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# **EW EUROWAG**

## **W.A.G PAYMENT SOLUTIONS PLC**

*(incorporated in England and Wales under the Companies Act 2006 with registered number 13544823)*

### **Proposed acquisition of Grupa Inelo S.A.**

**and**

### **Notice of General Meeting**

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**This document should be read as a whole. Your attention is drawn to the letter from the Chair of W.A.G payment solutions plc (“Eurowag” or the “Company”) which is set out in Part 2 (*Letter from the Chair of W.A.G payment solutions plc*) of this document in which the Directors unanimously recommend you to vote in favour of the Resolution to be proposed at the General Meeting referred to below.**

Notice of a General Meeting of the Company to be held at Third Floor (East), Albemarle House, 1 Albemarle Street, London, W1S 4HA, United Kingdom at 1.30 p.m. on 9 March 2023 is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed and, to be valid, should be completed, signed and returned so as to be received by the Company’s registrars, Computershare, The Pavilions, Bridgwater Road, Bristol, Avon BS13 8AE as soon as possible but, in any event, so as to arrive no later than 1.30 p.m. on 7 March 2023. In addition, CREST members may use the CREST electronic proxy appointment service. Details of the CREST electronic appointment method are found in Notes 5 to 6 (inclusive) of the Notice of General Meeting set out at the end of this document. Completion and return of a Form of Proxy will not prevent members from attending and voting in person should they wish to do so.

**For a discussion of certain risk factors which should be taken into account when considering what action you should take in connection with the General Meeting, please see Part 3 (*Risk Factors*) of this document.**

This document is not a prospectus, but a shareholder circular, and does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or offer to sell, dispose of, issue, purchase, acquire or subscribe for, any security. This document is a circular relating to the Proposed Acquisition which has been prepared in accordance with the Listing Rules. This document has been approved by the Financial Conduct Authority. The information provided in this document is provided solely in compliance with the Listing Rules for the purposes of enabling Shareholders to consider the Resolution.

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Dated: 20 February 2023

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Proposed Acquisition . . . . .	25 October 2022
Publication and posting of this document, the Notice of General Meeting and the Form of Proxy . . . . .	20 February 2023
Latest time and date for receipt of Forms of Proxy . . . . .	1.30 p.m. on 7 March 2023
General Meeting . . . . .	1.30 p.m. on 9 March 2023
Expected date of Completion . . . . .	within 10 business days of General Meeting

All references to time in this document are to London time unless otherwise stated.

The dates given are based on the Company's current expectations and may be subject to change. In addition, completion of the Proposed Acquisition in accordance with the terms of the Acquisition Agreement ("**Completion**") is subject to certain conditions precedent as set out in Part 4 (*Summary of the Acquisition Agreement*) of this document.

If any of the times or dates above change, the Company will give notice of the change by issuing an announcement through a Regulatory Information Service.

## GENERAL INFORMATION

### Forward-Looking Statements

This document (and the information incorporated by reference into this document) may include certain forward-looking statements, beliefs or opinions, including statements with respect to the Group, the Inelo Group or, following Completion, the Enlarged Group's business, financial condition and results of operations, or otherwise to the Proposed Acquisition. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions. These statements are made by the Directors in good faith based on the information available to them at the date of this document and reflect the Directors' beliefs and expectations. By their nature these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, developments in the global economy, changes in regulation and government policies, spending and procurement methodologies, currency fluctuations, a failure in the Group, the Inelo Group or, following Completion, the Enlarged Group's health, safety or environmental policies and other factors discussed in Part 3 (*Risk Factors*) of this document.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this document speak only as of their respective dates, reflect the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group, the Inelo Group or, following Completion, the Enlarged Group's operations and growth strategy. Shareholders should specifically consider the factors identified in this document which could cause actual results to differ before making any decision in relation to the Proposed Acquisition. The Company explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document, although such forward-looking statements will be publicly updated if required by the FCA, the Listing Rules and the DTRs, the rules of the London Stock Exchange or by applicable law. Neither the forward-looking statements contained in this document, nor the statements in this General Information section seek to in any way qualify the working capital statement in Part 7 (*Additional Information*) of this document.

Unless otherwise expressly stated, no statement in this document is or is intended to be a profit forecast or to imply that the earnings of the Group, the Inelo Group or, following Completion, the Enlarged Group for the current or future financial years will necessarily match or exceed the historical or published earnings of the Group, the Inelo Group or, following Completion, the Enlarged Group.

Any information contained in this document on the price at which shares or other securities in the Company have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

### Publication on Website and Availability of Hard Copies

A copy of this document, together with all information incorporated into this document by reference to another source, is and will be available for inspection on the Company's website at <https://investors.eurowag.com/news/inelo-acquisition> from the time this document is published.

In particular, information on or accessible through the Company's corporate website at <https://investors.eurowag.com/news/inelo-acquisition> does not form part of and is not incorporated into this document.

If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting the Company's registrars, Computershare, between 9am and 5pm, Monday to Friday (excluding English and Welsh public holidays), on 0370 703 0032 from within the UK or on 44 370 703 0032 if calling from outside the UK (calls from outside the UK will be charged at the applicable international rate), with your full name and the full address to which the hard copy may be sent (calls may be recorded and monitored for training and security purposes).

### Presentation of Information

Percentages in tables may have been rounded and accordingly may not add up to 100 per cent.

Certain financial data has been rounded and, as a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

References to “£”, “penny” or “pence” are to the lawful currency of the United Kingdom.

References to “€”, “EUR”, “Euro” or “euros” are to the lawful currency of 20 of the 27 member states of the European Union.

References to “PLN” are to the lawful currency of Poland.

References to “CZK” are to the lawful currency of the Czech Republic.

References to “US\$”, “US Dollars”, “US dollars” or “cents” are to the lawful currency of the United States of America.

Where applicable, amounts shown in € or PLN are calculated based on data provided by Bloomberg as at the time, or for the period, as stated throughout this document.

### **Presentation of Financial Information**

Unless otherwise stated, financial information relating to the Group has been extracted or derived from the audited consolidated financial information for Eurowag for the three years ended 31 December 2021, 31 December 2020 and 31 December 2019 and the unaudited interim financial information for Eurowag for the six months ended 30 June 2022. Unaudited financial information relating to the Group for the twelve months ended 31 December 2022 has been extracted from Eurowag’s trading update for the period ending 31 December 2022 published on 19 January 2023.

Unless otherwise stated, financial information relating to the Inelo Group has been extracted or derived from the audited consolidated financial information for Inelo for the three years ended 31 December 2021, 31 December 2020 and 31 December 2019, as set out in Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) of the Circular, presented in accordance with IFRS (following conversion from Polish GAAP).

Unless otherwise stated, financial information relating to CVS Mobile d.d. (“**CVS Mobile**”) has been extracted or derived from the audited financial information for CVS Mobile (on a company-only basis) for the two years ended 31 December 2021 and 31 December 2020 presented in accordance with IFRS (following conversion from Slovenian GAAP). As a result of the CVS Cyber-attack, the Company has been unable to prepare consolidated historical financial information for the CVS Group for the years ended 31 December 2021, 31 December 2020 or 31 December 2019, and instead has included the historical financial information for CVS Mobile (on a company-only basis), the CVS Group’s main trading entity, for the years ended 31 December 2021 and 31 December 2020 (the historical financial information for the year ended 31 December 2019 is not capable of being audited). CVS Mobile makes up the majority of the CVS Group, including in terms of net assets and EBITDA, and is the CVS Group’s main trading entity. As such, the Company considers the audited financial information for CVS Mobile included in Section C of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) of the Circular to be useful for the purpose of Shareholders making a properly informed voting decision.

As EY Slovenia was not appointed as the auditor of CVS until after 31 December 2020 and thus did not observe the counting of physical inventories at 31 December 2020 and 31 December 2019, EY Slovenia has been unable to determine whether any adjustment might have been found necessary in respect of retained earnings as of 1 January 2020 and the elements making up the statement of comprehensive income (cost of goods sold and income tax expense) and cash flow statement for the year ended 31 December 2020. EY Slovenia was also unable to satisfy itself as to what balance (if any) that was classified as inventory as at 31 December 2021, 31 December 2020 or 1 January 2020 should have been classified as property, plant and equipment, and whether any adjustment might have been found necessary in respect of property, plant and equipment, inventory and retained earnings as at 31 December 2021, 31 December 2020 and 1 January 2020 and the elements making up the statement of comprehensive income (depreciation and amortisation and taxes) and cash flow statement for the years ended 31 December 2021 and 31 December 2020. As a result, the opinion of EY Slovenia on the audited financial information for CVS Mobile (on a company-only basis) is subject to a qualification for this matter.

Unless otherwise stated, the financial information relating to the Group, Inelo Group and CVS Mobile in the Circular has been presented in accordance with IFRS as adopted for use in the UK, save for the audited consolidated financial information for Eurowag for the years ended 31 December 2019 and 31 December 2020 which has been presented in accordance with IFRS as adopted for use in the EU.

## **Alternative Performance Measures**

The Circular contains certain alternative performance measures (“APMs”) that are not defined or recognised under IFRS. The Directors believe that these APMs provide additional information to investors and enhance their understanding of the performance of the Group, the Inelo Group and, following Completion, the Enlarged Group’s business and operations. These APMs are not measures recognised under IFRS or any other internationally accepted accounting principles, should not be considered as an alternative to the IFRS reported measures included in the historical financial information presented in the Circular and should be viewed as complementary to, rather than a substitute for, the financial information presented in accordance with IFRS. Moreover, these APMs may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by the peers of the Group, the Inelo Group and, following Completion, the Enlarged Group.

These APMs include:

### *Adjusted EBITDA*

Adjusted EBITDA is calculated by Eurowag as profit before tax, finance income and costs, depreciation, amortisation, M&A-related expenses, non-recurring IPO-related expenses, strategic transformation expenses and pre-IPO share-based compensation.

Adjusted EBITDA is calculated by the Inelo Group as profit before tax, finance income and costs, depreciation, amortisation, M&A-related expenses, strategic transformation expenses and share-based compensation.

### *Adjusted EBITDA margin*

Adjusted EBITDA margin represents: (i) in respect of Eurowag, Adjusted EBITDA for the period divided by net energy and services sales; and (ii) in respect of Inelo, Adjusted EBITDA for the period divided by revenue.

### *EBITDA*

EBITDA is calculated by the Inelo Group as profit before tax, finance income and costs, depreciation and amortisation.

### *Net energy and services sales or net revenue*

Net energy and services sales or net revenue as used by Eurowag represents total revenues from contracts with customers less cost of energy sold.

### *Payment solutions net revenue*

Payment solutions net revenue as used by Eurowag is calculated as total payment solutions segment revenues from contracts with customers, less cost of energy sold.

### *Mobility solutions net revenue*

Mobility solutions net revenue as used by Eurowag is calculated as total mobility solutions segment revenues from contracts with customers.

A reconciliation of APMs in relation to the Group is included in the audited consolidated financial information for Eurowag for the financial year ended 31 December 2021 and the unaudited interim financial information of Eurowag for the six months ended 30 June 2022, each of which has been incorporated by reference into this document as described in Paragraph 13 of Part 7 (*Additional Information*) of this document.

Reconciliations of APMs in relation to the Inelo Group are set out in note 12 (*Alternative Performance Measures*) to the historical financial information for Inelo for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 and note 10 (*Alternative Performance Measures*) to the historical financial information for CVS Mobile for the years ended 31 December 2021, 31 December 2020 and 31 December 2019, as set out in Section A and Section C of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) of this document respectively.

## **Certain Defined Terms**

Certain terms used in this document, including capitalised terms and certain technical and other items, are defined and explained in Part 8 (*Definitions and Glossary*) of this document.

## PART 1

### DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	Paul Manduca, Chair Martin Vohánka, Chief Executive Officer Magdalena Bartoś, Chief Financial Officer Joseph Morgan Seigler, Non-Executive Director Mirjana Blume, Senior Independent Non-Executive Director Caroline Brown, Independent Non-Executive Director Sharon Baylay-Bell, Independent Non-Executive Director Susan Hooper, Independent Non-Executive Director
<b>Company Secretary</b>	Computershare Company Secretarial Services Limited The Pavilions Bridgwater Road Bristol BS13 8AE United Kingdom
<b>Registered office</b>	Third Floor (East) Albemarle House 1 Albemarle Street London W1S 4HA United Kingdom
<b>Sponsor</b>	Jefferies International Limited 100 Bishopsgate London EC2N 4JL United Kingdom
<b>Legal advisers to the Company</b>	White & Case LLP 5 Old Broad Street London EC2N 1DW United Kingdom
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<b>Eurowag Reporting Accountants</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
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The Pavilions  
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Bristol  
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## PART 2

### LETTER FROM THE CHAIR OF W.A.G PAYMENT SOLUTIONS PLC

(incorporated in England and Wales with registered number 13544823)

Third Floor (East)  
Albemarle House  
1 Albemarle Street  
London  
W1S 4HA  
United Kingdom

20 February 2023

Directors:

Paul Manduca	<i>Chair</i>
Martin Vohánka	<i>Chief Executive Officer</i>
Magdalena Bartoś	<i>Chief Financial Officer</i>
Joseph Morgan Seigler	<i>Non-Executive Director</i>
Mirjana Blume	<i>Senior Independent Non-Executive Director</i>
Caroline Brown	<i>Independent Non-Executive Director</i>
Sharon Baylay-Bell	<i>Independent Non-Executive Director</i>
Susan Hooper	<i>Independent Non-Executive Director</i>

Dear Shareholder,

#### **Proposed acquisition of Grupa Inelo S.A. and Notice of General Meeting**

##### **1. Introduction**

On 25 October 2022, Eurowag announced that it had reached an agreement for W.A.G. payment solutions, a.s., a wholly-owned subsidiary of Eurowag, to acquire, for up to €306 million in cash, all of the issued and outstanding shares of Grupa Inelo S.A. from INNOVA/6 SCA SICAV-RAIF (“**Innova**”), European Telematics Holding SA SCA (“**ETH**”) and the Minority Sellers (Innova, ETH and the Minority Sellers, together, the “**Sellers**”).

The consideration for the Proposed Acquisition is based on an enterprise value for Inelo of up to €306 million, made up of an agreed equity cash consideration of approximately €224 million and adjusted net debt of approximately €70 million, of which approximately €54 million of debt will be repaid on or around Completion (all such amounts being subject to certain closing adjustments).

There is also a deferred consideration of up to €12.5 million which is payable where Inelo’s Adjusted EBITDA for the year ending 31 December 2022 is €18 million or higher.<sup>1</sup>

Founded in 2002, Inelo is a leading CEE region “one-stop-shop” provider of integrated transport technology solutions to the commercial road transport (“**CRT**”) industry, particularly in Poland, the largest CRT market in Europe, and Slovenia. Inelo offers its customers a one-stop-shop solution through its four product areas: (i) fleet management solutions (“**FMS**”); (ii) work time management (“**WTM**”) software; (iii) WTM outsourcing; and (iv) transport management software (“**TMS**”). Inelo has built a loyal customer base of approximately 8,500 customers and approximately 87,000 connected trucks.<sup>2</sup>

The Proposed Acquisition will allow the Group to build scale and strengthen its geographic footprint in Poland, the largest CRT market in Europe. The addition of Inelo’s approximately 87,000 connected trucks will roughly double the number of connected trucks from which the Group collects data, providing deeper customer insight and product development. Through the Proposed Acquisition, the Group and, following Completion, the Enlarged Group will solidify its position as a leading provider of FMS to the CRT

<sup>1</sup> This will be calculated based on a fixed EUR/PLN exchange rate of 4.6 and based on the audited financial information of Inelo for the year ending 31 December 2022 prepared and audited in accordance with Polish GAAP and other applicable accounting rules applying specific policies agreed among the parties.

