acquisitions which completed in the year totalling \$484m.

Allowing for the full-year impact of acquisitions, the Group’s net debt (before lease liabilities) to pro forma Adjusted EBITDA before IFRS 16^{(1),(2)} ratio was 6.0x (2021: 6.1x), demonstrating the Group’s discipline to operate at a consistent leverage whilst continuing to execute its growth strategy.

INDIRECT TAX DEFERRALS

Indirect tax deferrals of \$626m were agreed with tax authorities during 2020, as part of the government support packages to support businesses during the pandemic. At the end of 2022, the remaining amount payable was \$445m, with the balance being repaid over a remaining 57-month period to September 2027.

PROVISIONS

Provisions primarily reflect the Group’s obligations for site-level environmental remediation works and dismantling obligations for leased properties. The decrease of \$147m reflects \$40m exchange rate movements, \$142m of utilised provisions, and \$65m of released provisions; these decreases have been offset by \$36m of provisions arising on 2022 acquisitions and a \$103m increase in provisions driven by amounts provided largely for other provisions, relating primarily to legal claims, restructuring costs, onerous contracts and obligations to retailers/dealers and property provisions.

OTHER NON-CURRENT ASSETS AND LIABILITIES

Other non-current assets and liabilities decreased by \$316m to \$205m (2021: \$521m). This is largely relating to the Group’s sale of a financial asset during the year which was valued at \$241m at the prior year end.

ASSETS HELD FOR SALE

At December 31, 2022, \$378m of assets and \$85m of liabilities are presented as held for sale (2021: \$12m of assets). This relates to a disposal group of 98 non-core locations in the USA which the Group had committed to sell at the year end, a group of 26 company-operated Minit Mart locations in Missouri and Kansas where an agreement to sell the sites was confirmed on January 24, 2023 and a further 19 sites in the USA for which a signed agreement to sell was in place at the year end.

SUMMARY GROUP CASH FLOWS

	Note	2022 \$m	2021 \$m
Net cash from operating activities	31	1,213	1,455
Interest received	34	11	—
Proceeds on disposal of property, plant and equipment	8	78	237
Purchases of property, plant and equipment	17	(504)	(598)
Purchases of other intangibles	16	(16)	(12)
Sale/(purchases) of financial assets	34	231	(243)
Acquisition of businesses	35	(484)	(708)
Deposits paid for acquisitions	35	—	(88)
Investments in joint ventures and associates	34	—	(6)
Loans to related parties	37	(37)	(112)
Net cash used in investing activities		(721)	(1,530)
Interest paid		(561)	(524)
Repayment of lease liabilities	24	(255)	(280)
Loan issuance costs paid	31	(3)	(44)
Repayments of borrowings	31	(630)	(598)
Proceeds from new borrowings	31	870	1,539
Net cash (outflow)/inflow from financing activities		(579)	93
Net (decrease)/increase in cash and cash equivalents		(87)	18
Cash and cash equivalents at beginning of the year	31	646	661
Effect of foreign exchange rate changes		(93)	(33)
Cash and cash equivalents at end of the year	31	466	646

FINANCIAL REVIEW CONTINUED

SUMMARY GROUP CASH FLOWS CONTINUED

Cash flows from operating activities totalled \$1,213m (2021: \$1,455m) as we showed continued resilience in our performance, as detailed in our regional operating reviews on pages 16 to 23.

In 2022, we observed a working capital outflow of \$154m (2021: \$66m outflow). The movements in working capital in both periods were impacted by the repayment of the deferral of \$70m (2021: \$80m) of indirect taxes agreed as part of the Group's liquidity management during the pandemic in 2020. Excluding the impact of these deferred indirect taxes, working capital outflows for the year were \$88m, compared to a \$14m inflow in 2021, with this outflow primarily due to the impact of increased fuel prices impacting trade receivables.

Utilising the cash generated from operations, the Group continued to invest in the growth of the business through its capital expenditure, which totalled \$520m (2021: \$610m), with this decrease in growth capital expenditure being a controlled reduction to support liquidity. During the year, the Group sold a financial asset for \$231m, which was purchased during 2021.

Further investment was made in the growth of the business, through the completion of two acquisitions in Germany for total consideration (net of cash acquired) of \$485m (2021: \$708m). The OMV acquisition was financed externally in 2021, with the proceeds raised used to settle the consideration paid in 2022.

During 2022, the Group advanced a total of \$37m as related party loans, largely to Hydrogen Vehicle Systems Limited, an associate of the Group.

The increase in bank borrowings of \$240m reflects the draw-downs of the RCF in the year.

DIVIDENDS

The Directors are not proposing to recommend a dividend from the Company in respect of the financial year ended December 31, 2022. No dividends were paid to shareholders from the Company during the year ended December 31, 2022 (2021: same).

POST BALANCE SHEET EVENTS

On January 24, 2023, the Group agreed to sell 26 company-operated Minit Mart locations in Missouri and Kansas for consideration of \$48m. The transaction completed during April 2023. The assets and liabilities in relation to these sites have been classified as held for sale at the year-end date, see note 8 for further details.

Furthermore, on February 27, 2023 the Group agreed the sale and leaseback of a portfolio of 416 sites across Cumberland Farms, Fastrac, Tom Thumb and Sprint banners in the USA. The gross consideration for the transaction is approximately \$1.5bn and the transaction is expected to complete in Q2 2023. Following completion, the Group will pay an initial rent of \$103m per annum with respect to these assets. The disposal did not meet the held for sale criteria at the year-end date and so the related assets and liabilities have not been presented as such on December 31, 2022.

On April 14, 2023, the Group committed to sell 19 company-operated Minit Mart locations in Missouri and Kansas for indicative consideration of \$26m.

On May 2, 2023, the Group committed to sell a further 65 company-operating locations in Kentucky and Northern Tennessee for indicative consideration of c.\$100m.

FINANCIAL POLICY

In 2022, the Group stated its commitment to reducing total net leverage through debt reduction and free cash flow generation and made progress with the announced non-core asset disposal and the monetisation of freehold assets, with these two transactions expected to complete in the second quarter of 2023. We will use net proceeds to repay debt.

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

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

OUTLOOK

We are pleased to report continued earnings resilience for 2022 despite challenging market conditions and changes in consumer spending behaviours.

Like many other business, the Group continues to face the challenging macro-economic backdrop over the next 12-18 months, particularly with market volatility on wholesale fuel costs and inflationary pressures impacting product costs and consumer spending. The Directors remain confident in the strategy, geographic diversity of our business and highly complementary Foodservice, Grocery & Merchandise, and Fuel retail operations to underpin our resilience in the coming months.

GOVERNANCE



CHAIRMAN'S INTRODUCTION TO GOVERNANCE



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

Lord Stuart Rose

As Chairman of EG Group, I am pleased to present the governance report for financial year ending December 31, 2022, including the Nomination Committee report on pages 71 to 73.

2022 was again another challenging year with geopolitical and macroeconomic uncertainty impacting all businesses, customers and colleagues from supply chain challenges to inflationary pressures. In spite of these testing economic conditions, we have continued to achieve our purpose to deliver a modern and compelling retail experience that allows customers to achieve multiple missions in one convenient location, supported by our continued and developing governance framework. Since our last published Annual Report, we have now completed a full year of Non-Executive-led Board and Committee meetings with adequate constructive challenge at every corner to promote balanced and sound decision-making.

I am proud of the journey so far and would like to express my gratitude to my fellow Board members, our talented pool of Executive and Country Management Teams and all our dedicated colleagues here at EG for their commitment and support in accomplishing so much.

2023 will see an evolution of our strategy focusing on reducing overall net leverage via disposal of non-core assets, real estate monetisation and disciplined approach to capex. Continued development of our governance processes and systems to support delivery of the Group's strategic objectives and to provide a long-term sustainable business, meeting the needs of planet, customers and colleagues has never been more important and will remain a key focus throughout 2023.

Following our first Board evaluation exercise in September 2022, the Board has reviewed and discussed the results of the survey and an action plan has been agreed for 2023 to address the feedback; more details regarding the Board evaluation can be found on pages 72 and 73.

We continue to strive for best practice, continuous improvement and embedding a governance-led culture in the Group at all levels. In line with this, we aim to review, monitor and develop our governance agenda throughout 2023 and beyond.

As a privately held business, and following a review of our corporate governance arrangements, the Board agrees that the Wates Corporate Governance Principles continue to remain appropriate. How we have applied the principles is detailed throughout this report and has been signposted.

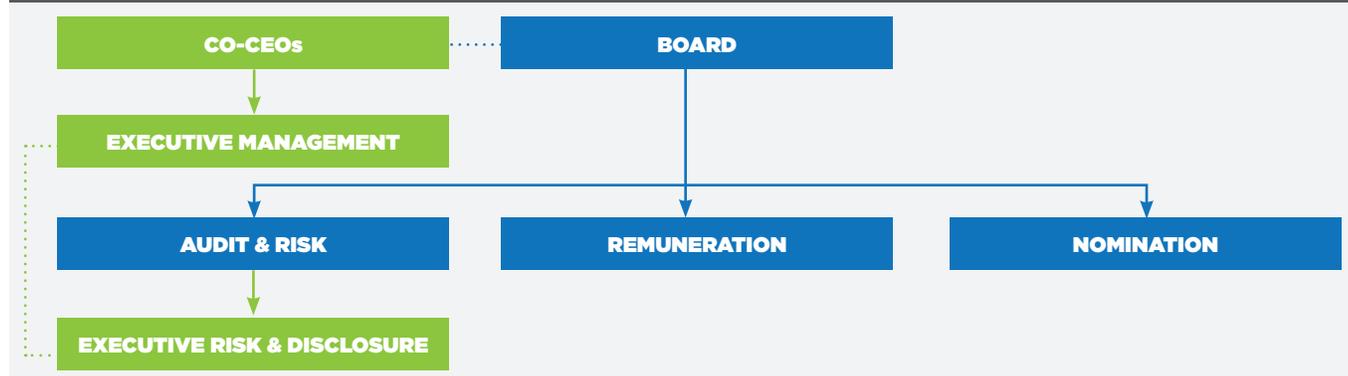
Pages 69 and 70 set out the key activities and decisions made at Board and Committee level and our priorities for 2023, as we continue to embrace this journey and look to the future.

WATES PRINCIPLES

For the year ended December 31, 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, the Group has applied the Wates Corporate Governance Principles for Large Private Companies.

Principle	Page reference
01. Purpose and Leadership	
Chairman's statement	2 and 3
Chairman's introduction to governance	62 and 63
Co-Chief Executives statement	4 and 5
Governance	66 to 70
Our values	Contents page
Our strategy	10 to 13
02. Board composition	
Board composition and biographies	64 and 65
03. Director responsibilities	
Board Committee reports	71 to 79
Directors' responsibilities statement	82
04. Opportunity and risk	
Responding to key market factors	6 and 7
Principal risks and uncertainties	44 to 53
05. Remuneration	
Remuneration Committee report	78 and 79
06. Stakeholders	
Our stakeholders and section 172 statement	24 to 27
ESG and Sustainability	28 to 43

Our Governance Framework



The Board

CHAIRMAN

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

CO-CEOs

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

NON-EXECUTIVE DIRECTORS

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

Board Committees

AUDIT & RISK

The Audit & Risk Committee provides independent assessment and oversight of the financial reporting processes and makes recommendations to the Board around the integrity of the financial information. On behalf of the Board, it oversees risk management and internal controls. Further details of the Audit & Risk Committee can be found on pages 74 to 77.

REMUNERATION

The Remuneration Committee reviews remuneration structures and packages for Executive Management. It also reviews workforce pay and conditions. Further details of the Remuneration Committee can be found on pages 78 and 79.

NOMINATION

The Nomination Committee reviews the size and composition of the Board, its Committees and Executive Management. It makes recommendations around gaps identified and appointments as necessary. As part of its responsibility, it reviews the Group's corporate governance arrangements as well as performance and effectiveness of the Board and its Committees. Further details of the Nomination Committee can be found on pages 71 to 73.

EXECUTIVE RISK & DISCLOSURE

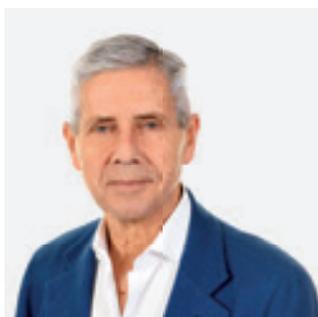
The Executive Risk & Disclosure Committee, which reports on risk management, health and safety, and other ad hoc matters to the Audit & Risk Committee, increased the frequency of its meetings in 2022 to include sessions to review the Group's FY21 Annual Report and Financial Statements.

Executive Management

The Executive Management comprises: Group Chief Financial Officer, Group Chief Information Officer, Group Chief Operating Officer, Group Commercial Director and Country Management Teams. In addition, during 2022, Imraan Patel's role changed to include that of Chief Strategy and Business Officer alongside his role as General Counsel and Company Secretary, in order to support the Co-CEOs in developing the longer-term business strategy. Weekly country leadership calls are held with the Co-CEOs to discuss performance and trading in addition to a monthly senior leadership meeting to discuss any pertinent matters.

BOARD OF DIRECTORS

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



Lord Stuart Rose
Chairman and
Non-Executive Director

I R N

Appointed:

EG Group Holdings Limited
January 21, 2021

Biography:

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



Mohsin Issa CBE
Co-Founder and Co-CEO

E S

Appointed:

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

Biography:

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



Zuber Issa CBE
Co-Founder and Co-CEO

E S

Appointed:

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

Biography:

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



**Dame Alison
Carnwath**
Non-Executive Director

I A R N

Appointed:

EG Group Holdings Limited
March 1, 2021

Biography:

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

Key

E Executive**A** Audit & Risk Committee**S** Shareholder**R** Remuneration Committee**I** Independent**N** Nomination Committee**●** Chairman

John Carey

Non-Executive Director

I A R N

Appointed:

EG Group Holdings Limited
November 11, 2020

Biography:

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



Manjit Dale

TDR Representative and
Non-Executive Director

Appointed:

EG Group Holdings Limited
November 2, 2020

Biography:

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



Gary Lindsay

TDR Representative and
Non-Executive Director

Appointed:

EG Group Holdings Limited
October 21, 2016

Biography:

Gary joined TDR Capital in June 2008 and is co-Managing Partner. He is involved in the day-to-day management of the firm as well as TDR's investments in EG Group, Asda and Aggreko (where he sits on the board for all), and is responsible for originating new transactions. Gary is a former board member of Modulaire Group, WillScot Mobile Mini Holdings Corp and Target Hospitality and has 18 years' private equity and investment banking experience. Prior to joining TDR, he worked at both Citi and Bear Stearns in London and New York. Gary received a Master's degree in Finance with distinction from the University of Strathclyde and a Master's degree in Chemistry, with first class honours, from the University of Edinburgh.



Imraan Patel

Chief Strategy and Business
Officer, Group General
Counsel and Company
Secretary

E

Appointed:

EG Group Holdings Limited
May 23, 2017 and EG Group
Limited July 19, 2016

Biography:

Imraan joined EG Group in 2016. He qualified as a Solicitor in the City of London in 2003 and has been involved in negotiating and delivering legal and commercial advice on complex, frequently high-profile, transactions around the world ever since. At EG Group, he leads all mergers, acquisitions, divestments and strategic initiatives as well as Legal and Compliance, Health, Environment, Safety & Security ("HESS") and ESG activities for the Group. Prior to joining EG Group, he held a variety of roles at businesses of Orange SA and BT Group plc, and City of London law firm, Ashurst LLP. Imraan is highlighted in the GC Powerlist 2021 as one of the UK's most influential in-house lawyers and holds an LLB (Hons) in Law from the University of Lancaster and a Postgraduate Diploma in Legal Practice (PGDipL) from the College of Law, Chester.

GOVERNANCE

STRUCTURE

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

To ensure the Board makes the right decisions for the Company, the shareholders and its stakeholders, it is vital that we have good corporate governance in place. Throughout 2022, we continued to develop and build on our governance processes and systems in line with the Wates Principles of Corporate Governance.

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

The Board is supported by the Non-Executive-led committees comprising Audit & Risk, Remuneration and Nomination. The roles and responsibilities of the committees are set out in their respective Terms of Reference and further details around key decisions, achievements and priorities can be found in the Committee reports on pages 71 to 79.

Whilst a number of activities and responsibilities have been delegated to the Committees, the Board maintains oversight and overall responsibility of key areas, which are detailed in the matters reserved.

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

The Chief Strategy and Business Officer, Group General Counsel and Company Secretary provides regular updates in relation to changing regulatory, legislative and governance requirements. The Board keeps all aspects of corporate governance under review and will continue to develop in line with the required standards and best practice.

PURPOSE, STRATEGY AND CULTURE

Our purpose is to provide excellent service, quality and a broad range of products to our customers to help them achieve multiple missions at convenient local destinations. Our strategy focuses on four key areas: growth, innovation, site network and foodservice.

The Board provides leadership to the Group and is collectively responsible for the long-term, sustainable success of the business, creating value for our shareholders and wider stakeholder group. The discussions and decisions taken at Board level detailed on page 24 supplement the achievement of our purpose and strategy and are reflective of our values, details of which can be found on the inside front cover.

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

Achievement of our strategy is underpinned by our talented, passionate and innovative colleagues. We are committed to the development of our people, strengthening our leadership capabilities and enhancing employee performance. For further details around our People strategy please refer to the ESG section on pages 28 to 43.

ROLES AND RESPONSIBILITIES

Composition

There were no changes to the composition of the Board and Committees during 2022 and, since the appointment of the Chairman of the Board and the Non-Executive Directors in May 2021, a strong sense of cohesion and understanding has been formed between members.

Details of the Directors' biographies and committee membership can be found on pages 64 and 65 and details of all Directors' skills and backgrounds can be found on page 67.

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

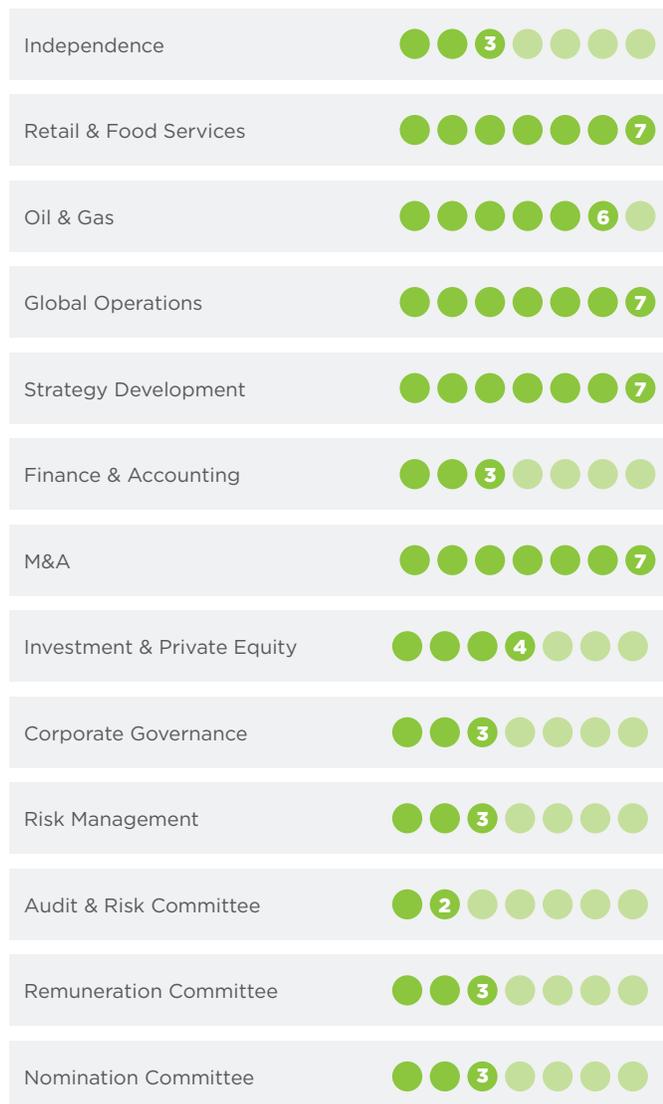
The Group has clear lines of responsibility from shareholder to Board to Co-CEOs and Co-CEOs to Executive and Country Management Teams, and service agreements are in place for the Non-Executive Directors detailing their roles and responsibilities.

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

SKILLS

The workings and skills of the Board remain under close review via the Nomination Committee (see page 72) to ensure any gaps are identified and resolved. In 2022 an internally facilitated Board and Committee evaluation was undertaken, the results of which are detailed in the Nomination Committee Report on pages 71 to 73.

SKILLS MATRIX



TIME COMMITMENTS AND INDEPENDENCE

Independent Non-Executive Directors are required to provide a minimum time commitment which is stipulated in their service contracts.

Following a review at the Nomination Committee in March 2023, the Board is of the view that Stuart Rose, Alison Carnwath and John Carey remain independent. They continue to constructively challenge the Executive Directors, other Non-Executive Directors and senior management to ensure the Company meets its goals and objectives. The Board therefore considers them to be independent in both character and judgement. In addition, the Directors can also request access to independent and professional advice at the Company's expense.

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

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

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

In 2022, the Board approved an enhanced Conflicts of Interest and Related Parties Policy. A detailed list of related parties is maintained by the Group Secretariat and transactions are reported to the Board for approval on a quarterly basis. Following year end, annual declarations are sought by all Directors and a robust review of all transactions was undertaken by the Group Financial Reporting Team. Compliance with the policy is delegated to the Audit & Risk Committee and a compliance report was presented in February 2023.

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

GOVERNANCE CONTINUED

ACTIVITIES DURING THE YEAR

Meetings

Regular dialogue is maintained between the Directors and Group Company Secretary and private offline sessions are held between the Non-Executive and Executive Management separately to ensure the Board is updated on developments.

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

The frequency of Board meetings increased from seven meetings in 2021 to thirteen meetings in 2022, comprising eight monthly update calls focusing on trading performance with five extended sessions to facilitate deep dives into broader topic areas.

During 2022, the first internally facilitated evaluation of the Board and its Committees was undertaken. Further details of the findings and action plan can be found in the Nomination Committee report on pages 72 and 73.

Acquisitions and Divestments

During the year the Group acquired a further seven KFC sites in Germany together with the acquisition of the OMV-branded service network, also in Germany, from OMV Deutschland GmbH.

However, on completion of the OMV acquisition, the Group divested 48 sites, 24 of which were Esso-branded stations and 24 OMV-branded stations in Baden-Württemberg. These divestments were completed in H2 2022.

Following our commitment to divest non-core assets, a further 53 sites in the USA and seven sites in Italy were divested during the course of the year in order to rationalise the portfolio.

In the UK, the business comprising Urban Origin and GB3 was divested in October 2022.

Following year end, the Group has continued its commitment to reduce leverage and agreed a sale and leaseback of a portfolio of 416 USA sites across Cumberland Farms, Fastrac, Tom Thumb and Sprint banners and a sale of 26 company-operated Minit Mart locations, also in the USA.

KEY AREAS OF FOCUS

STRATEGY

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

FINANCIAL PERFORMANCE

- Trading and business updates
- Quarterly results
- Budgets

BOARD

GOVERNANCE

- Key policies and governance updates
- Legislative and regulatory updates

RISK & INTERNAL CONTROLS

- Risk management
- Business Improvement and Internal Controls (“BIIC”)
- SAP implementation
- HESS
- Information Technology

KEY ACTIVITIES AND DECISIONS DURING 2022

Matters considered

Outcome

CO-CEO UPDATES

Link to strategy:



Link to stakeholders:



- Overview of opportunities and challenges facing the different segments and regions provided at each meeting
- Overview of performance and trends, customer trends and preferences
- Integration of LEON, Amsric, Cooplands and Sprint businesses acquired in FY21
- Opening of 8 NTI and more than 100 Foodservice outlets

CFO UPDATE

Link to strategy:



Link to stakeholders:



- Overview of financial performance including revenue, EBITDA and cash flow
- Performance measured against prior quarters, years and budget
- Re-forecasting and action planning

AUDIT & AUDITOR

Link to strategy:



Link to stakeholders:



- Review and approval of FY21 Annual Report and Financial Statements
- Approval of re-appointment of KPMG as external auditor for FY22

AD HOC FINANCIAL MATTERS

Link to strategy:



Link to stakeholders:



- Agreed Group and country budgets for FY23
- Review of liquidity, leverage, refinancing plan and revolving credit facility

PORTFOLIO MANAGEMENT

Link to strategy:



Link to stakeholders:



- Approval for the divestment of two UK subsidiaries
- Approval of the sale of non-core branded sites in the USA
- Divestment of 48 service stations following OMV acquisition

TECHNOLOGY

Link to strategy:



Link to stakeholders:



- Review of risks and controls around technology and information security
- SAP "Go Live" implementation in the UK and Australia
- EG digital strategy

HESS UPDATES

Link to strategy:



Link to stakeholders:



- Quarterly reports presented detailing HESS performance for country and Group

Strategy: Growth Innovation Site network Foodservice

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

GOVERNANCE CONTINUED

KEY ACTIVITIES AND DECISIONS DURING 2022

Matters considered	Outcome
<p>LEGAL, GOVERNANCE & COMPLIANCE MATTERS</p> <p>Link to strategy:  Link to stakeholders: </p>	<ul style="list-style-type: none"> • Approval of the Whistleblowing Policy • Review and approval of the Group Risk Register • Approval of a Conflicts of Interest and Related Party Policy
<p>ESG</p> <p>Link to strategy:  Link to stakeholders: </p>	<ul style="list-style-type: none"> • Materiality assessment to identify and prioritise significant ESG matters for the Group • Approval of capex to invest in third-party data capture • Approval of the publication of EG's first Sustainability Report • Approval of our operational carbon target, to halve emissions by 2030, to be net zero by 2050 and EG's ESG strategy focusing on Colleagues, Customers and Planet • ESG training for Board members

Strategy:  Growth  Innovation  Site network  Foodservice

Stakeholders:  Customers  Brand partners and suppliers  Colleagues  Investors  Communities

LOOKING AHEAD TO 2023

- Continue to closely monitor the performance of the Group, segments and industry as a result of the geopolitical and macroeconomic factors
- Support the Group in delivery of its strategic objectives and implementation of its financial policy
- Continue to develop the governance framework and associated policies and procedures to deliver the strategic objectives
- Focus on our people strategy, including succession planning in relation to the Board and Executive Management
- Implement agreed actions following the Board and Committee evaluation
- Agree a long-term sustainable plan to deliver lower-carbon operations

Lord Stuart Rose

Chairman

May 10, 2023

NOMINATION COMMITTEE REPORT



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

Lord Stuart Rose
Chairman of the Nomination Committee

COMPOSITION AND RESPONSIBILITIES

Committee members 2022

Stuart Rose (Chairman)

Alison Carnwath

John Carey

ROLES AND RESPONSIBILITIES

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

I am pleased to present the Nomination Committee report for the period ended December 31, 2022.

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

The effective workings of the Board and its Committees is crucial to our governance agenda and the first internally facilitated evaluation of the Board and its Committees, since the appointment of Non-Executive Directors, was undertaken in H2. This was an important milestone in our governance journey as we reflected on progress made over the last two years whilst acknowledging improvements to ensure the Board and its Committees remain effective. The findings of the evaluation and the actions agreed can be found on pages 72 and 73.

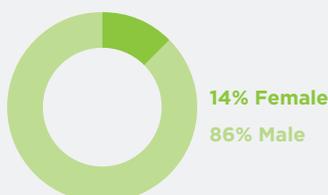
MEETINGS

Two meetings were held during FY22 in line with the Committee's Terms of Reference. Ad hoc meetings may be called at the request of the Chairman as required.