<sup>2</sup> Inelo connected trucks represent the number of medium and heavy commercial vehicles over 3.5 tonnes that have an Inelo on-board unit installed within the vehicle.

industry in the CEE region and add new capabilities to Eurowag’s product suite with the addition of mission critical WTM products.

The Proposed Acquisition will be financed by the Group’s existing cash and debt resources following the refinancing of the Group’s bank facilities announced on 22 September 2022.

The Proposed Acquisition is of sufficient size relative to that of the Company to constitute a Class 1 transaction under the Listing Rules and, therefore, requires the approval of Shareholders at the General Meeting. As Completion is conditional on, among certain other requirements, receiving this approval, Shareholders’ approval of the Proposed Acquisition is therefore being sought at a General Meeting of the Company to be held at Third Floor (East), Albemarle House, 1 Albemarle Street, London, W1S 4HA, United Kingdom at 1.30 p.m. on 9 March 2023. A notice of the General Meeting setting out the Resolution to be considered at the General Meeting can be found at the end of this document. The Resolution to be considered at the General Meeting is to approve the Proposed Acquisition and to authorise the Directors to implement it. A summary of the action you should take is set out in paragraph 10 of this letter and in the Form of Proxy that accompanies this document.

The Proposed Acquisition is expected to complete in the first quarter of 2023.

Martin Vohánka, TA Associates and certain members of the Board who hold shares have each irrevocably undertaken to vote the Ordinary Shares in which they are interested in favour of the Resolution and such undertakings, collectively, represent in excess of the minimum voting rights required to pass the Resolution.

The purpose of this document is to: (i) explain the background to and reasons for the Proposed Acquisition; (ii) provide you with information about Inelo; (iii) explain why the Directors unanimously consider the Proposed Acquisition to be in the best interests of the Shareholders as a whole; and (iv) recommend that you vote in favour of the Resolution to be proposed at the General Meeting.

You should read the whole of this document and not rely solely on the summarised information contained in this Part 2 (*Letter from the Chair of W.A.G payment solutions plc*).

## **2. Background to and reasons for the Proposed Acquisition**

### **2.1 Background and strategy**

Eurowag was founded in 1995 and is a leading pan-European integrated payments & mobility platform focused on the CRT industry. Eurowag’s innovative solutions make life simpler for small and medium sized businesses in the CRT industry across Europe, a sector which is generally fragmented, under-served in many areas, under-digitalised and with limited access to capital and financing. Eurowag’s customer base is largely made up of small and mid-sized CRT businesses that on average consist of approximately seven employees and manage trucks that deliver goods across approximately 130,000 kilometres per year.

The Group has developed a leading platform which offers its customers a unique combination of payments and mobility solutions, seamless technology, a data-driven digital ecosystem and high-quality customer service. The Group’s products and services elevate the capabilities of its customers, alleviate many of the burdens associated with the CRT industry and streamline truck and back-office operations by coupling them with the Group’s extensive CRT focused network and technology solutions. This helps customers optimise their costs and working capital, increase utilisation of their assets and reduce labour intensity. The Group has developed a diverse, active and loyal customer base, which it continues to expand, by using its data capabilities to target customer needs and cross-sell and up-sell appropriate products.

As set out at the time of Eurowag’s initial public offering (“**IPO**”) in October 2021 and subsequently during its interactions with the market at its results and interim results presentations, the Group has been focussed on delivering growth by executing on its five key growth pillars: (i) growth from existing customers; (ii) geographic expansion and penetration; (ii) go-to market channel expansion; (iii) digital platform development; and (iv) accretive mergers and acquisitions. The Group has a highly successful track record of making strategic acquisitions and equity investments which allow it to enter into adjacent markets, increase its customer base and accelerate its vision of delivering a fully integrated end-to-end digital ecosystem for customers in the CRT industry.

At the time of Eurowag’s IPO, Eurowag raised net primary proceeds of approximately €184 million. The Group stated that the proceeds would be used to fund the remaining €65 million portion of Eurowag’s €75 million transformational capex programme and the additional €119 million of primary proceeds would

be used predominantly to provide Eurowag with enhanced flexibility to take advantage of strategically and financially attractive inorganic growth opportunities.

## **2.2 Rationale for the Proposed Acquisition**

The Group's key considerations for evaluating acquisition opportunities include:

- enlarging the Group's total addressable market via new geographies and adjacent products and services;
- strengthening the Group's market position, and providing new cross-selling opportunities to enhance customer relationships which unlocks further network potential;
- accelerating the pace of development of the Group's strategy by supporting innovation, acquiring the necessary technologies and building out capabilities as an integrated end-to-end digital platform; and
- increasing customer life-time value and retention.

The Proposed Acquisition delivers on each of these criteria, is aligned to Eurowag's five growth pillars and also boosts the financial profile of Eurowag, therefore delivering compelling financial returns for shareholders.

### ***Enlarging the Group's total addressable market via new geographies and adjacent products and services***

Inelo is a leading provider of fleet management solutions to customers in the CRT industry in the CEE region, particularly in Poland, the largest CRT market in Europe, and Slovenia. It has built a loyal customer base of approximately 8,500 customers including approximately 87,000 connected trucks, which roughly doubles the number of Eurowag's connected trucks.

Inelo offers its customers a one-stop-shop solution through its four key product areas: (i) FMS; (ii) WTM software; (iii) WTM outsourcing; and (iv) TMS. The Proposed Acquisition, therefore, solidifies the Group's leading position in FMS in Poland, adds new capabilities to Eurowag's product suite with the addition of mission critical WTM products and, in addition, offers the Group geographic expansion through the addition of critical mass to the Group in Slovenia, Croatia and Serbia.

These products and the increased geographic scale added by the Proposed Acquisition will further Eurowag's ambition of delivering a fully integrated digital platform addressing all the needs of customers within the CRT industry.

### ***Strengthening the Group's market position, and providing new cross-selling opportunities to enhance customer relationships which unlocks further network potential***

With this expanded network and its enlarged product suite, the Proposed Acquisition solidifies the Group's position as a leading player in payment solutions and mobility solutions in the CEE region. The enlarged customer base is also anticipated to provide significant cross-selling opportunities for the sale of Eurowag products into Inelo's current customer base, which offers an opportunity to substantially enhance the Enlarged Group's unit economics. Owing to the legal requirement in many jurisdictions for drivers and trucks to utilise WTM products to manage the driving time of drivers, this product creates a very loyal customer base which offers significant opportunities for the Group to sell additional products to this customer base. One such area of focus for the Enlarged Group will be in the sale of payments products (particularly energy and toll) to the existing Inelo Group WTM customer base.

In addition, the Proposed Acquisition will also bring opportunities for Eurowag to drive growth from existing customers with the sale of WTM products to its own customers, a product Eurowag believes will serve to boost customer loyalty and drive life-time value.

### ***Accelerating the pace of development of the Group's strategy by supporting innovation, acquiring necessary technologies and building out capabilities as an integrated end-to-end digital platform***

The Group has a longstanding vision to build a cleaner, fairer and more efficient CRT industry through the creation of a fully integrated, end-to-end digital platform whilst also delivering on its five growth pillars.

In recent years, the CRT market in the CEE region across payments and mobility solutions has benefitted from various supportive market trends:

- **Digitalisation of the CRT industry:** approximately 96% of the industry's SMEs have fewer than 50 employees as well as limited resources and capability to scale up. This results in the opportunity to provide a diversified customer base with modern tools leveraging digitisation and connectivity:
  - back-office functions for SMEs represent a material cost element of the overall operation. As with many industries, the CRT industry is seeing an increase in penetration of digital solutions for back-office functions such as accounting, finance, fleet management and human resources which drives operational and financial efficiencies;
  - with increased digital freight forwarding (“DFF”) penetration, intermediary platforms can connect shippers and hauliers in real time using online technology and data. Eventually, a significant increase in total CRT volume could be undertaken through DFF, further improving efficiency and reducing empty loads;
  - digitalisation and growth in DFF are expected to enable digital payment solutions which can increase the penetration of alternative payment methods like the Group's fuel and toll cards or alternative payment methods. These could constitute up to 60-80% of all payments; and
  - a rise in digital payments, enabling increased penetration of financing and tailored working capital (and other types of) financing whereby CRT customers' capital needs are addressable by short-term financing providers.
- **Rise of integrated solutions:** the day-to-day job of dispatchers, fleet managers and accountants is difficult especially if working with a fragmented tool set and while facing ever changing conditions on the road, in the market and navigating complex regulation. Therefore, businesses are looking for integrated solutions via a single platform or application resulting in operational efficiency and financial stability.
- **Expansion of road mobility market:** the serviceable addressable market has the potential to reach €25-40bn with the introduction of digitised and integrated additional payment and mobility solutions.
- **Push towards net zero:** there is increasing pressure from stakeholders for businesses to set out and implement strategies to shift towards net zero. Digital solutions support greater energy efficiency and Eurowag provides its innovative solutions to empower the CRT industry's transition to a low-carbon future.

The Group's management believes that a one-stop-shop experience encompassing payments and mobility solutions, as well as financial services and digital freight forwarding, will optimally position Eurowag as the preferred platform for customers across the CEE region, including CRT customers, merchants, partners, freight forwarders, shippers and others.

The Group's transformational investment programme is focused on the development of the necessary technology to expand the existing suite of products and services to complete its offering as the first fully integrated end-to-end digital platform for the CRT industry, particularly in terms of financing and DFF solutions. The recent strategic partnership with JITpay™ Group has built on one key component of this one-stop-shop approach with the addition of invoice discounting, digitised billing and receivables management solutions.

However, the Group believes that in order to maximise the opportunity, it must offer the leading platform. In addition, the Enlarged Group must ensure its platform is underpinned by the largest bank of trucking data to constantly drive customer efficiency, while helping the Enlarged Group to improve its products and services.

Eurowag's existing products produce a wealth of data, which the Group uses to gain further insights into its customers' needs, enabling it to serve them better, develop new products, improve existing solutions, and cross-sell and up-sell additional solutions that will also enhance the user experience, driving customer retention, driver wellbeing and revenue growth.

Inelo will roughly double the vehicle base from which the Group collects data, which will help to underpin Eurowag's offering by ensuring the data it uses is significantly ahead of that of its nearest competitors in breadth and quality.

### ***Increasing customer life-time value and retention***

The Group is focused on customer retention through a self-reinforcing business model aimed at addressing its customers' pain points and in turn, optimising their business performance along the way, creating a virtuous cycle. For example, the Group's outstanding average net revenue retention between 2017 and 2021 of over 110% is testament to its ability to drive growth from existing customers through its product offering and customer engagement. The Group offers a comprehensive step-by-step customer acquisition approach through providing payments and mobility combined with working capital financing solutions to address the numerous pain points of small and mid-size operators in the CRT industry. It is also able to drive improvements in efficiency for its customers and become integral to their operations, thereby strengthening its competitive moat.

Inelo's leading product offering delivers subscription-based revenues of approximately 80% of total revenues across its customer base. This highlights how the mission critical nature of Inelo's product offering and its excellent customer engagement drive customer loyalty. Approximately 30% of Inelo's customers hold more than one product and deliver 55% of its revenues, which highlights the benefits of the manner in which its FMS and WTM products have the potential to underpin further growth from its existing customers through cross-selling of additional products.

Eurowag's longstanding ambition to create a one-stop-shop fully integrated mobility platform is embedded in the Group's belief that the provision of a full product suite addressing all of the pain points of customers in the CRT industry combined with seamless technology, a data-driven digital platform and high-quality customer service, will drive customer loyalty, products and services per customer and ultimately customer life-time value. To this end, the Proposed Acquisition adds WTM to Eurowag, an additional mission critical product suite that complements Eurowag's existing mission critical payments products, significantly grows the data bank that underpins the seamless technology offering and delivers a loyal customer base. The network effects derived from the Proposed Acquisition will therefore drive increased services per customer, higher customer retention rates and a greater customer life-time value.

### ***Compelling financial returns***

In addition to delivering on many of Eurowag's strategic objectives, the Board places great importance in ensuring that the financial profile of any acquisition is additive to the Group and delivers compelling returns to shareholders over the short to medium term.

Inelo offers a compelling headline financial profile, delivering revenues of €26.4 million for the 12 months ended 31 December 2021, representing year-on-year growth of 38.5%. This growth was underpinned by long-term market tailwinds of increased regulation and digitisation of the CRT industry, as well as the successful execution of Inelo's M&A strategy.

In September 2021, the Inelo Group completed the acquisition of Napredna telematika d.o.o. ("CVS" and, together with its subsidiaries, the "CVS Group"), which delivered four months of financial impact to Inelo during 2021.

For the year to 31 December 2021, Inelo delivered Adjusted EBITDA of €10.9 million with an Adjusted EBITDA margin of 41.4%.

<u>All figures EURm</u>	<b>Inelo Key Financial Information</b>	
	<u>2020</u>	<u>2021</u>
<b>Revenue</b> . . . . .	19.1	26.4
<i>Year on Year Growth</i> . . . . .	3.7%	38.5%
<b>Adjusted EBITDA</b> . . . . .	8.2	10.9
<i>Adjusted EBITDA Margin</i> . . . . .	43.0%	41.4%

Inelo's revenues are also largely derived from subscription-based revenues which are recurring in nature and make up approximately 80% of its overall revenues. For the six months ended 30 June 2022, approximately 50% of Inelo's revenues were derived from FMS, 14% from WTM software, 30% from WTM outsourcing and 6% from TMS. Inelo's revenues will sit within the Enlarged Group's mobility solutions segment following Completion and will, therefore, materially increase the proportion of the Enlarged Group's revenues derived from mobility solutions with approximately 40-50% of future revenue expected to be generated by the Enlarged Group's mobility solutions division in the near term.

Following Completion, Eurowag anticipates it will be able to deliver significant cross-selling and up-selling of Eurowag products to Inelo customers and vice versa. The Proposed Acquisition is expected to

deliver double digit adjusted earnings accretion in the first full year of Eurowag's ownership with accretion expected to rise in subsequent years as the Enlarged Group delivers on the revenue cross-selling opportunities.

Inelo will continue to operate as standalone business and to offer its products under Inelo's existing brands following Completion, while also offering certain Eurowag products (primarily fuel, toll, tax refund and financial services) in order to realise the anticipated cross-selling potential of the Inelo customer portfolio. Inelo's products, operations, IT and back office functions will be integrated into the Group in order to further realise the anticipated benefits of the Proposed Acquisition and the Group will enhance its product offering based on Inelo's capabilities, including in the WTM and TMS product areas.

### 3. Information on the Inelo Group

Founded in 2002, the Inelo Group is a leading CEE "one-stop-shop" provider of integrated transport technology solutions to the CRT industry with a highly attractive financial profile driven by the increasing digitisation of CEE markets, as well as greater complexity around international transport. Its technology solutions are largely centred around telematics products which focus on fleet monitoring, driving time analysis and transport management.

Inelo has built a loyal customer base of approximately 8,500 customers and approximately 87,000 connected trucks. Inelo offers its customers a one-stop-shop solution through its four key product areas:

- FMS (approximately 50% of revenue for the six months ended 30 June 2022):
  - proprietary telematics solution enabling fleet management and GPS vehicle monitoring which allows businesses to efficiently manage their fleet's routing and utilisation as well as optimise the cost of fuel with approximately 87,000 connected trucks;
- WTM software (approximately 14% of revenue for the six months ended 30 June 2022):
  - proprietary software enabling analysis and settlement of drivers' working time with approximately 100,000 drivers settled monthly;
  - continuously updated to reflect the latest regulations creating unique sales proposition in an environment of dramatically changing regulations;
  - used by 23 EU public authorities;
- WTM outsourcing (approximately 30% of revenue for the six months ended 30 June 2022):
  - outsourced solution for driving time analysis, settlement as well as support in administrative appeals with approximately 60,000 drivers settled monthly;
  - premium, high-quality service with real competitive advantage based on experience and efficiency in dealing with EU wide authorities; and
- TMS (approximately 6% of revenue for the six months ended 30 June 2022):
  - TMS with broad offering, including transport route planning, deliveries coordination and drivers control with over 10,000 vehicles currently using this software; and
  - allows optimal fleet utilisation and management of profitability level.

In September 2021, the Inelo Group completed the acquisition of CVS for approximately €23.2 million in aggregate, which delivered four months of financial impact to Inelo during the financial year ended 31 December 2021. This followed the acquisition by Inelo of Marcos BIS sp. z o.o., the manufacturer of transport management software, TMS Navigator, for approximately €3.1 million in May 2020. In September 2022, Inelo entered into an agreement to acquire a majority stake in FireTMS.com sp. z o.o. ("FireTMS"), a leading Polish provider of TMS solutions to the CRT industry primarily in the CEE region, for approximately €8.3 million (subject to certain adjustments) and the acquisition was completed on 8 February 2023.

For the 12 months ended 31 December 2021, Inelo generated profit before tax of €1.4 million with assets of €125.3 million.

#### 4. Financial effects of the Proposed Acquisition

The Proposed Acquisition is expected to deliver double digit adjusted earnings accretion in the first full year of Eurowag’s ownership of the Inelo Group with accretion expected to rise in subsequent years as the Enlarged Group delivers on revenue cross-selling opportunities.

The Proposed Acquisition will significantly diversify the Enlarged Group’s revenue base with approximately 40–50% of future revenue expected to be generated by the Enlarged Group’s mobility solutions segment in the near-term, which has lower operational gearing, but generates naturally more recurring revenues. Subscription-based revenue contribution is therefore also expected to increase significantly, strengthening the Enlarged Group’s revenue resilience. Consequently, the change in the revenue mix may impact the pace of the margin expansion of mid-forties trending to high-forties per cent. over the medium-term. The Group continues to expect transformational capex to be €50 million in aggregate for 2022 to 2023 and ordinary capex to be approximately a high single digit percentage of net revenue over the medium term.

An unaudited pro forma statement showing the effect of the Proposed Acquisition (including the drawdown under the Company’s existing debt facilities to part fund the Proposed Acquisition) on the net assets of the Company as if the Proposed Acquisition had taken place on 30 June 2022 is set out in Part 6 (*Unaudited Pro Forma Statement of Net Assets for the Enlarged Group*).

For illustrative purposes only, the Proposed Acquisition would have resulted in pro forma net assets of the Company of €293.6 million had the Proposed Acquisition taken place on 30 June 2022.

Eurowag expects to exceed the top end of its leverage target by approximately half a turn of Adjusted EBITDA pro forma on Completion, and return back to the average leverage target range of 1.5x to 2.5x in the near term. As set out at the time of Eurowag’s IPO, the Group retains the flexibility to go above this range when undertaking strategically and financially attractive acquisitions. The Group is confident in the deleveraging profile of the Enlarged Group and expects net leverage to be within the medium-term target range in the near-term.

#### 5. Current trading and prospects

##### 5.1 The Group

On 19 January 2023, Eurowag released a trading update for the twelve months ended 31 December 2022 (the “Q4 Trading Update”), extracts of which are set out below:

- “Net revenue for the full year is expected to be at least €189m (FY 2021: €153m). This represents a year-on-year growth rate of approximately 24%, demonstrating the resilience of our business model and the importance of our mission critical solutions to the CRT industry, despite the challenging macroeconomic environment.<sup>1</sup>
- Organic net revenue, excluding the acquisition of Webeye, is expected to be at least €181m, representing year-on-year growth of approximately 18%, in-line with medium term guidance.

	Net revenue (€m)		Year-on-year growth (%)	Organic revenue <sup>2</sup> (€m)	Organic year-on-year growth (%)
	Unaudited FY 2022	Audited FY 2021		Unaudited FY 2022	
Payment solutions . . . . .	<u>134</u>	<u>113</u>	<u>19</u>	<u>133</u>	<u>18</u>
Mobility solutions . . . . .	<u>55</u>	<u>40</u>	<u>38</u>	<u>48</u>	<u>20</u>
<b>Total . . . . .</b>	<u><b>189</b></u>	<u><b>153</b></u>	<u><b>24</b></u>	<u><b>181</b></u>	<u><b>18</b></u>

- The Group’s solid financial performance was underpinned by strong operational performance. At the end of FY 2022:<sup>1</sup>
  - The average number of payment solutions active customers rose year-on-year by 13% to 16,900 (FY 2021: 15,020);
  - The average number of payment solutions active trucks rose 7% to 88,100 (2021: 82,640).

Notes:

1. Please note the numbers are unaudited and are therefore preliminary. Final 2022 audited results for the Group are expected to be published on 16 March 2023.
2. Organic revenue excludes net revenues from our Webeye acquisition.

[...]

Looking ahead, there continues to be elevated risks and uncertainty with respect to the future of the European economy. That being said, as a result of Eurowag's compelling strategy and resilient business model, the Board continues to expect over the medium-term to deliver annual organic net revenue growth of between high-teens and low-twenties percent. Following the completion of the proposed Inelo acquisition the change in revenue mix may impact the pace of adjusted EBITDA margin trending from mid-forties into the high-forties over the medium-term. However, the revenue contribution from the mobility solutions segment is expected to increase substantially, strengthening the Group's subscription-based revenues."

## 5.2 Inelo Group

Inelo experienced strong revenue growth during the 12 months ended 31 December 2022 driven by, amongst other things, the introduction of E-Toll (a new tolling system) in Poland in Q4 2021, resulting in a significant increase in demand for GPS devices as well as further benefitting from regulatory changes pursuant to the EU mobility package introduced in February 2022, which drove growth in demand for WTM products. Marcos (which is fully consolidated in the 2021 reporting period for Inelo) also enjoyed strong revenue growth during this period driven primarily by increased services revenues, including maintenance fees, from a combination of both organic volume growth (driven by increased efficiency of Marcos as well as Inelo sales force) and inflationary price increases. Inelo's organic revenue growth (excluding any contribution from CVS) for the 12 months ended 31 December 2022 is expected to be around twice that of Eurowag's organic growth for the comparable period.

CVS (which was acquired in September 2021 and is consolidated into the Inelo financial information for the 12 months ended 31 December 2021 for the last four months of that period), has also benefitting from strong growth during the 12 months ended 31 December 2022, driven primarily by increasing subscription services following successful take-up of their technology from customers in the prior year. CVS's organic revenue growth is expected to be in line with Eurowag's organic revenue growth for the 12 months ended 31 December 2022.

The consolidated Inelo Group's Adjusted EBITDA margins are expected to continue to remain in-line with historical performance.

In September 2022, Inelo entered into an agreement to acquire a majority stake in FireTMS, a leading Polish provider of TMS solutions to the CRT industry primarily in the CEE region, for approximately €8.3 million (subject to certain adjustments) and the acquisition was completed on 8 February 2023.

## 5.3 Outlook

Whilst Eurowag has navigated with confidence through the challenging environment, the Board notes that there are elevated risks and uncertainties with respect to the future of the European economy, and potential impacts of the sanctions related to imports of Russian oil introduced by the United Kingdom, the United States, the European Union and other countries.

Notwithstanding these headwinds, following the Completion, Eurowag expects to continue to deliver organic net revenue growth of between high teens and low twenties per cent over the medium-term.

The acquisition of Inelo significantly increases the revenue contribution to the Group from the mobility solutions segment, which has lower operational gearing, but generates naturally more recurring revenues. Consequently, the change in the revenue mix may impact the pace of the margin expansion of mid-forties trending to high-forties per cent over the medium-term.

The Group continues to expect transformational capex to be €50m in aggregate for 2022 to 2023 and ordinary capex to be approximately a high single digit percentage of net revenue over the medium term.

The Group expects to exceed the top end of its leverage target by around half a turn of adjusted pro-forma EBITDA on completion of the acquisition of Inelo, and return back to the leverage target range of 1.5x to 2.5x in the near term.

## 6. Principal terms of the Proposed Acquisition

On 24 October 2022, Innova, ETH and the Minority Sellers entered into the Acquisition Agreement pursuant to which W.A.G. payment solutions a.s. (the “**Purchaser**”) has agreed to acquire and the Sellers have agreed to sell all of the outstanding issued share capital of Grupa Inelo S.A. The Acquisition Agreement is governed by Polish law.

The consideration for the Proposed Acquisition is based on an enterprise value for Inelo of up to €306 million, made up of an agreed equity cash consideration of approximately €224 million and adjusted net debt of approximately €70 million, of which approximately €54 million of debt will be repaid on or around Completion (all such amounts being subject to certain closing adjustments).

There is also a deferred consideration of up to €12.5 million which is payable where Inelo’s Adjusted EBITDA for the 12 months ended 31 December 2022 is €18 million or higher.<sup>3</sup>

Completion is conditional, amongst other things, upon:

- the passing of a resolution approving the Proposed Acquisition by shareholders of the Company at a general meeting convened for such purpose; and
- receipt of a pay-off letter in relation to Inelo’s existing financial indebtedness (together the “**Conditions**”).

In the event that the Conditions are not satisfied or otherwise waived by 24 March 2023 (the “**Long Stop Date**”), each of Innova and the Purchaser shall have the right to terminate the Acquisition Agreement for a period of 30 business days following the Long Stop Date.

The Purchaser is entitled to terminate the Proposed Acquisition in the event of: (i) a material adverse effect relating to Inelo occurring; (ii) the escalation of the Russian invasion of Ukraine resulting from an attack by Russia or Belarus on the territory of, or declaration of war against, any NATO member, Sweden, Finland, Austria or Ireland; or (iii) a breach of certain fundamental warranties by the Sellers relating to capacity, title to the shares and insolvency. The Sellers’ liability under the Acquisition Agreement is several and not joint.

Innova and the Purchaser each have the right to terminate the Acquisition Agreement within 60 business days if the Completion actions under the Acquisition Agreement are not performed. In the event that the Acquisition Agreement is terminated due to the Purchaser having failed to procure Eurowag shareholder approval for the Proposed Acquisition in accordance with the terms of the Acquisition Agreement, a break fee of €6 million will be payable by the Purchaser to the Sellers.

Pursuant to the terms of the Acquisition Agreement, the Sellers have agreed to procure that the CVS Group completes certain steps prior to Completion identified following a review by external IT consultants in order to upgrade its IT systems and security protocols, including redesigning, segregating and upgrading its network system, updating firewalls and filtering functions, implementing multi-factor authentication, installing additional antivirus applications, improving logging and monitoring, implementing enhanced back-up processes and ensuring all employees and contractors of the CVS Group undergo security training.

These steps are being implemented following a cyber-attack that was effected on the IT network of entities within the CVS Group on 9 September 2022 (the “**CVS Cyber-attack**”). The attackers used unauthorised access to introduce malware into the CVS Group’s IT network, encrypting certain files and applications, before demanding payment for decryption. Following encryption, there was no further contact with the attackers. Although operational capability was quickly restored and the attack did not result in any material impact on the business of the CVS Group, the cyber-attack resulted in the permanent encryption of certain information (and back-up information) relating to the CVS Group, including financial records. The only potential means of replacing the encrypted information is through a manual recreation of accounts from thousands of records, for which there is no guarantee of completeness and accuracy. As a result of the CVS Cyber-attack, the CVS Group has been unable to prepare consolidated historical financial information for the CVS Group for the years ended 31 December 2021, 31 December 2020 or 31 December 2019, and instead has included the historical financial information for CVS Mobile (on a company-only basis), the CVS Group’s main trading entity, for the years ended 31 December 2021 and 31 December 2020 (the historical financial information for the year ended 31 December 2019 is not

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<sup>3</sup> This will be calculated based on a fixed EUR/PLN exchange rate of 4.6 and based on the audited financial information of Inelo for the year ending 31 December 2022 prepared and audited in accordance with Polish GAAP and other applicable accounting rules applying specific policies agreed among the parties.

capable of being audited). Under the Acquisition Agreement, the Sellers have also agreed to indemnify Inelo from any future losses relating to the CVS Cyber-attack, subject to certain financial caps.

A summary of the Acquisition Agreement, including the conditions precedent to Completion, is set out in Part 4 (*Summary of the Acquisition Agreement*) of this document.

## **7. Irrevocable Undertakings**

Martin Vohánka, TA Associates and certain members of the Board who hold shares have each irrevocably undertaken to vote the Ordinary Shares in which they are interested in favour of the Resolution and such undertakings, collectively, represent in excess of the minimum voting rights required to pass the Resolution.

## **8. Risk factors**

Whilst the Directors consider the Proposed Acquisition to be in the best interests of the Company and its Shareholders as a whole, there are a number of potential risks and uncertainties that Shareholders should consider before voting on the Resolution. Your attention is drawn to the further discussion of certain of these risks and uncertainties set out in Part 3 (*Risk Factors*) of this document.

## **9. General Meeting**

Completion of the Proposed Acquisition is conditional upon, amongst other things, Shareholders' approval being obtained at the General Meeting. Accordingly, you will find set out at the end of this document a notice convening a General Meeting to be held at Third Floor (East), Albemarle House, 1 Albemarle Street, London, W1S 4HA, United Kingdom at 1.30 p.m. on 9 March 2023 at which the Resolution will be proposed to approve the Proposed Acquisition. The Resolution is set out in full at the end of this document in the Notice of General Meeting. As a Class 1 transaction for the purposes of the Listing Rules, the Proposed Acquisition may only be completed if it is first approved by Shareholders. The Resolution requires the approval of Shareholders representing a simple majority of the votes cast (in person or by proxy) at the meeting in order to be passed.