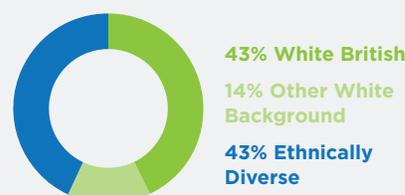
Composition of the Committee remained unchanged, with myself as Chairman supported by both Alison and John as fellow members. All remaining Directors are invited to attend, however they do not form part of quorum. The Committee is supported by the Group Company Secretary, who in conjunction with the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

THE BOARD AND COMMITTEE DASHBOARD

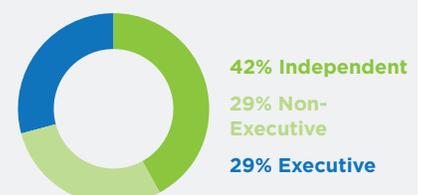
GENDER



DIVERSITY



INDEPENDENCE



NOMINATION COMMITTEE REPORT

CONTINUED

ACTIVITIES DURING THE YEAR

The Committee is responsible for advising the Board on the appropriateness of the Group's Corporate Governance arrangements, which is reviewed annually against the Wates Principles of Corporate Governance. The Committee reviewed how the Group applied each of the six principles and discussed key achievements during FY21, as well as highlighting areas of development and focus for FY22. Following the FY22 year end a further review was undertaken. Details of how the Group has applied the Wates Principles have been detailed throughout the governance report, with a signpost for each principle detailed on page 62. Details of Board composition can be found on pages 64 and 65.

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

BOARD COMPOSITION AND SKILLS

To review the composition and effectiveness of the Board, a skills matrix was developed which identified key areas of expertise and experience required by Directors, mapped against the Company's current operations and strategy. The exercise gave the Committee an overview of overall skills and experience and identified opportunities to further grow the Board's collective knowledge and skills that we may wish to prioritise when preparing future roles in line with the future strategic objectives of the Group.

The skills matrix can be found on page 67. The Committee believes the current Board composition has the appropriate balance of skills, background and knowledge and is reflective of the size, scale and complexity of the business.

In addition, diversity, gender and independence were also reviewed together with an annual review of the Directors' conflicts of interest register.

TIME AND COMMITMENT

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

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

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

SUCCESSION AND LEADERSHIP

The Committee continues to support the Company to ensure a robust leadership talent pipeline and succession plans for the Board and senior management are in place, taking account of risk areas, gender and diversity. This will remain a key priority for the Group during FY23. For further details on EG's women in leadership target and how the Group provides support, training and development opportunities to individuals please refer to page 33.

Throughout FY22, Committee members have been supported the management during a number of key management personnel changes, details of which have been disclosed via our quarterly presentations and will continue to bolster the Group Executive Management.

BOARD AND COMMITTEES EVALUATION

An anonymised internally facilitated Board and Committee evaluation was undertaken during H2 2022. The survey was separated into seven key areas including Board composition and meetings, Board support and training, Board dynamics, Board accountability, strategic oversight, culture, committees, and self-assessment. Participants were asked a number of quantitative and qualitative questions and the findings and actions were reported to the Committee. Respondents noted a strong sense of cohesion and understanding and good relationships between the Board, Directors and Management. The Group's entrepreneurial approach and responsiveness were recognised to be key strengths, with respondents acknowledging the importance and contribution of EG's colleagues to its success and continued development.

The evaluation was also an opportunity to provide feedback and enhancements on areas of development. A summary of the key actions and focus for FY23 has been provided overleaf.

Focus area	Actions
1. GREATER STRATEGIC OVERSIGHT AND DEVELOPMENT OF STRATEGY	<ul style="list-style-type: none"> The Board has continued to support management in delivery of its strategic options including portfolio management and refinancing ahead of the Group's debt maturities. During FY23 the Group's strategy will focus on reducing leverage via non-core disposal, real estate monetisation and a disciplined capex approach. Management and the Board will work closely to ensure delivery of the Group's 12 business priorities in line with the long-term strategic objectives.
2. DEVELOPMENT AND INCREASED OVERSIGHT OF EG'S PEOPLE AGENDA	<ul style="list-style-type: none"> People-related matters remain a key responsibility of the Remuneration Committee, with people-related matters being referred to the Board for deep dives at least twice yearly. Succession planning and talent pipeline will be a key focus of the Company, supported by the Nomination Committee, to ensure there is a sufficient and diverse pipeline of talent to execute the Group's current and future strategy.
3. DEVELOPMENT OF GENERAL PROCESSES	<ul style="list-style-type: none"> Development of the FY23 Board and Committee calendar and rolling agendas for the Board and Committees to schedule standing items. Enhance information flows between Directors, Board and Committees.

PRIORITIES FOR 2023

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

Lord Stuart Rose

Chairman of the Nomination Committee

May 10, 2023

AUDIT & RISK COMMITTEE REPORT



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

Dame Alison Carnwath
Chairman of the Audit & Risk Committee

MEMBERSHIP

Committee members

Alison Carnwath (Chairman)

John Carey

THE CORE RESPONSIBILITIES OF THE COMMITTEE INCLUDE:

- The Committee is responsible for reviewing the appropriateness of the financial controls and processes and the integrity of the Group's reported financial information including key judgements and disclosures
- The Committee is responsible for overseeing the external auditor relationship, recommending to the Board their appointment and remuneration and assessing the effectiveness of the external audit programme
- The Committee continues to support the Group in the design and development of our internal controls and risk management framework and the identification and assessment of principal and emerging risks

I am pleased to present the Audit & Risk Committee (the 'Committee') report for the period ended December 31, 2022. Following my appointment to EG in 2021, the Committee has run a full cycle with quarterly and ad hoc meetings under my stewardship as Chairman of the Committee.

In 2022, EG continued efforts to enhance its governance framework, with particular emphasis on aligning the audit timetable with standard reporting timeframes. On completion of the FY21 Group audit in August, our teams began preparation for FY22 to ensure achievement of the targeted deadline. I would like to congratulate and sincerely thank our management team and KPMG for taking great strides to make this happen. Another key priority of the Committee for FY22 was to review the Group's refinancing strategy in light of upcoming maturities and mindful of the wider economic conditions.

This report sets out how the Committee has supported the Group in improving the controls environment within the business. Further details regarding the Committee's priorities can be found on page 77.

Looking ahead to 2023, the Committee will continue to assess the macroeconomic factors which may impact the Group's operations as well as the evolving legislative and regulatory landscape.

AUDIT & RISK COMMITTEE GOVERNANCE

Composition

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

As a Chartered Accountant, I have extensive and relevant financial experience having served as a member and chairman of other audit committees and am able to provide the appropriate level of challenge to management. The Committee as a whole has competence relevant to the sector in which the Group operates. Further details of the Directors' experience and skills can be found on page 69.

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

Meetings

The Committee's objectives and requirements as detailed in the Terms of Reference were mapped out for 2022 and a schedule of activities was prepared. Reporting responsibilities and timelines were clearly defined from the outset and the schedule was reviewed and updated following year end in preparation for 2023.

The Committee is required to meet at least quarterly and meetings are aligned to the Group's financial reporting activities. Agendas are prepared based on the schedule of activity and, in conjunction with the CFO and the Committee Chairman, time is allocated to each agenda item and allowance is made for any additional matters that arise. Updates are prepared and presented by management in relation to quarterly financial results prior to publication. The Committee also receives regular updates on technology upgrades, internal controls, risk management, governance and compliance, as well as updates from the external auditor relating to the audit process. Additional meetings were arranged covering the Group's key accounting policies and judgements and preliminary and year-end audit close processes, in preparation for approval of the 2022 Annual Report and Financial Statements.

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

Performance and evaluation

Following the 2021 year end, a gap analysis was undertaken against the Committee's Terms of Reference; the outcome and an action plan were reported to the Committee in FY22 and key priorities agreed, including a thorough review of the audit timetable, which was a key priority for the Committee and the Company in FY22. The action plan helped formulate the Committee's schedule of activity for FY22. In line with this, the timeline for publication of the Annual Report and Financial Statements was shortened and streamlined from the prior year and the Committee has succeeded in rolling out a normalised reporting timetable for FY22.

Following FY22 year end we have since completed a subsequent annual review and the findings were presented in February 2023 to agree key areas of focus for the coming year.

During the year an internally facilitated Board and Committee evaluation was undertaken. Participants agreed that there was an appropriate number of Committee meetings, meetings were of sufficient time to allow evaluation of all agenda items and that the Committee interacts effectively within the Board. The detailed findings of the evaluation along with the key actions can be found on pages 72 and 73.

ACTIVITIES DURING 2022

Financial statements and statutory reporting

During 2022, the quarterly financial results and investor presentations have been presented at the Audit & Risk Committee. The Committee has reviewed and challenged management on both the financials and the accounting judgements and policies applied to ensure the integrity of the information.

In August 2022, the Committee supported the Board in reviewing the Group's FY21 Annual Report and Financial Statements. Upon reaching a conclusion that the Annual Report was a true and fair representation of the Company's position and prospects, the Committee recommended that the Board approve the FY21 Annual Report.

Subsequently, and following FY22 year end, management presented the FY22 Annual Report and Financial Statements. The Committee was satisfied that the conclusions and related disclosures are appropriate and present a true and fair representation of the Company's position and prospects.

Throughout the year, the Committee was supported by a management-led Executive Risk & Disclosure Committee and was provided with regular reports from management on accounting policies and key judgements and assessed the suitability and reasonableness of these. The table on page 76 highlights the most significant issues/judgements considered by the Committee. The Committee was satisfied in each case with the accounting treatment and the related disclosure in the financial statements and recommended that the Board approve the matter.

External auditor

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

Throughout 2022, the Committee reviewed quarterly reports prepared by the auditors detailing progress against their audit plan, key risks and challenges. Following approval of the Group's 2021 Annual Report and Financial Statements, KPMG's management letter detailing their findings from the FY21 audit and management's response plan were presented to the Committee. Following KPMG's independence assessment and management's response to the representation letter, the Committee recommended that the Board re-appoint KPMG LLP for the FY22 audit.

The FY22 audit strategy, including an initial assessment of risks, scoping and materiality in concurrence with the Company's audit plan, was presented for the Committee's review and approval. During 2022, KPMG undertook work in the following non-audit areas – preparation of compliance certificates, Turnover Certificates and completion of NOW audits in the Netherlands. Further, in Q4 2022 the Committee recommended that the Board approve KPMG to undertake these three non-audit areas for FY23.

During 2022, the UK Financial Reporting Council's Audit Quality Review ("AQR") team reviewed the FY20 audit undertaken by KPMG, on their first year of auditing EG. Certain matters for limited improvement were identified relating to how KPMG evidenced their conclusions over the work performed. The AQR also highlighted good practice observations in relation to KPMG's challenge of management's approach to determining the recoverable amount of goodwill as well as oversight of Group audit, particularly the documented interactions and the extent of Group review in the component auditor's work. The Audit & Risk Committee and KPMG have discussed the review findings and the identified limited improvement observations, and are satisfied with responses to be implemented by KPMG in the 2022 audit. Overall, the results of the review raised no issues which cast doubt on the fundamental quality of the Group's external audit and the Audit & Risk Committee remains satisfied with the efficiency and effectiveness of the external audit.

Following the conclusion of the FY22 audit and publication of the Group's Annual Report and Financial Statements, the Committee will undertake an effectiveness review of the audit process and will prepare an update for the Board in relation to the outcome and associated actions.

AUDIT & RISK COMMITTEE REPORT

CONTINUED

Significant financial matters	Considerations
<p>GOING CONCERN</p> <p>▶ See Going concern within note 1 on page 92</p>	<p>The Committee reviewed and challenged management's assessment of forecast cash flows in the Going Concern Assessment Period, including sensitivity to trading performance and the potential impact of uncertainties including those resulting from macroeconomic and geopolitical factors.</p> <p>These forecasts also considered the ability of the Group to service its financing facilities and to comply with its relevant covenants.</p> <p>The Committee reviewed the assumptions with management and is satisfied that they support the Group as a going concern.</p> <p>The Committee also considered the disclosures relating to the going concern assumption, including those relating to the potential strategic options being considered by the Directors.</p>
<p>IMPAIRMENT OF GOODWILL</p> <p>▶ See note 15, Goodwill on page 114</p>	<p>The Committee reviewed and challenged management's impairment testing of goodwill, in particular in relation to the Australia and France groups of cash-generating units ("CGUs").</p> <p>The Committee considered the methodology and key assumptions for the adopted fair value approach in order to conclude on the appropriateness of the impairment losses recognised, which consisted of a \$100m impairment for the Australia group of CGUs for 2022 (2021: \$100m). This included challenging the independent third-party valuation multiples against the latest known market information. Given the impairment in Australia and the low headroom in France, the Committee also reviewed the related incremental disclosures.</p>
<p>IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT ("PPE") AND RIGHT OF USE ("ROU") ASSETS</p> <p>▶ See Impairment of PPE and intangibles within key sources of estimation uncertainty in note 17, on page 118</p>	<p>The Audit & Risk Committee reviewed management's impairment conclusions relating to site-level impairment indicators for PPE and RoU assets, which included challenge of key judgements, in particular discount rates and the estimated future cash flows.</p> <p>The Committee noted the impairment charge for the year of \$290m (2021: \$175m) and reviewed the related disclosure.</p>
<p>ACQUISITION ACCOUNTING</p> <p>▶ See note 35, Business combinations on pages 151 to 153</p>	<p>There have been two acquisitions in the year. Management have engaged valuation specialists where required to support on the purchase price accounting and other key judgements made as part of this exercise and a summary of the proposed accounting was presented to the Committee.</p> <p>The Audit & Risk Committee reviewed the accounting treatment and disclosures, and the application of IFRS 3 Business Combinations in relation to these acquisitions.</p>
<p>EXCEPTIONAL ITEMS</p> <p>▶ See note 5, Exceptional items on pages 104 and 105</p>	<p>The Committee considered the presentation of the Group's financial statements and the appropriateness of the presentation of exceptional items. The Committee reviewed the nature of the adjusting items identified and concurred with management that the treatment was clear, balanced and consistently applied across years. The Committee also considered the presentation of Alternative Performance Measures ("APMs"), including Adjusted EBITDA, throughout this report and whether this enables a clear and fair understanding of performance.</p>
<p>PROVISIONS</p> <p>▶ See note 27, Provisions on pages 132 and 133</p>	<p>The Group holds provisions for environmental remediation obligations, dilapidation costs for leased petrol filling stations ("PFS") and for onerous contracts. Assumptions are made in relation to expected costs to fulfil the obligation, the timing of the expected outflow and the appropriate discount rate applicable.</p> <p>The Committee considered the Group's provisioning policy, reviewed the key judgements which form the basis of the amounts recognised and reviewed the related disclosures.</p>
<p>RELATED PARTY TRANSACTIONS</p> <p>▶ See note 37, Related party transactions on pages 154 to 156</p>	<p>The Audit & Risk Committee reviewed the related party disclosure in the financial statements. The Audit & Risk Committee satisfied themselves that there were no additional related parties that had not already been identified nor related party transactions that had not been adequately disclosed.</p>

INTERNAL CONTROLS AND RISK MANAGEMENT

We continue to develop our internal controls and risk management framework; whilst some progress has been made to date, the Committee is aware there is still more work to be done. This is a key priority for the business and the Committee throughout 2023 and 2024.

Internal controls of financial reporting

The Committee continues to oversee the Group's design, development and implementation of financial controls. KPMG do not place reliance upon internal controls over financial reporting in undertaking their statutory audits of the Group and as such the Committee has a clear objective for the Group to improve the financial processes, internal controls and documentation of controls. During 2022, a dedicated BIIIC programme was established and quarterly reports were and continue to be presented to the Committee to track progress and identify potential risks in advance.

This programme is focused on reviewing and implementing further improvements to financial processes and internal controls to ensure that the Group has high-quality internal controls over financial reporting processes. This work is being undertaken in conjunction with the implementation of a common finance ERP across the Group with common reporting protocols including standardised global charts of account and reporting structures.

Development of financial controls and mapping of underlying process has continued in 2022 but the Committee expects to see the pace of this progress pick up significantly in 2023 as investments in systems and people start to deliver benefits.

The Committee and management continue to prioritise rollout of new technology and IT systems across the business and will review the timing of when to form an internal audit function to provide a second line of defence in the business.

Technology and information security controls

In line with key focus for the Committee during 2022 on implementation of SAP and IT security controls, whilst the Board maintains responsibility and oversight of the Group's IT Strategy and operations, the committee has been provided with regular updates relating to reliable, available and secure technology services and applications that underpin the delivery of our operations to achieve our strategic objectives. A benchmarking exercise of the Group's IT security had been undertaken to assess it against the market average and, based on this, a rollout of Office 365 was launched in Q4 2022. The Group continues to commit to the enhancement and implementation of security platforms across FY23. The Group's Chief Information Officer attended all Committee meetings and ensured the Committee was kept up to date with any developments, risks and opportunities.

Following the year end, strategic priorities for technology were presented to the Board and the Committee will continue to monitor progress in line with the plan during 2023.

Risk and compliance

During the year, the Committee reviewed and discussed changes in relation to the Group's key risk categories including movements in the external and internal environment and ongoing controls. The Group's risk register was subsequently submitted to the Board for approval in November 2022.

Our risk management capability is making progress, as are our financial governance arrangements. Our Committee meetings continue to evolve and mature in line with open and honest dialogue.

FY23 will see the continued rollout of the Group's risk framework and to align risk activities from a top-down and bottom-up approach with deep dives scheduled at Committee meetings for each key risk category. For further information regarding the Group's risk framework and principal risks, please refer to pages 44 to 53.

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

PRIORITIES FOR 2023

- To support the Group to improve the efficiency and effectiveness of the audit and statutory reporting process
- This will be supported by continued momentum from the Group's BIIIC programme and tracking of progress will continue to be reviewed and challenged by the Committee throughout 2023
- Support the Board and business in relation to its refinancing strategies and financial policy; more details can be found in the financial review on pages 54 to 60

Dame Alison Carnwath

Chairman of the Audit & Risk Committee

May 10, 2023

REMUNERATION COMMITTEE REPORT



**THE COMMITTEE IS DEDICATED TO RECOGNISING,
REWARDING AND INCENTIVISING OUR COLLEAGUES
ALIGNED TO THE GROUP'S STRATEGIC OBJECTIVES**

John Carey
Chairman of the Remuneration Committee

MEMBERSHIP

Committee members 2022

John Carey (Chairman)

Stuart Rose

Alison Carnwath

ROLES AND RESPONSIBILITIES

The purpose of the Committee is to support the Company to harmonise and develop a Group-wide, sustainable approach to remuneration that attracts, retains and incentivises key personnel across EG, to deliver the Group's strategic objectives and is aligned with shareholder interests.

This includes:

- Proposing appropriate remuneration structures for executive management and our workforce and ensuring the performance criteria are fair and rewarding of successful performance and are sufficiently balanced to include financial and non-financial KPIs. As a private limited business, the remit of the Remuneration Committee does not extend beyond executive management at this stage. Director pay and expenses are discussed and agreed with shareholders
- Ensuring there is consideration on need for fairness clarity, simplicity, risk, mitigation, proportionality and cultures in all proposed structures
- Ensuring appropriate reviews of, and that consideration is given to, workforce pay and policies to ensure alignment with best practice

I am pleased to present the Remuneration Committee report for the period ended December 31, 2022.

During 2022, the Committee continued to support the Executive Directors and management in attracting, retaining and incentivising our colleagues, despite another challenging year across all markets and industries in relation to labour shortages and increased inflation. We are mindful of these inflationary pressures and the cost of living that has, and continues to, impact our workforce and this has been considered when making and approving decisions regarding pay and benefits.

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

MEETINGS

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

Composition of the Committee remained unchanged; as Chairman, I continue to be supported by fellow members Alison and Stuart. In addition to the members of the Committee, all the remaining Directors are invited and are expected to attend meetings although they do not count as quorum. To ensure the global needs of our colleagues are considered, HR team representatives from the UK & Europe, Australia and USA attend the meetings on a bi-annual basis to provide updates on labour market trends and retention.

ACTIVITIES DURING THE YEAR

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

WORKFORCE PAY AND REWARD

During the year and as part of our improved retention strategy, a salary benchmarking exercise was undertaken against Mercer guidelines for the Executive Management and CEO Direct Reports and salary approvals for FY22 were made in the region of 80-120% of those guidelines. In addition, the minimum wage rate was also increased across our UK entities from £9.50 to £10.05 with effect from April 1, 2022, in line with market changes.

The Committee reviewed the UK's FY21 Gender Pay Gap data and recommended the publication of the report on the Group's website. In response to the findings, 95% of UK roles are now advertised with salary details to ensure transparency and to mitigate risks of gender bias during negotiations. The Committee agreed to engage with PwC LLP to provide a more detailed entity-by-entity review and provide a holistic Group position for FY22. The findings will be presented to the Committee during FY23.

Details of our Gender Pay Gap report can be found at <https://www.eg.group/gender-pay-statement/>.

Pay increases in all markets have been in line with or above the average percentage increases or mandatory pay rates in each country conforming with local legislation, and subject to local market conditions. The recommendation was assessed against external and independent market data which found the pay increase was competitive and in line with market rates.

Short-Term Incentive Plans ("STIPs")

During the year, the Committee focused on enhancing and aligning remuneration structures across the Group. Metrics for FY22 were agreed on the same basis for FY21 and comprised financial and non-financial KPIs.

Metrics were agreed and communicated to participants in early 2022 and awarded in full on December 31, 2022, with payments scheduled between April and June 2023. For FY23 STIPs were approved at the Committee meeting held in February 2023.

Long-term Incentive Plans ("LTIPs")

The FY21 LTIPs closed at c.96.5% of target with final figures submitted to the Committee in February 2023. Vesting is due December 31, 2024, for payment in 2025. For FY22, the UK and Europe schemes were reviewed, and it was agreed the metrics would continue to mirror the schemes in the USA and Australia (i.e. 35% service and 65% Group performance). However, to further align our remuneration with the strategic objectives of the business, for FY23 the metrics will include ESG carbon emissions targets, engagement and leadership (based on the engagement survey results) as well as the financial elements of EBITDA and cash management.

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

EMPLOYEE ENGAGEMENT

Following our inaugural employee survey in Q4 2021, the results were presented to the Committee in February 2022 and action plans were put in place for each region which were monitored at each quarterly meeting. Key highlights were:

- Employee recognition programmes
- Launch of a Learning Hub for training and development opportunities
- Leadership training

In 2022 we published our first ESG Report, in which we set out our People Policy Position Statement in line with good practice and external reporting frameworks. At EG we are committed to providing a diverse, equitable and inclusive business, which reflects the diversity of our colleagues, customers, communities, and countries in which we operate. As part of this, we will continue to carry out our employee engagement surveys across the Group and, as Chairman, I continue to hold in-person biannual meetings with employees at the UK head office on areas around workforce pay and benefits, in order to understand and drive best practice for colleague pay and policy.

EVALUATION AND PERFORMANCE

During the year, an anonymised, internally facilitated Board and Committee evaluation was undertaken. It was agreed the number and frequency of Committee meetings was appropriate, and that there was a strong sense of cohesion between the Committee and the Board. Key findings and focus areas for the Committee during 2023 included:

- People-related matters will be referred to the Board on a biannual basis for a more detailed discussion
- Committee papers will be reviewed and enhanced to ensure more focus on what actions are required by the Committee
- Development of a global leadership team and succession planning, which will be the focus of the Board, Remuneration Committee and Nomination Committee
- A more collaborative approach between the Remuneration Committee and the Nomination Committee to review and agree terms regarding recruitment and appointment of Directors and Executive Management

Further details of the Board and Committee evaluation can be found on pages 72 and 73.

A gap analysis for FY22 was conducted against the Committee's Terms of Reference, and the outcome and associated actions were reported to the Committee in February 2023.

The actions were used to formulate a schedule of activities and agree deadlines for various work streams and priorities for 2023 as set out below:

FURTHER DEVELOPMENTS FOR 2023

- Develop KPIs and standard reporting dashboard to present at all Committee meetings detailing staff turnover, retention, engagement etc
- Establish a process for half-yearly reporting to LTIP participants
- Follow-up engagement survey to be undertaken to identify year-on-year improvements
- Development of key strategies around Group recruitment and retention, diversity, equality and inclusion
- Development of Committee remit covering more performance-related aspects of STIP and LTIP awards for Executive Management

John Carey

Chairman of the Remuneration Committee

May 10, 2023

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, 2022.

RESEARCH AND DEVELOPMENT

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

BUSINESS REVIEW, POST-BALANCE SHEET EVENTS AND FUTURE DEVELOPMENTS

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

FINANCIAL RISK MANAGEMENT

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

OWNERSHIP

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

DIRECTORS

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

- Zuber Vali Issa
- Mohsin Issa

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

PROPOSED DIVIDEND

The Directors are not proposing to recommend a dividend from the Company in respect of the financial year ended December 31, 2022 (2021: \$nil). No dividends were paid to shareholders from the Company during the year ended December 31, 2022 (2021: \$nil).

CAPITAL STRUCTURE

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

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

GOING CONCERN

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

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

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

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

EMPLOYEE ENGAGEMENT

We are committed to the investment of our employees at all levels. Further information on our workforce policies, including disability and diversity and inclusion, as well as how we engage with our employees, is detailed in our ESG statement on pages 28 to 43 and our Section 172 statement on pages 24 to 27.

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

Suppliers and customers are key stakeholders of the Group; details of our arrangements as well as other business relationships can be found in the strategic report. Details of how we engage with our key stakeholders, decisions taken during 2022 and the impact of these decisions on our key stakeholder groups can be found in our Section 172 statement on pages 25 to 27.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

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

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

We comply with relevant environmental reporting legislation and have set a clear target to reduce operational GHG emissions. Details of our carbon reporting are set out in the Climate-related financial disclosure on page 43.

POLITICAL CONTRIBUTIONS

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

GUIDELINES FOR DISCLOSURE AND TRANSPARENCY IN PRIVATE EQUITY

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

STRATEGIC REPORT

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

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

By order of the Board

Imraan Patel

General Counsel and Company Secretary

May 10, 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

Zuber Issa CBE & Mohsin Issa CBE

Co-Founders and Co-Chief Executive Officers

May 10, 2023

INDEPENDENT AUDITOR'S REPORT

to the members of EG Group Limited

OPINION

We have audited the financial statements of EG Group Limited ("the Company") for the year ended 31 December 2022 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, company balance sheet, company statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended
- The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards
- The parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern from the date of approval of the financial statements to May 31, 2024 ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period was the impact of rising inflation on revenue, margins, overheads and interest rates

Given the level of financial resources, and the risks inherent in the cash flows, our evaluation of the directors' going concern assessment was of particular significance in our audit.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

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

Our conclusions based on this work:

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

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of EG Group Limited

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors, the audit and risk committee, group general counsel and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud, including the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud
- Reading Board, audit and risk committee meeting minutes
- Considering the Group’s results against performance targets and the Group’s remuneration policies

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

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

We did not identify any additional fraud risks.

We performed procedures including:

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

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

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

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

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

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

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

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

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

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

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

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

Other information

The directors are responsible for the other information, which comprises the strategic report, directors' report and the governance report. Our opinion on the financial statements does not cover other information and we do not express an audit opinion thereon.