## **10. Action to be Taken**

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Please complete, sign and return the Form of Proxy as soon as possible in accordance with the instructions printed thereon. Whether or not you intend to be present at the General Meeting, you are requested to complete the enclosed Form of Proxy and return it to the Company's registrars, Computershare, The Pavilions, Bridgwater Road, Bristol, Avon, BS13 8AE so as to arrive as soon as possible and in any event no later than 48 hours before the time appointed for the General Meeting. Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you subsequently find that you are able to be present.

If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Company's Registrar, Computershare (CREST participant ID 3RA50), by no later than 1.30 p.m. on 7 March 2023 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

Proxy appointments may also be submitted via the internet at [www.eproxyappointment.com](http://www.eproxyappointment.com) so that the appointment is received by no later than 1.30 p.m. on 7 March 2023 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

Unless the Form of Proxy, CREST Proxy Instruction or an electronic registration of proxy appointment (as applicable) is received by the relevant date and time specified above, it will be invalid. Completion and return of the Form of Proxy, the submission of a CREST Proxy Instruction or an electronic registration of a proxy appointment will not preclude you from attending and voting in person at the General Meeting if you wish to do so and are so entitled.

## **11. Further information**

Your attention is drawn to the further information contained in Part 3 (*Risk Factors*) to Part 8 (*Definitions and Glossary*) of this document. Shareholders should read the whole of this document and not rely solely on information summarised in this letter.

## **12. Financial advice**

The Directors have received financial advice from Jefferies in respect of the Proposed Acquisition. In providing advice to the Directors, Jefferies has relied on the Board's commercial assessment of the Proposed Acquisition.

## **13. Recommendation**

The Board considers the Proposed Acquisition to be in the best interests of the Shareholders as a whole. Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolution, as the Directors holding Ordinary Shares intend to do so in respect of their own beneficial holdings of 329,718,085 Ordinary Shares, representing approximately 47.86 per cent. of the Company's issued share capital as at the Latest Practicable Date.

Yours faithfully

Paul Manduca  
*Chair*

## PART 3

### RISK FACTORS

*Prior to making any decision to vote in favour of the Resolution, Shareholders should carefully consider all the information contained in this document, including, in particular, the specific risks and uncertainties described below. The risks and uncertainties set out below are those which the Directors believe are the material risks relating to the Proposed Acquisition, material new risks to the Enlarged Group as a result of the Proposed Acquisition or existing material risks to the Group which will be impacted by the Proposed Acquisition. If any, or a combination, of these risks actually materialise, the business operations, financial condition and prospects of the Group and the Enlarged Group, as appropriate, could be materially and adversely affected.*

*The risks and uncertainties described below are not intended to be exhaustive and are not the only ones that face the Group or the Enlarged Group.*

*The information given is as at the date of this document and, except as required by the FCA, the London Stock Exchange, the Listing Rules and DTRs (and/or any regulatory requirements) or applicable law, will not be updated. Additional risks and uncertainties not currently known to the Directors, or that they currently deem immaterial, may also have an adverse effect on the business, financial condition, results of operations and prospects of the Group and the Enlarged Group. If this occurs, the price of the Ordinary Shares may decline and Shareholders could lose all or part of their investment.*

*Shareholders should read this document as a whole and not rely solely on the information set out in this Part 3 (Risk Factors).*

#### **(1) Risks relating to the Proposed Acquisition**

***The Proposed Acquisition is subject to certain conditions which may not be satisfied or waived, as well as certain termination rights, and therefore the Proposed Acquisition may not proceed.***

The Proposed Acquisition is subject to the satisfaction of a number of conditions, including Eurowag shareholder approval. In the event that these conditions are not satisfied or otherwise waived on or prior to 24 March 2023, each of Innova and the Purchaser shall have the right to terminate the Acquisition Agreement for a period of 30 business days following such date. There can be no assurance that these conditions will be satisfied by the relevant time or that Completion will occur. In the event that the Proposed Acquisition does not proceed, the Group will have incurred significant costs and lost management time in connection with the Proposed Acquisition and will also not realise any anticipated benefits of the Proposed Acquisition.

In addition, the Proposed Acquisition is subject to certain other termination rights under the Acquisition Agreement. The Purchaser is entitled to terminate the Proposed Acquisition in the event of: (i) a material adverse effect relating to the Inelo Group; (ii) an escalation of the Russian military action against Ukraine resulting from an attack by Russia or Belarus on the territory of, or declaration of war against, any NATO member, Sweden, Finland, Austria or Ireland; or (iii) a breach of certain fundamental warranties by the Sellers relating to capacity, title to the shares and insolvency. If any such termination right is exercised, the Proposed Acquisition will not proceed and the Group will not realise any anticipated benefits of the Proposed Acquisition.

***A break fee may be payable by the Group if the Proposed Acquisition does not proceed.***

In the event that the Acquisition Agreement is terminated due to the Purchaser having failed to procure Eurowag shareholder approval for the Proposed Acquisition in accordance with the terms of the Acquisition Agreement, a break fee of €6 million will be payable by the Purchaser to the Sellers.

***Acquisition-related costs may exceed Eurowag's expectations.***

Eurowag expects to incur costs in relation to the Proposed Acquisition, including integration and post-Completion costs in order to successfully combine the operations of the Group and the Inelo Group. The actual costs of the integration process may exceed those estimated and there may be further additional and unforeseen expenses incurred in connection with the Proposed Acquisition. In addition, Eurowag expects to incur legal, accounting, financing and transaction fees and other costs of approximately €8.3 million in connection with the Proposed Acquisition, most of which are payable whether or not the Proposed Acquisition is completed. These factors could materially adversely affect the Enlarged Group's results of operations.

***The Enlarged Group may experience difficulties in integrating the Inelo Group business into the Group***

The Group and the Inelo Group currently operate and, until Completion, will continue to operate, as two separate and independent businesses. Following Completion, these two separate businesses will be integrated to form the Enlarged Group. The success of the Proposed Acquisition will depend on the effectiveness of this integration process and the ability of the Enlarged Group to realise the anticipated benefits of the Proposed Acquisition. Some of the potential challenges in integrating the business of the Inelo Group into the Group may not become known until after Completion. The process of integration could potentially lead to the interruption of the existing operations of the businesses, or a loss of customers, suppliers or key personnel, which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and future prospects. Any delays or difficulties encountered in connection with the integration of the businesses may also lead to reputational damage to the Enlarged Group.

***Existing customers of the Inelo Group may seek to reduce their business with the Inelo Group or re-negotiate or terminate their contracts as a result of the Proposed Acquisition***

The Proposed Acquisition may result in Inelo Group customers seeking to reduce their business with the Inelo Group or re-negotiate or amend the terms of their existing contracts, terminating their contracts early or failing to renew their contracts at a future date, each of which could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and future prospects, as well as relationships with other customers and suppliers. As the Proposed Acquisition remains subject to a number of conditions and Completion is, therefore, subject to uncertainty, the Inelo Group's customers and suppliers may decide to delay or defer decisions relating to the Inelo Group until after Completion, which could adversely impact the Inelo Group's business, financial condition, results of operations and future prospects in the period prior to Completion.

***The Proposed Acquisition could have a negative impact on Inelo Group employee retention levels and key employees of the Inelo Group may seek to terminate their employment***

The Proposed Acquisition could have a negative impact on Inelo Group employee retention levels and may result in key employees of Inelo and other Inelo Group companies seeking to terminate their employment with the Inelo Group or, following Completion, the Enlarged Group. This could lead to difficulties in integrating the Inelo Group's business and, as a result, increased costs associated with such integration, as well as negatively impact the Inelo Group and, following Completion, the Enlarged Group's business, financial condition, results of operations and future prospects, and could also have an adverse effect on relationships with customers, other employees and suppliers.

***The Enlarged Group may not realise, or it may take longer than expected to realise, the expected benefits of the Proposed Acquisition***

The Enlarged Group may be unable to achieve the benefits that the Group anticipates will arise as a result of the Proposed Acquisition as quickly or to the extent anticipated or at all, including the additional assets and product lines, growth and cross-selling opportunities, revenue diversification and strategic and other benefits the Group expects to achieve as a result of the Proposed Acquisition. To the extent that the Group is not able to achieve some or all of the benefits of the expected Proposed Acquisition or it takes longer than expected to realise such anticipated benefits, whether as a result of difficulties in integrating the Inelo business, the costs associated with integration or for any other reason, the Enlarged Group's business, financial condition, results of operations and future prospects may be negatively impacted and this could have an adverse effect on relationships with customers, employees, suppliers and other market participants.

***The ongoing military action between Russia and Ukraine could adversely affect the implementation, or anticipated benefits, of the Proposed Acquisition.***

In late February 2022, Russian military forces launched a military action against Ukraine and a sustained conflict and disruption in the region is likely. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict has led, and could continue to lead, to significant market and other disruptions, including significant volatility in commodity prices, financial markets, supply chain interruptions, changes in consumer or purchaser preferences as well as increase in cyber-attacks and espionage. Following the full scale invasion into Ukraine by Russian troops and the imposition of sanctions by the United Kingdom, the United States, the European Union and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic, Brent oil prices rose sharply reaching a multi-year high of US\$128.0/bbl in March 2022 and this

contributed to significant disruptions in energy supply and demand in Europe, widespread increases in energy prices for consumers and inflation due to increased energy prices.

Each of the Group and the Inelo Group operate in the CRT industry and, therefore, may be exposed to the impact of fuel price volatility caused by the ongoing military action between Russia and Ukraine and associated disruptions in fuel supply or demand. Further increases in fuel prices may result in decreased demand by customers for the products and services provided by the Group, the Inelo Group and, following Completion, the Enlarged Group. In addition, each of the Group and the Inelo Group operate in countries bordering Ukraine, in particular Poland (which is both the largest CRT market in Europe and Inelo's largest market). Any escalation of the geographic scope of the conflict in Ukraine could negatively impact the Group, the Inelo Group and, following Completion, the Enlarged Group's business, financial condition, results of operations and future prospects, and could adversely affect relationships with customers, employees, suppliers and other market participants.

A significant portion of the Group's net revenues are also derived from its energy payment solutions, which buys fuel from refineries, large distributors and acceptance partners, selling it to its customers. While the Group's margin pricing model generally allows it to limit its exposure to fuel price volatility and protect its margins by passing any price increases or decreases to customers, the Group and, following Completion, the Enlarged Group may be impacted by fuel price volatility if customer price sensitivity results in reduced customer demand. Such price volatility may result from the ongoing military action in Ukraine and related disruptions in supply and demand, increased levies and taxation (including "windfall" taxes) or other geopolitical events. Any such decrease in the volume of fuel purchased by customers may contribute to a decline in the Enlarged Group's net revenues.

The Group and, following Completion, the Enlarged Group, may also be exposed to the implementation of taxation levies (or "windfall" taxes) imposed by governments on energy sector profits deemed to have benefited from geopolitical events, including supply and demand disruptions. Countries including the UK, Spain, Italy and Greece have recently introduced such taxes in response to the supply and demand disruptions resulting from the conflict in Ukraine, although generally relating to profits made by companies involved in extracting oil and gas and not solely from direct sales of fuel to consumers. If any such tax was introduced which did expose the Group and, following Completion, the Enlarged Group to higher levies, it could affect the Group's and, following Completion, the Enlarged Group's business, financial condition, results of operations and future prospects.

In addition, the Acquisition Agreement may be terminated in certain circumstances where there is an escalation of the Russian military action against Ukraine resulting from an attack by Russia or Belarus on the territory of, or declaration of war against, any NATO member, Sweden, Finland, Austria or Ireland and, in such case, the Group will not realise any anticipated benefits of the Proposed Acquisition.

The Group is actively monitoring the situation in Ukraine and assessing the impact on its business, and, following Completion, the Enlarged Group will continue to do so. The extent and duration of the military action in Ukraine, the impact of sanctions on Russian oil and gas and resulting market disruptions and uncertainty in fuel prices could be significant and could potentially have substantial impact on the global economy, oil, gas and fuel prices and the Enlarged Group's business, in each case for an unknown period of time. Any of these factors could affect the Enlarged Group's business, financial condition, results of operations and future prospects and may also magnify the impact of other risks described in this Circular.

***The risks of executing the Proposed Acquisition could cause the market price of the Ordinary Shares to decline.***

The market price of the Ordinary Shares may decline as a result of the Proposed Acquisition if, among other reasons, the Proposed Acquisition does not proceed, the integration of the Inelo Group's business is delayed or unsuccessful, Eurowag does not achieve the expected benefits of the Proposed Acquisition as quickly or to the extent anticipated or at all, the effect of the Proposed Acquisition on the Group's financial results is not consistent with the expectations of investors, or Shareholders sell a significant number of Ordinary Shares following Completion.

## **(2) Risks relating to the Enlarged Group**

***The Enlarged Group will have increased debt financing as a result of the Proposed Acquisition.***

The consideration for the Proposed Acquisition payable by the Purchaser pursuant to the Acquisition Agreement will be partly funded from the Group's existing debt resources. Following Completion, this will

increase the indebtedness of the Enlarged Group due to the drawing on existing facilities. The Enlarged Group will, accordingly, be required to service interest payments in respect of the increased indebtedness. In addition, central bank interest rates in Europe, the UK, the United States and elsewhere have risen significantly in recent months and could continue to rise significantly in the future in the jurisdictions where the Group, Inelo Group and, following Completion, the Enlarged Group operates, thereby increasing the Enlarged Group's costs of debt financing and reducing its cash flows available for other purposes. There can be no assurance that, if increased indebtedness persists for the Enlarged Group, this will not have an impact on the Enlarged Group's ability to refinance the Enlarged Group's existing financing arrangements on terms that are no worse, or at all. Any increase in the cost, or lack of availability, of debt financing could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and future prospects. Eurowag expects to exceed the top end of its leverage target by approximately half a turn of Adjusted EBITDA pro forma on Completion, and return back to the average leverage target range of 1.5x to 2.5x in the near term. As set out at the time of IPO, the Group retains the flexibility to go above this range when undertaking strategically and financially attractive acquisitions. Whilst Eurowag is confident in the deleveraging profile of the Enlarged Group and expects net leverage to be within the medium-term target range in the near-term, there can be no guarantee that this will be achieved or on what timeframe.

***Following Completion, the Enlarged Group may be subject to additional merger approval requirements or foreign investment review regulations in connection with future acquisition opportunities.***

In light of the Group's existing presence in Poland, the largest CRT market in Europe, as well as Slovenia, and the Inelo's Group's business, in particular in Poland and Slovenia, the pursuit of future acquisition opportunities that would increase the Enlarged Group's market share in these countries or the wider CEE region may result in additional requirements to obtain merger approvals from the relevant competition authorities under antitrust regulations. In addition, such future acquisition opportunities may be subject to governmental oversight and review under foreign investment review regulations. If any such merger approvals or foreign investment clearances are required, the Enlarged Group may be required to comply with certain conditions or remedies in order to complete such acquisitions or may not succeed in acquiring companies or assets.

***Following the Proposed Acquisition, the Enlarged Group will have increased exposure to fluctuations in foreign currency exchange rates that could affect the Enlarged Group's operating profit before tax.***

The Enlarged Group will have increased exposure to fluctuations in foreign currency exchange rates as a result of the additional scale added to the Group by the Proposed Acquisition. The Group currently operates in approximately 30 countries, covering most of Europe, and earns revenue, pays expenses, owns assets and incurs liabilities in certain countries using currencies other than the euro. The functional currencies of the various Group entities include, in particular, the euro, Czech Koruna, Polish Zloty, Hungarian Forint, Romanian Leu, Bulgarian Lev, Turkish Lira, British Pound, Danish Krone, Croatian Kuna, Swiss Franc, Swedish Krona, Norwegian Krone and Serbian Dinar.

The Proposed Acquisition will scale the Enlarged Group's presence in several countries, including Poland, Croatia and Serbia, increasing its exposure to foreign currency fluctuations. The PLN has, for example, experienced volatility in recent years against the euro and, between January 2020 and October 2022, moved from approximately PLN4.23 to PLN4.8 per euro. As a result, following the Proposed Acquisition, the Enlarged Group will have increased exposure to fluctuations in foreign currency exchange rates and this could affect the Enlarged Group's operating profit before tax.

As the Enlarged Group's consolidated historical financial information will be presented in euro, it will be required to translate revenue, income and expenses, as well as assets and liabilities, into euro at exchange rates measured using the relevant functional currency of each Enlarged Group entity. As a result, increases or decreases in the value of the euro against any other currencies that the Enlarged Group uses to conduct business is likely to affect its revenue, net income and the value of items denominated in those currencies. Accordingly, volatility in such foreign currency exchange rates against the relevant Enlarged Group functional or reporting currency, could result in foreign exchange translation losses (which would be shown as financial costs on the Enlarged Group's consolidated income statement).

In addition, the Group makes certain purchases in currencies different from that of the jurisdictions where it operates. These will continue following completion of the Proposed Acquisition. If the Enlarged Group's currency exposure on certain material cost items were to progress in the future to be out of alignment with its revenues, it could experience significant transaction risk resulting from fluctuations in foreign currency exchange rates between periods, potentially impacting the Enlarged Group's operating cash flows.

***Derivative transactions to hedge foreign currency risks may cause volatility in the Enlarged Group's operating profit before tax.***

Given its exposure to changes in the value of foreign currencies, the Group uses forward currency contracts to hedge foreign currency exposure. As the Group's investments are held by W.A.G. payment solutions a.s., which has a functional currency of CZK, the Group also uses loans denominated in euros to finance acquisitions of its foreign investments in order to further minimise changes in the value of these investments arising from fluctuations in exchange rates. The Proposed Acquisition will scale the Enlarged Group's presence in several countries, including Poland and Serbia, increasing its exposure to foreign currency fluctuations that are relevant for hedging. These foreign exchange forwards, which are entered into with the intention of reducing foreign exchange translation risk on expected sales and purchases as well as on issued and received invoices, are initially recognised at fair value on the date on which the relevant derivative contract is entered into, and subsequently re-measured at fair value, resulting in foreign exchange translation gains or losses on the Enlarged Group's consolidated income statement (recognised as finance income or finance costs, respectively). These foreign currency derivative instruments will, therefore, expose the Enlarged Group to the translation risk of financial loss if, for example, the Enlarged Group unwinds its position before the expiration of the contract, or if there is a significant change in foreign exchange rates between the date the contract is entered into and the balance sheet date on which the translation impact is measured. To the extent that the Enlarged Group's forecasts relating to expected sales and purchases in respect of these foreign currencies are inaccurate, such derivative contracts may be inadequate to protect it against significant changes in foreign currency fluctuations, resulting in losses from the revaluation of derivatives (which will be shown as financial costs on the Enlarged Group's consolidated income statement).

***The Enlarged Group's data, IT systems and networks may be vulnerable to security risks, such as cyber-attacks, data breaches or other leakage of sensitive data, which could adversely affect the business.***

The Group and the Inelo Group each store and collect information and data that is required for regulatory purposes, confidential, sensitive, commercially valuable or subject to data protection laws in the countries in which they operate, including financial and operational data, personal data, spending data, anti-money laundering and related data (such as identification data, destination of transactions, Merchant Category Codes of transactions, scans of identity cards or passports), technical documents of vehicles, credit risk assessment and related data (including those relating to financial statements and credit scoring), routing data from telematics and toll units, and data relating to the number of vehicles. Information and/or data collected and held by the Group and/or the Inelo Group or, following Completion, the Enlarged Group may be compromised in the event of an external security or privacy breach, including as a result of hacking, phishing attacks, ransomware, insider threats, physical breaches or other actions, which could result in data breaches, unauthorised access, the loss or permanent encryption of critical information (including for regulatory purposes), computer viruses and other security issues (despite regular testing, security reviews and training and awareness campaigns).

For example, on the 9 September 2022 a cyber-attack was effected on the IT network of entities within the CVS Group. The attackers used unauthorised access to introduce malware into the CVS Group's IT network, encrypting certain files and applications, before demanding payment for decryption. Following encryption, there was no further contact with the attackers. Although operational capability was quickly restored and the attack did not result in any material impact on the business of the CVS Group, the cyber-attack resulted in the permanent encryption of certain information (and back-up information) relating to the CVS Group, including financial records. Although steps are being taken to further increase the strength of the CVS Group's IT security, there can be no guarantee that information was not exfiltrated during the cyber-attack and will not be publicly disclosed or used for further extortion attempts, or that there will not be future attempts to effect cyber-attacks on the CVS Group, the Inelo Group, the Group and, following Completion, the Enlarged Group. The techniques used in attempts to obtain unauthorised, improper or illegal access to systems, information and data, to degrade service, or to sabotage systems are constantly evolving, difficult to detect quickly, and may not be recognised until after a successful penetration of the relevant information security systems. To the extent there are instances of unauthorised, improper or illegal access to IT systems of the CVS Group, the Inelo Group, the Group and, following Completion, the Enlarged Group, these may result in the permanent encryption, exfiltration, ransom or public disclosure of confidential, sensitive or personal information, and may attract sanctions or financial penalties from relevant regulatory authorities, as well as cause reputational damage.

Unauthorised parties may attempt to gain access to systems or facilities through various means, including, among others, directly targeting systems or facilities or third party vendors or customers, or attempting to

fraudulently induce employees, partners, customers or others into disclosing usernames, passwords, payment card information, or other sensitive information, which may in turn be used to access information technology systems. Such attempts may also include coordinated social engineering and phishing attacks, hacking, ransomware and malware attacks, distributed denial-of-service attacks or physical theft of items containing sensitive data. Such efforts may be state-sponsored, facilitated by competitors or supported by actors with significant financial and technological resources, making them even more difficult to detect.

In addition, as a result of applicable laws, the Group is required by law to take commercially reasonable measures to prevent and mitigate the impact of cyber-attacks, as well as the unauthorised access, acquisition, release and use of “personally identifiable information”. While the customers of the Group and, following Completion, the Enlarged Group, are mostly other businesses, and as a result, personal data constitutes only a small portion of the data expected to be kept by the Enlarged Group, in the event of a security breach it would be required to determine the types of information compromised and determine corrective actions and next steps under the UK General Data Protection Regulation (“GDPR”), which would require it to expend capital and other resources to address the security breach and protect against future breaches. In addition, as the trends towards outsourcing, specialisation of functions, third party digital services and technology innovation within the payments industry increase (including with respect to mobile technologies, tokenisation, big data and cloud storage solutions), there is a likelihood that third parties will become more involved in processing card payment transactions than is presently the case, resulting in heightened risk that the confidentiality, integrity, privacy and/or security of data held by, or accessible to, third parties, including merchants that accept the Enlarged Group’s cards, payment processors and its business partners may be materially compromised, which could lead to unauthorised transactions on such cards and costs associated with responding to such an incident. Any breaches of network or data security at the Enlarged Group’s other partners, some of whom maintain information about the Enlarged Group’s customers, or breaches of its customers’ systems could have similar effects. In addition, the Enlarged Group’s customers could have vulnerabilities on their own computer systems that are entirely unrelated to the Enlarged Group’s systems but could mistakenly attribute their own vulnerabilities to the Enlarged Group. Although following Completion, the Enlarged group will take commercially appropriate steps to safeguard data used by and contained on the systems of its partners, customers and vendors, it cannot control all access to those systems, and they are therefore subject to potential cyber-attacks and fraud.

***The Enlarged Group is subject to strict IT security and data processing regulatory requirements, breach of which could lead to substantial regulatory fines or data subject claims.***

The Enlarged Group will be obligated to comply with strict regulatory requirements with respect to its IT security and data management processes. The required scope of such compliance will be increased by the Proposed Acquisition, including as a result of the Inelo Group’s presence in the telematics sector. Many of these obligations apply widely across many of the jurisdictions where the Group and Inelo Group operate, including from the GDPR, the Payment Services Directive Two—Directive (EU) 2015/2366, Directive 2004/52/EC on the interoperability of EETS and other regulations applicable to IT security or data management processes. While the Group makes every effort to comply with applicable regulations, any failure by the Enlarged Group, or any of the third party service providers on which it relies, to prevent unauthorised access to relevant information, operate its IT security systems and controls (such as platform security, security monitoring or user consent management) in the manner required by relevant regulations or process, store and transmit data in a manner that is consistent with any relevant regulation (including the GDPR), could result in significant liabilities including the withdrawal of licences, closure of its offending business, imposition of significant financial penalties or increased supervision by regulators.

Further, the Enlarged Group’s efforts to comply with existing and future IT security and data processing regulations across Europe are expected to be costly and time-consuming. Incidents involving the Enlarged Group’s handling of regulatory, protected and sensitive information and data may consume significant financial and managerial resources and may damage its reputation, which may discourage customers from using, renewing or expanding their use of the Enlarged Group’s services or platforms. In addition, high profile data breaches or losses could impact consumer behaviour, result in the Enlarged Group being unable to provide regulators with required information, impact the Enlarged Group’s ability to access data to make product offers and credit decisions, result in legislation and additional regulatory requirements or increase the Enlarged Group’s IT, compliance and monitoring costs. Any security breach, inadvertent transmission of information about customers, failure to comply with applicable breach notification and reporting requirements, or any violation of international or national privacy laws could expose it to considerable financial liability, litigation, regulatory scrutiny and/or cause damage to the Enlarged Group’s reputation. The Enlarged Group may also be required to expend significant resources to implement additional data protection measures or to modify the

features and functionality of its system offerings in a way that is less attractive to customers. Any of these may adversely impact the Enlarged Group's business, financial condition, results of operation and prospects.

***The evolution and expansion of the Group's business pursuant to the Proposed Acquisition, and in the future, may subject the Enlarged Group to additional regulatory requirements and other risks, for which failure to comply or adapt could harm its operating results.***

The evolution and expansion of the Group's business pursuant to the Proposed Acquisition may subject the Enlarged Group to additional risks and regulatory requirements, including tax-related obligations, changes to the regulation of data collection and local rules regulating the establishment of its energy payments business, as well as laws governing money transmission and payment processing services. These requirements vary throughout the markets in which the Enlarged Group will operate, and are likely to further increase over time as the geographic scope and complexity of its business further expand. While the Enlarged Group will maintain a compliance programme focused on applicable laws and regulations, there is no guarantee that the Enlarged Group will not be subject to fines, criminal and/or civil lawsuits or other regulatory enforcement actions in one or more jurisdictions, or be required to adjust business practices to accommodate future regulatory requirements.

The Enlarged Group's future growth strategy may include expansion to countries which are known to present a higher risk of bribery and corruption. The Enlarged Group's increased presence in new jurisdictions increases the possibility of violations of anti-bribery and anti-corruption laws ("ABAC"), including the United Kingdom Bribery Act 2010 ("UKBA"). The UKBA prohibits bribery in purely commercial contexts in addition to bribery of government officials and has broad extra-territorial reach. In addition to the United Kingdom, other countries in which the Enlarged Group operates or has operated, and most countries where the Enlarged Group might potentially operate, have ABAC laws, which the Enlarged Group is or would be subject to. The Enlarged Group also must monitor its compliance with various sanctions regimes.

Economic sanctions could similarly be introduced on short notice in the countries where the Enlarged Group currently operates or into which it plans to expand, for example in connection with the ongoing Russian military action in Ukraine. The Enlarged Group's policies and procedures, which are designed to ensure that it, its employees, agents and intermediaries comply with the UKBA and other applicable foreign ABAC laws as well as applicable sanctions regimes, may fail to work effectively all of the time or protect it against liability for actions taken by its employees, agents and intermediaries with respect to its business or any businesses that it may acquire. In the event that the Enlarged Group believes, or has reason to believe, that its employees, agents or intermediaries have or may have violated applicable ABAC laws or a sanctions regime, the Enlarged Group may be required to investigate or have a third party investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. Any violation of the UKBA, a sanctions regime or similar laws and regulations, could result in significant expenses, divert management attention, and otherwise have a negative impact on the Enlarged Group. Any determination that the Enlarged Group has violated the UKBA, ABAC laws or the sanctions regime of any other jurisdiction could subject it to, among other things, penalties and legal expenses that could harm its reputation and have a material adverse effect on its financial condition and results of operations. The possibility of violations of the UKBA, applicable sanctions or other similar laws or regulations may increase as the Enlarged Group expands globally and into countries with recognised bribery and corruption risks. The occurrence of one or more of these events could negatively affect the Enlarged Group's international operations and, consequently, its operating results.

## PART 4

### SUMMARY OF THE ACQUISITION AGREEMENT

The following is a summary of the principal terms of the Acquisition Agreement. The Acquisition Agreement is available for inspection as described in Part 7 (*Additional Information*) of this document.

#### 1. Overview

On 24 October 2022, Innova, ETH and the Minority Sellers entered in to a binding agreement pursuant to which W.A.G. payment solutions, a.s. has agreed to acquire, and the Sellers have agreed to sell, the entire outstanding issued share capital of Grupa Inelo S.A.

#### 2. Acquisition Agreement

##### 2.1 Consideration

The consideration for the Proposed Acquisition is based on an enterprise value for Inelo of up to €306 million, made up of an agreed equity cash consideration of approximately €224 million and adjusted net debt of approximately €70 million, of which approximately €54 million of debt will be repaid on or around Completion (all such amounts being subject to certain closing adjustments).

There is also a deferred consideration of up to €12.5 million which is payable where Inelo's Adjusted EBITDA for the 12 months ending 31 December 2022 is €18 million or higher.<sup>4</sup>

##### 2.2 Conditions to Completion

Completion is conditional, amongst other things, upon:

- a) the passing of a resolution approving the Proposed Acquisition by shareholders of Eurowag at a general meeting convened for such purpose; and
- b) receipt of a pay-off letter in relation to the Inelo's existing financial indebtedness (together the "Conditions").

In the event that the Conditions are not satisfied or otherwise waived by 24 March 2023, each of Innova and the Purchaser shall have the right to terminate the Acquisition Agreement for a period of 30 business days following the Long Stop Date.

##### 2.3 Termination Rights and Break Fee

The Purchaser is entitled to terminate the Proposed Acquisition in the event of: (i) a material adverse effect relating to the Inelo Group; (ii) an escalation of the Russian military action against Ukraine resulting from an attack by Russia or Belarus on the territory of, or declaration of war against, any NATO member, Sweden, Finland, Austria or Ireland; or (iii) a breach of certain fundamental warranties by the Sellers relating to capacity, title to the shares and insolvency. The Sellers' liability under the Acquisition Agreement is several and not joint.