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 82, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

The purpose of our audit work and to whom we owe our responsibilities

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

Adrian Wilcox (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

May 10, 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2022

	Note	2022			2021		
		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	30,616	—	30,616	26,420	—	26,420
Cost of sales		(26,263)	—	(26,263)	(22,324)	—	(22,324)
Gross profit		4,353	—	4,353	4,096	—	4,096
Distribution costs		(3,396)	—	(3,396)	(2,965)	(22)	(2,987)
Administrative costs		(439)	(108)	(547)	(462)	(104)	(566)
Other operating income		22	46	68	10	72	82
Share of profit of equity accounted investments	19	(1)	—	(1)	1	—	1
Operating profit/(loss)		539	(62)	477	680	(54)	626
Finance income	12	28	—	28	283	41	324
Finance costs	13	(763)	—	(763)	(687)	(56)	(743)
(Loss)/profit before tax		(196)	(62)	(258)	276	(69)	207
Tax	14	(52)	(12)	(64)	(147)	(6)	(153)
(Loss)/profit for the year		(248)	(74)	(322)	129	(75)	54

The notes on pages 92 to 157 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2022

	2022	2021
	\$m	\$m
Profit/(loss) for the financial year	(322)	54
Other comprehensive income/(expense)		
Items that may be subsequently reclassified to profit and loss:		
Exchange differences on translation of foreign operations	(64)	(69)
Items that will not be reclassified subsequently to profit and loss:		
Remeasurement on defined benefit pension plan	10	16
Related tax on defined benefit pension plan remeasurement	(3)	(3)
Other comprehensive income/(expense) for the year	(57)	(56)
Total comprehensive loss for the year	(379)	(2)

The notes on pages 92 to 157 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at December 31, 2022

	Note	2022 \$m	2021 \$m
Non-current assets			
Goodwill	15	5,809	5,991
Other intangible assets	16	946	1,017
Property, plant and equipment	17	4,519	4,821
Right of use assets	24	1,937	2,105
Interests in joint ventures and associates	19	13	15
Deferred tax asset	23	110	138
Financial assets	34	37	13
Trade and other receivables	21	237	229
Deposit paid for acquisition of subsidiaries	35	—	85
		13,608	14,414
Current assets			
Inventories	20	842	772
Trade and other receivables	21	676	547
Financial assets	34	—	241
Current income tax assets	14	8	22
Derivative financial instruments	34	3	2
Assets held for sale	8	378	12
Cash and cash equivalents	31	466	646
		2,373	2,242
Total assets		15,981	16,656

	Note	2022 \$m	2021 \$m
Current liabilities			
Trade and other payables	25	(1,799)	(1,672)
Contract liabilities	26	(29)	(20)
Current income tax liabilities	14	(68)	(164)
Borrowings	22	(373)	(92)
Lease liabilities	24	(195)	(197)
Provisions for other liabilities and charges	27	(108)	(134)
Derivative financial instruments	34	(14)	(5)
Employee benefit obligations	33	(18)	(22)
Liabilities held for sale	8	(85)	(2)
		(2,689)	(2,308)
Net current liabilities			
		(316)	(66)
Non-current liabilities			
Trade and other payables	25	(368)	(485)
Contract liabilities	26	(25)	(44)
Borrowings	22	(9,772)	(10,155)
Lease liabilities	24	(1,826)	(1,825)
Provisions for other liabilities and charges	27	(584)	(705)
Deferred tax liabilities	23	(493)	(517)
Employee benefit obligations	33	(21)	(34)
		(13,089)	(13,765)
Total liabilities			
		(15,778)	(16,073)
Net assets			
		203	583
Equity			
Share capital	28	—	—
Share premium account	29	2,159	2,159
Merger reserve	30	(1,297)	(1,297)
Other reserves	30	(75)	(10)
Retained losses		(584)	(269)
Total equity			
		203	583

The notes on pages 92 to 157 form part of these financial statements.

The financial statements on pages 86 to 157 of EG Group Limited, registered number 09826582, were approved by the Board of Directors and authorised for issue on May 10, 2023. They were signed on its behalf by:

Zuber Issa CBE & Mohsin Issa CBE

Co-Founders and Co-Chief Executive Officers

May 10, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

	Note	Share capital \$m	Share premium account \$m	Merger reserve \$m	Other reserves		Retained earnings /(losses) \$m	Total equity \$m
					Capital contribution reserve \$m	Currency translation reserve \$m		
Balance at January 1, 2021		—	2,159	(1,297)	—	58	(336)	584
Profit for the year		—	—	—	—	—	54	54
Other comprehensive income/(loss) for the year		—	—	—	—	(69)	13	(56)
Total comprehensive income/(loss)		—	—	—	—	(69)	67	(2)
Share-based compensation charges	39	—	—	—	1	—	—	1
Balance at December 31, 2021		—	2,159	(1,297)	1	(11)	(269)	583
Loss for the year		—	—	—	—	—	(322)	(322)
Other comprehensive (loss)/income for the year		—	—	—	—	(64)	7	(57)
Total comprehensive loss		—	—	—	—	(64)	(315)	(379)
Share-based compensation credit	39	—	—	—	(1)	—	—	(1)
Balance at December 31, 2022		—	2,159	(1,297)	—	(75)	(584)	203

The notes on pages 92 to 157 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2022

	Note	2022 \$m	2021 \$m
Net cash from operating activities	31	1,213	1,455
Investing activities			
Proceeds on disposal of property, plant and equipment		78	237
Purchases of property, plant and equipment	17	(504)	(598)
Purchases of other intangibles	16	(16)	(12)
Sale/(purchases) of financial assets	34	231	(243)
Investments in joint ventures and associates	34	—	(6)
Acquisition of businesses	35	(484)	(708)
Deposits paid for acquisitions	35	—	(88)
Interest received	34	11	—
Loans to related parties	37	(37)	(112)
Net cash used in investing activities		(721)	(1,530)
Financing activities			
Interest paid		(561)	(524)
Repayment of lease liabilities	24	(255)	(280)
Loan issuance costs paid	31	(3)	(44)
Repayments of borrowings	31	(630)	(598)
Proceeds from new borrowings	31	870	1,539
Net cash (outflow)/inflow from financing activities		(579)	93
Net (decrease)/increase in cash and cash equivalents		(87)	18
Cash and cash equivalents at beginning of the year	31	646	661
Effect of foreign exchange rate changes		(93)	(33)
Cash and cash equivalents at end of the year	31	466	646

The notes on pages 92 to 157 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

Basis of preparation

The consolidated financial statements of EG Group Limited have been prepared for the year ended December 31, 2022 (2021: year ended December 31, 2021) in accordance with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards. The consolidated financial statements are presented in US Dollars, generally rounded to the nearest million. They are prepared on the historical cost basis, except for certain financial instruments and plan assets of defined benefit pension schemes that are measured at fair value at the end of each reporting period, as explained in the accounting policies in note 3.

Going concern

Notwithstanding net current liabilities of \$316m (2021: \$65m) and a loss after tax for the year of \$322m (2021: profit \$54m), the financial statements have been prepared on the going concern basis as the Directors have a reasonable expectation that the Group has adequate resources for a period of at least twelve months from the date of approval to May 31, 2024 (the 'going concern assessment period'), having assessed the principal and emerging risks facing the Group and determined that there are no material uncertainties to disclose.

In determining whether the Group's financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities together with factors likely to affect its financial performance and liquidity position. These factors included the current macroeconomic landscape with rising interest rates and inflation, geopolitical factors such as the war in Ukraine and expectations of the future macroeconomic environment.

The Directors have also considered a number of key factors, including the Group's business model, strategy, principal risks and uncertainties and the financial position of the Group, including the current cash position and available working capital facilities, financial forecasts for a period until May 31, 2024, and the ability to adhere to the covenants contained within the Group's financing agreements.

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

At April 30, 2023, the Group's net debt position was \$9,820m comprising \$441m in cash at bank, cash in transit and on site, and \$10,261m of borrowings. In addition, the Group had access to undrawn committed facilities of \$312m giving total available liquidity at that time of \$753m. The Group's net debt benefited from \$426m relating to the deferral of indirect tax and duties payable, presented within trade and other payables, with the balance being repaid over the next 53 months to September 2027.

FORECASTS

In addition, the Directors have stated their commitment to reducing net leverage through debt reduction and free cash flow generation given the maturity of significant debt facilities in February 2025 of \$7,036m, in October 2025 of \$1,381m and in 2026 and 2027 of \$1,163m. In March 2023, the Directors announced a sale and leaseback transaction in the USA generating gross proceeds of \$1.5bn (see note 36) which is expected to complete in May 2023 and are progressing other strategic options to reduce leverage to around 4.5x from its leverage at April 2023 of 6.0x as set out in the Corporate Governance section on pages 61 to 82. The Directors anticipate that the group will remain cash generative in the period to February 2025, that funding requirements at maturity are not expected to increase, and that based on the refinancing strategy, adequate funding will continue to be available beyond the maturity of the existing facilities. The Directors have therefore concluded that the degree of uncertainty associated with debt refinancing is not sufficiently significant to affect the going concern conclusion.

Current macroeconomic factors have had an impact on the Group, including the impact of inflationary cost increases, driven by growing commodity prices and rising labour costs. The impact of inflationary pressures on margins, overheads and general recession-related risks have been built into the Group's forecast scenarios.

Consideration was also given to the conflict in Ukraine, which has continued into 2023, and the subsequent oil price volatility. Resulting from this, there was significant oil price volatility. However, as retail prices adapt to wholesale cost movements, there has been no material adverse impact on the Group's profitability. Inflationary pressures are already incorporated into the overall going concern assessment, and as such the impact of the conflict in Ukraine does not impact the conclusions reached over going concern.

The Directors have prepared base and sensitised cash flow forecasts for a period until May 31, 2024, which indicate that the Group and Company will remain compliant with their covenants and will have sufficient funds through their existing cash balances and available facilities to meet their liabilities as they fall due for that period, without any structural changes to the business needed.

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

CONCLUSION

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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

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

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

- Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment - Proceeds before intended use
- Amendments to IAS 37 Provisions, Contingent Liabilities, Contingent Assets Onerous Contracts - Cost of Fulfilling a Contract
- Annual improvements to IFRS Accounting Standards 2018-2020 cycle

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

New and revised IFRS in issue but not yet effective

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

- Amendments to IAS 1 Presentation of Financial Statements (amendments) – classification of liabilities as current or non-current
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

3. SIGNIFICANT ACCOUNTING POLICIES

Presentational currency

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

The exchange rates prevailing were as follows:

£/US\$ exchange	Year ended December 31, 2022	Year ended December 31, 2021
Opening rate	1.34788	1.36492
Closing rate	1.20258	1.34788
Average rate	1.23714	1.37563

€/US\$ exchange	Year ended December 31, 2022	Year ended December 31, 2021
Opening rate	1.13260	1.22710
Closing rate	1.06660	1.13260
Average rate	1.05380	1.18283

A\$/US\$ exchange	Year ended December 31, 2022	Year ended December 31, 2021
Opening rate	0.72533	0.77196
Closing rate	0.67967	0.72533
Average rate	0.69476	0.75161

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Presentational currency continued

The principal accounting policies adopted are set out below.

Foreign currencies and functional currency

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

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

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

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

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

Basis of consolidation

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

SUBSIDIARIES

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

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

JOINT VENTURES AND ASSOCIATES

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

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

Exceptional items

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

Exceptional items are those which are separately identified by virtue of their size or incidence and include, but are not limited to, acquisition costs, impairment charges, reorganisation costs, profits and losses on disposal of subsidiaries and other one-off items which meet this definition. The Group adopts a minimum threshold of \$1m for the separate identification of exceptional items, which is applied to the aggregate value over the relevant accounting periods. The Group exercises judgement in assessing whether items should be classified as exceptional. This assessment covers both the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Reversals of previous exceptional items are also classified as exceptional.

Revenue recognition

The Group provides three primary categories of products and services to its customers: Grocery & Merchandise, Foodservice and Fuel. The Group also provides ancillary services such as car washes, lotteries, payzones, ATMs etc. through its forecourt operations which are recognised within other sales.

Revenue is recognised when the Group has a contract with a customer and a performance obligation has been satisfied, at the transaction price allocated to that performance obligation. The Group does not adjust any of the transaction prices for the time value of money due to the nature of the Group's transactions being completed shortly after the transaction is entered into with the customer.

SALE OF GOODS

Revenue from the sale of fuel and goods in store is recognised when the transaction is completed in store or at the filling station.

Revenue from fuel sales to authorised dealers is recognised when the goods are delivered to the specific site location and control passes.

The transaction price is the value of the goods net of VAT.

Fuel and each good sold in store is considered distinct as it is sold to customers on a standalone basis. The standalone selling price of fuel and goods is estimated on the basis of the retail price, except for sales to authorised dealers which is determined on the basis of the wholesale price. Discounts are not considered as they are only given in rare circumstances and are not material.

Payment of the transaction price is due immediately when the customer purchases the fuel at the filling station or takes delivery of the goods in store. A receivable is recognised by the Group when the goods are delivered to the authorised dealers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Given the nature of the business and products sold, expected returns are not considered as they are infrequent and are not material.

GROSS VERSUS NET PRESENTATION – FUEL DUTY

The treatment of fuel duty is determined by local laws and regulations as to when the duty becomes legally payable and who carries the risks and obligations to the tax authorities. In all markets where fuel duty is applicable to fuel purchases and sales, the cost of sales and revenues are reported including these duties, as the Group's role in the transaction is that of principal.

LOYALTY PROGRAMMES

The Group operates certain customer loyalty programmes where customers accumulate points for all purchases made, which entitles them to discounts on future purchases. These loyalty programmes are accounted for in accordance with IFRS 15.

AGENT V PRINCIPAL – DEALER SITES

Within the Group, there are a number of 'dealer' or 'retailer' arrangements in place, whereby a third party will be responsible for some part of the operation of a site.

In line with IFRS 15, when another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is acting as principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). In making this assessment, a principal is identified as being the party that obtains control of the assets, which are then transferred to the customer. When the Group acts as principal, revenue is recognised in respect of the gross amount of consideration paid by the customer.

When the Group does not control the goods which are transferred, it acts as an agent and recognises revenue only in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Generally, the Group's revenue streams from dealer sites fall into the following broad categories:

- Supply of goods to dealers – the Group acts as a principal in supplying goods to dealers, transferring control and recognising revenue at the point of sale to the dealer as the Group is primarily responsible for fulfilling the order of goods from the dealers and has the latitude in establishing the price
- Goods sold on consignment from dealer sites – the Group acts as a principal in selling the goods to end customers as it retains ownership of goods on consignment until they are sold to an end consumer and the latitude to establish the price. The Group recognises revenue in respect of the full sales value to the end consumer at the point the goods are sold, with commissions paid to the dealer in respect of the transaction recognised within cost of sales
- Site rental fees – rental fees earned from dealers on sites are recognised in other income over the life of the lease in accordance with IFRS 16

The redemption of points is treated as a separate performance obligation under IFRS 15, with the transaction price allocated to issued points with reference to the likelihood of redemption and the discounts to be given to the customer on redemption of the points. Revenue from loyalty points is recognised when the customer redeems the points. Revenue for points that are not expected to be redeemed is recognised in proportion to the pattern of rights exercised by customers. A contract liability is recognised in respect of the price allocated to points which remain unredeemed and are expected to be exercised by the customer at year end.

PROVISION OF SERVICES

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

COMMERCIAL INCOME

Supplier incentives, rebates and discounts are collectively referred to as commercial income. Commercial income is recognised as a deduction from cost of sales on an accruals basis based on the expected entitlement which has been earned up to the balance sheet date for each relevant supplier contract.

Amounts due relating to commercial income are recognised within trade and other receivables, except in cases where the Group currently has a legally enforceable right of set-off and intends to offset amounts due from suppliers against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognised. Accrued commercial income is recognised within accrued income when commercial income earned has not been invoiced at the balance sheet date.

FRANCHISE COSTS

The Group operates a number of brands under franchise agreements across its jurisdictions. Costs paid to franchise owners are presented within cost of sales.

FINANCE INCOME AND COSTS

Finance income and costs are recognised in the consolidated income statement in the year to which it relates using the effective interest rate method.

Finance income comprises of:

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

Finance costs comprise of:

- Interest payable which is recognised in the consolidated income statement as it accrues using the effective interest method
- Foreign exchange losses arising on financing
- Finance costs incurred on finance leases which are recognised in profit or loss using the effective interest method
- Financing costs of raising debt

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Business combinations and goodwill

The Group accounts for all business combinations by applying the acquisition method. All acquisition-related costs are expensed as incurred. On acquisition, the assets (including intangible assets), liabilities and contingent liabilities of an acquired entity are measured at their fair value. Non-controlling interest is stated at the non-controlling interest's proportion of the fair values of the assets and liabilities recognised. Where an acquisition of trade and assets takes place, an assessment is initially made as to whether it should be accounted under IFRS 3 or not.

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

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

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

On disposal of a subsidiary or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. On disposal of a cash-generating unit, the attributable amount of goodwill, calculated on a relative value basis, is included in the determination of the profit or loss on disposal. The amount of goodwill allocated to disposals is calculated using a relative fair value approach.

Where the Group obtains control of a joint venture, the Group's previously held interest in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in the Group income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the twelve-month measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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. Non-current assets (or disposal groups) that are classified as held for sale are not depreciated.

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

Property, plant and equipment

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

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation of these assets commences when the assets are ready for their intended use. Freehold land is not depreciated.

Assets under construction are not depreciated until they are ready for use and transferred to the appropriate group of assets.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold land	not depreciated
Buildings	20 to 30 years
Fixtures and fittings	3 to 30 years

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. When a decision has been made to dispose of or scrap an asset in the future, the remaining useful life is re-evaluated to reflect the period over which the Group will derive economic benefits from its use.

The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment of property, plant and equipment

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

Fair value is determined as the price that would be received to sell the cash-generating unit ("CGU") in an orderly transaction between market participants at the measurement date. To the extent that the carrying amount exceeds the recoverable amount, the asset is impaired and is written down. Any impairment loss arising is recognised in the consolidated income statement.

Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversals are recognised in the consolidated income statement. Where there is a plan to knock down and rebuild a site, the carrying value of the site is deemed to be the land value and it is impaired to the extent that the carrying value of the asset exceeds the land value. Any impairment loss arising is recognised in the consolidated income statement.

Intangible assets

Intangible assets, such as trade names, customer relationships and software, are measured initially at acquisition cost or costs incurred to develop the asset.

Development expenditure incurred on an individual project is capitalised only if specific criteria are met, including that the asset created will generate future economic benefits. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to the consolidated income statement in administrative expenses on a straight-line basis over the estimated useful lives of each asset as show below.

Trade names	20 years or indefinite in specific instances
Customer/dealer relationships	10 to 15 years
Other intangible assets	3 to 16 years according to the estimated life of the asset

In accordance with IAS 38, amortisation methods, useful lives and residual values are reviewed at each balance sheet date with the effect of any changes in estimate accounted for on a prospective basis.

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

Impairment of non-financial assets

Goodwill and indefinite life brands are not amortised but are reviewed for impairment at least annually by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. The Group allocates goodwill to groups of cash-generating units, where each country represents a group of cash-generating units.

The recoverable amount is the higher of fair value less costs of disposal and value-in-use. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised immediately in the Group income statement, and is not subsequently reversed.

Fair value is determined based on forecast earnings before interest, taxes, depreciation and amortisation ("EBITDA", which is a non-IFRS measure) and EBITDA valuation multiples of comparable corporations and market transactions. For the purpose of the impairment test, management uses estimates and assumptions to establish the fair value of the Group's cash-generating units. If these assumptions and estimates prove to be incorrect, the carrying value of the goodwill may be overstated.

For all other non-financial assets (including intangible assets, property, plant and equipment and right of use assets) the Group performs impairment testing where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the unit, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the consolidated income statement.

Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Group recognises the lease payments as an operating expense within distribution costs on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

LEASE LIABILITIES

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Leases continued

LEASE LIABILITIES continued

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payment's change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate. The Group did not make any such adjustments during the periods presented

The variable lease payments that do not depend on an index or a rate are recognised as an expense within distribution costs in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate ("IBR") at the lease commencement date if the interest rate implicit in the lease is not readily determinable. As the rate implicit in the lease generally cannot be readily determined for property leases, the Group uses incremental borrowing rates, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

In order to calculate the IBR for the Group in each territory, a risk-free rate is obtained, linked to the length of the lease in the jurisdiction in which the lease is taken, and an adjustment is then made to reflect credit risk based on the Group's credit rating.

RIGHT OF USE ASSETS

The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, restoration costs, and lease payments made at or before the commencement date less any lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right of use asset, the costs are included in the related right of use asset.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right of use assets are presented as a separate line in the consolidated balance sheet and are subject to impairment under IAS 36.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

DETERMINATION OF THE LEASE TERM

Extension and termination options are included in a number of property and equipment leases across the Group.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). This is a subjective assessment made at an individual lease level, reflecting the facts and circumstances applicable to each arrangement. Generally, at the commencement date of property leases, the Group determines the lease term to be the full term of the lease and the first two periods covered by extension options (to the extent that these are within the Group's control) as the Group is reasonably certain that it will continue in occupation for the periods covered by these extension options.

In determining whether termination options will be exercised, the Group makes reference to the economic incentives to not exercise a termination option for both the Group and the lessor along with the anticipated costs of termination for both parties.

This assessment is judgemental and reflects the Group's expectations at the time of lease inception. Should facts and circumstances change, the Group may reassess lease terms, resulting in a remeasurement of lease liabilities and right of use assets.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

SALE AND LEASEBACK TRANSACTIONS

In a sale and leaseback transaction, the Group transfers control of an asset to another entity for consideration, and leases that asset back from the buyer. The Group immediately recognises a lease liability in respect of the present value of the expected lease payments. The carrying value of the asset is divided between the value of the rights retained by the Group (recognised as a lease asset under IFRS 16) and the rights transferred to the purchaser on a pro-rata basis based on the respective fair values of the property and lease payments at the time of sale. Any profit or loss on disposal is similarly allocated between the retained and transferred rights, with the portion relating to the buyer's rights in the asset being recognised immediately.

Taxation

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

CURRENT TAX

Current tax is the expected tax payable or receivable on taxable profit or loss for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods or items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Tax provisions are recognised for uncertain tax positions where a risk of an additional tax liability has been identified and it is probable that the Group will be required to settle that tax.

A provision is made for uncertain tax positions when it is considered probable that there will be a future outflow of funds to a tax authority. The provision is calculated using the single best estimate where that outcome is more likely than not and a weighted average probability in other circumstances. The position is reviewed on an ongoing basis, to ensure appropriate provision is made for each tax jurisdiction. This is assessed on a case-by-case basis using in-house tax experts, professional firms and previous experience. See note 14.

DEFERRED TAX

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Employee benefits

I) POST-EMPLOYMENT SCHEMES

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

II) OTHER EMPLOYEE BENEFITS

Some Group companies provide jubilee benefits, rewarding employees for long years of service. The liability recognised in the balance sheet is the present value of the obligation at the reporting date. The jubilee benefits are calculated annually by independent actuaries.

III) TERMINATION BENEFITS/RESTRUCTURING PROVISION

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Benefits falling due more than twelve months after the reporting date are discounted to present value. The Group recognises termination benefits at the earlier of the following dates:

- When the Group can no longer withdraw the offer of those benefits
- When the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits

Long-term employee benefits are accounted for in the same way as defined benefit pension benefits with the exception that remeasurements are recognised immediately through profit or loss.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly before the reporting date. Future operating costs are not provided for.

IV) BONUS PLANS

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

Inventories

Inventories comprise goods held for resale and are valued at the lower of cost or net realisable value. The Group applies the weighted average cost method to value inventories. The cost of fuel and oil purchased for resale includes all costs incurred in transporting the goods to their present location. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities principally consist of trade and other receivables, accrued income, cash and cash equivalents, trade and other payables, borrowings and derivative financial assets/liabilities held at fair value through profit and loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank, in hand, short-term deposits with banks and other financial institutions with an initial maturity of three months or less, and credit/debit card receivables, which are settled within 72 hours.

Bank overdrafts are presented as short-term borrowings, and are reflected as a financing activity in the statement of cash flows.

TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at the amount of consideration that is unconditionally due from customers for goods sold or services performed in the ordinary course of business.

The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Loss allowances are recognised based on expected irrecoverable amounts determined by reference to past default experience and are adjusted to reflect current and forward-looking information based on macroeconomic factors and other factors which affect the ability of the customers to settle the receivables.

TRADE AND OTHER PAYABLES

Trade and other payables (excluding derivative financial liabilities) are recorded at cost.

FINANCIAL LIABILITIES AND EQUITY COMPONENTS

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

FINANCIAL ASSETS

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Subsequently, financial assets will be measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), or fair value through profit and loss ("FVTPL"), on the basis of both the Company's model for managing the assets and the contractual cash flows associated with them. Where a trade receivable does not contain a significant financing component under IFRS 15, it will be measured at its transaction price.

EQUITY INSTRUMENTS

The Group holds investments in unlisted shares that are not traded in an active market but that are stated at fair value. Fair value is determined in the manner described in note 34. Where an equity instrument is not held for trading and does not involve contingent consideration to which IFRS 3 applies, a determination may be made on an asset-by-asset basis to recognise gains and losses arising from changes in fair value in other comprehensive income or through profit or loss.

Where an election is made to recognise gains and losses arising from changes in fair value in other comprehensive income, the cumulative gain or loss previously recognised in the investments revaluation reserve will remain in this reserve on disposal.

Where this election is not made for an equity instrument, all gains and losses arising from changes in fair value will be recognised in the income statement as they arise. Dividends on all equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AMORTISED COST

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

The effective interest method is utilised in the calculation of amortised cost of a debt instrument and for allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss ("FVTPL").

FINANCIAL ASSETS AT FVTOCI

Financial assets are measured at FVTOCI if the asset is held within a business model for the dual objectives of collecting contractual cash flows and selling financial assets, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount.

FINANCIAL ASSETS AT FVTPL

All financial assets which do not meet the criteria for measurement at amortised cost or FVTOCI are measured at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in note 34.

IMPAIRMENT OF FINANCIAL ASSETS

- At each balance sheet date, financial assets are assessed for indicators of impairment, considering all reasonable and supportable information available, including that which is forward-looking where this is available without undue cost and effort. If the credit risk on a financial asset has increased significantly since initial recognition, an impairment equivalent to the lifetime expected credit losses on the instrument will be recognised immediately. If the credit risk has not significantly increased since initial recognition, a loss allowance shall be measured equivalent to twelve-month expected credit losses

- Loss allowances for trade receivables resulting from transactions under IFRS 15 will always be measured at an amount equal to the lifetime expected credit loss (“ECL”)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, or when there is no reasonable expectation of recovering the asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss, with the exception of those equity instruments where a determination has been made to recognise gains and losses arising from changes in fair value in other comprehensive income.

FINANCIAL GUARANTEE CONTRACT LIABILITIES

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9
- The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the Group's revenue recognition policies

FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' (“FVTPL”) or 'other financial liabilities' carried at amortised cost. Financial liabilities are initially measured at fair value less directly attributable transaction costs (except those measured at FVTPL which are initially measured at fair value).

FINANCIAL LIABILITIES AT FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, or it is designated as at FVTPL. A financial liability will be designated as FVTPL where this significantly reduces a measurement inconsistency which would otherwise arise, or where the group of liabilities (or assets and liabilities as a combined group) is managed and evaluated on a fair value basis, and information about the Group is provided on that basis to key management personnel.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 34.

OTHER FINANCIAL LIABILITIES

Other financial liabilities, including interest-bearing bank loans and credit facilities, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments continued

DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 34.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material) using a pre-tax discount rate that reflects current market assessments of the time value of money. The increase in the provision due to passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where asset retirement obligations ('dismantling') and other asset-related provisions are recorded, a corresponding asset is recognised which is depreciated over the period for which the provision relates.

CONTINGENT LIABILITIES ACQUIRED IN A BUSINESS COMBINATION

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date, and recognised as a provision in accordance with IFRS 3 Business Combinations.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received. Grants that compensate the Group for expenses incurred are recognised in the income statement in the relevant financial statement line on a systematic basis in the periods in which the expenses are recognised, to present the net expense to the Group.

Share-based compensation

EG Group Holdings Limited, as the ultimate parent company of the Group, has issued cash-settled shares to the Non-Executive Directors of the business. Cash-settled share-based payment transactions are measured at fair value at the date of grant and remeasured at the end of each reporting period and at the date of settlement. The fair value is expensed on a straight-line basis over the expected vesting period, with any changes in fair value recognised in profit or loss for the period. As the shares awarded are issued by the ultimate parent Company without charge to the Company, an amount equivalent to the expense recorded in the consolidated income statement is recorded as a credit to a capital contribution reserve.

Fair value is measured using a Monte Carlo simulation pricing approach in calculating the expected returns to the management shares. This is seen as an appropriate method for estimating the value of instruments with growth potential and is based upon information about the business and forecast performance.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described above, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below) and have been identified as being particularly complex or involve subjective assessments.

EXCEPTIONAL ITEMS

The Directors consider that an adjusted profit measure provides useful information for the underlying trends, performance and position of the Group. These measures are consistent with how business performance is measured internally by the Board.

Profit before exceptionals is not a recognised measure under IFRS and may not be directly comparable with adjusted measures used by other companies.

The Directors exercise judgement in determining the items to classify as exceptional items. This assessment considers the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Reversals of previous exceptional items are recognised as exceptional items. The Directors exercise judgement in ensuring there is an equal focus by management in classifying both expenses and revenue items as exceptional.

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

INDEFINITE LIFE BRANDS

The brands of Cumberland Farms and Cooplands are well-known long-standing brands in the USA and UK&I respectively and as a result of the reputation and association with quality there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. The brands are therefore deemed to have an indefinite useful economic life and the values of \$337m and \$20m respectively will not be amortised, but will be assessed for impairment annually. Details of intangible assets are set out in note 16.

Key sources of estimation uncertainty

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

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. In performing the review, assets are grouped together into the smallest group of assets that is largely independent of the Group's other cash-generating streams.

Goodwill and indefinite life brands are reviewed for impairment on an annual basis. The Group allocates goodwill to groups of cash-generating units, where each country represents a group of cash-generating units.

When a review for impairment is conducted, the recoverable amounts for cash-generating units are the higher of fair value less cost of disposal, and value-in-use. In assessing value-in-use, the estimated future cash flows (which is a key source of estimation uncertainty) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Fair value is determined based on forecast earnings before interest, taxes, depreciation and amortisation ("EBITDA", which is a non-IFRS measure) and EBITDA valuation multiples of comparable corporations and market transactions. For the purpose of the impairment test, management uses estimates and assumptions to establish the fair value of the Group's cash-generating units. If these assumptions and estimates prove to be incorrect, the carrying value of the goodwill may be overstated.

Other sources of estimation uncertainty

FAIR VALUES IN BUSINESS COMBINATIONS

In assessing the fair value of assets and liabilities acquired in business combinations, estimation is used in a number of areas. To assist in this work, the Group engages external valuation experts to assess the fair value. Management then review the work and assess the results. Details of the fair value of the acquired assets and liabilities are detailed in note 35.

Measurement of provisions

The Group has recognised provisions totalling \$691m (2021: \$839m) for environmental costs, dilapidations and onerous contracts.

The provision for environmental costs and dilapidations is based on the current cost escalated at an inflation rate and discounted at a risk-free rate. The provision for onerous contracts is based on the lower of our current estimates of cost of fulfilling the contracts and any compensation or penalties and discounting to present value when the effect of time value of money is material. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events and market conditions.

Because actual outflows can differ from estimates due to changes in laws, regulations, prices and conditions, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made. The carrying amount of provisions will be impacted by changes in the discount rate. Details of provisions are set out in note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

5. EXCEPTIONAL ITEMS

In order to allow an understanding of the underlying trading performance of the Group, items recognised in reported profit or loss before tax which, by virtue of their size and/or nature, do not reflect the Group's underlying performance, are shown as exceptional items (in accordance with the Group's accounting policies in note 3). Exceptional items are those which are separately identified by virtue of their size or incidence and include, but are not limited to, acquisition costs, impairment charges, reorganisation costs, profits and losses on disposal of subsidiaries, and other one-off items which meet this definition. These items are as follows:

	2022	2021
	\$m	\$m
Included within operating profit:		
Acquisition and transaction-related costs	(7)	(14)
Litigation costs	(2)	(4)
Contingent consideration release	—	5
Gain on revaluation of unfavourable contract provision	43	—
Restructuring (costs)/credit	(2)	2
Profit on disposal	5	72
Impairment charge	—	(22)
Impairment reversal	1	7
Goodwill impairment	(100)	(100)
	(62)	(54)
Included within finance costs:		
Transaction-related finance costs (see note 37)	—	(41)
Loss on extinguishment of debt on refinancing	—	(15)
	—	(56)
Included within finance income:		
Finance income from recharged finance costs (see note 37)	—	41
	—	41
Tax on exceptional items	(12)	(6)
Total exceptional items	(74)	(75)

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, 2022

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

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

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

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

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

The impairment reversal of \$1m recognised in the year relates to the reversal of a previously recognised exceptional impairment charge, where operational performance development plans have been implemented and the site level performance was sufficient to support the increased carrying value.

Following the completion of the goodwill impairment review, an impairment has been recognised in relation to the Australian group of cash-generating units of \$100m. See note 15 for further details.

For the year ended December 31, 2021

Acquisition and transaction-related costs within operating profit of \$14m predominantly relate to directly attributable incremental costs incurred as a result of the Group's growth acquisitions, and largely relate to professional and legal fees.

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

Contingent consideration release of \$5m reflects the release of the contingent consideration relating to the acquisition of Certified Oil, an acquisition in the USA which completed in 2019, where the criteria for payment were not met.

Exceptional restructuring credit of \$2m relates to the release of a provision recognised in 2018 through exceptionals regarding the restructuring of the management and support teams in Continental Europe.

The profit on disposal in the year is in relation to the sale of a number of UK sites sold following the outcome of the CMA's review of the shareholders' acquisition of Asda. The Group was required to divest a number of petrol filling station sites by the end of 2021.

The exceptional impairment charge in the year relates to the \$19m intangible impairment of the Tom Thumb brand name, and the \$3m impairment of property, plant and equipment, both in the USA. The impairment reversal of \$7m recognised in the year relates to the reversal of a previously recognised exceptional impairment charge, where operational performance development plans have been implemented and the site level performance was sufficient to support the increased carrying value.

Following the completion of the goodwill impairment review, an impairment has been recognised in relation to the Australian group of cash-generating units of \$100m. See note 15 for further details.

The transaction-related finance costs relate to the financing costs which were directly incurred in relation to the GBP private placement notes which were agreed in March 2021 and subsequently redeemed in October 2021. The finance income from recharged finance costs reflects the reimbursement of these transaction-related finance costs by Bellis Property Newco Ltd, a related party of the Group. See note 37 for further details.

Following the refinancing of the Group's revolving credit facility, letter of credit facilities and second lien facilities during the year, the existing arrangement fees which had been capitalised onto the balance sheet have been expensed in the year. Furthermore, financing costs were incurred in relation to the GBP private placement notes which were agreed in the year; however, as this facility was terminated as a result of the aborted Asda forecourt acquisition, these costs were expensed as exceptional.

Threshold

A threshold of \$1m is applied in determining the items to classify as exceptional items.

6. REVENUE

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

	2022 \$m	2021 \$m
Continuing operations		
Sale of goods		
Grocery & Merchandise sales ¹	4,430	4,484
Foodservice sales ¹	1,280	1,062
Fuel sales	24,422	20,346
Other sales	484	528
Revenue per income statement	30,616	26,420

¹ From January 1, 2022 the Group elected to reclassify its presentation of certain items reported in the USA and Europe from Grocery & Merchandise to Foodservice. The equivalent values for 2021 have been restated, with an increase of \$122m (USA: \$64m, Europe: \$58m) to Foodservice revenue, and a corresponding decrease in Grocery & Merchandise. There is no impact of this presentation change on the total revenue, gross profit, operating profit or profit after tax.

Revenue from the provision of services includes dealer and franchise revenues, commissions received for ancillary services and car wash revenues, and is presented within other sales. Also included within other sales are \$264m (2021: \$366m) of Grocery & Merchandise stock sales to dealers in Europe, where the Group facilitates the sale and purchase of dry stock between a wholesale supplier and our portfolio of dealers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

7. OTHER INFORMATION

The Group has chosen to voluntarily disclose certain disaggregated income statement information about its operations as set out in the table below. This information is not intended to meet the requirements of IFRS 8 Operating Segments and therefore does not apply.

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

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

\$m	2022					
	USA	Europe ⁽¹⁾	Australia	Group Total before exceptionals	Exceptionals	Group Total after exceptionals
Revenue						
Grocery & Merchandise	2,868	1,283	279	4,430	—	4,430
Foodservice	162	1,114	4	1,280	—	1,280
Fuel	7,058	14,393	2,971	24,422	—	24,422
Other	92	391	1	484	—	484
Total revenue	10,180	17,181	3,255	30,616	—	30,616
Gross profit	1,908	2,031	414	4,353	—	4,353
Adjusted EBITDA	666	734	191	1,591	—	1,591
Operating exceptional costs ⁽²⁾				—	32	32
Right of use asset depreciation				(217)	—	(217)
Depreciation				(464)	—	(464)
Amortisation				(91)	—	(91)
Impairment				(291)	(99)	(390)
Profit on disposal				11	5	16
Operating profit				539	(62)	477
Finance income				28	—	28
Finance costs				(763)	—	(763)
Profit/(loss) before tax				(196)	(62)	(258)
Tax charge				(52)	(12)	(64)
Profit/(loss) after tax				(248)	(74)	(322)

2021

\$m	USA ⁽⁴⁾	Europe ⁽⁵⁾	Australia	Group Total before exceptionals	Exceptionals	Group Total after exceptionals
Revenue						
Grocery & Merchandise ⁽³⁾	2,788	1,395	301	4,484	—	4,484
Foodservice ⁽³⁾	132	929	1	1,062	—	1,062
Fuel	5,610	12,275	2,461	20,346	—	20,346
Other	113	412	3	528	—	528
Total revenue	8,643	15,011	2,766	26,420	—	26,420
Gross profit	1,742	1,932	422	4,096	—	4,096
Adjusted EBITDA	615	841	204	1,660	—	1,660
Operating exceptional costs ⁽²⁾				—	(11)	(11)
Right of use asset depreciation				(197)	—	(197)
Depreciation				(515)	—	(515)
Amortisation				(87)	—	(87)
Impairment				(180)	(115)	(295)
(Loss)/profit on disposal				(1)	72	71
Operating profit				680	(54)	626
Finance income				283	41	324
Finance costs				(687)	(56)	(743)
Profit/(loss) before tax				276	(69)	207
Tax charge				(147)	(6)	(153)
Profit/(loss) after tax				129	(75)	54

⁽¹⁾ The results of Europe incorporate the acquisitions of M&L Gastronomiegesellschaft GmbH and Geiger Fast Food GmbH from their acquisitions dates of January 1, 2022 and the 285 OMV service stations from the acquisition date of May 1, 2022

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

⁽³⁾ From January 1, 2022 the Group elected to reclassify its presentation of certain items reported in the USA and Europe from Grocery & Merchandise to Foodservice. The equivalent values for 2021 have been restated with an increase of \$122m (USA: \$64m, Europe: \$58m) to Foodservice revenue, and a corresponding decrease in Grocery & Merchandise. There is no impact of this presentation change on the total revenue, gross profit, operating profit or profit after tax

⁽⁴⁾ The results of USA incorporate the acquisitions of Mercury and Sprint from their acquisition dates of June 1, 2021 and December 14, 2021 respectively

⁽⁵⁾ The results of Europe incorporate the acquisitions of KMS, LEON, Amsric and Cooplands from their acquisition dates of January 18, 2021, May 9, 2021, September 26, 2021 and October 2, 2021 respectively

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

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

As at December 31, 2022

At December 31, 2022, \$378m of assets and \$85m of liabilities are presented as held for sale.

Non-core locations in the USA

In December 2022, the Group committed to sell 98 non-core locations in the USA. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the locations have been classified as a disposal group held for sale on the Group balance sheet. The disposal group does not meet the definition of a discontinued operation. No impairment loss has been recognised, as at the year end it was expected the fair value less costs to sell is in excess of the carrying value of the assets and liabilities. The table below shows the assets and liabilities of the disposal group.

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

Minit Mart locations in Missouri and Kansas, USA

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

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

Other USA disposal groups

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

Europe

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

As at December 31, 2021

At December 31, 2021, \$12m of real estate assets and \$2m of liabilities were presented as held for sale. This reflects 35 sites in the United States for which a signed agreement to sell was in place at the year end. The write down of the assets reclassified to held for sale has been recognised as an exceptional impairment charge of \$3m, see note 5 for further details. The majority of the sales were completed in April 2022.

9. PROFIT BEFORE TAX FOR THE YEAR

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

	2022	2021
	\$m	\$m
Net foreign exchange gains	(8)	(247)
Acquisition-related transaction costs (net)	8	14
Depreciation of property, plant and equipment	464	515
Depreciation of right of use assets	217	197
Impairment of property, plant and equipment	166	122
Impairment of right of use assets	124	53
Profit on disposal of property, plant and equipment	(16)	(71)
Amortisation of intangible assets	91	87
Impairment of intangible assets	—	20
Goodwill impairment	100	100
Cost of inventories recognised as an expense	23,274	21,020
Staff costs (see note 11)	1,684	1,409

10. AUDITOR'S REMUNERATION

	2022	2021
	\$m	\$m
Fees payable to the Company's auditor and their associates for:		
The audit of the parent company and the consolidated financial statements	9.6	10.4
The audit of the Company's subsidiaries performed by overseas associates of KPMG ⁽¹⁾	2.5	2.2
The audit of the Company's subsidiaries performed by UK associates of KPMG ⁽¹⁾	10.8	10.0
The audit of the Company's subsidiaries relating to the prior years	1.7	2.2
Fees payable to other auditors for other services to the Group:		
The audit of the financial statements of the Company's subsidiaries	0.8	1.1
Total audit fees	25.4	25.9

⁽¹⁾ Comprises the fees in respect of the subsidiary work performed for the consolidated financial statements of the Company and the fees for the statutory audit of the subsidiaries, as performed by both the UK and overseas associates of KPMG

KPMG provided assurance work during the year ended December 31, 2022 in relation to the NOW scheme audits in the Netherlands and the audit of the Group's covenant compliance report, with fees of \$0.1m. No further non-audit services have been provided by the auditor during the year ended December 31, 2022 (2021: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

11. STAFF COSTS

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

	2022	2021
	Number	Number
Sales	52,762	45,818
Administration	2,419	2,821
	55,181	48,639

Their aggregate remuneration comprised:

	2022	2021
	\$m	\$m
Wages and salaries	1,523	1,257
Social security costs	127	119
Other pension costs	35	32
Cash-settled share-based (credit)/costs	(1)	1
	1,684	1,409

12. FINANCE INCOME

	2022	2021
	\$m	\$m
Fair value gains on derivatives not designated in a fair hedge accounting relationship	—	2
Foreign exchange gains on financing activities	—	256
Other foreign exchange gains	5	—
Interest receivable	23	66
	28	324

Included within the 2021 interest receivable is \$41m relating to the reimbursement of costs in relation to the GBP private placement notes which were agreed in the year. These were reimbursed by Bellis Property Newco Ltd, a related party of the Group. See note 37 for further details.

13. FINANCE COSTS

	2022	2021
	\$m	\$m
Interest on bank overdrafts and loans	(645)	(608)
Debt extinguishment loss (see note 5)	—	(15)
Total interest expense	(645)	(623)
Other finance charges	(33)	(21)
Unwinding of and adjustments to discounting on provisions	24	10
Finance charges on leases	(97)	(96)
Foreign exchange losses on financing activities	(12)	—
Other foreign exchange losses	—	(13)
	(763)	(743)

Debt extinguishment losses in 2021 of \$15m were recognised in the income statement. Following the refinancing of the Group's revolving credit facility, letter of credit facilities and second lien facilities during 2021, the existing arrangement fees which had been capitalised onto the balance sheet were expensed. Furthermore, in 2021 financing costs were incurred in relation to the GBP private placement notes which were agreed in the year; however, as this facility was terminated as a result of the aborted Asda forecourt acquisition, these costs were expensed as exceptional.

The total finance cost for financial liabilities measured at amortised cost is \$645m (2021: \$623m).

14. TAX

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

	2022	2021
	\$m	\$m
Corporation tax:		
Current year	(107)	(112)
Adjustments in respect of prior period	11	(64)
	(96)	(176)
Deferred tax:		
Origination and reversal of temporary differences	21	(15)
Adjustments in respect of prior period	5	56
Effect of changes in tax rates	6	(18)
Total tax charge for the year	(64)	(153)

	2022	2021
	\$m	\$m
(Loss)/Profit before tax	(258)	207
Tax credit/(charge) at the UK corporation tax rate of 19% (2021: 19%)	49	(39)
Tax effect of non-deductible expenses	(36)	(43)
Effect of interest restriction	(74)	(81)
Effect of differences in overseas tax rates	14	10
Effect of changes in tax rates	10	(18)
Adjustments in respect of prior years	16	(7)
Movement in deferred tax not recognised	(12)	20
Impact of utilisation of previously unrecognised deferred tax	(1)	—
Movement in provision of uncertain tax positions	(20)	—
Impact of windfall taxes	(10)	—
Other	—	5
Total tax charge for the year	(64)	(153)

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

For the United Kingdom operations, the Finance Act 2021 included legislation to increase the UK's main corporation tax rate from 19% to 25%, which is due to be effective from April 1, 2023. The change to the main rate of corporation tax was substantively enacted by the balance sheet date and therefore included in these financial statements. Deferred tax has been calculated using these rates based on the timing of when each individual deferred tax balance is expected to reverse in the future.

For the US, in August 2022, the Inflation Reduction Act was introduced. This Act implements a 15% corporate alternative minimum tax ("CAMT") on companies with a global 3-year average adjusted financial statement income ("AFSI") of more than \$1.0 billion. We are awaiting the final legislation and detailed guidance to assess the full implications upon EG Group, however the Group does not believe the provisions of this Act would apply.

For the Netherlands, on December 20, 2022 the Dutch Senate accepted the Dutch Tax Plan 2023. In 2022, the corporate income tax rate for profits up to €395,000 will be taxed at 15% and profits beyond €395,000 (\$467,216) will be taxed at 25.8%. For 2023, the rates remain the same but the threshold reduces from €395,000 to €200,000. These rates were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements.

For Belgium, on July 26, 2017 the Belgian Federal government reached an agreement on an important corporate tax reform to gradually reduce the corporate income tax rate. The standard rate has been reduced in steps from 29% to 25% in 2022. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements.

On September 27, 2017 the French government released the French finance bill for 2018 in which they announced a gradual reduction in the headline rate of corporate income tax from 31%, to 27.5% in 2021 (for companies with turnover exceeding €250m) and finally 25% in 2022 and 2023. The 3.3% social surcharge will continue to apply for corporate tax liabilities exceeding €763,000, bringing the 25% standard rate in 2022 to an effective rate of 25.8%. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements.

Deferred tax has been calculated using these rates based on the timing of when each individual deferred tax balance is expected to reverse in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

14. TAX CONTINUED

In December 2021, the OECD issued model rules for a new global minimum tax framework and the UK has announced the intention to bring these into effect from December 31, 2023. Whilst the overarching framework has been published, we are awaiting the legislation and detailed guidance to assess the full implications upon EG Group. At the date when the financial statements were authorised for issue, none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the Pillar Two tax, however the IASB have released guidance to suggest IAS 12 will be amended, effective for periods beginning January 1, 2023 where entities will not need to recognise deferred tax impacts of top up tax or remeasure existing deferred taxes to reflect top up tax rate. The final amendments to IAS12 in this respect are expected end of May 2023.

The effect of interest restriction represents the impact of the UK Corporate Interest Restriction rules (effective from April 1, 2017), the Dutch ATAD 1 interest restriction rules (effective from January 1, 2020) and the USA s163j interest limitation rules (effective from January 1, 2019), which restrict the amount of interest that can be deducted for tax purposes with reference to a proportion of the profits of an entity or group.

No material amounts relating to tax have been recognised in other comprehensive income during the year (2021: no material amounts).

Uncertain tax positions

The Group is subject to taxation in several jurisdictions and by nature subject to scrutiny from multiple tax authorities. The complexity of applicable rules may result in legitimate differences of interpretation between the Group and taxing authorities, especially where economic judgement or valuation is involved. When these different interpretations arise, the Group recognises these differences under IFRIC 23. At December 31, 2022, the Group held uncertain tax provisions of \$35m (2021: \$15m).

15. GOODWILL

	\$m
Cost	
Balance at December 31, 2021	6,117
Recognised on acquisition of subsidiaries	393
Disposals	(7)
Transfer to held for sale	(227)
Exchange differences	(248)
Balance at December 31, 2022	6,028
Accumulated impairment losses	
Balance at December 31, 2021	(126)
Impairment of goodwill	(100)
Exchange differences	7
Balance at December 31, 2022	(219)
Carrying amount	
Balance at December 31, 2022	5,809
Balance at December 31, 2021	5,991

	\$m
Cost	
Balance at January 1, 2021	5,753
Recognised on acquisition of subsidiaries	509
Disposals	(18)
Exchange differences	(127)
Balance at December 31, 2021	6,117
Accumulated impairment losses	
Balance at January 1, 2021	(26)
Impairment of goodwill	(100)
Balance at December 31, 2021	(126)
Carrying amount	
Balance at December 31, 2021	5,991
Balance at January 1, 2021	5,727

Goodwill acquired in a business combination is allocated, at acquisition, to the groups of cash-generating units ("CGUs") that are expected to benefit from that business combination according to the level at which management monitor that goodwill.

The Group has determined that for the purposes of goodwill impairment testing, each country is a group of cash-generating units and represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, with the exception of Benelux, where this is the lowest level at which results and forecasts are prepared for the combined Belgium, Netherlands and Luxembourg operations. The Group considers its standalone Foodservice outlets, which include the UK&I LEON and Cooplands locations, to form part of the country-level group of cash-generating units given the Group's long-term network integration strategy and its approach to managing performance, allocating resources and monitoring Goodwill at this level.

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

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

	2022	2021
	\$m	\$m
UK & Ireland ('UK&I')	388	438
France	365	410
Italy	34	36
Germany	828	466
USA	2,886	3,113
Benelux	612	678
Australia	696	850
	5,809	5,991

Goodwill of \$393m arose on acquisitions that completed in 2022, comprising \$29m on the acquisition of M&L Gastronomiegesellschaft GmbH and Geiger Fast Food GmbH in Germany and a further \$364m has been recognised on the acquisitions of the 285 OMV sites in Germany, as set out in note 35.

\$7m of goodwill was disposed in the year (2021: \$18m) relating to disposals of operations within the Germany cash-generating unit in 2022 and Australian and UK&I cash-generating units in 2021.

The \$227m goodwill transferred to assets held for sale relates to the locations in the USA which have been agreed to be sold; see note 8 for further details.

Included in the carrying amounts presented above are a foreign exchange loss of \$50m on the Sterling-denominated goodwill, a foreign exchange loss of \$137m on the Euro-denominated goodwill, and a foreign exchange loss of \$54m on the Australian goodwill, which have been recognised on translation to US Dollars at the year-end closing rate.

Acquisitions made during 2021 generated goodwill of \$393m, comprising \$18m on the acquisition of KMS in Germany, \$79m from the acquisition of the LEON Group in the UK&I, \$21m on the acquisition of Mercury Fuel in the USA, \$8m on the acquisition of the Nebiolo group in Germany, \$129m on the KFC acquisitions from the Amsric group, \$62m on the acquisition of CS Food Group in the UK&I and \$191m on the acquisition of Sprint in the USA.

For the year ended December 31, 2022 impairment reviews were performed by comparing the carrying value of the cash-generating units with their recoverable amount. The recoverable amounts for cash-generating units have been determined based on their fair value less costs to sell. Management determined that due to the potential for increased use of alternative fuel vehicles in the long term, it was more appropriate to use fair value to assess impairment because accounting standards do not permit in a value-in-use calculation the inclusion of earnings generated from future expansionary capital expenditure on the Group's existing multi-use retail sites. To determine these values, the Group used an approach based on forecast earnings before interest, taxes, depreciation and amortisation ("EBITDA", which is a non-IFRS measure) and EBITDA valuation multiples of comparable corporations and market transactions ranging from 7.0 times to 13.5 times (2021: 7.5 times to 14.0 times). The Group's goodwill impairment assessment is performed at a country level for each group of cash generating units ("CGUs"). The mid point of the EBITDA valuation multiple range for each group of CGUs is used as the basis for the conclusion on the impairment review.

The key assumptions in determining fair value relate to forecast EBITDA and the EBITDA valuation multiples used.

Forecast EBITDA has been determined taking into account past experience and includes our expectations of the maintainable performance of the business based on the current market conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

15. GOODWILL CONTINUED

The assessment of the Board determined that, following the recognition of an impairment of \$100m (2021: \$100m) in respect of Australia noted below, the recoverable amount of all the CGUs exceeded their carrying value using the mid-point of the EBITDA valuation multiples.

- For the France group of CGUs, management reviewed the market multiples of comparable corporations and market transactions ranged from 8.5 to 10.0 times (2021: 9.0 to 10.5 times). The mid-point EBITDA valuation multiple used of 9.25 times (2021: 9.75) results in headroom of \$45m. Using an EBITDA multiple of 8.5 times would result in an impairment of \$1m and a multiple of 10.0 times results in total headroom of \$91m. Using the mid-point EBITDA valuation multiple of 9.25x, a reduction in the forecast EBITDA of 9% (2021: a reduction of 26%) for the France Group of CGUs may lead to an impairment of the carrying value. The breakeven EBITDA valuation multiple for the France group of CGUs is 8.4 times
- For the Australia group of CGUs, market multiples of comparable corporations and market transactions ranged from 7.5 to 8.5 times (2021: 7.5 to 9.0 times). The mid-point EBITDA valuation multiple used of 8.0 times results in an impairment of \$90m. This impairment would be \$141m at the low end EBITDA multiple of 7.5 times and \$39m at the high end multiple of 8.5 times. The breakeven EBITDA valuation multiple for the Australia group of CGUs is 9.0 times. Using the mid-point EBITDA valuation multiple to support our conclusion, an impairment charge of \$100m (2021: \$100m) has been recognised and presented as an exceptional item for the Australia group of CGUs for the year ended December 31, 2022. The impairment has been generated from both the reduction in the forecast EBITDA and the reduction in the mid-point multiples versus the prior year.

In 2021, for the Benelux group of CGUs, the mid-point EBITDA valuation multiple used of 9.75 times resulted in headroom of \$43m, an EBITDA multiple of 9.0 times would have led to an impairment of \$42m and a multiple of 10.5 times resulted in total headroom of \$128m. In 2021, a reduction in the forecast EBITDA of 5% for Benelux would have led to an impairment of the carrying value of the group of CGUs. Due to an increase in both the actual and forecast EBITDA for Benelux for the year ended December 31, 2022, no reasonably possible change in managements key valuation assumptions would lead to an impairment. The breakeven EBITDA valuation multiple for the Benelux group of CGUs is 7.44 times (2021: 9.26 times).

For the USA, UK&I, Germany, Benelux and Italy groups of CGUs, no reasonably possible change in managements key valuation assumptions would lead to an impairment. The table below shows the sensitivity of headroom to changes in the key assumptions, after the \$100m impairment in Australia for 2022.

Group of CGUs	Headroom at mid-point multiple	Sensitivities: revised headroom/(impairment) at mid point			
		Forecast EBITDA		Valuation Multiple	
		Decrease of 10%	Increase of 10%	Decrease of 0.75x	Increase of 0.75x
	\$m	\$m	\$m	\$m	\$m
USA	1,485	819	2,151	1,060	1,910
UK&I	1,507	1,202	1,811	1,328	1,686
Benelux	223	110	335	131	314
France	45	(11)	102	(1)	91
Germany	173	19	326	41	304
Italy	357	301	413	302	411
Australia	10	(72)	92	(67)	87

16. OTHER INTANGIBLE ASSETS

	Note	Customer /dealer relationships \$m	Trade names \$m	Other intangible assets \$m	Total \$m
Cost					
Balance at December 31, 2021		543	690	112	1,345
Additions		—	—	28	28
Additions from acquisition of subsidiaries	35	25	—	25	50
Transfers to held for sale	8	—	(28)	—	(28)
Disposals		—	—	(7)	(7)
Exchange differences		(33)	(9)	(7)	(49)
Balance at December 31, 2022		535	653	151	1,339
Accumulated amortisation and impairment					
Balance at December 31, 2021		(187)	(91)	(50)	(328)
Provided in year		(49)	(23)	(19)	(91)
Transfers to held for sale	8	—	6	—	6
Disposals		—	—	3	3
Exchange differences		11	3	3	17
Balance at December 31, 2022		(225)	(105)	(63)	(393)
Carrying amount					
Balance at December 31, 2022		310	548	88	946
Balance at December 31, 2021		356	599	62	1,017

	Note	Customer /dealer relationships \$m	Trade names \$m	Other intangible assets \$m	Total \$m
Cost					
Balance at January 1, 2021		575	614	94	1,283
Additions		—	—	12	12
Additions from acquisitions of subsidiaries	35	7	79	12	98
Disposals		—	—	(2)	(2)
Exchange differences		(39)	(3)	(4)	(46)
Balance at December 31, 2021		543	690	112	1,345
Accumulated amortisation and impairment					
Balance at January 1, 2021		(149)	(52)	(39)	(240)
Charge for the year		(52)	(21)	(14)	(87)
Impairment		—	(19)	(1)	(20)
Disposals		—	—	2	2
Exchange differences		14	1	2	17
Balance at December 31, 2021		(187)	(91)	(50)	(328)
Carrying amount					
Balance at December 31, 2021		356	599	62	1,017
Balance at January 1, 2021		426	562	55	1,043

Of the total amortisation expense for the year ended December 31, 2022 of \$90m (2021: \$87m), \$65m (2021: \$56m) has been charged to administrative expenses and \$26m (2021: \$31m) to distribution costs.