Innova and the Purchaser each have the right to terminate the Acquisition Agreement within 60 business days if the Completion actions under the Acquisition Agreement are not performed. In the event that the Acquisition Agreement is terminated due to the Purchaser having failed to procure Eurowag shareholder approval for the Proposed Acquisition in accordance with the terms of the Acquisition Agreement, a break fee of €6 million will be payable by the Purchaser to the Sellers.

##### 2.4 Warranties and Indemnities

The Sellers have provided customary warranties to the Purchaser in respect of each of the Sellers and the Inelo Group, including *inter alia* with respect to title, capacity, authority, litigation, the operation of the Inelo Group business, insolvency and tax.

The Sellers have also agreed to indemnify the Inelo Group for certain future losses that may arise in respect of taxation and intellectual property matters relating to the Inelo Group and CVS Group and, in

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<sup>4</sup> This will be calculated based on a fixed EUR/PLN exchange rate of 4.6 and based on the audited financial statements of Inelo for the year ending 31 December 2022 prepared and audited in accordance with Polish GAAP and other applicable accounting rules applying specific policies agreed among the parties.

particular, have also agreed to indemnify the Inelo Group for any future losses relating to the CVS Cyber-attack, in each case subject to certain financial caps.

## **2.5 Pre-Completion Obligations**

During the period from the date of the Acquisition Agreement until Completion, the Sellers have provided undertakings in respect of certain customary matters including *inter alia* the provision of information.

Under the Acquisition Agreement, the Sellers have agreed to procure that the CVS Group completes certain steps identified following a review by external IT consultants in order to upgrade its IT systems and security protocols, including redesigning, segregating and upgrading its network system, updating firewalls and filtering functions, implementing multi-factor authentication, installing additional antivirus applications, improving logging and monitoring, implementing enhanced back-up processes and ensuring all employees and contractors of the CVS Group undergo security training.

In addition, the Sellers will also procure that, prior to Completion, Inelo offers to purchase the shares of the remaining minority shareholders in CVS Mobile (amounting to approximately 4.5% of CVS Mobile's issued share capital) pursuant to the CVS SHA (as defined in Part 7 (*Additional Information*)) which provides that the CVS Minority Shareholders shall exercise their voting rights as CVS shareholders and members of the Management Board of CVS Mobile to take all necessary actions in order to give full effect to such buy-out on the terms proposed by Inelo following an independent valuation.

The Acquisition Agreement also includes certain non-compete and non-solicit covenants given by the Sellers.

## **3. Governing Law and Dispute Resolution**

The Acquisition Agreement is governed by Polish law. Any dispute arising in respect of the Acquisition Agreement shall be referred to and finally resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce. The place of arbitration shall be Vienna, Austria.

## **PART 5**

### **HISTORICAL FINANCIAL INFORMATION RELATING TO INELO AND CVS MOBILE**

#### **Section A—Historical financial information relating to Inelo**

This Section A of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) contains audited consolidated financial information for Inelo for the three years ended 31 December 2021, 31 December 2020 and 31 December 2019.

This financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the financial information contained in this Section A of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*).

## Consolidated Statement of Comprehensive Income

(EUR '000)	Notes	For the year ended 31 December		
		2021	2020	2019
<b>Revenue from contracts with customers</b>	<b>10</b>	<b>26 409</b>	<b>19 066</b>	<b>18 385</b>
Other operating income		321	305	315
Employee expenses	11	(10 821)	(9 777)	(7 629)
Impairment losses of financial assets	20	(253)	(176)	(352)
Use of materials and energy consumption		(656)	(407)	(564)
Third party services		(4 075)	(3 246)	(3 467)
Costs of goods sold		(593)	(52)	(83)
Other operating expenses		(1 585)	(561)	(723)
<b>Operating profit before depreciation and amortization (EBITDA)</b>	<b>12</b>	<b>8 747</b>	<b>5 152</b>	<b>5 882</b>
Depreciation and amortisation		(5 389)	(3 533)	(2 697)
<b>Operating profit</b>		<b>3 358</b>	<b>1 619</b>	<b>3 185</b>
Finance income		7	21	4
Finance costs	14	(1 947)	(1 542)	(1 726)
<b>Profit before tax</b>		<b>1 418</b>	<b>98</b>	<b>1 463</b>
Income tax expense	15	(100)	(720)	(581)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>1 318</b>	<b>(622)</b>	<b>882</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>				
Exchange differences on translation into presentation currency		280	(4 326)	534
<b>Total other comprehensive income</b>		<b>280</b>	<b>(4 326)</b>	<b>534</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1 598</b>	<b>(4 948)</b>	<b>1 416</b>
Total profit for the financial year attributable to equity holders of				
Grupa Inelo S.A.		1 127	(574)	882
Total profit for the financial year attributable to non-controlling interests				
		191	(48)	—
Total comprehensive income for the financial year attributable to equity holders of Grupa Inelo S.A.				
		1 412	(4 871)	1 416
Total comprehensive income for the financial year attributable to non-controlling interests				
		186	(77)	—
<b>For the year ended 31 December</b>				
(EUR '000)	Notes	2021	2020	2019
<b>Operating profit before depreciation and amortization (EBITDA)</b>		<b>8 747</b>	<b>5 152</b>	<b>5 882</b>
Analysed as:				
Adjusting items		2 186	3 039	876
<b>Adjusted EBITDA*</b>	<b>12</b>	<b>10 933</b>	<b>8 191</b>	<b>6 758</b>

\* Adjusted EBITDA is an Alternative Performance Measure, not defined by IFRS (for more details please refer to note 12)

## Consolidated Statement of Financial Position

(EUR '000)	Notes	As at 31 December			As at
		2021	2020	2019	1 January 2019
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	16	100 282	78 519	82 579	80 688
Property, plant and equipment	17	9 331	5 801	5 782	5 664
Right-of-use assets	18	3 413	1 060	1 196	1 138
Deferred tax assets	15	—	—	30	5
Contract costs	10	520	299	215	112
Other non-current assets	20	645	6	7	9
<b>Total non-current assets</b>		<b>114 191</b>	<b>85 685</b>	<b>89 809</b>	<b>87 616</b>
<b>Current assets</b>					
Inventories	19	1 617	115	139	83
Contract costs	10	545	342	255	113
Trade and other receivables	20	5 074	2 453	3 176	2 990
Income tax receivables		571	66	30	—
Cash and cash equivalents	21	3 258	2 365	1 186	530
<b>Total current assets</b>		<b>11 065</b>	<b>5 341</b>	<b>4 786</b>	<b>3 716</b>
<b>TOTAL ASSETS</b>		<b>125 256</b>	<b>91 026</b>	<b>94 595</b>	<b>91 332</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>					
Share capital	22	6 168	5 773	5 681	5 681
Share premium		51 797	48 090	48 426	50 499
Other reserves		287	(3 764)	534	—
Business combinations equity adjustment	8	(12 569)	(1 746)	—	—
Retained earnings/ (Accumulated deficit)		1 905	3 509	694	(2 700)
<b>Equity attributable to equity holders of the Grupa Inelo S.A.</b>		<b>47 588</b>	<b>51 862</b>	<b>55 335</b>	<b>53 480</b>
Non-controlling interests		3 174	619	—	—
<b>Total equity</b>		<b>50 762</b>	<b>52 481</b>	<b>55 335</b>	<b>53 480</b>
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	23	36 818	22 728	26 588	26 299
Lease liabilities	18	2 924	629	665	663
Provisions		96	16	12	9
Deferred tax liabilities	15	3 754	2 102	1 555	1 224
Other non-current liabilities	25	8 217	2 259	176	60
<b>Total non-current liabilities</b>		<b>51 809</b>	<b>27 734</b>	<b>28 996</b>	<b>28 255</b>
<b>Current liabilities</b>					
Trade and other payables	25	15 986	5 750	5 367	4 446
Interest-bearing loans and borrowings	23	5 819	4 643	4 431	4 604
Lease liabilities	18	598	418	444	406
Income tax liabilities		282	—	22	141
<b>Total current liabilities</b>		<b>22 685</b>	<b>10 811</b>	<b>10 264</b>	<b>9 597</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>125 256</b>	<b>91 026</b>	<b>94 595</b>	<b>91 332</b>

### Consolidated Statement of Changes in Shareholders' Equity

(EUR '000)	Notes	Share capital	Share premium	Other reserves	Business combinations equity adjustment	Retained earnings / (Accumulated deficit)	Total equity attributable to equity holders of Grupa Inelo S.A.	Non-controlling interests	Total equity
<b>At 1 January 2019</b>		<b>5 681</b>	<b>50 499</b>	—	—	<b>(2 700)</b>	<b>53 480</b>	—	<b>53 480</b>
Profit for the year		—	—	—	—	882	882	—	882
Other comprehensive income		—	—	534	—	—	534	—	534
<b>Total comprehensive income</b>		—	—	<b>534</b>	—	<b>882</b>	<b>1 416</b>	—	<b>1 416</b>
Covering the retained losses		—	(2 073)	—	—	2 073	—	—	—
Other		—	—	—	—	1	1	—	1
Share-based payments	13	—	—	—	—	438	438	—	438
<b>Transactions with owners of Grupa Inelo S.A.</b>		—	<b>(2 073)</b>	—	—	<b>2 512</b>	<b>439</b>	—	<b>439</b>
<b>At 31 December 2019</b>		<b>5 681</b>	<b>48 426</b>	<b>534</b>	—	<b>694</b>	<b>55 335</b>	—	<b>55 335</b>
Profit for the year		—	—	—	—	(574)	(574)	(48)	(622)
Other comprehensive income		—	—	(4 297)	—	—	(4 297)	(29)	(4 326)
<b>Total comprehensive income</b>		—	—	<b>(4 297)</b>	—	<b>(574)</b>	<b>(4 871)</b>	<b>(77)</b>	<b>(4 948)</b>
Issue of shares		92	858	—	—	—	950	—	950
Covering the retained losses		—	(1 194)	—	—	1 194	—	—	—
Other		—	—	(1)	—	38	37	—	37
Acquisition of subsidiaries	8	—	—	—	—	—	—	696	696
Share-based payments	13	—	—	—	—	2 157	2 157	—	2 157
Put options and forwards over non-controlling interests	8	—	—	—	(1 746)	—	(1 746)	—	(1 746)
<b>Transactions with owners of the Grupa Inelo S.A.</b>		<b>92</b>	<b>(336)</b>	<b>(1)</b>	<b>(1 746)</b>	<b>3 389</b>	<b>1 398</b>	<b>696</b>	<b>2 094</b>
<b>At 31 December 2020</b>		<b>5 773</b>	<b>48 090</b>	<b>(3 764)</b>	<b>(1 746)</b>	<b>3 509</b>	<b>51 862</b>	<b>619</b>	<b>52 481</b>

**Consolidated Statement of Changes in Shareholders' Equity (Cont.)**

<u>(EUR '000)</u>	<u>Notes</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Business combinations equity adjustment</u>	<u>Retained earnings</u>	<u>Total equity attributable to equity holders of Grupa Inelo S.A.</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
<b>At 31 December 2020</b>		<b>5 773</b>	<b>48 090</b>	<b>(3 764)</b>	<b>(1 746)</b>	<b>3 509</b>	<b>51 862</b>	<b>619</b>	<b>52 481</b>
Profit for the year		—	—	—	—	1 127	1 127	191	1 318
Other comprehensive income		—	—	285	—	—	285	(5)	280
<b>Total comprehensive income</b>		<b>—</b>	<b>—</b>	<b>285</b>	<b>—</b>	<b>1 127</b>	<b>1 412</b>	<b>186</b>	<b>1 598</b>
Issue of shares		395	3 707	—	—	—	4 102	—	4 102
Transfer to other reserves		—	—	3 757	—	(3 757)	—	—	—
Other		—	—	9	—	(2)	7	—	7
Acquisition of subsidiaries	<b>8</b>	—	—	—	—	—	—	2 423	2 423
Dividends		—	—	—	—	—	—	(54)	(54)
Share-based payments	<b>13</b>	—	—	—	—	1 028	1 028	—	1 028
Put options and forwards over non-controlling interests	<b>8</b>	—	—	—	(10 823)	—	(10 823)	—	(10 823)
<b>Transactions with owners of the Grupa Inelo S.A.</b>		<b>395</b>	<b>3 707</b>	<b>3 766</b>	<b>(10 823)</b>	<b>(2 731)</b>	<b>(5 686)</b>	<b>2 369</b>	<b>(3 317)</b>
<b>At 31 December 2021</b>		<b>6 168</b>	<b>51 797</b>	<b>287</b>	<b>(12 569)</b>	<b>1 905</b>	<b>47 588</b>	<b>3 174</b>	<b>50 762</b>

## Consolidated Statement of Cash Flows

(EUR '000)	Notes	For the year ended at 31 December		
		2021	2020	2019
<b>Cash flows from operating activities</b>				
Profit before tax for the period		1 418	98	1 463
<b>Non-cash adjustments:</b>				
Depreciation and amortization		5 389	3 533	2 697
Gain on disposal of non-current assets		(81)	(76)	(140)
Interest income		(4)	(3)	(4)
Interest expense		1 771	1 538	1 679
Movements in provisions		6	4	4
Impairment losses of financial assets	20	253	176	352
Movements in allowances for inventories		30	—	—
Foreign currency exchange rate differences		100	1	—
Share-based payments	13	1 028	2 157	438
Other non-cash items		61	70	—
<b>Working capital adjustments:</b>				
(Increase)/decrease in trade, other receivables, contract costs and other non-current assets		(2 046)	178	(748)
(Increase)/decrease in inventories		(439)	13	(54)
Increase in trade, other payables and other non-current liabilities		1 362	1 095	959
Interest received		6	8	2
Interest paid	24	(1 621)	(1 580)	(1 399)
Income tax paid		(102)	(443)	(439)
<b>Net cash flows generated from operating activities</b>		<b>7 131</b>	<b>6 769</b>	<b>4 810</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		566	129	208
Purchase of property, plant and equipment	17	(3 585)	(1 551)	(1 269)
Purchase of intangible assets	16	(3 065)	(2 018)	(2 154)
Proceeds from repayment of loans granted		451	—	—
Payments for acquisition of subsidiaries, net of cash acquired		(3 839)	(1 315)	—
<b>Net cash flows (used in) investing activities</b>		<b>(9 472)</b>	<b>(4 755)</b>	<b>(3 215)</b>
<b>Cash flows from financing activities</b>				
Payment of principal elements of lease liabilities	24	(591)	(396)	(488)
Proceeds from borrowings	24	7 899	3 436	5 644
Repayment of borrowings	24	(8 058)	(4 558)	(5 996)
Issue of debt securities	24	986	—	—
Redemption of debt securities		(983)	—	—
Dividend payments		(54)	—	—
Proceeds from issued share capital (net of expenses)		4 187	942	—
Other expenditures		(155)	(119)	(109)
<b>Net cash flows (used in) / generated from financing activities</b>		<b>3 231</b>	<b>(695)</b>	<b>(949)</b>
Net increase in cash and cash equivalents		890	1 319	646
Effect of exchange rate changes on cash and cash equivalents		3	(140)	10
Cash and cash equivalents at beginning of period		2 365	1 186	530
<b>Cash and cash equivalents at end of period</b>	21	<b>3 258</b>	<b>2 365</b>	<b>1 186</b>

## Notes to the Consolidated Historical Financial Information

### 1. CORPORATE INFORMATION

Grupa Inelo S.A. (“Inelo”) is a joint-stock company incorporated in Poland and registered under company number KRS 0000993714 and NIP 5252721322. Inelo is based at Karpacka 24/B13, 43-300 Bielsko -Biała. Inelo was transformed from a limited liability entity Burietta sp. z o.o. into a joint stock company in September 23rd, 2022.