The trade name additions of \$79m in 2021 reflect the fair value attributable to trade names acquired in the UK as part of the LEON (\$53m) and Cooplands (\$23m) acquisitions and in the USA (\$3m) from the Sprint acquisition.

During 2021, a Board decision was taken to rebrand a majority of the Tom Thumb stores in the USA to Cumberland Farms over 24 months, meaning there is a significant reduction of the expected use of the Tom Thumb trade name. At January 1, 2021, the Tom Thumb trade name had a net book value of \$25m with a remaining life of 16.3 years. As a result of the decision to rebrand, the expected

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

16. OTHER INTANGIBLE ASSETS CONTINUED

remaining useful life was estimated to be two years. This has been deemed as an impairment indicator and therefore in the year \$19m has been booked in relation to the impairment of this brand name.

The remaining useful life of the following trade names at December 31, 2022 and the carrying value is set out in the table below:

Trade name	Remaining useful life	Carrying value
	Years	\$m
Cooplands	Indefinite	20
LEON	24	43
Cumberland Farms	Indefinite	337
Minit Mart	1	1
Tom Thumb	1	1
Sprint	4	2
Turkey Hill	15	76
Kwik Stop	15	23
Loaf 'n' Jug	15	41
Fastrac	2	1
Certified Oil	2	1

Cooplands trade name

The brand name for Cooplands (\$20m at December 31, 2022, \$23m at December 31, 2021) has been deemed to have an indefinite economic life based on management's assessment that it will generate net cash inflows indefinitely. Cooplands was founded in 1885 and therefore the trade name has been used for over 135 years. Management expect the Company to use the trade name into the foreseeable future and, as a result, it will not be amortised, but tested for impairment at least annually.

For the year ended December 31, 2022 an impairment review was performed by comparing the carrying value of the trade name and recoverable amount. The recoverable amount of the asset was determined by calculating the higher of fair value less costs of disposal and value-in-use. The recoverable amount of the trade name was determined based on its value-in-use. The key estimates are the discount rate, growth rate and the royalty rate.

Management estimate discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the cash-generating units. The pre-tax discount rate used was derived from a post-tax weighted average cost of capital for Cooplands, 12.77%.

Revenue projections for Cooplands' non-fuel offerings have been generated based on the Group's forecast through to 2025. The forecasts incorporated annualised growth ranging from (5.2%) to 6.0%. The long-term growth rate incorporated in the forecast beyond 2025 was 2.6%.

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

Management has performed sensitivity analysis on the reasonably possible changes in key assumptions in the impairment tests of the Cooplands brand name. An increase in the discount rate of 0.1% and a decrease in the growth rate of 0.1% may result in an impairment.

Cumberland Farms trade name

The Cumberland Farms trade name (\$337m at December 31, 2022 and December 31, 2021) has an indefinite economic life based on management's assessment that it will generate net cash inflows indefinitely. The trade name has been used in the marketplace for over 80 years and management expect the Company to use the trade name into the foreseeable future. As a result, the trade name is not amortised, but is tested for impairment at least annually.

For the year ended December 31, 2022 an impairment review was performed by comparing the carrying value of the trade name and recoverable amount. The recoverable amount of the asset was determined by calculating the higher of fair value less costs of disposal and value-in-use. The recoverable amount of the trade name was determined based on its value-in-use. The key estimates are the discount rate, growth rate and the royalty rate.

Management estimate discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the cash-generating units. The pre-tax discount rate used was derived from a post-tax weighted average cost of capital for the USA group of CGUs, 8.85% (2021: 8.2%).

Revenue projections for Cumberland Farms' non-fuel offerings have been generated based on the Group's forecast through to 2028. The forecasts incorporated annualised growth of 3% (2021: 1.2% to 3.0%) in the forecast period to reflect the continuing trend towards convenience retail offset by declines in volumes due to the knock-on impact from a decline in fuel volumes. The long-term growth rate incorporated in the forecast beyond 2028 was 3% (2021: 1.3%).

Based on a search of licence agreements for similar trade names and the consideration of the profitability of Cumberland Farms, a royalty rate of 2% was utilised to value the trade name at the point of acquisition and is also used to determine the recoverable amount of the trade name as at the year end.

Management has performed sensitivity analysis on the reasonably possible changes in key assumptions in the impairment tests of the Cumberland Farms brand name. Neither a reasonably possible one percentage point increase in discount rates nor a one percentage point decrease in non-fuel revenues would indicate an impairment of the brand name.

17. PROPERTY, PLANT AND EQUIPMENT

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

	Land and buildings \$m	Fixtures and fittings \$m	Assets under construction \$m	Total \$m
Cost				
At January 1, 2021	4,012	2,074	82	6,168
Additions	184	138	276	598
Acquisitions	128	49	2	179
Disposals	(132)	(46)	(7)	(185)
Transfers	(27)	123	(135)	(39)
Exchange difference	(125)	(78)	(4)	(207)
At December 31, 2021	4,040	2,260	214	6,514
Depreciation				
At January 1, 2021	(588)	(643)	—	(1,231)
Provided in year	(263)	(252)	—	(515)
Disposals	48	36	—	84
Transfers	23	4	—	27
Impairment	(77)	(45)	—	(122)
Exchange difference	36	28	—	64
At December 31, 2021	(821)	(872)	—	(1,693)
Carrying amount				
At December 31, 2021	3,219	1,388	214	4,821
At December 31, 2020	3,424	1,431	82	4,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

17. PROPERTY, PLANT AND EQUIPMENT CONTINUED

The carrying amount of land and buildings shown above includes \$1,155m (2021: \$1,114m) in relation to land that is not depreciated.

Of the total depreciation expense for the year ended December 31, 2022 of \$464m (2021: \$515m), \$2m (2021: \$3m) has been charged to cost of sales, \$5m (2021: \$58m) has been charged to administrative expenses and \$456m (2021: \$454m) to distribution costs.

Impairment methodology

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

Impairment of property plant and equipment and right of use assets

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

The value in use of each cash generating unit is calculated based on future cash flow estimates. Cash flows are based on past experience and expectations of future changes in the market, including the prevailing economic climate and global economy, competitor activity, market dynamics, changing customer behaviours, structural challenges facing fuel and retail environments and the resilience afforded by the Group's operational scale. Cash flows are then discounted to appropriately reflect the time value of money.

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

Key assumptions and sensitivity

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

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

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

On a calculated total impairment charge of \$290m across the Group, sensitising for a pre-tax discount increase of 100 basis points would increase the 2022 impairment charge by \$18.4m. Sensitising for a reduction of future cash flows aligned with the "reasonable worst case scenario" that the Group considered as part of its going concern review, would increase the 2022 impairment charge by \$68.8m.

Assets pledged as security

Freehold land and buildings with a carrying amount of \$3,025m (2021: \$3,219m) have been pledged to secure borrowings of the Group (see note 22).

18. SUBSIDIARIES

The Group consists of a parent Company, EG Group Limited, incorporated in the UK, and a number of subsidiaries held directly and indirectly by EG Group Limited, which operate and are registered in either the UK, Jersey, Continental Europe, the USA or Australia.

All undertakings are indirectly owned by EG Group Limited unless otherwise stated. A full list of the Group's related undertakings, registered office addresses and the percentage of share class owned as at December 31, 2022 are disclosed below:

Subsidiary undertakings incorporated and operating in the United Kingdom

Name of undertaking	Principal activity	Principal place of business	Proportion of ordinary shares and voting power held
EG Asiapac Ltd ^(1,3)	Holding company	UK	100
EG Finco Limited ^(1,3)	Holding company	UK	100
EG Foodservice Limited ⁽¹⁾	Holding company	UK	100
CS Food Group Holdings Limited ⁽⁴⁾	Holding company	UK	100
CS Food Group Limited ⁽⁴⁾	Holding company	UK	100
Coopland & Son (Scarborough) Limited ⁽⁴⁾	Restaurant operator	UK	100
Euro Garages Limited ⁽¹⁾	Trading of fuel/other products	UK	100
Wolfson Trago Limited ⁽¹⁾	Restaurant operator	UK	100
Wycliffe Moore Limited ⁽¹⁾	Restaurant operator	UK	100
EG Global Finance PLC ⁽¹⁾	Holding company	UK	100
Scotco Central Ltd ⁽¹⁾	Holding company	UK	100
Scotco Midlands Ltd ⁽¹⁾	Restaurant operator	UK	100
Scotco NI Ltd ⁽¹⁾	Restaurant operator	UK	100
Scotco One Four Five Ltd ⁽¹⁾	Restaurant operator	UK	100
Scotco Trowbridge Ltd ⁽¹⁾	Restaurant operator	UK	100
JRC Holdings Ltd ⁽¹⁾	Holding company	UK	100
Kram Management Ltd ⁽¹⁾	Holding company	UK	100
Kram Restaurants Limited ⁽¹⁾	Restaurant operator	UK	100
Scotco Restaurants Limited ⁽¹⁾	Restaurant operator	UK	100
Scotco Restaurants Southern Limited ⁽¹⁾	Restaurant operator	UK	100
Scotco (Northern) Ltd ⁽¹⁾	Restaurant operator	UK	100
Scotco One Five Five Limited ⁽¹⁾	Restaurant operator	UK	100
Beehive Equity Limited ⁽¹⁾	Holding company	UK	100
Beehive FTG Limited ⁽¹⁾	Restaurant operator	UK	100
EG Convenience Retail Limited ^(1,3)	Holding company	UK	100
Pollo Limited ⁽¹⁾	Restaurant operator	UK	100
Harland South Limited ⁽¹⁾	Restaurant operator	UK	100
Leon Restaurants ⁽¹⁾	Holding company	UK	100
Leon Naturally Fast Food Ltd ⁽¹⁾	Restaurant operator	UK	100
Leon Grocery Ltd ⁽¹⁾	Restaurant operator	UK	100
FeedBritain Ltd ⁽¹⁾	Restaurant operator	UK	100
Herbel (Western) Ltd ⁽²⁾	Restaurant operator	UK	100
Herbel (Northern) Ltd ⁽²⁾	Restaurant operator	UK	100

⁽¹⁾ Registered address: Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, United Kingdom, BB1 2FA

⁽²⁾ Registered address: Lindsay's Caledonian Exchange, 19a Canning Street, Edinburgh, Scotland, EH3 8HE

⁽³⁾ Interest held by EG Group Limited

⁽⁴⁾ Registered address: Eastfield, Scarborough, North Yorkshire, United Kingdom, YO11 3YT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

18. SUBSIDIARIES CONTINUED

International subsidiary undertakings

Subsidiaries	Principal activity	Place of incorporation/ registration and operation	Proportion of ordinary shares and voting power held %
Eurogarages (Jersey) Limited ⁽¹⁾	Holding company	Jersey	100
Scotco Restaurants (Jersey) Ltd ⁽¹⁾	Restaurant operator	Jersey	100
EG Dutch Finco B.V. ⁽²⁾	Holding company	Netherlands	100
EG Holdings B.V. ⁽²⁾	Holding company	Netherlands	100
EG Europe B.V. ⁽²⁾	Holding company	Netherlands	100
EG Retail B.V. ⁽²⁾	Holding company	Netherlands	100
EG (Benelux) B.V. ⁽²⁾	Holding company	Netherlands	100
EG Retail (Netherlands) B.V. ⁽²⁾	Trading of fuel/other products	Netherlands	100
EG Services (Netherlands) B.V. ⁽²⁾	Operator of service stations	Netherlands	100
EG (Italy) BV ⁽²⁾	Holding company	Netherlands	100
EG Fuels (Kampen Terminal) B.V. ⁽⁵⁾	Fuel depot operations	Netherlands	100
EG Fuels (Logistics) B.V. ⁽⁵⁾	Fuels transportation	Netherlands	100
EG (France) B.V. ⁽²⁾	Holding company	Netherlands	100
NRGValue Branding Nederland BV ⁽²⁾	Trading of fuel/other products	Netherlands	100
NRGValue Retail Nederland BV ⁽²⁾	Trading of fuel/other products	Netherlands	100
NRGValue Tankstations Nederland BV ⁽²⁾	Trading of fuel/other products	Netherlands	100
The Tasty Company BV ⁽⁴⁾	Restaurant operator	Netherlands	100
EG Food Services (Netherlands) BV ⁽²⁾	Restaurant operator	Netherlands	100
The Spicy Company BV ⁽⁵⁾	Restaurant operator	Netherlands	100
AJJ Hermes BV ⁽²⁾	Real estate development	Netherlands	100
Paul Mahieu NV ⁽⁶⁾	Trading of fuel/other products	Netherlands	99
FFR Arnhem BV ⁽⁷⁾	Trading of fuel/other products	Netherlands	100
FFR Nijmegen BV ⁽⁸⁾	Trading of fuel/other products	Netherlands	100
FFR Uden BV ⁽⁹⁾	Trading of fuel/other products	Netherlands	100
EG Retail (Belgium) B.V. ⁽⁶⁾	Trading of fuel/other products	Belgium	100
Raga BV ⁽⁶⁾	Real estate development	Belgium	100
Station Services B.V. ⁽⁶⁾	Dormant	Belgium	100
EG Retail (Station Support) BV ⁽⁶⁾	Employer of service station colleagues	Belgium	100
Stars Loyalty Belgium BV ⁽⁶⁾	Loyalty card business	Belgium	100
EG Services (Belgium) BV ⁽⁶⁾	Employer of service station colleagues	Belgium	100
EG Services (Belgium Property) BV ⁽⁶⁾	Real estate development	Belgium	100
EG Retail (Luxembourg) S.à.r.l. ⁽¹⁰⁾	Trading of fuel/other products	Luxembourg	100
EG Services (Luxembourg) S.à.r.l. ⁽¹⁰⁾	Trading of fuel/other products	Luxembourg	100
EG (Luxembourg) Holdings S.à.r.l. ⁽¹⁰⁾	Holding company	Luxembourg	100
EG Business GmbH ⁽¹¹⁾	Trading of fuel/other products	Germany	100
EG (Germany) BV ⁽²⁾	Holding company	Netherlands	100
EG Deutschland GmbH ⁽¹²⁾	Holding company	Germany	100
Echo Tankstellen GmbH ⁽¹²⁾	Trading of fuel/other products	Germany	100
Retail Operating Company Deutschland GmbH ⁽¹²⁾	Trading of fuel/other products	Germany	100
EG Deutschland Food Services GmbH ⁽¹²⁾	Trading of fuel/other products	Germany	100
EG Deutschland K-Holding GmbH ⁽¹²⁾	Holding company	Germany	100
KMS Autohof-Betriebsgesellschaft GmbH ⁽¹³⁾	Trading of fuel/other products	Germany	100
KMS Fast Food GmbH ⁽¹³⁾	Trading of fuel/other products	Germany	100

Subsidiaries	Principal activity	Place of incorporation/ registration and operation	Proportion of ordinary shares and voting power held %
Qualitel Hotel GmbH ⁽¹³⁾	Real estate development	Germany	100
EG Deutschland Retail & Energy GmbH ⁽¹²⁾	Trading of fuel/other products	Germany	100
EG Retail (Food Services France) SAS ⁽¹⁴⁾	Trading of fuel/other products	France	100
EG Holdings (France) SAS ⁽¹⁴⁾	Holding company	France	100
EG Retail (France) SAS ⁽¹⁴⁾	Trading of fuel/other products	France	100
EG Services (France) SNC ⁽¹⁴⁾	Operator of service stations	France	100
EG Italia SPA ⁽¹⁵⁾	Trading of fuel/other products	Italy	100
EGI-2 GO S.R.L. ⁽¹⁵⁾	Trading of fuel/other products	Italy	100
EG America LLC ^(16,17)	Holding company	USA	100
EG Retail (America) LLC ⁽¹⁶⁾	Holding company	USA	100
EG Shared Services (America) LLC ⁽¹⁶⁾	Holding company	USA	100
EG America Treasury Co, LLC ⁽¹⁶⁾	Holding company	USA	100
Cumberland Farms Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Cumberland Farms of Massachusetts, Inc ⁽¹⁶⁾	Holding company	USA	100
Cumberland Farms of Vermont, Inc. ⁽¹⁶⁾	Holding company	USA	100
CFI GC LLC ⁽¹⁶⁾	Holding company	USA	100
CFI Propco 1, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
CFI Propco 2, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Conven-Petro Insurance Company ⁽¹⁶⁾	Holding company	USA	100
Fastrac Transportation EG LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
INS-Rest LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Certified Oil Corporation ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Spizza-Rest LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Crave-Rest LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
TH Midwest Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Kwik Shop Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Quick Stop Markets Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Mini Mart Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
TH Minit Markets LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Junior Food Stores of West Florida Inc ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Fastrac EG, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
B Rest LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Serve-Rest, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Tmex-Rest, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
Minit Mart, LLC ⁽¹⁶⁾	Trading of fuel/other products	USA	100
EG Group Australia Pty Ltd ⁽¹⁷⁾	Holding company	Australia	100
EG Fuelco (Australia) Limited ⁽¹⁸⁾	Trading of fuel/other products	Australia	100
EG (Retail) Australia Pty Ltd ⁽¹⁸⁾	Trading of fuel/other products	Australia	100
EG AsiaPac Holdings Pty Ltd ⁽¹⁸⁾	Holding company	Australia	100
EG AsiaPac Services Pty Ltd ⁽¹⁸⁾	Service company	Australia	100
EG AsiaPac Ventures Pty Ltd ⁽¹⁸⁾	Holding company	Australia	100
EG AsiaPac Ventures No. 1 Pty Ltd ⁽¹⁸⁾	Trading of fuel/other products	Australia	100
Scotco ROI Limited ⁽¹⁹⁾	Restaurant operator	ROI	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

18. SUBSIDIARIES CONTINUED

International subsidiary undertakings continued

- (1) Registered address: 47 Esplanade, St Helier, Jersey JE1 OBD
 (2) Registered address: Princenhagelaan 9, 4813 DA, Breda, The Netherlands
 (3) Registered address: Genuakade 4, 8263 CG, Kampen, The Netherlands
 (4) Registered address: Jadestraat 11, 2665 NS, Bleiswijk, The Netherlands
 (5) Registered address: Harderwijkweg 1, 2803 PW, Gouda, The Netherlands
 (6) Registered address: Kapelsesteenweg 71, 2180 Ekeren, Belgium
 (7) Registered address: Dwingelstraat 4, 6811 BR, Arnhem, The Netherlands
 (8) Registered address: Plein 1944 78, 6511 JE, Nijmegen, The Netherlands
 (9) Registered address: Voskestraat 1, 5406 PN, Uden, The Netherlands
 (10) Registered address: Bei der Härewiss 103, 1141 Luxembourg
 (11) Registered address: Bentheimer Straße 120, 48529, Nordhorn, Germany
 (12) Registered address: Ludwig-Erhard-Straße 22, Hamburg, Germany
 (13) Registered address: Bentheimer Strasse 239, 48529 Nordhorn, Germany
 (14) Registered address: Immeuble Le Cervier B, 12, avenue des Béguines, Cergy Saint Christophe, 95800 Cergy Pontoise, France
 (15) Registered address: Viale Alexandre Gustave Eiffel 13 00148 Roma, Italy
 (16) Registered address: 165 Flanders Rd, Westborough, MA 01581, USA
 (17) Interest held by EG Group Limited
 (18) Registered address: Unit 3, Ivory, 25-31, Darley Street East, Mona Vale, NSW, 2103, Australia
 (19) Registered address: Unit 1, Gregg Court, Parnell Street, Dublin 1, 662880, Republic of Ireland

19. JOINT VENTURES AND ASSOCIATES

Details of joint ventures and associates

Details of each of the Group's joint ventures and associates at the end of the reporting year are as follows:

Name	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights held by the Group	
			2022	2021
Joint ventures				
Petroleum Products Storage & Transport Company S.A./N.V. ⁽¹⁾	Owns and manages fuel depots	Belgium	50%	50%
De Pooter Olie B.V. ⁽²⁾	Owns and operates fuel forecourts	Netherlands	50%	50%
De Pooter Olie B.V.B.A. ⁽³⁾	Owns and operates fuel forecourts	Belgium	50%	50%
Dépôt Pétrolier de Lyon S.A.S. ⁽⁴⁾	Owns and manages fuel depots	France	50%	50%
Associates				
Hydrogen Vehicle Systems Ltd (previously HV Systems Ltd) ⁽⁵⁾	Production of hydrogen vehicles	UK	31.4%	31.4 %

(1) Registered address: Avenue de l'Indépendance 93, 4020 Luik (Wandre), Belgium

(2) Registered address: Polenweg 16, 4538AP Terneuzen, The Netherlands

(3) Registered address: Gebroeders Naudstlaan 14, 9185, Wachtebeke, Belgium

(4) Registered address: 1, Rue d'Arles, Port Hérriot, 69.007 Lyon, France

(5) Registered address: 96 Caledonia St, Glasgow G5 0XG, Scotland

All of the above investments are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3. Summarised financial information in respect of each of the Group's material joint ventures and associates is set out below. The summarised financial information below represents amounts in joint ventures' financial statements prepared in accordance with IFRS adjusted by the Group for equity accounting purposes.

	Petroleum Products Storage & Transport Company S.A./ N.V.	De Pooter Olie B.V.	Dépôt Pétrolier de Lyon S.A.S.	Hydrogen Vehicle Systems Ltd	Total
2022	\$m	\$m	\$m	\$m	\$m
Summarised balance sheet					
Current assets	—	16	10	29	55
Non-current assets	5	6	6	—	17
Current liabilities	(1)	(11)	(4)	(1)	(17)
Non-current liabilities	(3)	—	—	(30)	(33)
Net assets	1	11	12	(2)	22
Summarised income statement					
Revenue	3	86	4	—	93
Profit after tax for the year	—	2	—	(6)	(4)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint ventures and associates recognised in the consolidated financial statements:

	Petroleum Products Storage & Transport Company S.A./ N.V.	De Pooter Olie B.V.	Dépôt Pétrolier de Lyon S.A.S.	Hydrogen Vehicle Systems Ltd	Total
2022	\$m	\$m	\$m	\$m	\$m
Group's share in ownership	50%	50%	50%	31 %	
Group's share of net assets/liabilities	1	6	6	—	13
Other adjustments	—	(2)	(2)	4	—
Carrying amount of the Group's interest in the joint venture and associates	1	4	4	4	13

	Petroleum Products Storage & Transport Company S.A./N.V.	De Pooter Olie B.V.	Dépôt Pétrolier de Lyon S.A.S.	Hydrogen Vehicle Systems Ltd	Total
2021	\$m	\$m	\$m	\$m	\$m
Summarised balance sheet					
Current assets	—	15	9	5	29
Non-current assets	4	4	4	—	12
Current liabilities	(1)	(11)	(1)	—	(13)
Non-current liabilities	(2)	(1)	—	—	(3)
Net assets	1	7	12	5	25
Summarised income statement					
Revenue	3	103	5	—	111
Profit after tax for the year	—	2	—	(1)	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

19. JOINT VENTURES AND ASSOCIATES CONTINUED

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

2021	Petroleum Products Storage & Transport Company S.A./ N.V. \$m	De Pooter Olie B.V. \$m	Dépôt Pétrolier de Lyon S.A.S. \$m	Hydrogen Vehicle Systems Ltd \$m	Total \$m
Group's share in ownership	50%	50%	50%	31.4%	
Group's share of net assets/liabilities	1	4	6	2	13
Other adjustments	—	(1)	(2)	5	2
Carrying amount of the Group's interest in the joint venture	1	3	4	7	15

The Group holds a 19.64% investment stake in Multi Tank Card B.V. (2021: 19.64%). This investment is held as a financial asset at fair value through other comprehensive income in line with the accounting policy in note 3.

20. INVENTORIES

	2022 \$m	2021 \$m
Grocery & Merchandise products	329	330
Foodservice products	18	16
Fuel and oil products	495	426
	842	772

The cost of inventories recognised as an expense during the year was \$23,274m (2021: \$21,020m). The carrying value of inventories recognised as an expense includes \$77m (2021: \$45m) in respect of write-downs of inventory to net realisable value.

Inventories with a carrying amount of \$842m (2021: \$772m) have been pledged as security for certain of the Group's bank facilities.

21. TRADE AND OTHER RECEIVABLES

	2022 \$m	2021 \$m
Trade receivables	504	368
Allowance for doubtful debts	(11)	(12)
	493	356
Guarantee deposits	8	8
Loans to related parties (note 37)	192	187
Other receivables	75	88
Prepayments and accrued income	145	137
	913	776

The balances are analysed as follows:

	2022 \$m	2021 \$m
Current	676	547
Non-current	237	229
	913	776

Trade receivables are recognised initially at the amount of consideration that is unconditionally due from customers in the ordinary course of business. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures trade receivables subsequently at amortised cost. Trade and other receivables are generally non-interest-bearing. Credit terms vary by country and the nature of the debt.

Trade and other receivables include \$12m (2021: \$7m) within prepayments of amounts due from suppliers in relation to commercial income which has been earned but not yet invoiced.

Allowances against doubtful debts are recognised based on expected irrecoverable amounts determined by reference to past default experience and are adjusted to reflect current and forward-looking information based on macroeconomic factors and other factors which affect the ability of the customers to settle the receivables.

The ageing analysis of trade receivables and the provision for impairment of trade receivables is as follows:

	Current	0-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
	%/ \$m	%/ \$m	%/ \$m	%/ \$m	%/ \$m	\$m
2022						
Gross carrying amount – trade receivables	383	57	21	21	22	504
Expected credit loss rate	—%	—%	—%	—%	50%	2%
Provision for impairment of trade receivables	—	—	—	—	(11)	(11)

	Current	0-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
	%/ \$m	%/ \$m	%/ \$m	%/ \$m	%/ \$m	\$m
2021						
Gross carrying amount – trade receivables	251	53	23	10	31	368
Expected credit loss rate	—%	—%	—%	—%	40%	3%
Provision for impairment of trade receivables	—	—	—	—	(12)	(12)

As at December 31, 2022 and December 31, 2021, trade receivables that were neither past due nor impaired related to a receivable for whom there is no recent history of default and therefore the expected credit loss rate applied resulted in an immaterial allowance against doubtful debts. The other classes of receivables do not contain impaired assets and the expected credit loss rate applied to these receivables results in an allowance against doubtful debts of less than \$1m.

At December 31, 2022, trade and other receivables of \$22m (2021: \$31m) were past due and impaired. Movement in the allowance for doubtful debts:

	2022	2021
	\$m	\$m
Balance at the beginning of the year	(12)	(6)
Impairment losses recognised	(3)	(13)
Amounts written off during the year as uncollectible	—	2
Amounts recovered during the year	4	4
Exchange differences	—	1
At December 31	(11)	(12)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

22. BORROWINGS

	2022	2021
	\$m	\$m
Secured borrowing at amortised cost		
Bank loans	(6,694)	(6,973)
Revolving credit facilities	(275)	—
Secured loan notes	(3,143)	(3,244)
Interest accrued on secured loan notes	(30)	(30)
Interest accrued on bank loans	(3)	—
Total borrowings	(10,145)	(10,247)
Amount due for settlement within twelve months	(373)	(92)
Amount due for settlement after twelve months	(9,772)	(10,155)
	(10,145)	(10,247)

	Sterling	Euros	US Dollar	Australian	Total
	\$m	\$m	\$m	Dollar	\$m
	\$m	\$m	\$m	\$m	\$m
Analysis of borrowings by currency:					
December 31, 2022					
Bank loans	(721)	(2,917)	(2,799)	(258)	(6,695)
Revolving credit facility	(93)	(181)	—	—	(275)
Secured loan notes	—	(1,769)	(1,374)	—	(3,143)
Interest accrued on secured loan notes	—	(13)	(16)	—	(29)
Interest accrued on bank loans	(1)	(1)	(1)	—	(3)
Total borrowings	(815)	(4,882)	(4,190)	(258)	(10,145)
December 31, 2021					
Bank loans	(809)	(3,088)	(2,800)	(276)	(6,973)
Secured loan notes	—	(1,873)	(1,371)	—	(3,244)
Interest accrued on secured loan notes	—	(14)	(16)	—	(30)
	(809)	(4,975)	(4,187)	(276)	(10,247)

At December 31, 2022 the Group has the following term loans:

- i) A facility B GBP loan of £400m. The loan was agreed on February 6, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.75% above SONIA (2021: 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 agreed on February 6, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above EURIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- iii) A facility B US\$ loan of US\$500m. The loan was agreed on February 6, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above US\$ LIBOR (SOFR from July 1, 2023) and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- iv) A term US\$ loan of US\$1,700m. The loan was agreed on April 6, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above US\$ LIBOR (SOFR from July 1, 2023) and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- v) A term facility EUR loan of €75m. The loan was agreed on April 6, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above EURIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- vi) A term facility US\$ loan of US\$225m. The loan was agreed on November 28, 2018. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 4.0% above US\$ LIBOR (SOFR from July 1, 2023) and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- vii) A facility B A\$ loan of A\$400m. The loan was agreed on March 27, 2019. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2025. The loan carries interest at 5% above BBSY and is secured on the assets of the Group and is guaranteed by certain entities of the Group.

- viii) A term B facility US\$ loan of \$510m. The loan was agreed on March 12, 2021. Repayments totalling 1% per annum of the initial drawdown are made quarterly, with the balance repayable on maturity in 2026. The loan carries interest at 4.25% above US\$ LIBOR (SOFR from July 1, 2023) and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- ix) A second lien EUR loan of €610m. The loan was agreed on March 12, 2021, repayable on maturity in 2027. The loan carries interest at 7% above EURIBOR and is secured on the assets of the Group and guaranteed by certain entities of the Group.
- x) A term GBP loan of £220m. The loan was agreed on December 13, 2022, repayable on maturity in 2025. The loan carries interest at 5.75% above SONIA and is secured on the assets of the Group and guaranteed by certain entities of the Group.

At December 31, 2022 the Group has the following Senior Secured Notes:

1. Six-year EUR senior secured loan notes of €670m issued on May 13, 2019 repayable on maturity in 2025. The loan notes carry interest at 4.375% and are secured on the assets of the Group.
2. Six-year US\$ senior secured loan notes of US\$750m issued on May 13, 2019 repayable on maturity in 2025. The loan notes carry interest at 6.75% and are secured on the assets of the Group.
3. Five-year EUR senior secured loan notes of €300m issued on May 13, 2019 repayable on maturity in 2024. The loan notes carry interest at 3.625% and are secured on the assets of the Group.
4. Six-year EUR senior secured loan notes of €700m issued on October 21, 2019 repayable on maturity in 2025. The loan notes carry interest at 6.25% and are secured on the assets of the Group.
5. Six-year US\$ senior secured loan notes of US\$635m issued on October 21, 2019 repayable on maturity in 2025. The loan notes carry interest at 8.5% and are secured on the assets of the Group.

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

The Group has GBP revolving credit facilities available for £179m (for utilisation in GBP, EUR, US\$ or A\$) (2021: £250m) and US\$ revolving credit facilities available for US\$93m and US\$85m (2021: US\$150m and US\$100m); the maturity of the revolving credit facility is August 2024. These carry an interest rate of SONIA/LIBOR/EURIBOR/BBSY +3% (2021: +3%) depending on the currency drawn down and are secured on the Group's assets. A commitment fee is payable quarterly in arrears on the aggregate undrawn at a rate of 1.05% of the applicable margin for the revolving credit facility.

The Group has two overdraft facilities available for £28.5m and \$30m. The maturity of the overdraft facility is August 2024. These carry an interest rate of SONIA/LIBOR +3% (2021: +3%) depending on the currency drawn down and are secured on the Group's assets.

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

	2022	2021
Bank overdrafts	4.95 %	3.07 %
Revolving credit facilities	4.39 %	— %
Secured loan notes	6.09 %	6.09 %
Bank loans	5.62 %	4.51 %

Details of the financial risk management objectives and policies of the Group, including exposure of the Group to liquidity risk, credit risk, interest rate risk, foreign currency risk and market risk, are given in note 34.

On February 26, 2021, the Group negotiated the private placement at par of £675m in aggregate principal amount of 6.25% Senior Secured Notes due 2026. The proceeds were intended to fund the Group's acquisition of the Asda forecourt business. As a consequence of the termination of the agreement to acquire the Asda forecourt business on October 18, 2021, the Group initiated a process, also on October 18, 2021, to redeem the £675m (\$953m) in aggregate principal amount of 6.25% Senior Secured Notes due 2026 issued on February 26, 2021 and unwind the related escrow arrangement. This redemption process completed on October 26, 2021. Bellis Property Newco Ltd, a related party, reimbursed the Group a total of \$41m relating to the finance costs of the redeemed Senior Secured Notes (see note 37). This reimbursement has been presented as exceptional finance income in the Group income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

23. DEFERRED TAX

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

	At December 31, 2021	Reclassifications	Arising on acquisition/ balance sheet movements	(Credited)/ charged to income statement	Credited to OCI	Exchange differences	At December 31, 2022
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Fixed assets	473	—	36	(62)	—	(13)	434
Goodwill	(105)	—	15	2	—	4	(84)
Intangibles	419	(28)	(6)	20	—	(13)	392
IFRS 16	4	—	23	(42)	—	(4)	(19)
Pensions	(3)	—	(3)	2	(3)	—	(7)
Tax losses	(139)	—	3	23	—	2	(111)
Change of accounting policy	9	—	—	(1)	—	(1)	7
Excess interest capacity	(39)	—	(5)	(13)	—	5	(52)
Provisions	(123)	—	(10)	36	—	7	(90)
Inventory	—	—	—	(2)	—	—	(2)
Unfavourable contracts	(116)	28	(14)	11	—	10	(81)
Other	(1)	—	—	(2)	—	(1)	(4)
Total	379	—	39	(28)	(3)	(4)	383

	At December 31, 2020	Arising on acquisition/ balance sheet movements	(Credited)/ charged to income statement	Charged to OCI	Exchange differences	At December 31, 2021
	\$m	\$m	\$m		\$m	\$m
Fixed assets	501	3	(22)	—	(9)	473
Goodwill	(128)	—	20	—	3	(105)
Intangibles	346	24	56	—	(7)	419
Rolled over gain	61	—	(58)	—	(3)	—
IFRS 16	27	—	(21)	—	(2)	4
Pensions	(5)	—	(2)	3	1	(3)
Tax losses	(132)	—	(8)	—	1	(139)
Change of accounting policy	8	—	1	—	—	9
Excess interest capacity	(29)	—	(11)	—	1	(39)
Provisions	(178)	—	48	—	7	(123)
Inventory	16	(18)	2	—	—	—
Unfavourable contracts	(92)	(2)	(28)	—	6	(116)
Other	—	—	(1)	—	—	(1)
Total	395	7	(24)	3	(2)	379

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:

	2022	2021
	\$m	\$m
Deferred tax liabilities	(493)	(517)
Deferred tax assets	110	138
	(383)	(379)

The Group offsets certain deferred tax assets and deferred tax liabilities related to the same taxation authority, in accordance with the accounting policy for deferred tax described in note 3 to the financial statements.

At the balance sheet date, the Group has unused tax losses of \$1,371m (2021: \$1,319m) and excess interest capacity of \$469m (2021: \$174m) available for offset against future profits.

A deferred tax asset has been recognised in respect of \$794m (2021: \$815m) of losses and \$399m (2021: \$174m) in respect of excess interest capacity. The losses recognised are those which have arisen in the current period in entities in the UK, and losses brought forward in the head of the German fiscal group and the USA (including various state and local jurisdictions on a post-apportioned basis for 2022 and 2021) which are expected to have future taxable profits against which these losses can be offset, and losses brought forward in Belgian entities which are utilising their brought-forward losses each year. The deferred tax asset on excess interest capacity relates to interest restrictions in the UK, USA and Netherlands.

Unrecognised deferred tax assets

No deferred tax asset has been recognised in respect of the remaining \$578m (2021: \$504m) of losses or \$70m (2021: \$nil) of excess interest capacity. There is deferred tax unrecognised on losses of \$65m (2021: \$60m) in the UK, Luxembourg, Netherlands and Germany as there are restrictions in place which restrict the utilisation of these losses, and deferred tax unrecognised on losses of \$513m (2021: \$444m) in Belgium and the USA as it is not considered probable there will be future taxable profits against which these losses will be utilised.

Of the \$513m (2021: \$444m) of tax losses unrecognised mentioned above, \$349m (2021: \$308m) are USA various state and local jurisdictions which are recognised at a lower blended rate of 4.97% (2021: 5.54%), on a post-apportioned basis.

The deferred tax asset unrecognised on excess interest capacity relates to interest restrictions in the UK and USA.

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

Tax losses carried forward for which no deferred tax asset is recognised:

	2022		2021	
	\$m		\$m	
As at December 31	Gross amount	Tax effected	Gross amount	Tax effected
Tax losses expiring				
Within five years	36	1	—	0
More than five years	314	16	308	31
Available indefinitely	228	56	196	48
Total	578	73	504	79

24. LEASES

	Land and buildings	Vehicles	Total
	\$m	\$m	\$m
Net book amount			
Balance at December 31, 2021	2,085	20	2,105
Additions	113	13	126
Remeasurement	32	—	32
Recognition on acquisition of subsidiaries	180	—	180
Depreciation charge for the year	(207)	(10)	(217)
Impairment charge for the year	(124)	—	(124)
Transfer to held for sale	(52)	—	(52)
Exchange differences	(113)	—	(113)
Balance at December 31, 2022	1,914	23	1,937

	Land and buildings	Vehicles	Total
	\$m	\$m	\$m
Net book amount			
Balance at January 1, 2021	1,975	17	1,992
Additions	223	12	235
Remeasurement	(12)	1	(11)
Recognition on acquisition of subsidiaries	237	—	237
Depreciation charge for the year	(187)	(10)	(197)
Impairment charge for the year	(53)	—	(53)
Exchange differences	(98)	—	(98)
Balance at December 31, 2021	2,085	20	2,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

24. LEASES CONTINUED

The Group leases land and buildings and vehicles. The average lease term is 26 years (2021: 26 years).

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

Details of the impairment recognised in the year are set out in note 17.

Approximately 3.2% (2021: 2.7%) of the leases for land and buildings expired in the current financial year. Of these expired contracts, 70.5% (2021: 6.4%) were replaced by new leases for identical underlying assets. This resulted in additions to right of use assets of \$17.7m in 2022 (2021: \$7.2m).

	2022	2021
	\$m	\$m
Lease liabilities		
Balance at January 1	(2,022)	(1,777)
Remeasurement of leases	(46)	(31)
Additions	(122)	(232)
Interest expense	(97)	(96)
Payments	255	280
Arising on acquisition	(161)	(248)
Transfer to held for sale	57	—
Exchange differences	115	82
Balance at December 31	(2,021)	(2,022)

	2022	2021
	\$m	\$m
Lease liabilities		
Maturity analysis:		
Within one year	225	223
Greater than one year but less than two years	223	224
Greater than two years but less than three years	210	213
Greater than three years but less than four years	195	204
Greater than four years but less than five years	179	192
After five years	2,523	2,587
Less: unearned interest	(1,534)	(1,621)
	2,021	2,022

Analysed as:		
Non-current	1,826	1,825
Current	195	197
	2,021	2,022

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

	2022	2021
	\$m	\$m
Amounts recognised in profit and loss		
Depreciation expense on right of use assets	(217)	(197)
Interest expense on lease liabilities	(97)	(96)
Impairment expense on right of use assets	(124)	(53)
Expense relating to short-term leases	(3)	(9)
Expense relating to leases of low-value assets	(2)	(1)
Expense relating to variable lease payments not included in the measurement of the lease	(71)	(51)

At December 31, 2022, the Group is committed to \$nil for short-term leases (2021: \$nil).

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased sites. The breakdown of lease payments for these sites is as follows:

	2022	2021
	\$m	\$m
Fixed payments	(1)	(19)
Variable payments	(70)	(52)
Total payments	(71)	(71)

The total cash outflows for leases amount to \$331m (2021: \$341m).

Lease payments are presented as follows in the Group statement of cash flows:

- short-term lease payments, payment of leases of low-value assets and variable lease payments not included in the measurement of lease liability are presented within cash flows from operating activities
- payments for interest and principal element of recognised lease liabilities are included within cash flows from financing activities.

During 2021, the Group entered into the sale-and-leaseback of a number of sites. The assets relating to these sites were sold for \$42m and had a net book value of \$29m. A gain of \$1m was recognised in the year with the remaining gain of \$12m deferred as a reduction to the right of use asset relating to the leaseback.

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

On February 27, 2023 the Group agreed the sale and leaseback of a portfolio of 416 sites across Cumberland Farms, Fastrac, Tom Thumb and Sprint brands in the USA. The expected gross proceeds for the transaction are \$1.5bn and the transaction is expected to complete in Q2 2023.

25. TRADE AND OTHER PAYABLES

	2022	2021
	\$m	\$m
Trade payables	(864)	(752)
Amounts due to related parties (note 37)	(17)	(25)
Social security and other taxes	(775)	(925)
Accrued expenses	(453)	(398)
Other payables	(58)	(57)
	(2,167)	(2,157)

The balances are analysed as follows:

	2022	2021
	\$m	\$m
Current	(1,799)	(1,672)
Non-current	(368)	(485)
	(2,167)	(2,157)

The average credit period taken for trade purchases is 21 days (2021: 19 days). The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Directors consider that the carrying amount of trade payables approximates to their fair value. Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. Social security and other taxes principally comprise amounts payable in relation to VAT, payroll taxes and excise duties.

Social security and other taxes includes \$445m (2021: \$546m) of indirect tax payment deferrals, of which \$355m (2021: \$473m) are included within non-current liabilities.

Accrued expenses principally comprise invoices to be received from suppliers, rent payable and employee-related costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

26. CONTRACT LIABILITIES

The balances are analysed as follows:

	2022	2021
	\$m	\$m
Current	(29)	(20)
Non-current	(25)	(44)
	(54)	(64)

Contract liabilities includes of \$2m (2021: \$7m) representing customer loyalty points which have not yet expired or been redeemed.

27. PROVISIONS

	Note	Property \$m	Unfavourable contract \$m	Other \$m	Total \$m
At December 31, 2021		(438)	(261)	(140)	(839)
Arising on acquisition	35	(34)	—	(2)	(36)
Additional provision in the year		(11)	—	(92)	(103)
Utilisation of provision		12	21	109	142
Released in the year		15	43	7	65
Transfer to held for sale liability		7	—	—	7
Unwinding of discount		(16)	—	(1)	(17)
Adjustment for change in discount rate		48	—	2	50
Exchange differences		22	13	5	40
At December 31, 2022		(395)	(184)	(112)	(691)

Of the \$50m regarding the adjustment for change in discount rate, \$9m of this has been taken to right of use assets as a remeasurement.

The balances are analysed as follows:

	2022	2021
	\$m	\$m
Current	(108)	(134)
Non-Current	(584)	(705)
	(692)	(839)

Property provisions (December 31, 2022: \$395m; 2021: \$438m)

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, 2022: \$285m; 2021: \$302m)**

Dismantling provisions relate to sites for which the Group only has a right to operate the site for a number of years under a lease arrangement with a third party. After the right to use has expired, the Group is obliged to dismantle all assets on the specific site and to restore the site to its original condition. Amounts provided are based on prior experience of costs incurred. The provision is expected to be utilised in the medium to long term.

- **Environmental restoration (December 31, 2022: \$77m; 2021: \$97m)**

Environmental protection requirements for remediation works at petrol filling stations ("PFS") vary by country and are regulated by different agencies in each country. In all countries, a provision is made in full when a liability is identified and assessed. A provision is recognised for the present value of costs to be incurred for the restoration of sites, based on third-party reports. The provision is expected to be utilised in the medium to long term.

- **Debranding (December 31, 2022: \$7m; 2021: \$10m)**

Debranding provisions relate to sites where, on termination of existing contracts with fuel suppliers and brand licensors, the Group is obliged to debrand, at its own cost, sites and motorway concessions. Amounts provided are based on prior experience of costs incurred. The provision is expected to be utilised in the medium to long term.

- **Dilapidations (December 31, 2022: \$27m; 2021: \$29m)**

Dilapidation provisions relate to sites acquired on leases which contain clauses under which the Group has to make good dilapidations or other damage which occurs to the property during the course of the lease or restore the property to a specified condition. Amounts provided are based on prior experience of costs incurred. The provision is expected to be utilised in the medium to long term.

The Group is expecting total reimbursements of \$23m to be received in future in respect to these provisions and therefore, an asset totalling \$23m has been recognised in respect to this.

Unfavourable contracts (December 31, 2022: \$184m; 2021: \$261m)

The amount provided represents unfavourable contracts acquired through business combinations in which the business was committed to a contract with less favourable cash inflows/outflows than those which could have been obtained in an equivalent contract negotiated at arm's length as at the date of acquisition. Amounts provided relate to the difference between the estimated fair value of the contract at acquisition date and the estimated fair value of an equivalent contract negotiated on the acquisition date. The provision is expected to be utilised in the medium to long term. During the year, the Group resolved their Federal Court proceedings with Ampol Limited. In resolving the dispute, the parties agreed updated commercial terms, which has resulted in a decrease in the carrying value of provisions by \$43m.

Other provisions (December 31, 2022: \$112m; 2021: \$140m)

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, 2022: \$11m; 2021: \$24m)**

The amount provided primarily represents several legal claims brought against the Group (i) by retailers, wholesalers, suppliers and sub-lessees for wrongful termination of contracts and/or alleged contractual breach, or (ii) by landlords for an amendment of the rent, or (iii) by customers and employees claiming for injury or damages. Based on prior experience with such claims, the expected settlement date is uncertain and can extend for several years. Amounts provided for are based on estimated outcomes of the claims determined by internal and external legal counsel. The provision is expected to be utilised in the medium to long term.

- **Retailer/dealer contract premiums (December 31, 2022: \$18m; 2021: \$22m)**

The Group provides for expected outflows to reflect the accumulated rights of the retailer/dealer. In certain jurisdictions, where the Group has an arrangement for a third-party retailer/dealer to operate a site, the third party is legally or contractually entitled to certain benefits relating to the length of their service. The Group provides for the expected outflows arising from this obligation on the basis of the award accumulated at the reporting date. The provision is expected to be utilised in the medium to long term.

- **Other (December 31, 2022: \$83m; 2021: \$94m)**

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. The largest provision within Other relates to insurance excess reserves totalling \$53m (2021: \$59m)

The Group is expecting total reimbursements of \$3m to be received in future in respect to these provisions and therefore, an asset totalling \$3m (2021: \$3m) has been recognised in respect to this.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

28. SHARE CAPITAL

	Number of shares	\$
Authorised, issued and fully paid: ordinary shares of £1 each		
Balance at January 1, 2021 and December 31, 2021	2,011	2,940
Balance at December 31, 2022	2,011	2,940

The Group has one class of ordinary shares, which carry no right to fixed income.

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

29. SHARE PREMIUM ACCOUNT

	\$m
Balance at January 1, 2021 and December 31, 2021	2,159
Balance at December 31, 2022	2,159

The share premium account arose on issue of ordinary shares on January 29, 2016 for consideration of \$964m and a further issue of ordinary shares on November 17, 2016 for consideration of \$749m. On October 21, 2019, the Group issued 100 ordinary shares for consideration of \$446m.

30. OTHER RESERVES

The analysis of movements in reserves is shown in the statement of changes in equity. Details of the amounts included in other reserves are set out below.

Merger reserve

The merger reserve arose on the acquisition of Eurogarages (Jersey) Limited by EG Group Limited. The merger reserve represents the difference between the fair value and the nominal value of the share capital issued by EG Group Limited.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency into the Group's presentational currency, being US Dollars, are recognised directly in the translation reserve.

	\$m
Balance at January 1, 2021	58
Exchange differences on translating the net assets of foreign operations	(69)
Balance at December 31, 2021	(11)
Exchange differences on translating the net assets of foreign operations	(64)
Balance at December 31, 2022	(75)

Capital contribution reserve

The Group Company reversed a capital contribution from EG Group Holdings of \$1m (2021: received \$1m) in relation to the allocation of share-based payment charges.

	\$m
Balance at January 1, 2021	—
Capital contribution from parent relating to share-based payments	1
Balance at December 31, 2021	1
Capital contribution from parent relating to share-based payments	(1)
Balance at December 31, 2022	—

31. NOTES TO THE CASH FLOW STATEMENT

	Note	2022			2021		
		Before exceptional items \$m	Exceptional items (note 5) \$m	After exceptionals \$m	Before exceptional items \$m	Exceptional items (note 5) \$m	After exceptionals \$m
Cash flows from operating activities							
(Loss)/Profit for the year		(248)	(74)	(322)	129	(75)	54
Adjustments for:							
Share of profit of equity accounted investments	19	1	—	1	(1)	—	(1)
Finance income	12	(28)	—	(28)	(283)	(41)	(324)
Finance costs	13	763	—	763	687	56	743
Income tax expense	14	52	12	64	147	6	153
(Profit)/loss on disposal of property, plant and equipment		(11)	(5)	(16)	1	(72)	(71)
Depreciation of property, plant and equipment and right of use asset	17, 24	681	—	681	712	—	712
Amortisation of intangible assets	16	91	—	91	87	—	87
Impairment of property, plant and equipment and right of use asset	17, 24	291	(1)	290	179	(4)	175
Impairment of intangible assets	16	—	—	—	1	19	20
Goodwill impairment	15	—	100	100	—	100	100
Share-based compensation (credit)/charge	39	(1)	—	(1)	1	—	1
Movement in retirement benefit obligations	33	(3)	—	(3)	10	—	10
Decrease in provisions	27	(35)	(43)	(78)	(67)	—	(67)
Operating cash flows before movements in working capital		1,553	(11)	1,542	1,603	(11)	1,592
Changes in working capital							
Increase in inventories		(79)	—	(79)	(132)	—	(132)
Increase in receivables		(63)	—	(63)	(18)	—	(18)
Increase in payables		(12)	—	(12)	84	—	84
Cash generated by operations		1,399	(11)	1,388	1,537	(11)	1,526
Income taxes paid		(121)	(54)	(175)	(71)	—	(71)
Net cash from operating activities		1,278	(65)	1,213	1,466	(11)	1,455

Cash and cash equivalents comprise cash and short-term bank deposits (see accounting policy in note 3). The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position.

Included in the cash and cash equivalents balance of \$466m (2021: \$646m) at the year end is \$70m (2021: \$74m) of credit card receivables that are due within 72 hours of the year-end date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

31. NOTES TO THE CASH FLOW STATEMENT CONTINUED

Analysis of changes in net debt

2022	January 1, 2022 \$m	Financing cash flow ⁽¹⁾ \$m	Non-cash movements				December 31, 2022 \$m
			Acquisition of subsidiary \$m	New leases \$m	Exchange movements \$m	Other non-cash movements \$m	
Bank loans	(6,973)	65	—	—	155	56	(6,697)
Secured loan notes	(3,274)	—	—	—	95	6	(3,173)
Revolving credit facilities	—	(302)	—	—	27	—	(275)
Lease liabilities	(2,022)	255	(161)	(122)	115	(86)	(2,021)
Total liabilities arising from financing activities	(12,269)	18	(161)	(122)	392	(24)	(12,166)
Cash and bank balances	646	(92)	5	—	(93)	—	466
Net debt	(11,623)	(74)	(156)	(122)	299	(24)	(11,700)

2021	January 1, 2021 \$m	Financing cash flow ⁽¹⁾ \$m	Non-cash movements				December 31, 2021 \$m
			Acquisition of subsidiary \$m	New leases \$m	Exchange movements \$m	Other non-cash movements ⁽²⁾ \$m	
Bank loans	(6,271)	(892)	(5)	—	242	(47)	(6,973)
Secured loan notes	(3,391)	(5)	—	—	166	(44)	(3,274)
Lease liabilities	(1,777)	280	(248)	(233)	83	(127)	(2,022)
Total liabilities arising from financing activities	(11,439)	(617)	(253)	(233)	491	(218)	(12,269)
Cash and bank balances	661	13	5	—	(33)	—	646
Net debt	(10,778)	(604)	(248)	(233)	458	(218)	(11,623)

⁽¹⁾ Financing cash flows consist of the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement for borrowings, loan issuance costs paid and lease repayments for lease liability movements. Interest paid of \$561m (2021: \$524m) is excluded from the analysis

⁽²⁾ Other non-cash movements relate to additions to capitalised borrowing fees in the year offset by amortisation of borrowing fees and the unwind of discounting on lease liabilities

Balances at December 31, 2022 comprise:

	Non-current assets \$m	Current assets \$m	Current liabilities \$m	Non-current liabilities \$m	Total \$m
Cash and bank balances	—	466	—	—	466
Borrowings	—	—	(373)	(9,772)	(10,145)
Lease liabilities	—	—	(195)	(1,826)	(2,021)
Net debt	—	466	(568)	(11,598)	(11,700)

Balances at December 31, 2021 comprise:

	Non-current assets \$m	Current assets \$m	Current liabilities \$m	Non-current liabilities \$m	Total \$m
Cash and bank balances	—	646	—	—	646
Borrowings	—	—	(92)	(10,155)	(10,247)
Lease liabilities	—	—	(197)	(1,825)	(2,022)
Net debt	—	646	(289)	(11,980)	(11,623)

32. COMMITMENTS AND CONTINGENCIES

Capital commitments

Capital commitments are due to the acquisition or renewal of new highway stations, concessions and other capital projects where the Group has an obligation to undertake specified constructions and refurbishment. The commitment as at December 31, 2022 is \$54m (2021: \$90m).

Fuel supply contracts

In the regular course of business, the Group enters into relationships with fuel suppliers whereby the Group commits itself to purchase certain minimum quantities of fuel in order to benefit from better pricing conditions. The durations of these contracts range from one to five years. The total volume of these purchase commitments over the remaining contract duration is 5,544m litres (2021: 11,774m litres). The fuel price at the time of purchase is not in excess of current market prices and reflects normal business operations.

Contingent liabilities

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

Subsidiary audit exemptions

The following wholly owned subsidiary undertakings, consolidated into the EG Group Limited financial statements for the year ended December 31, 2022, are exempt from the requirements for the audit of individual accounts by virtue of Section 479a of the Companies Act 2006 in England. Information on the countries of incorporation, registered offices and principal activities are detailed in note 18.

Name	Company number
EG Asiapac Limited	11658440
EG Foodservice Limited	10948832
Herbel (Northern) Limited	SC147755
Herbel (Western) Limited	SC143267
JRC Holdings Limited	05322705
Kram Management Limited	09225102
Kram Restaurants Limited	05165526
Scotco Midlands Limited	06436061
Scotco One Five Five Limited	10916356
Scotco One Four Five Limited	00930481
Scotco Restaurants Southern Limited	04382569
Scotco Trowbridge Limited	10697442
Scotco (Northern) Limited	09294355
Beehive Equity Limited	13463033
Beehive FTG Limited	14320703
Wolfson Trago Limited	7379589
Wycliffe Moore Limited	7152865
CS Food Group Holdings Limited	12967479
CS Food Group Limited	11071657
EG Convenience Retail Limited	13920167
FeedBritain Limited	11207034
Harland South Limited	10692907
Leon Naturally Fast Food Limited	8106329
Scotco Central Limited	9950817

EG Group Limited will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial year ended December 31, 2022 in accordance with Section 479a of the Companies Act 2006 in England.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

33. EMPLOYEE BENEFIT OBLIGATIONS

The Group operates a variety of post-employment benefit arrangements, covering both funded defined benefit schemes and funded defined contribution schemes. These benefits have been valued in conformity with IAS 19 and in accordance with the Group accounting policies described in note 3.