Inelo and its subsidiaries (together the “Inelo Group”) are principally engaged in providing telematics, outsourcing and software products and services for transportation companies, in four main business lines: Telematics, WTM Outsourcing, WTM Software and TMS Software:

- Telematics stream offers a range of services regarding remote data reading, GPS localization, monitoring of vehicle economics, driver navigation, remote documents transition, real time driver status, monitoring of transportation orders competition, road optimisation and communication with drivers;
- Sale of telematic equipment;
- WTM Outsourcing provides full support in accounting and analysis of drivers working time;
- WTM Software is offering two types of software: “4Trans”—work time management for transportation companies and “Tachoscan Control”—monitoring software for enforcement authorities;
- TMS Software provides clients with software for comprehensive management of transport processes. Modules of the system allow functional planning, execution, monitoring, and accounting for transport services.

Innova/6 SCA SICAV-RAIF and EUROPEAN TELEMATICS HOLDING SA jointly control Grupa Inelo S.A. Innova/6 GP Sarl (Luxembourg) is the ultimate controlling party of Grupa Inelo S.A.

A list of subsidiaries is included in Note 7.

### 2. BASIS OF PREPARATION

The Consolidated Historical Financial Information of the Inelo Group for the 12-month periods ended 31 December 2021, 31 December 2020, 31 December 2019 has been prepared in accordance with UK- adopted international accounting standards (“IFRS”), the Listing Rules of the Financial Conduct Authority (“FCA”) and accounting policies consistent with those adopted by W.A.G payment solutions plc (“Eurowag”) in its consolidated financial statements for the year ended 31 December 2021.

The Consolidated Historical Financial Information was prepared for the purposes of the Class 1 circular (“the Circular”) and they are the first consolidated financial statements prepared by the Inelo Group in accordance with IFRS. IFRS 1 “First time adoption of IFRS” was applied in preparation of these Consolidated Historical Financial Information. The date of transition to IFRS for the Inelo Group was 1 January 2019.

The accounting principles applied by the Inelo Group to consolidated financial statements prepared for statutory purposes are based on Polish Accounting Act dated 29 September 1994 (Official Journal of 2021, item 217 with subsequent amendments).

The Consolidated Historical Financial Information was approved by the Management Board of the Company as at 17 February 2023.

The Consolidated Historical Financial Information has been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

The Consolidated Historical Financial Information is presented in EUR and all values are rounded to the nearest thousand (EUR ’000), except where otherwise indicated.

The Inelo Group’s fiscal year begins on 1 January and ends on 31 December.

The Inelo Group has recorded profit for the year ended 31 December 2021 and total comprehensive income, amounted to EUR 1,318 thousand and EUR 1,598 thousand, respectively. As of 31 December 2021 the Inelo Group’s retained earnings amounted to EUR 1,905 thousand. The Inelo Group generates positive operating cash flows and its cash and cash equivalents as of 31 December 2021 amounted to EUR 3,258 thousand.

Based on its current budgeted financial data, the Inelo Group’s cash and cash equivalents will be sufficient to cover the liquidity needs of its operations including debt and other commitments falling due, for at least twelve

months from the issuance date of these Consolidated Historical Financial Information. The Inelo Group believes that it will be in a position to cover its liquidity needs through cash on hand and cash to be provided by operating activities.

The Consolidated Historical Financial Information have been prepared assuming that the Inelo Group will continue as a going concern.

The Inelo Group complied with all bank covenants for received interest-bearing loans and borrowings in 2019–2021 covered by the Consolidated Historical Financial Information.

### **3. BASIS OF CONSOLIDATION**

Consolidated Historical Financial Information comprise the financial statements of Inelo and its subsidiaries. Subsidiaries are entities controlled by Inelo directly or indirectly through its subsidiaries.

Control is achieved when the Inelo Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Inelo Group controls an investee if, and only if, the Inelo Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Inelo Group has less than a majority of the voting or similar rights of an investee, the Inelo Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Inelo Group's voting rights and potential voting rights.

The Inelo Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Inelo Group obtains control over the subsidiary and ceases when the Inelo Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Historical Financial Information from the date the Inelo Group gains control until the date the Inelo Group ceases to control the subsidiary.

Subsidiaries are consolidated using the full method from the date of assuming to the date of losing control. Historical financial information of subsidiaries are prepared for the same reporting period as those of Inelo, using consistent accounting principles. Balances and transactions between the Inelo Group entities, including unrealized gains and losses (if not indicating impairment) which result from transactions within the Inelo Group, are eliminated.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of Inelo and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance. When necessary, adjustments are made to the historical financial information of subsidiaries to bring their accounting policies into line with the Inelo Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Inelo Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Inelo Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in preparing the Consolidated Historical Financial Information are set out below. These accounting policies have been consistently applied in all material respects to all periods presented.

#### **4.1. Business combinations and goodwill**

Business acquisitions are accounted for using the acquisition method. As at the acquisition date, the acquiring entity recognizes identifiable assets acquired and liabilities assumed, which are measured at fair value.

Goodwill is measured as the excess of the aggregate of the consideration transferred for the acquisition, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date fair values of the identifiable assets acquired, the liabilities and contingent liabilities assumed. If the aforementioned difference is negative, the Inelo Group reassesses the identification and valuation of identifiable assets, liabilities and contingent liabilities of the acquired entity and the fair value of the payment and immediately recognises in the statement of comprehensive income any surplus remaining after the reassessment (profit from a bargain purchase).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Inelo Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

For each business combination, the Inelo Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Inelo Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

There can also be a situation that the holder of non-controlling interest in the acquiree are granted put options that convey to those shareholders the right to sell their shares in that acquiree for an exercise price specified in the respective agreement or the Inelo Group is obliged to buy shares held by non-controlling interest in the future for an exercise price. From the perspective of the Inelo Group, such written put options and forwards meet the definition of a financial liability in IAS 32 if the Inelo Group has an obligation to settle in cash or in another financial asset if the non-controlling shareholders exercise the put option or the Inelo Group exercise forwards. If the terms affecting the exercisability of the instrument are genuine, then a liability for the present value of exercise price is recognised. This is the case even if the instrument is exercisable only on the occurrence of uncertain future events that are outside of control of both parties to the contract. It is assumed that the purchase will take place on the earliest possible date for the maximum number of shares.

The amount that may become payable under the option or forward on exercise is initially recognised at the present value of the redemption amount within financial liabilities with a corresponding charge directly to equity if it is assessed that the Inelo Group has not got present access to returns from shares subject to the option or forward. The charge to equity is recognised separately as Business combinations equity adjustment—The NCI continues to be recognised within equity until the NCI put is exercised.

#### **4.2. Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Inelo Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Inelo Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the Consolidated Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Consolidated Historical Financial Information on a recurring basis, the Inelo Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Inelo Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **4.3. Revenue from contracts with customers**

Revenues are recognised when the Inelo Group has satisfied a performance obligation and the amount of revenue can be reliably measured. The Inelo Group will recognise revenue at an amount that reflects the consideration to which the Inelo Group expects to be entitled (after reduction for expected discounts) in exchange for transferring goods or services to a customer. Accounting policies applied to revenue from contracts with customers is described in more details in note 10.

The Inelo Group elects to use the practical expedient for financing component and do not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

#### **4.4. Contract costs**

The incremental costs of obtaining a contract with a customer are recognised as an asset if the Inelo Group expects to recover those costs. Those incremental costs are costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.

An asset recognised in respect of a cost of obtaining the contract is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset may relate to goods or services to be transferred under a specific anticipated contract.

An impairment loss is recognised in profit or loss to the extent that the carrying amount of an asset recognised in respect of costs of obtaining a contract exceeds:

- (a) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less

(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

The Inelo Group recognizes the asset for costs to obtain a contract with customer and amortize them over the 36 months.

There is a practical expedient applied and if the amortisation period of the asset resulting from the incremental costs would be one year or less, those costs are expensed when incurred.

#### **4.5. Taxes**

##### **Current income tax**

Current income tax assets and liabilities for an accounting period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Inelo Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. No tax provisions were established as at 31 December 2021, 2020 and 2019.

##### **Deferred tax**

Deferred tax is calculated separately for each company of the Inelo Group, using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **4.6. Foreign currency transactions**

The presentation currency of these Consolidated Historical Financial Information is the euro (EUR).

Inelo's functional currency is Polish zloty (PLN). Each entity in the Inelo Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. Functional currency of subsidiaries is presented in the Note 7.

All figures in Consolidated Historical Financial Information have been rounded to the nearest thousand EUR, unless otherwise indicated.

Transactions in foreign currencies are initially recorded by the Inelo Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange valid at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss as finance income and expenses. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

The Inelo Group's results and financial position are translated from functional currency into presentation currency—EUR—using the following procedures:

- (a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- (b) for each period presented, income and expenses recognised in the period are translated using average rates for the period; and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Share capital and other components of equity are translated into presentation currency using the historical rate.

#### **4.7. Cash dividend to equity holders of Inelo**

Inelo recognises a liability to make cash distributions to equity holders of Inelo when the distribution is authorised, and the distribution is no longer at the discretion of Inelo. As per the corporate laws of Poland, a distribution is authorised when it is approved by the Shareholders. A corresponding amount is recognised directly in equity.

#### **4.8. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The useful life of intangible assets is assessed as either finite or indefinite.

Intangible assets with finite life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each

reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation of intangible assets with finite life is recorded on a straight-line basis over their estimated useful life as follows:

	<u>Years</u>
Clients' relationships . . . . .	10
Internal software developments . . . . .	3
External software . . . . .	2–3
Trademarks acquired . . . . .	25

Intangible assets in progress are not amortised, but are tested for impairment annually.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Amortization of intangible assets is recognized in separate line of the statement of comprehensive income—Depreciation and amortisation.

**Clients' relationships**

Clients' relationships were acquired as part of a business combination (Note 8, 16). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful life.

**Trademarks**

Trademarks were acquired as part of a business combination (Note 8, 16). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based over their estimated useful life.

**Internal software development**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Inelo Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit.

Development includes the programming relating to development of software-based solutions provided to the Inelo Group's customers and development of new telematics products and services, which include telematics. Different versions of developed software solutions as well as new significant functionalities added to the software solutions are recognized and measured as a separate development works projects.

**External software**

Separately acquired software are shown at historical cost. Software acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The residual values, useful life, and methods of depreciation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

**4.9. Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended e.g. installation costs of telematic equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Inelo Group depreciates them separately, based on their specific useful life. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful life of an asset as follows:

	<u>Years</u>
Buildings . . . . .	40
Machinery and equipment . . . . .	2–10
Other equipment, furniture and fixtures . . . . .	4–5

Land and tangible assets in progress are not depreciated.

Tangibles in progress include uninstalled equipment not yet depreciated. Once equipment is installed at customer’s vehicle the item is reclassified to Machinery and equipment and depreciation commences.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful life, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation of Property, plant and equipment is recognized in separate line of the statement of comprehensive income—Depreciation and amortisation.

**4.10. Leases**

**Identification of the Subject of a Lease—Lease Agreement**

A lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception of the contract, the Inelo Group assesses whether the contract is a lease or contains a lease. The Inelo Group reassesses whether the contract is a lease or contains a lease only when the contractual terms are amended.

The Inelo Group assesses whether a contract transfers the right to control the use of an identified asset over a period of time based on:

- The Inelo Group has the right to obtain substantially all of the economic benefits from use of the identified asset;
- The Inelo Group has the right to direct the use of the identified asset;

The Inelo Group assesses whether the contract contains a lease separately for each potential lease component.

The Inelo Group does not have any external subleases outside of the Inelo Group nor any contract, where the Inelo Group is a lessor.

**Lease liability**

At the commencement date, the Inelo Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Inelo Group shall measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

After the commencement date, the Inelo Group shall recognise in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards, both interest on the lease liability and variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

Interests from the lease are presented in the Inelo Group's Finance Costs.

#### **Right-of-use assets**

The Inelo Group measures the right-of-use assets on the date the lease commences on the basis of a lease agreement. These are based on:

- the value of the lease liability increased by the lease payment that the Inelo Group has paid before the day the lease commences (reduced by lease incentives—discounts);
- the initial direct costs of the lease paid by the Inelo Group;
- the estimated value of the costs for dismantling and removing an identified asset or the reclamation of the site where the asset was located;

After the initial recognition, a right-of-use assets is measured at cost less accumulated depreciation and/or impairment losses and adjusted for the remeasurement of the lease liability. Depreciation and/or amortization principles applied to right-of-use assets are consistent with those applied to depreciation and/or amortization of assets owned by the Inelo Group. If there is no reasonable certainty that the Inelo Group will obtain ownership by the end of the lease term, the asset item is fully depreciated over the shorter of the lease term and its useful life.

#### **Applied exemptions**

The Inelo Group uses exemptions and does not apply the requirements of IFRS 16 regarding the recognition and measurement of the lease liability and the right-of-use assets with regard to the following contracts:

- short-term leases, i.e. leases for which the term of the contract does not exceed 12 months, and which do not include a call option,
- leases for which the underlying asset is of low value. The Inelo Group regards as low-value assets those assets whose value do not exceed EUR 4,5 thousand (value of new assets).

#### **4.11. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of an asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Inelo Group incurs in connection with the borrowing of funds.

#### **4.12. Financial instruments—IFRS 9**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## **Financial assets**

### Classification and measurement

Financial assets are classified based on the business model of the Inelo Group and characteristic of contractual cash flows. Under IFRS 9, the financial assets are classified into the following categories: financial assets subsequently measured at amortised cost (“AC”), financial assets at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit or loss (“FVTPL”)

The Inelo Group classifies financial assets into following categories:

**(A)** Financial assets subsequently measured at amortised cost—classified if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (referred to as SPPI test).

Expected credit losses, foreign exchange rate differences, and interest revenues are recognised in the income statement. On derecognition, losses/gains are recognised in the income statement.

**(B)** Financial assets at fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in finance income/(costs). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in finance income/(costs), and impairment expenses are presented as separate line item in the statement of comprehensive income

**(C)** Financial assets at fair value through profit or loss

- A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, an entity may make an irrevocable election at initial recognition for investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.
- Changes in the fair value and foreign exchange rate differences are recognised in the income statement. Changes in the fair values are included in finance costs or finance income.

Trade and other receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

The Inelo Group’s financial assets include cash, trade and other receivables with no significant financing component meeting criteria for classification as AC.

### **Trade and other receivables**

Trade and other receivables are carried at original invoice amount less an allowance for impairment of these receivables.

See next section for a description of Group’s impairment policies and Note 20 for further information on Trade and other receivables.