The table below outlines where the Group's post-employment amounts and activity are included in the financial statements:

	2022	2021
	\$m	\$m
Balance sheet obligations for:		
Defined benefit plan	(16)	(29)
Jubilee premium plan	(3)	(3)
Long service award	(20)	(24)
Liability in the balance sheet	(39)	(56)
Income statement charge:		
Defined benefit plan	1	(7)
Defined contribution plan	(37)	(29)
	(36)	(36)

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

Other employee benefits

The Group provides long service awards and jubilee benefits, rewarding employees for long years of service. The liability recognised in the consolidated balance sheet represents the present value of the obligation at the reporting date.

Defined benefit schemes

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

The Group operates five defined benefit plans (2021: five one for employees in Belgium, three for employees in the Netherlands and one for employees in Germany. Employee contributions are required regarding the defined benefit plan.

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

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

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

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

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, 2022 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:	2022	2021
Discount rate (%)	4.2	1.4
Expected rate of salary increase (%)	—	—
Future inflation (%)	—	2.0
Average age of active participants (years)	—	—
Average service of active participants (years)	—	—
Average longevity at retirement age for current pensioners (years)		
Male	21.7	21.7
Female	24.0	24.0

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

Key assumptions used:	2022	2021
Discount rate (%)	4.2	1.3
Expected rate of salary increase (%)	2.3	2.1
Future inflation (%)	2.1	1.8
Average age of active participants (years)	58.0	53.0
Average service of active participants (years)	23.2	24.2
Average longevity at retirement age for current pensioners (years)		
Male	20.5	20.5
Female	24.1	24.1
Average longevity at retirement age for current employees (future pensioners) (years)		
Male	23.5	23.5
Female	26.4	26.4

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

Key assumptions used:	2022	2021
Discount rate (%)	4.3	1.4
Expected rate of salary increase (%)	3.8	3.0
Future inflation (%)	2.5	1.8
Average age of active participants (years)	54.2	51.7
Average service of active participants (years)	25.5	23.8
Average longevity at retirement age for current pensioners (years)		
Male	20.6	20.6
Female	24.0	24.0
Average longevity at retirement age for current employees (future pensioners) (years)		
Male	24.0	24.0
Female	26.8	26.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

33. EMPLOYEE BENEFIT OBLIGATIONS CONTINUED

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

2022

\$m	Belgium	Netherlands	Germany	Total
Present value of defined benefit obligations	1.6	5.7	15.7	23.0
Fair value of plan assets	(1.3)	(5.7)	—	(7.0)
Net liability arising from defined benefit obligation	0.3	—	15.7	16.0

2021

\$m	Belgium	Netherlands	Germany	Total
Present value of defined benefit obligations	3.0	9.8	27.5	40.3
Fair value of plan assets	(1.3)	(9.8)	—	(11.1)
Net liability arising from defined benefit obligation	1.7	—	27.5	29.2

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

2022

\$m	Belgium	Netherlands	Germany	Total
Opening defined benefit obligation	(3.0)	(9.8)	(27.5)	(40.3)
Current service cost	—	—	(0.9)	(0.9)
Interest cost	—	(0.1)	(0.4)	(0.5)
Remeasurement losses/(gains):				
Actuarial gains and losses arising from changes in demographic assumptions	—	(0.1)	—	(0.1)
Actuarial gains and losses arising from changes in financial assumptions	1.0	3.6	8.6	13.2
Actuarial gains and losses arising from experience adjustments	0.3	—	0.2	0.5
Benefits paid	—	0.2	—	0.2
Exchange differences	0.1	0.5	4.3	4.9
Closing defined benefit obligation	(1.6)	(5.7)	(15.7)	(23.0)

2021

\$m	Belgium	Netherlands	Germany	Total
Opening defined benefit obligation	(4.2)	(11.1)	(39.5)	(54.8)
Current service cost	(0.1)	—	(1.6)	(1.7)
Interest cost	—	(0.1)	(0.5)	(0.6)
Remeasurement losses/(gains):				
Actuarial gains and losses arising from changes in financial assumptions	0.2	0.4	4.5	5.1
Actuarial gains and losses arising from experience adjustments	0.5	—	6.8	7.3
Benefits paid	0.4	0.1	—	0.5
Exchange differences	0.2	0.9	2.8	3.9
Closing defined benefit obligation	(3.0)	(9.8)	(27.5)	(40.3)

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

2022				
\$m	Belgium	Netherlands	Germany	Total
Opening fair value of plan assets	1.3	9.8	—	11.1
Interest income	—	0.1	—	0.1
Remeasurement loss	—	(3.6)	—	(3.6)
Benefits paid	—	(0.2)	—	(0.2)
Exchange differences	—	(0.4)	—	(0.4)
Closing fair value of plan assets	1.3	5.7	—	7.0

2021				
\$m	Belgium	Netherlands	Germany	Total
Opening fair value of plan assets	1.8	11.1	—	12.9
Interest income	—	0.1	—	0.1
Remeasurement gain	—	(0.4)	—	(0.4)
Employer contributions	—	—	—	—
Benefits paid	(0.4)	(0.1)	—	(0.5)
Exchange differences	(0.1)	(0.9)	—	(1.0)
Closing fair value of plan assets	1.3	9.8	—	11.1

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

2022				
\$m	Belgium	Netherlands	Germany	Total
Assets held by insurance companies	1.3	5.7	—	7.0

2021				
\$m	Belgium	Netherlands	Germany	Total
Assets held by insurance companies	1.3	9.8	—	11.1

The average duration of the defined benefit obligations at the end of the reporting year is 17.7 years (2021: 21.6 years) relating to active, deferred and retired members.

The Group expects to make a contribution of \$nil (2021: \$nil) to the defined benefit schemes during the next financial year. There has been no change in the processes used by the Group to manage its risks from prior years.

Sensitivity analyses

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

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

If the discount rate was 25bps higher/(lower) the defined benefit obligation would decrease/(increase) by \$0.8m/(\$0.7m).

If the expected salary growth increases/(decreases) by 0.25%, the defined benefit obligation would (increase)/decrease by (\$0.1m)/\$0.1m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

34. FINANCIAL INSTRUMENTS

A summary of the financial assets and liabilities at the balance sheet date is included below.

	2022	2021
	\$m	\$m
Financial assets		
At amortised cost		
Cash and bank balances	466	646
Trade and other receivables (excluding prepayments)	768	639
External debt instrument receivable	—	241
Investments at fair value through OCI	2	2
Fair value through profit and loss ("FVTPL") - mandatorily measured		
Loan to related parties (note 37)	29	—
Quoted equity shares	6	11
Forward fuel contracts	3	2
	1,274	1,541
Financial liabilities		
At amortised cost		
Borrowings (excluding finance lease liabilities)	(10,145)	(10,247)
Trade and other payables (excluding social security and other taxes)	(1,392)	(1,232)
Contract liabilities	(54)	(64)
Lease liabilities	(2,021)	(2,022)
Fair value through profit and loss ("FVTPL") - mandatorily measured		
Interest rate swaps	—	(1)
FX forward contracts	(14)	(4)
	(13,626)	(13,570)

Loans to related parties classified at FVTPL as at December 31, 2022 relates to a convertible loan provided by the Group to a related party. The loan is convertible at a discount to the Group and carries zero interest. The instrument terminates in August 2024. The loan is included in loans to related parties within cash flows from investing activities.

External debt instrument receivable classified at amortised cost at December 31, 2021 had cash interest rates at a margin of 4.25% (plus LIBOR) and a payment-in-kind margin of 3.75%. An additional \$1m of interest income was accrued in 2022. The debt instrument was repaid in full on January 13, 2022 with \$11m of interest received presented within cash flows from investing activities and the principal element of \$231m presented within cash flows from investing activities.

Significant accounting policies

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

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance and sustaining the future development of the business.

The capital structure of the Group consists of net debt (borrowings disclosed in notes 22 and 31 after deducting cash and bank balances) and equity of the Group (comprising issued capital, share premium and other reserves as disclosed in notes 28 to 30). The Group is not subject to any externally imposed capital requirements.

The Board can manage the Group's capital structure by diversifying the debt portfolio, recycling capital through sale and leaseback transactions and flexing capital expenditure. Part of the Group's capital risk management is to monitor a broad range of financial metrics and ensure compliance with the general covenants included in the Group's various borrowing facilities. There have been no breaches of financial covenants in the financial years ended December 31, 2022 or December 31, 2021.

Leverage

Leverage at the year end is as follows:

	2022	2021
	\$m	\$m
Pro forma Adjusted EBITDA before IFRS 16	1,602	1,585
Net debt before lease liabilities	(9,679)	(9,601)
Leverage	6.0	6.1
Adjustments to net debt per financial covenant calculation	617	885
Adjusted net debt	(9,062)	(8,716)
Covenant leverage	5.7	5.5

Leverage is calculated as the Group's net debt before lease liabilities (as defined on page 148), adjusted for certain items set out in the Group's senior facilities agreement (predominantly differences in foreign exchange rates and unamortised debt costs), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined on page 148).

Covenant leverage is calculated as Group senior net debt (i.e. the Group's net debt excluding second lien facilities) before lease liabilities adjusted for certain items set out in the Group's senior facilities agreement (predominantly unamortised debt costs and accrued interest), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined on page 148).

Financial risk management objectives

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

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The objective is to identify, quantify, manage and then monitor events or actions that could lead to financial losses. The Group occasionally seeks to minimise the effects of these risks by using derivative financial instruments (interest rate swaps or forward exchange contracts) to hedge certain risk exposures.

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

Market risk

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

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

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

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

Foreign currency risk management

The Group's exposure to foreign currency risk is as follows. Amounts represent balances carried in non-functional currencies by Group entities. This is based on the carrying amount for monetary financial instruments except derivatives, when it is based on notional amounts:

	Euro	US Dollar	GBP	AUD	Total
2022	\$m	\$m	\$m	\$m	\$m
Cash and cash equivalents	40	12	—	—	52
Trade and other receivables	97	28	—	—	125
Trade and other payables	—	(19)	(2)	—	(21)
Borrowings	(4,817)	(1,875)	—	—	(6,692)
Balance sheet exposure	(4,680)	(1,854)	(2)	—	(6,536)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

34. FINANCIAL INSTRUMENTS CONTINUED

Foreign currency risk management continued

2021	Euro \$m	US Dollar \$m	GBP \$m	AUD \$m	Total \$m
Cash and cash equivalents	4	2	—	—	6
Trade and other receivables	79	34	—	—	113
Trade and other payables	(14)	(16)	—	—	(30)
Borrowings	(4,942)	(1,866)	—	—	(6,808)
Balance sheet exposure	(4,873)	(1,846)	—	—	(6,719)

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 and the servicing of US Dollar-denominated debt held by subsidiaries with a GBP functional currency.

The following table details the Group's sensitivity to a 10% increase and decrease in GBP against the Euro and the GBP 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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
EUR:GBP	266	369	266	369
USD:GBP	(124)	(140)	—	—

In management's opinion, a change in exchange rate of 10% of US Dollars against GBP, Euro or Australian Dollars would be offset against the foreign currency translation within equity. The table above therefore does not show the impact of the translation of foreign subsidiaries into presentational currency. A 10% change in US Dollars against GBP at year end would have an impact of \$22m on equity, a 10% change in US Dollars against Euro at year end would have an impact of \$12m on equity, and a 10% change in US Dollars against Australian Dollars at year end would have an impact of \$89m on equity.

Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and a defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

Interest rate swap contracts

Under interest rate swap contracts, the Group exchanged the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enabled 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 was 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 was based on the outstanding balances at the end of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

OUTSTANDING RECEIVE FLOATING PAY FIXED CONTRACTS

	Average contract fixed		Notional principal value		Fair value	
	2022 %	2021 %	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Interest rate	%	%	\$m	\$m	\$m	\$m
Less than 1 year	—	5.5	—	20	—	(1)
			—	20	—	(1)

The interest rate swaps settled on a quarterly basis. The floating rate on the interest rate swaps is three months LIBOR/EURIBOR.

The Group would settle the difference between the fixed and floating interest rate on a net basis.

INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analysis has been determined based on the interest rate exposure for both derivative and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared on the assumption that the liability outstanding at the balance sheet date was outstanding for the full year. A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit and other equity for the year would be impacted as follows:

	Income statement		Equity	
	2022	2021	2022	2021
	\$m	\$m	\$m	\$m
Variable rate borrowings	+/-70	+/-53	+/-70	+/-53
	+/-70	+/-53	+/-70	+/-53

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 \$768m (2021: \$639m) and cash and cash equivalents of \$466m (2021: \$646m), reflecting its maximum exposure to credit risk. These receivables are normally settled when due and are spread across a number of counterparties so the likelihood of material losses arising as a result of this exposure is considered insignificant for the reasons set out below.

The Group's trade receivable balances comprise a number of individually small amounts from unrelated customers, over a number of geographical areas. Concentration of risk is therefore limited.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties, taking into account the financial position of customers, past experience and other factors, are continuously monitored.

The Group has no significant concentration of credit risk. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out on the following page.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

34. FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk table

	Carrying amount \$m	1 year or less \$m	1 to <2 years \$m	2 to <5 years \$m	5+ years \$m	Total contractual cash flows \$m
December 31, 2022						
Non-derivative financial liabilities:						
Trade and other payables	(2,167)	(1,799)	(104)	(264)	—	(2,167)
Contract liabilities	(54)	(29)	(25)	—	—	(54)
Lease liabilities	(2,021)	(225)	(223)	(584)	(2,523)	(3,555)
Fixed interest rate instruments	(3,173)	(223)	(504)	(2,929)	—	(3,656)
Variable interest rate instruments	(6,972)	(628)	(621)	(7,132)	—	(8,381)
	(14,387)	(2,904)	(1,477)	(10,909)	(2,523)	(17,813)
December 31, 2021						
Non-derivative financial liabilities:						
Trade and other payables	(2,157)	(1,672)	(112)	(298)	(75)	(2,157)
Contract liabilities	(64)	(20)	(44)	—	—	(64)
Lease liabilities	(2,022)	(223)	(224)	(609)	(2,587)	(3,643)
Fixed interest rate instruments	(3,274)	(200)	(200)	(3,507)	—	(3,907)
Variable interest rate instruments	(6,973)	(381)	(381)	(6,768)	(703)	(8,233)
	(14,490)	(2,496)	(961)	(11,182)	(3,365)	(18,004)

The above table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates or foreign exchange rates as illustrated by the yield curves existing at the reporting date.

	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
2022						
Net settled:						
Interest rate swaps	—	—	—	—	—	—
Forward fuel contracts	3	3	—	—	—	3
	3	3	—	—	—	3
2021						
Net settled:						
Interest rate swaps	(1)	(1)	—	—	—	(1)
Forward fuel contracts	2	2	—	—	—	2
	1	1	—	—	—	1

Financing facilities

	2022 \$m	2021 \$m
Secured bank overdraft facility, reviewed annually and payable at call:		
- amount used	—	—
- amount unused	64	67
	64	67
Secured revolving credit facilities maturing in 2024:		
- amount used	275	—
- amount unused	112	419
	387	419
Secured term loan facilities maturing in 2025, 2026 and 2027:		
- amount used	6,697	6,973
- amount unused	—	—
	6,697	6,973
Secured loan notes maturing in 2024 and 2025:		
- amount used	3,173	3,274
- amount unused	—	—
	3,173	3,274
Letter of credit facilities maturing in 2024:		
- amount used	609	444
- amount unused	149	328
	758	772
Bilateral letter of credit facilities⁽¹⁾:		
- amount used	41	51
- amount unused	20	16
	61	67

⁽¹⁾ The bilateral letter of credit facilities mature between 2023 and 2034.

Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

34. FINANCIAL INSTRUMENTS CONTINUED

Fair value measurements continued

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting year. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/financial liabilities	Fair value as at			Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	December 31, 2022	December 31, 2021	Fair value hierarchy			
1) Quoted equity shares	Assets - \$6m Liabilities - \$nil	Assets - \$11m Liabilities - \$nil	Level 1	Quoted equity share price as at the balance sheet date multiplied by the quantity of shares held.	N/A	N/A
2) Fuel purchase forwards	Assets - \$3m Liabilities - \$nil	Assets - \$2m Liabilities - \$nil	Level 2	Discounted cash flow. Future cash flows are estimated based on forward purchase prices (from observable forward purchase prices at the end of the reporting year) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
3) Interest rate swaps	Assets - \$nil Liabilities - \$nil	Assets - \$nil Liabilities - \$1m	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting year) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
4) Foreign exchange forwards	Assets - \$nil Liabilities - \$14m	Assets - \$nil Liabilities - \$4m	Level 2	Discounted cash flow. Future cash flows are estimated based on forward purchase prices (from observable forward purchase prices at the end of the reporting year) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
5) Unquoted equity shares ⁽¹⁾	Assets - \$2m Liabilities - \$nil	Assets - \$2m Liabilities - \$nil	Level 3	Discounted cash flow. Future cash flows are estimated using an income-based approach and discounted at the Group's weighted average cost of capital ("WACC").	Discount rate and future cash flow forecasts	A 1% increase/ (decrease) in the discount rate would result in a decrease/ (increase) in fair value of \$nil
6) Loan to related parties	Assets - \$29m Liabilities - \$nil	Assets - \$nil 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 \$1m

⁽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 RECOGNISED IN THE BALANCE SHEET

	Fair value hierarchy as at December 31, 2022			Total \$m
	Level 1 \$m	Level 2 \$m	Level 3 \$m	
Financial assets/liabilities at FVTOCI				
Unquoted equities	—	—	2	2
Total	—	—	2	2
Financial assets/liabilities at FVTPL				
Quoted equities	6	—	—	6
Loan to related parties	—	—	29	29
Derivative financial assets	—	3	—	3
Derivative financial liabilities	—	(14)	—	(14)
Total	6	(11)	29	24

	Fair value hierarchy as at December 31, 2021			Total \$m
	Level 1 \$m	Level 2 \$m	Level 3 \$m	
Unquoted equity shares at FVTOCI				
Unquoted equities	—	—	2	2
Total	—	—	2	2
Financial assets/liabilities at FVTPL				
Quoted equities	11	—	—	11
Derivative financial assets	—	2	—	2
Derivative financial liabilities	—	(5)	—	(5)
Total	11	(3)	—	8

There were no transfers between Level 1 and Level 2 during the current year or prior year.

Fair value gains and losses for derivative financial assets and liabilities are included within finance income and finance costs in the income statement.

The unquoted equity shares at FVTOCI relates to the investment in Multi Tank Card B.V. It has been classified as such because the investment was made for strategic purposes.

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

	Financial assets at fair value \$m
Balance at December 31, 2021	2
Additions	29
Total gains or losses:	
- in other comprehensive income	—
Balance at December 31, 2022	31

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

34. FINANCIAL INSTRUMENTS CONTINUED

Fair value measurements continued

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS CONTINUED

	Carrying value		Fair value	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
Financial assets				
Financial assets held at amortised cost:				
- loans to related parties	192	187	192	187
- trade and other receivables	568	444	568	444
- guarantee deposits	8	8	8	8
Financial assets held at fair value through the profit and loss account				
- loans to related parties	29	—	29	—
Total	797	639	797	639
Financial liabilities				
Financial liabilities held at amortised cost:				
- borrowings	(10,145)	(10,247)	(10,358)	(10,125)
- amounts due to related parties	(17)	(25)	(17)	(25)
- trade and other payables	(1,375)	(1,207)	(1,375)	(1,207)
Lease liabilities	(2,021)	(2,022)	(2,021)	(2,022)
Total	(13,558)	(13,501)	(13,771)	(13,379)

35. BUSINESS COMBINATIONS

Continental Europe

On January 1, 2022, the Group acquired M&L Gastronomiegesellschaft GmbH and Geiger Fast Food GmbH in Germany for consideration of \$33m. The portfolio acquired was made up of seven KFC stores. The acquisition forms part of the Group's core growth strategy and enables the Group to further expand into the European foodservice market.

FAIR VALUE OF ASSETS AND LIABILITIES

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. At the date of approval of these financial statements, the finalisation of the fair value of the acquired assets and liabilities is now complete.

	Note	\$m
Property, plant and equipment	i	2
Right of use assets	ii	23
Cash and cash equivalents		3
Trade and other payables		(1)
Lease liabilities		(23)
Total identifiable assets/(liabilities)		4
Goodwill	iii	29
Total consideration		33
Satisfied by:		
Cash		33
Net cash outflow arising on acquisition:		
Cash consideration		(33)
Less: cash and cash equivalent balances acquired		3
		(30)

i. The fair value of the acquired property, plant and equipment was determined following an internal valuation.

ii. Represents the fair value of right of use assets and lease liabilities on acquisition

iii. The goodwill arising on acquisition of \$29m reflects the fact that the value of the acquired business is based on its existing cash generating potential rather than its existing assets and that many of its strengths such as scale and location do not represent intangible assets as defined by IFRS.

Transaction costs were less than the threshold to be recognised as an exceptional cost.

The results of the M&L Gastronomiegesellschaft GmbH and Geiger Fast Food GmbH business have been consolidated from January 1, 2022, contributing €18m (\$18m) of revenue and €3m (\$4m) profit after tax between the date of acquisition and December 31, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

35. BUSINESS COMBINATIONS CONTINUED

Continental Europe continued

On May 1, 2022, the Group acquired 285 OMV service stations in Germany for consideration of \$541m. The acquisition forms part of the Group's core growth strategy.

FAIR VALUE OF ASSETS AND LIABILITIES

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below. At the date of approval of these financial statements, the finalisation of the fair value of the acquired assets and liabilities is now complete, following an external valuation..

	Note	\$m
Property, plant and equipment	i	154
Right of use assets	ii	157
Intangible assets	iii	50
Inventories		31
Trade and other receivables	iv	105
Held for sale assets		20
Cash and cash equivalents		6
Trade and other payables		(124)
Current income tax liabilities		(6)
Provisions for other liabilities and charges	v	(36)
Deferred tax liabilities		(42)
Lease liabilities		(138)
Total identifiable assets/(liabilities)		177
Goodwill	vi	364
Total consideration		541
Satisfied by:		
Cash		541
Net cash outflow arising on acquisition:		
Cash consideration		(541)
Less: deposit paid		81
Less: cash and cash equivalent balances acquired		6
		(454)

- i. The fair value of the acquired property, plant and equipment has been determined
- ii. Represents the fair value of the acquired right of use assets and lease liabilities
- iii. The fair value of intangible assets of \$50m relates to the acquired customer/dealer relationships and other intangible assets
- iv. The fair value of the acquired receivables is equal to the gross contractual amounts receivable
- v. Represents the fair value of property provisions and other provisions acquired
- vi. The goodwill arising on acquisition of \$364m reflects the fact that the value of the acquired business is based on its existing cash-generating potential rather than its existing assets and that many of its strengths such as scale and location do not represent intangible assets as defined by IFRS

During Q1 2021, the Group paid a deposit of €25m (\$27m) in relation to the acquisition of the OMV forecourts business in Germany. An additional deposit was paid in Q4 2021 of €50m (\$54m). The remaining €438m (\$460m) was paid upon completion.

As per the German Anti-Trust Authorities clearance decision, the Group agreed to divest 48 sites in order for the acquisition to proceed, 24 of which are in EG's existing estate and 24 in the OMV estate. These divestments were completed in Q3 2022.

Transaction costs of \$5m relating to dealer termination fees and real estate transfer taxes have been recognised as exceptional distribution expenses in the income statement. Transaction costs relating to legal fees of \$3m have been recognised as exceptional administrative expenses.

The results of the OMV business have been consolidated from May 1, 2022, contributing €924m (\$947m) of revenue and €25m (\$25m) profit after tax between the date of acquisition and December 31, 2022.

2021 acquisitions

No material new information has been obtained in respect of the 2021 acquisitions regarding the facts and circumstances which existed at the date of acquisition. Therefore, no adjustments to the accounting of these acquisitions has been made in the year.

Continental Europe

KMS

On January 18, 2021, the Group acquired KMS Autohof ("KMS") in Germany. The acquisition consists of ten petrol fillings stations ("PFS"), six Burger King Restaurants and ten gaming halls. The acquisition forms part of the Group's core growth strategy and enables the Group to further expand into the European market.

As part of the acquisition, net liabilities of \$8m were acquired for consideration of \$10m, generating goodwill of \$18m.

UK & Ireland

LEON

On May 9, 2021, the Group completed the acquisition of LEON Restaurants. The fast food chain operates 43 standalone sites in the UK & Ireland plus an additional 28 franchised sites, largely in the UK & Ireland, with a number located in Continental Europe. The acquisition enables the Group to further enhance its Foodservice portfolio and provides significant growth potential, bringing LEON's non-restaurant products to its convenience retail proposition.

As part of the acquisition, net assets of \$60m were acquired for consideration of \$139m, generating goodwill of \$79m.

Transaction costs of \$3m relating to stamp duty, professional and legal fees have been recognised as exceptional administrative expenses in the 2022 income statement.

Amsric Group

On September 26, 2021, the Group acquired 52 Kentucky Fried Chicken ("KFC") restaurants in the UK & Ireland from Amsric Group. The acquired network, across the south and south-west regions, comprises more than 1,600 team members and a mix of high-quality drive-thru and traditional restaurant formats. The acquisition strengthens the Group's customer proposition and is highly complementary to existing operations and the Group's long-term growth plans for the Foodservice business.

As part of the acquisition, net assets of \$10m were acquired for consideration of \$139m, generating goodwill of \$129m.

In addition to the acquired restaurants, a further 15 KFC sites were purchased by the Group. The value of the property, plant and equipment and consideration was \$20m.

Cooplands

On October 2, 2021, the Group acquired CS Food Group Holdings Limited ('Cooplands') for a total consideration of \$93m. Cooplands owns and operates bakery assets in the United Kingdom, including three bakeries that process ingredients and manufacture fresh food distributed through its supply and logistics network to c.200 stores and cafes, predominantly across the north-east and Yorkshire regions.

As part of the acquisition, net assets of \$31m were acquired for consideration of \$93m, generating goodwill of \$62m.

USA

Mercury

On June 1, 2021, the Group completed the acquisition of assets from Mercury Fuel Service, Inc at eight leased locations in Connecticut. The Group already operates a network of Cumberland Farms locations in Connecticut and the addition of the Mercury sites will enable the Group to further expand the presence of its Cumberland Farms brand in Connecticut.

As part of the acquisition, net assets of \$13m were acquired for consideration of \$34m, generating goodwill of \$21m.

Sprint

On December 14, 2021, the Group completed the acquisition of 34 company-operated fuel and convenience store locations in Georgia and South Carolina, USA and the proprietary 'Sprint Kitchen' Foodservice brand from Sprint.

The consideration for the acquisition was \$283m and the net assets recognised are \$92m, with goodwill of \$191m.

Transaction costs of \$1.5m relating to stamp duty, professional and legal fees have been recognised as exceptional administrative expenses in the year ended December 31, 2021 income statement.

Other 2021 acquisitions

On June 30, 2021, the Group completed the acquisition of two existing KFC drive-thru restaurants in South Germany from Klink Betriebe GmbH & Co.s. As part of this acquisition, property, plant and equipment of \$4m was acquired for consideration of \$11m, generating goodwill of \$7m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

36. POST BALANCE SHEET EVENTS

On January 24, 2023, the Group agreed to sell 26 company-operated Minit Mart locations in Missouri and Kansas for consideration of \$48m. The transaction completed during April 2023. The assets and liabilities in relation to these sites have been classified as held for sale at the year-end date, see note 8 for further details.

Furthermore, on February 27, 2023 the Group agreed the sale and leaseback of a portfolio of 416 sites across Cumberland Farms, Fastrac, Tom Thumb and Sprint banners in the USA. The gross consideration for the transaction is approximately \$1.5bn and the transaction is expected to complete in Q2 2023. Following completion, the Group will pay an initial rent of \$103m per annum with respect to these assets. The disposal did not meet the held for sale criteria at the year-end date and so the related assets and liabilities have not be presented as such on December 31, 2022.

On April 14, 2023, the Group committed to sell 19 company-operated Minit Mart locations in Missouri and Kansas for indicative consideration of \$26m.

On May 2, 2023, the Group committed to sell a further 65 company-operating locations in Kentucky and Northern Tennessee for indicative consideration of c.\$100m.

37. RELATED PARTY TRANSACTIONS

Balances and transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures are disclosed below.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Sale of goods/services		Purchase of goods/services	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
De Pooter Olie B.V.	14	19	—	—
Petroleum Products Storage & Transport Company S.A.	—	—	(1)	(1)
Asda Stores Limited	—	—	(158)	(45)
Clear Sky 2 LP	—	—	(1)	—
LeasePlan Corporation NV	—	—	(5)	(3)
Monte Blackburn	—	—	(6)	(5)
Total	14	19	(171)	(54)

In addition to those in the table above, for the year ended December 31, 2022, \$0.3m (2021: \$0.2m) was paid in total to M Issa and Z Issa (Directors of the Company) relating to property lease costs. As at December 31, 2022, the Group had a lease liability outstanding of \$2m (2021: \$2m) in relation to M Issa and Z Issa.

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	
	2022 \$m	2021 \$m	2022 \$m	2021 \$m
De Pooter Olie B.V.	2	1	—	—
Clearsky 1 LP	12	7	—	—
Clearsky 2 LP	25	14	—	—
Optima Bidco (Jersey) Limited	112	113	—	—
Optima Group S.a.r.l	42	42	—	—
Hydrogen Vehicle Systems Ltd	29	—	—	—
Asda Stores Limited	—	—	(16)	(16)
EG Group Holdings Limited	—	—	(1)	(1)
Bellis Select Warehouse Limited	—	—	—	(8)
Bellis Acquisition Company 3 Limited	—	10	—	—
Total	222	187	(17)	(25)

De Pooter Olie B.V. and Petroleum Products Storage & Transport Company S.A. are 50% joint ventures of the Group, to whom the Group provide and receive fuel supplies.

Asda Stores Limited ('Asda') is a company that has common shareholders with the Group. Purchases from Asda include products for retail as part of the Asda On the Move proposition, rental payments regarding Foodservice outlets opened within Asda supermarkets and car parks, fuel purchases for a trial of Asda On the Move branded petrol filling stations in existing and NTI locations in the UK&I and an agreement which allows Asda to charge EG for the value of discount received by EG employees using an Asda discount card. The agreements in place are comparable to a commercial agreement. The outstanding balance relates to outstanding invoices due to Asda in relation to purchases made in the year. Furthermore, as at December 31, 2022, the Group had a lease liability outstanding of \$5m (2021: \$5m) in relation to Asda Stores Limited.

Clear Sky 1 LP is a partnership in which the controlling parties are also Directors of the Group. Purchases from Clear Sky 1 LP in the year are for the provision of commercial air transport for the Group. The Group has provided a loan at rates comparable to the average commercial rate of interest. Interest income of \$3m was recognised within finance income during 2022. During the year, the Group advanced a further \$2m to Clear Sky 1 LP Limited.

Clear Sky 2 LP is a partnership in which the controlling parties are also Directors of the Group. Purchases from Clear Sky 2 LP in the year are for the provision of commercial air transport for the Group. The Group has provided a loan at rates comparable to the average commercial rate of interest. Interest income of \$5m was recognised within finance income during 2022. During the year, the Group advanced a further \$5m to Clear Sky 2 LP Limited.

Optima Bidco (Jersey) Limited is the ultimate parent Company of the Group. The Group has provided a loan at rates comparable to the average commercial rate of interest. Interest income of \$9m was recognised within finance income during 2022 (2021: \$5m). During the year, the Group advanced a further \$1m to Optima Bidco (Jersey) Limited.

Optima Group S.a.r.l is a shareholder of the Group; the Group has provided a loan at rates comparable to the average commercial rate of interest. Interest income of \$3m was recognised within finance income during 2022 (2021: \$2m).

Hydrogen Vehicle Systems Limited ("HVS") is an associate of the Group, which produces hydrogen vehicles. During the year, the Group advanced a loan of \$29m to HVS. The outstanding balance at the year end was \$30m with a fair value of \$29m. The loan is classified as a financial asset at fair value through the profit and loss, see note 34 for further details.

LeasePlan Corporation NV ("LeasePlan") is a company that shares a common shareholder with the Group. Purchases from LeasePlan during the year related to vehicle lease payments. At December 31, 2022, the Group had a lease liability outstanding of \$7m (2021: \$4m in relation to LeasePlan).

Monte Blackburn Limited is a company in which the controlling parties are also Directors of the Group. Purchases from Monte Blackburn Limited in the year are rental payments for sites which are leased to the Group on an arm's length basis. At December 31, 2022, the Group had a lease liability outstanding of \$75m (2021: \$77m) in relation to Monte Blackburn Limited.

The receivables are unsecured in nature and, unless otherwise stated, bear no interest. Except in relation to the amounts owed by Clear Sky 1 LP and Clear Sky 2 LP, no guarantees have been given or received. The payables to related parties are from purchase transactions for services due one month after the date of purchase. The payables from purchase transactions are unsecured and bear no interest.

The Directors have considered the ECL on related party receivables with reference to the estimation of the amount and timing of future cash flows and underlying asset values of respective related parties. An overall provision of \$1m has been recognised at the balance sheet date (2021: \$nil).

In 2021, Bellis Property Newco Ltd, a subsidiary of Bellis Topco Limited, a related party by virtue of common directors and shareholders, reimbursed EG Group a total of \$41m relating to the finance costs of the redeemed Senior Secured Notes. These Senior Secured Notes were arranged on March 12, 2021 to finance the acquisition of the Asda Forecourts Business, with the Share Purchase Agreement ("SPA") for this acquisition subsequently terminated on October 18, 2021. The associated finance costs incurred by EG Group were agreed to be reimbursed on the commercial grounds of the opportunity and separation costs that the Bellis Group avoided in the termination of the Asda Forecourts Business SPA. This reimbursement was presented as exceptional finance income in the Group income statement. During 2022, the outstanding balances from 2021 were settled in full.

EG Foundation is a charity in which the trustees are also Directors of the Group. During the year, the Group made donations of \$0.5m (2021: \$0.4m) to the charity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

37. RELATED PARTY TRANSACTIONS CONTINUED

Remuneration of Directors and key management personnel

The remuneration of the key management personnel of the Group, including the Directors, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2022	2021
Number of Directors	2	2
Other key management personnel	5	6

	2022	2021
	\$m	\$m
Short-term employee benefits	7.2	8.7
Share-based payments (credit)/charge	(0.6)	0.9
Total	6.6	9.6

	2022	2021
Highest paid Director	\$m	\$m
Short-term employee benefits	0.6	0.7
Post-employment benefits	-	-

The Directors' short-term employee benefits totalled \$1.2m in 2022 (2021: \$1.4m). No Directors or key management personnel are members of the Group's defined benefit pension scheme (2021: none). No Directors are members of money purchase schemes (2021: none).

In June 2021, EG Group Limited's parent Company, EG Group Holdings Limited, issued non-voting redeemable fixed return management shares in EG Group Holdings Limited to the Non-Executive Directors. A total of six management shares have been issued at a nominal value of £178,571 per share, with the return tied to the growth in the equity value of the Group, subject to certain return hurdles. The allocated share-based payment charge is in relation to services provided to the Group. Further information regarding share-based compensation is contained in note 39.

Close family members of M Issa and Z Issa were employed by the Group during the year and were remunerated on an arm's length basis. No dividends were paid in the year in respect of ordinary shares held by the Company's Directors (2021: \$nil).

38. GOVERNMENT GRANTS

During the year ended December 31, 2022 the Group continued to be supported from governments in connection with its response to the COVID-19 pandemic.

This support included tax payment deferral schemes and business rates relief. In 2021 the Group recognised \$10m of government grant income in relation to furlough programmes, such as the Coronavirus Job Retention Scheme ("CJRS") in the UK and its equivalents in other countries. This amount was offset within employee costs across distribution costs and administrative expenses.

The Group has continued to benefit from the business rates holiday for the retail, hospitality and leisure sector in the UK of \$3m (2021: \$25m). Of the indirect taxes which were deferred during 2020, the outstanding balance as at December 31, 2022 was \$445m (2021: \$546m), which is repayable over the next 57 month period to September 2027. This has been presented within trade and other payables (see note 25).

There are no unfulfilled conditions or contingencies attached to these grants.

39. SHARE-BASED PAYMENTS

Share purchase plan (cash-settled)

In June 2021, EG Group Limited's parent Company, EG Group Holdings Limited issued non-voting redeemable fixed return management shares in EG Group Holdings Limited to Non-Executive Directors employed by EG Group Holdings Limited. A total of six management shares have been issued at a nominal value of £178,571 per share, with the return tied to the growth in the equity value of the Group, subject to certain return hurdles.

The shares entitle the holders to a return upon an exit event such as a sale or IPO.

The maximum payment on vesting of the awards is capped at 50 times the initial subscription price.

Measurement of fair values

The fair value of the share purchase plan has been measured using a Monte Carlo simulation approach to calculate the expected returns to the management shares.

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

	Share purchase plan	
	2022	2021
Expected volatility	30.0%	32.5%
Expected life	2.5 years	3.5 years
Dividend yield	0.0%	0.0%
Risk-free interest rate	4.32%	1.12%

The result of the valuation exercise performed has determined that the aggregate fair value of the management shares under IFRS 2 is \$0.3m (2021: \$6.1m) as at December 31, 2022.

The volatility assumption is based on the average annualised historic equity value volatility of comparable companies over a period equal to the exit period.

The vesting period represents management's best estimate of the expected period between the issue of the contract and vesting of the benefit. Management expectation is that the timeframe to achieve an exit event is four years from the grant date. This is an area of judgement and management continue to assess the appropriateness of this estimate at each reporting date.

Amount recognised in profit and loss

As the Directors provide their services in the context of the governance of the Group as a whole, management has concluded that the majority of the services are provided to the Group Company. As a result, an income/expense is recorded to the income statement of the Group Company. A credit has been recognised in 2022 as the fair value of the management shares is lower than the amount expensed in previous years.

For further details of the related employee benefit expense, see note 11.

COMPANY BALANCE SHEET

As at December 31, 2022

	Notes	2022 £m	2021 £m
Non-current assets			
Investment in subsidiaries	6	2,162	2,305
Trade and other receivables	7	80	72
		2,242	2,377
Non-current liabilities			
Trade and other payables	8	(81)	(72)
		(81)	(72)
Net assets		2,161	2,305
Equity			
Share capital	9	—	—
Share premium account	9	1,558	1,558
Capital contribution reserve	9	—	1
Retained earnings		603	746
Total equity		2,161	2,305

The Company's loss for the year was £143m (2021: £1m).

The notes on pages 158 to 162 form part of these financial statements.

The financial statements of EG Group Limited (registered number 09826582) were approved by the Board of Directors and authorised for issue. They were signed on its behalf by:

Zuber Issa CBE & Mohsin Issa CBE

Co-Founders and Co-Chief Executive Officers

May 10, 2023

COMPANY STATEMENT OF CHANGES IN EQUITY

As at December 31, 2022

	Share capital £m	Share premium £m	Capital contribution £m	Retained earnings £m	Total equity £m
Balance at January 1, 2021	—	1,558	—	747	2,305
Loss for the year	—	—	—	(1)	(1)
Total comprehensive income	—	—	—	(1)	(1)
Capital contribution in respect of share-based compensation	—	—	1	—	1
Other changes in equity in the year	—	—	1	—	1
Balance at December 31, 2021	—	1,558	1	746	2,305
Loss for the year	—	—	—	(143)	(143)
Total comprehensive income	—	—	—	(143)	(143)
Capital received in respect of share-based compensation	—	—	(1)	—	(1)
Other changes in equity in the year	—	—	(1)	—	(1)
Balance at December 31, 2021	—	1,558	—	603	2,161

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. GENERAL INFORMATION

The principal activity of EG Group Limited (the 'Company') is as a holding company. The Company is incorporated and domiciled in the United Kingdom. The Company is a private company limited by shares and is registered in England and Wales, and the address of the registered office is Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, BB1 2FA, United Kingdom.

2. BASIS OF PREPARATION

The separate financial statements of the Company have been prepared on the historical cost basis, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and are presented as required by the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group accounts.

The Company's financial statements are presented in Pounds Sterling, its functional currency, rounded to the nearest million.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act and not presented an income statement or a statement of comprehensive income for the Company alone.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Financial guarantees of subsidiary obligations

The Company has provided financial guarantees in respect of the borrowings of certain subsidiaries. These are accounted for under IFRS 4 (rather than IFRS 9) as the Company regards such contracts as insurance for the lender against default by the borrower.

IFRS 17 Insurance Contracts has been released but is not yet adopted by the Group. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Company has performed an initial assessment as to the estimated impact of the adoption of IFRS 17. Based on the assessment undertaken to date, the impact on the Company's financial statements in the period of initial application is not expected to be material.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no significant accounting judgements applied in preparation of the Company's financial statements.

Key sources of estimation uncertainty

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

Impairment of investments

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that these have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use (adjusted for the fair value of debt). If the recoverable amount of an investment is estimated to be less than its carrying amount, the carrying amount of the investment is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Note 15 in the consolidated financial statements details the assumptions used together with an analysis of the sensitivity to changes in key assumptions.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

5. INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDITOR'S REMUNERATION

There were no employees other than the Directors during the current year (2021: none). None of the Directors received any emolument in respect of their services as Directors of the Company. Share-based payment credit/(expense) has been recorded to the Company's income statement in the year as outlined in note 39 of the consolidated financial statements. The total credit/(expense) recognised is outlined below.

	2022	2021
	£m	£m
Cash-settled share-based payments	1	(1)
	1	(1)

The auditor's remuneration for the audit and other services is disclosed in note 10 to the consolidated financial statements.

6. INVESTMENT IN SUBSIDIARIES

	£m
Cost and net book value	
Balance at January 1, 2021	2,305
Balance at December 31, 2021	2,305
Impairment	(143)
Balance at December 31, 2022	2,162

Details of the Company's direct subsidiaries at December 31, 2022 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %
EG Finco Limited ⁽¹⁾	UK	100	100
EG AsiaPac Limited ⁽¹⁾	UK	100	100
EG Convenience Retail Limited ⁽¹⁾	UK	100	100
EG America, LLC ⁽²⁾	USA	100	100

⁽¹⁾ Registered address: Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, BB1 2FA, United Kingdom

⁽²⁾ Registered address: 165 Flanders Rd, Westborough, MA 01581, USA

Following the recognition of additional goodwill impairment of \$100m in our Australian CGU (as disclosed in Note 15 to the consolidated financial statements), a cumulative impairment of £143m has been recognised on the investment held in EG Asiapac Limited. Comparative information has not been restated as the adjustment is not deemed material.

All direct subsidiaries are holding companies.

The investments in subsidiaries are all stated at cost less, where applicable, provisions for impairment.

The list of the Company's indirect subsidiary undertakings is provided in note 18 to the consolidated financial statements.

7. TRADE AND OTHER RECEIVABLES

	2022	2021
	£m	£m
Loans to related parties	80	72
	80	72

Included within loans to related parties are balances receivable from the Group's ultimate parent Company Optima Bidco (Jersey) Limited for £45.6m (2021: £40.4m) and Optima Group S.A.R.L for £35.3m (2021: £31.2m). ECL provisions have been recognised in relation to these loans for £0.3m and £0.2m respectively. In the prior year, the Directors considered the ECL to be insignificant with reference to the estimation of the amount and timing of future cash flows and underlying asset values of respective related parties; hence, no provisions were made for doubtful debts in respect of the amounts owed by related parties. The balances carry interest at a fixed rate of 8% per annum. The receivables are unsecured in nature. No guarantees have been given or received.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

For the year ended December 31, 2022

8. TRADE AND OTHER PAYABLES

	2022	2021
	£m	£m
Amounts owed by fellow subsidiary undertaking	(81)	(72)
	(81)	(72)

Amounts owed by fellow subsidiary undertaking carry interest at a fixed rate of 8% per annum.

9. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND OTHER RESERVES

The movements on these accounts are disclosed within notes 28, 29 and 30 to the consolidated financial statements. The movements in the Group financial statements are presented in US Dollars, rather than Sterling, in the Company financial statements.

10. CONTROLLING PARTY

In the opinion of the Directors, the Company's ultimate parent Company and ultimate controlling party is Optima Bidco (Jersey) Limited, a company registered in Jersey, Channel Islands. The Company's immediate controlling party is EG Midco 1 Limited.

The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is EG Group Holdings Limited, a company incorporated in Great Britain, registered at Waterside Head Office, Haslingden Road, Guide, Blackburn, Lancashire, BB1 2FA, United Kingdom.

11. POST BALANCE SHEET EVENTS

As part of a project to rationalise inter-company debt balances, on January 23, 2023, the Company purchased two new shares of its existing subsidiary, EG Finco Limited, in consideration it issued a new loan for the value of £3,027m. On January 25, 2023, EG Finco Limited declared a dividend to the Company for the value of £3,027m. To settle the receivable created by the declaration of this dividend, the Company received loan receivables for the value of £3,027m. These amounts were due from EG America LLC, another subsidiary of the Company. On January 27, 2023, the Company released EG America LLC from all obligations in relation to the loan receivables and created an investment in EG America LLC for £3,027m.

OTHER INFORMATION

Alternative Performance Measures

INTRODUCTION

When assessing and discussing the Group's reported financial performance, financial position and cash flows, management makes reference to Alternative Performance Measures ("APMs") of historical or future financial performance, financial position or cash flows that are not defined or specified under International Financial Reporting Standards ("IFRS").

The APMs used by the Group are financial APMs, usually derived from the financial statements prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the financial statements as they contain additional information such as financial estimates. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, substantially the same as those disclosed in the Group's consolidated financial statements for the year ended December 31, 2022. There is no change in APMs compared to the consolidated financial statements for the year ended December 31, 2021.

APMs are not uniformly defined by all companies, including those in the Group's industry, and consequently the APMs used by the Group may not be comparable with similarly titled measures or disclosures made by other companies. APMs should be considered in addition to, and not as a substitute for, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

PURPOSE

The Group uses APMs to aid the comparability of information between reporting periods and business units, either by adjusting for uncontrollable factors or special items which impact upon IFRS measures, or by aggregating measures, to aid the users of the Annual Report in understanding the activity taking place across the Group.

Their use is driven by characteristics particularly relevant to the EG Group:

- Adjustments to operating profit – the Group has a significant fixed asset base and consequently incurs a high proportion of depreciation and amortisation. APMs are used to provide adjusted measures for users of the financial statements to evaluate our operating performance and our ability to incur and service our indebtedness
- Transactional activity – the Group 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
- Constant currency – a significant amount of the Group's operations do not have USD as functional currency and therefore the financial performance of the Group, which is reported in USD, is impacted by the change in exchange rates. Constant currency performance is calculated by translating performance of non-USD regions using the foreign exchange rates applicable in the comparative period and allows users to compare the Group's performance on a consistent basis
- Certain of the Group's financial covenants are assessed on a fixed GAAP basis under IAS 17. APMs are used for covenant calculations and to provide information to users of the accounts which is more readily comparable with that presented in previous periods. Consequently, APMs are used by the Board and management for planning and reporting. APMs are also referred to in the Group's covenant calculations and debt facility arrangements. The measures are also used in discussions with investors in the Group's secured notes and credit ratings agencies

OTHER INFORMATION CONTINUED

Alternative Performance Measures

FINANCIAL APMs

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustments
Income statement			
Adjusted operating profit	Profit for the year	<ul style="list-style-type: none"> Exceptional items 	<ul style="list-style-type: none"> Excludes certain items due to their size and nature to aid comparability
Adjusted EBITDA	Profit for the year	<ul style="list-style-type: none"> Depreciation and amortisation Exceptional items Tax Net finance costs 	<ul style="list-style-type: none"> Exceptional items excluded due to their size and nature to aid comparability
Adjusted EBITDA before IFRS 16	Profit for the year	<ul style="list-style-type: none"> Depreciation and amortisation Exceptional items Tax Net finance costs Estimated lease costs under IAS 17 legacy accounting standard Estimated operating profit, exceptional (costs)/income, depreciation and amortisation for acquired businesses in the pre-acquisition period 	<ul style="list-style-type: none"> Exceptional items excluded due to their size and nature to aid comparability Includes estimated annualised performance for acquired businesses to aid comparability to future periods and facilitate performance forecasting Excludes certain items due to their size and nature to aid comparability
Like-for-like	No direct equivalent	<ul style="list-style-type: none"> Consistent with accounting policy 	<ul style="list-style-type: none"> Like-for-like is a measure of the true year-on-year performance of the business, which excludes performance from operations that have been disposed of in either the current or prior year, and ensures that the same in-year period is used in both the current and prior years (by adjusting the current year) for reporting the performance of operations that have been acquired in the current or prior year
Constant currency	<ul style="list-style-type: none"> Revenue Profit for the year 	<ul style="list-style-type: none"> Translating performance of non-USD regions using the foreign exchange rates applicable in the comparative period 	<ul style="list-style-type: none"> A significant amount of the Group's operations do not have USD as functional currency and therefore the financial performance of the Group, which is reported in USD, is impacted by the change in exchange rates. Allows users to compare the Group's performance on a consistent basis
<ul style="list-style-type: none"> Revenue Adjusted EBITDA 			
Balance sheet			
Net debt before lease liabilities	Borrowings less cash	<ul style="list-style-type: none"> Borrowings Cash 	<ul style="list-style-type: none"> Excludes certain items due to their size and nature to aid comparability
Combined			
Leverage	Borrowings less cash divided by profit for the year	<ul style="list-style-type: none"> Depreciation and amortisation Exceptional items Estimated operating profit, exceptional (costs)/income, depreciation and amortisation for acquired businesses in the pre-acquisition period 	<ul style="list-style-type: none"> Includes estimated annualised performance and estimated annualised integration synergies for acquired businesses to aid comparability to future periods and facilitate performance forecasting Exceptional items excluded due to their size and nature to aid comparability
Covenant leverage	Borrowings less cash divided by profit for the year	<ul style="list-style-type: none"> Depreciation and amortisation Exceptional items Estimated operating profit, exceptional (costs)/income, depreciation and amortisation for acquired businesses in the pre-acquisition period 	<ul style="list-style-type: none"> Includes estimated annualised performance and estimated annualised integration synergies for acquired businesses to aid comparability to future periods and facilitate performance forecasting Exceptional items excluded due to their size and nature to aid comparability

Adjusted operating profit – includes the Group's operating profit, less exceptional items. A reconciliation to profit for the year, the closest equivalent IFRS measure to Adjusted operating profit, is provided on page 55 of the financial review.

Adjusted EBITDA – defined as the Group's loss after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortisation added back. A reconciliation to profit after tax, the closest equivalent IFRS measure to Adjusted EBITDA, is provided on page 55 of the financial review.

Adjusted EBITDA excluding SSC – defined as the Group's loss after tax and adjusting for tax, net finance costs and exceptional items, with depreciation, amortisation and shared service costs added back. A reconciliation of Adjusted EBITDA to Adjusted EBITDA excluding shared service costs is provided below:

\$m	2022				2021			
	USA	Europe	Australia	Group Total	USA	Europe	Australia	Group Total
Adjusted EBITDA excluding SSC	666	877	191	1,734	615	967	204	1,786
Shared Service Centre ('SSC') costs	–	(143)	–	(143)	–	(126)	–	(126)
Adjusted EBITDA	666	734	191	1,591	615	841	204	1,660

Adjusted EBITDA before IFRS 16 – includes the Group's profit after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortisation added back, and estimated lease costs under IAS 17 deducted. A reconciliation to profit for the year, the closest equivalent IFRS measure to Adjusted EBITDA before IFRS 16, is provided on page 55 of the financial review.

Pro forma Adjusted EBITDA before IFRS 16 – includes the Group's loss after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortisation added back, and estimated lease costs under IAS 17 deducted, plus estimated equivalent results of acquired businesses in the pre-acquisition period and other EBITDA annualisations, and the estimated synergies from acquisitions which have been determined as part of the investment appraisal which have yet to be recognised. A reconciliation to loss after tax, the closest equivalent IFRS measure to pro forma Adjusted EBITDA before IFRS 16, is provided below:

	Note	EG Group Holdings and EG Group	
		2022 \$m	2021 \$m
Profit/(loss) after tax		(322)	54
Tax	14	64	153
Net finance cost	12, 13	735	419
Operating profit		477	626
Exceptional costs/(income) ⁽¹⁾	5	(32)	11
Add depreciation	17	464	515
Add property, plant and equipment impairment	17	166	122
Add IFRS 16 depreciation	24	217	197
Add IFRS 16 asset impairment	24	124	53
Add amortisation	16	91	87
Add intangibles impairment	16	100	120
Add loss on disposal	9	(16)	(71)
Impact of IFRS 16 on EBITDA		(235)	(231)
Adjusted EBITDA before IFRS 16		1,356	1,429
Estimated EBITDA from acquisitions in the period pre-acquisition and other EBITDA annualisations		161	49
Estimated synergies from acquisitions		85	107
Pro forma Adjusted EBITDA before IFRS 16		1,602	1,585

⁽¹⁾ Operating exceptional items presented reflect those impacting EBITDA, and therefore exclude exceptional finance income and costs, tax on exceptionals, exceptional impairments and exceptional profit/(loss) on disposal

Constant currency revenue – includes the Group's revenue translating the financials of non-USD regions using the foreign exchange rates applicable in the comparative period.

Constant currency adjusted EBITDA before IFRS 16 – includes the Group's profit after tax and adjusting for tax, net finance costs and exceptional items, with depreciation and amortisation added back, and estimated lease costs under IAS 17 deducted, translating the financials of non-USD regions using the foreign exchange rates applicable in the comparative period.

OTHER INFORMATION CONTINUED

Alternative Performance Measures

	2022	2021	Change	Change
	\$m	\$m	\$m	%
Revenue	30,616	26,420	4,196	15.9 %
Adjustment for currency impact	2,424	—	2,424	
Constant currency revenue	33,040	26,420	6,620	25.1 %
Adjusted EBITDA before IFRS 16	1,356	1,429	(73)	(5.1)%
Adjustment for currency impact	99	—	99	
Constant currency adjusted EBITDA before IFRS 16	1,455	1,429	26	1.8 %

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:

	2022	2021
	\$m	\$m
Cash	466	646
Borrowings	(10,145)	(10,247)
Net debt before lease liabilities	(9,679)	(9,601)

Leverage is calculated as the Group's net debt before lease liabilities (as defined above), adjusted for certain items set out in the covenant agreement (predominantly unamortised debt costs), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined above).

Covenant leverage is calculated as Group senior net debt (i.e. the Group's net debt excluding second lien facilities) before lease liabilities adjusted for certain items set out in the covenant agreement (predominantly unamortised debt costs and accrued interest), divided by the Group's pro forma Adjusted EBITDA before IFRS 16 (as defined above).

A reconciliation of this calculation to operating profit and borrowings, the closest IFRS measure to these calculation components, is provided below:

	2022	2021
	\$m	\$m
Pro forma Adjusted EBITDA before IFRS 16 (see above)	1,602	1,585
Net debt before lease liabilities (see above)	(9,679)	(9,601)
Leverage	6.0	6.1
Adjustments to net debt per financial covenant calculation	617	885
Adjusted net debt	(9,062)	(8,716)
Covenant leverage	5.7	5.5

The non-IFRS measures have limitations as analytical tools and should not be considered in isolation, or as an alternative to, or a substitute for, profit/(loss) for the year or other financial statement data presented in the consolidated financial statements as indicators of financial performance. Some of the limitations of these non-IFRS measures are that:

- They do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments
- They do not reflect changes in, or cash requirements for, our working capital needs
- They do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt
- They do not reflect our tax expenses or the cash that may be required to pay our taxes
- They are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows
- They do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations
- Although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and EBITDA-based measures do not reflect any cash requirements that would be required for such replacements
- Some of the exceptional items that we eliminate in calculating certain EBITDA-based measures reflect cash payments that were made, or will in the future be made
- Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures
- Certain adjustments made in calculating Adjusted EBITDA, pro forma Adjusted EBITDA and pro forma Adjusted EBITDA before IFRS 16 contain estimates that management believes reflect the underlying results of operations and therefore are subjective in nature

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Registered in England and Wales
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