### **Impairment of financial assets carried at amortised cost**

As the Inelo Group’s Consolidated Historical Financial Information include financial assets representing trade and other receivables, only which do not include a significant financing component, the Inelo Group applies a simplified approach in calculating expected credit loss (“ECL”). Therefore, the Inelo Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The amount of the loss is recognised in the income statement.

ECL measurement is based on three components used by the Inelo Group: Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss Given Default (“LGD”):

- PD is an estimate of the likelihood of default to occur over a given time period. It is calculated from combination of customers’ financial position and performance, transactional data, volumes, and payment performance.
- EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal.
- LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that would be expected to receive, including from any collateral—if applicable. It is usually expressed as a percentage of the EAD.

The Inelo Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Inelo Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Inelo Group may also consider a financial asset to be in default when internal or external information indicates that the Inelo Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Inelo Group.

Impaired debts are derecognised when they are assessed as uncollectible.

### **Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Inelo Group commits to purchase or sell the asset.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Inelo Group’s consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Inelo Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Inelo Group has transferred substantially all the risks and rewards of the asset, or (b) the Inelo Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Inelo Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Inelo Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Inelo Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Inelo Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Inelo Group could be required to repay.

### **Financial liabilities**

Financial liabilities are classified into two main categories (a) at amortised cost and (b) at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of interest-bearing loans and borrowings and payables, net of directly attributable transaction costs.

The Inelo Group’s financial liabilities include trade and other payables, interest-bearing loans and borrowings including bank overdrafts.

### **Interest-bearing loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (“EIR”) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 23.

### **Trade and other payables**

Trade payables are recognised at their nominal value, which is deemed to be materially the same as the fair value.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

### **4.13. Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs are assigned to individual items on the basis of “first in, first out” (“FIFO”) method (the initial price in the measurement of inventory additions is used as the initial price in the measurement of inventory disposals). Costs of purchased inventory include acquisition-related costs (freight, customs, commission, etc.).

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **4.14. Impairment of non-financial assets**

The Inelo Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Inelo Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Inelo Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Inelo Group’s CGUs, to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is estimated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive income.

For assets excluding goodwill and intangibles under progress, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Inelo Group estimates the asset’s recoverable amount. 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 reversal is recognised in the income statement.

Intangible assets with indefinite useful life are tested for impairment annually as at 31 December, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.15. Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash in hand, cash at banks and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Inelo Group's cash management.

#### **4.16. Share-based payments**

Employees of the Inelo Group receive remuneration in the form of share-based payment transactions whereby employees provide service and/or perform as consideration for equity instruments or cash.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Inelo Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Information relating to these transactions is set out in Note 13.

#### **Equity-settled transactions**

The fair value of options granted is recognised as employee expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of options granted, using the Black-Scholes model. The total amount is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Inelo Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, Inelo issues the appropriate number of shares to the employee. The proceeds received, net of any directly attributable transaction costs, are credited directly to equity.

#### **Cash-settled transactions**

Liabilities for cash-settled share-based payments are recognised as Employee expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date and are presented as Other non-current liabilities in the consolidated statement of financial position.

#### **4.17. Provisions**

Provisions are recognised when the Inelo Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the consolidated statement of comprehensive income.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a Finance costs.

#### **4.18. Government grants**

Government grants related to assets are recognised if there is reasonable assurance that they will be received and the Inelo Group will comply with the conditions associated with the grant. The Inelo Group has elected to present government grants related to assets as a deduction of the carrying amount of the asset.

Grants that compensate the Inelo Group for expenses incurred are recognized in profit or loss as Other operating income on a systematic basis in the periods in which the expenses are recognized, unless the conditions for receiving the grant are met after the related expenses have been recognized. In this case the grant is recognized when it becomes receivable.

### **5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES, ADOPTION OF NEW AND REVISED STANDARDS**

#### **5.1. New IFRSs and IFRICs published by the IASB that are not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Inelo Group's Consolidated Historical Financial Information are disclosed below. The Inelo Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- **Amendments to IAS 1 Presentation of Financial Statements** (Non-current Liabilities with Covenants, Deferral of Effective Date Amendment Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)—not yet adopted by UK
- **Lease Liability in a Sale and Leaseback** (Amendments to IFRS 16)—not yet adopted by UK
- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction** (Amendments to IAS 12)
- **Definition of Accounting Estimates** (Amendments to IAS 8)
- **Disclosure of Accounting policies** (Amendments to IAS 1 and IFRS Practice Statement 2)
- **IFRS 17 Insurance Contracts, Amendments to IFRS 17, Initial Application of IFRS 17 and IFRS 9—Comparative Information**
- **Annual Improvements to IFRS 2018–2020**
- **Onerous Contracts—Cost of Fulfilling a Contract** (Amendments to IAS 37)
- **Property, Plant and Equipment: Proceeds before Intended Use** (Amendments to IAS 16)
- **Reference to the Conceptual Framework** (Amendments to IFRS 3)

The Management Board has not yet completed its assessment of the impact of these new and amended standards and interpretations on the Inelo Group's accounting policies.

### **6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

#### **6.1. Significant judgements**

In the process of applying the Inelo Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the Consolidated Historical Financial Information:

##### **Put options granted to non-controlling interests and buy-out forwards**

The Inelo Group concluded that it does not, in substance, acquire present access to economic benefits of acquired subsidiaries associated with the ownership interest in the shares subject to the put options. The put option redemption and buy-out forward liability will be settled with a transfer of the non-controlling interest's shares for a price that is deemed to approximate their fair value. Therefore, the Non-controlling Shareholders have retained the risks and rewards associated with ownership until the options are exercised and non-controlling interest is recognised in equity until then.

For more details please refer to Note 8 and Note 25.

### **Identification of performance obligations**

Revenue recognition under IFRS 15 requires from the Inelo Group to identify which promises in the contracts with customers are performance obligations. This determination significantly affects how components of the transaction price are recognized in revenue. Transaction price is only allocated to performance obligations, therefore if given promise does not give a rise to performance obligation the respective fee paid for that promise is effectively allocated to other items that are a performance obligation and recognized in revenue when control over those performance obligation is transferred to the customer.

Taking into account the operations of the Inelo Group the most significant judgment is related with determination whether sale of telematic equipment is a performance obligation or whether it shall be accounted for together with telematic service. There are different facts and circumstances applicable for different business models applied in the Inelo Group and therefore the revenue recognition for telematic equipment also differs between business models.

If the equipment is sold to the client at the beginning of the service period and fully paid upfront, the Inelo Group believes that: (i) the standardized equipment is capable of being distinct because the customer can benefit from it in conjunction with service sold separately by another provider, and (ii) the service is capable of being distinct because the customer can benefit from it together with the standardized equipment already delivered at the time of contract set-up or the customer can theoretically purchase the standardized equipment separately through the market and obtain the service from the Inelo Group. Further, as the promise to transfer telematic equipment and telematic service is distinct within the context of the contract the Inelo Group concluded there are two performance obligations.

For more details please refer to Note 10.

### **Classification of telematic equipment**

Telematic equipment might be sold or provided together with telematic services. Business models for delivery of telematic equipment differ between entities in the Inelo Group as well as there are different behaviours of their customers, what results in different scale of sale and service models application across the Inelo Group.

When telematic equipment is recognized initially in the statement of financial position entities in the Inelo Group determine whether telematic equipment is expected to be sold or provided in a service model and respectively classify telematic equipment either as Inventories, held for sale in the ordinary course of business or Property, plant and equipment. In general, the sale of telematic equipment is predominant for CVS subgroup whereas the use of telematic equipment is predominant for Inelo.

In case when telematic equipment that was initially recognized as Inventories is not sold as initially anticipated but provided to the customer in the service model upon installation of the equipment there is a reclassification from Inventories to Property, plant and equipment and depreciation commences over the useful economic life. However, items recognized initially as Property, plant and equipment are not subsequently reclassified to Inventories if they are sold to customers.

## **6.2. Significant estimates**

The preparation of Consolidated Historical Financial Information requires the use of estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the Consolidated Historical Financial Information. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 described in the following paragraph. The Inelo Group based its assumptions and estimates on parameters available when the Consolidated Historical Financial Information were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Inelo Group. Such changes are reflected in the assumptions when they occur.

### **Impairment of non-financial assets**

Goodwill results from business combination and is not subject to amortisation, but is tested each year for potential impairment, or more often, if there is indication of impairment. For the purpose of impairment testing goodwill is allocated to cash generating units which are expected to benefit from synergies achieved as a result of merger.

Impairment exists when the carrying value of an asset or cash generating unit (“CGU”) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Inelo Group is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 16

### **Share based payments**

For details regarding key judgements, assumption and estimation please refer to Note 13.

### **Fair value measurement of intangible assets**

The Inelo Group made critical estimations in respect to the measurement of intangible assets acquired in 2020 (Marcos BIS) and 2021 (CVS Group) comprising trademarks, internally generated software, as well as customer relationships.

In respect to the trademark, the Royalty Relief Method was used. The fair value of customer relationships was measured according to the multi-period excess earnings (MPEE) method. The MPEE estimate was based on the revenue and costs expected to be generated in the future by the acquired Group. The Royalty Relief Method, on the other hand, concentrated on determining the hypothetical licence fee with which the Inelo Group would be charged for using the trademark had the Inelo Group not become its owner.

The details on the business acquisition are disclosed and further explained in Note 8.

### **Put options granted to non-controlling interests and buy-out forward**

The put option redemption liability measurement requires significant estimates and assumptions, including forecasted results of the acquired business and discount rates. Higher forecasted revenues and profits would result in higher put option and forward redemption liability.

### **Current and deferred income tax**

Corporate income tax for a reporting period comprises current and deferred tax. Current income tax is calculated based on taxable income (tax base) for a given financial year and the binding tax rate, based on the binding tax regulations.

The Inelo Group is obliged to assess the likeliness of realising the deferred tax asset. In this assessment process a series of assumptions is adopted in respect of determining the amount of the deferred tax asset. The above-mentioned estimations account for the tax forecasts, historical amounts of tax charged, current available strategies relating to planning the Inelo Group’s operations and dates, as well as the likeliness of realising temporary differences.

The details on the income tax are disclosed and further explained in Note 15.

### **Uncertainty related to tax settlements**

The Inelo Group operates in various countries. Regulations applicable to value added taxes, corporate income taxes and social security contributions are subject to frequent changes. These frequent changes result in a lack of appropriate benchmarks, inconsistent interpretations and only few established precedents that could be applied. The current legislation also contains uncertainties that result in differences of opinion as to the legal interpretation of tax laws, both between state authorities and between state authorities and entities.

Tax settlements and other areas of activity (for example, customs or foreign exchange issues) may be subject to inspections by the authorities, which are entitled to impose high penalties and fines, and any additional tax

liabilities resulting from an inspection must be paid together with high interest. These conditions make the tax risk in Poland higher than in countries with more developed tax systems.

Consequently, the amounts presented and disclosed in Consolidated Historical Financial Information may change in the future as a result of a final decision of a tax audit authority.

### Impairment of trade receivables

Expected credit loss on trade receivables is recorded based on the simplified impairment loss model, according to the lifetime expected credit losses—from the initial recognition of the exposure to its maturity, ignoring changes in credit risk. Losses are recognised as at the moment of recognising receivables, according to the provision rates assessed for each age group.

Provision rates are calculated based on historical data for at least the previous 24 months determined separately for each consolidated entity. The matrix of provision rates is updated at least at the end of each reporting period.

The Inelo Group considers a financial asset in default when contractual payments are 90 days past due.

The Inelo Group determines ECL impairment loss considering all clients grouped into one portfolio separately for each consolidated entity.

Provision rates, calculated based on historical data, resulting from the following calculations:

- PD (probability of default)—the probability of delay in payment of receivables by at least 90 days,
- LGD (loss given default)—amount of losses incurred in the event of a default.

Detailed information on the impairment losses on receivables are disclosed and further explained in Note 20.

### Amortisation of intangible assets and depreciation of property, plant and equipment

The useful lives of intangible assets are assessed as either finite or indefinite. The Inelo Group assessed that the useful lives of all its intangible assets are finite, therefore they are amortised.

Amortisation and depreciation are determined based on the expected economic useful lives and residual values of intangible assets and property, plant and equipment. Every year the Inelo Group verifies the adopted economic useful lives and residual values based on current estimates. In the event of a change its effect is recognized as the effect of a change in accounting estimates—i.e. on a prospective basis.

## 7. GROUP INFORMATION

The table below shows the Inelo Group's subsidiaries at the end of all periods covered by these Consolidated Historical Financial Information.

Name	Principal activities	Country	Functional currency	Direct parent	Direct interest	Effective economic interest		
						2021	2020	2019
<b>Grupa Inelo S.A.</b>	<b>Holding company</b>	<b>Poland</b>	<b>PLN</b>	—	—	<b>Parent</b>		
INELO Polska Sp. z o.o.*	Software solutions	Poland	PLN	Grupa Inelo	100%	100%	100%	100%
OCRK Polska Sp. z o.o.*	Management advisory	Poland	PLN	Grupa Inelo	—	—	100%	100%
NUSS Sp. z o.o.*	Management advisory	Poland	PLN	Grupa Inelo	—	—	100%	100%
MARCOS BIS Sp. z o.o.	Software solutions	Poland	PLN	Grupa Inelo	60%	60%	60%	—
<b>Napredna telematika, storitve d.o.o.</b>	<b>Holding company</b>	<b>Slovenia</b>	<b>EUR</b>	<b>Grupa Inelo</b>	<b>73,50%</b>	<b>73,50%</b>	—	—
<b>CVS Mobile d.d.</b>	<b>Software solutions</b>	<b>Slovenia</b>	<b>EUR</b>	<b>Napredna telematika</b>	<b>95,64%</b>	<b>70,30%</b>	—	—
CVS Mobile d.o.o.	Software solutions	Croatia	HRK	CVS Mobile	100,00%	70,30%	—	—
CVS Mobile d. o. o.	Software solutions	Serbia	RSD	CVS Mobile	100,00%	70,30%	—	—
CVS Mobile dooel	Software solutions	North Macedonia	MKD	CVS Mobile	100,00%	70,30%	—	—
CVS Mobile GmbH	Software solutions	Germany	EUR	CVS Mobile	100,00%	70,30%	—	—
CVS Mobile d.o.o.	Software solutions	Bosnia and Herzegovina	BAM	CVS Mobile	100,00%	70,30%	—	—
CVS Mobile s. r. l.	Software solutions	Italy	EUR	CVS Mobile	100,00%	70,30%	—	—
Infotrans d. o. o.	Software solutions	Slovenia	EUR	CVS Mobile	51,00%	35,85%	—	—

\* in 2021 entities were merged and continue their operations under INELO Polska Sp. z o.o.

Inelo has the same percentage voting rights as effective economic interest, directly or indirectly, in all listed above subsidiaries.

## 8. BUSINESS COMBINATION

The following acquisitions took place in 2021:

### Acquisition of 73,5% share in Napredna telematika, storitve d.o.o. (“CVS Group”)

In September 2021, the Inelo Group acquired 73,5% of the share capital in Napredna telematika, storitve d.o.o. (“CVS Group”). CVS Group is a provider of telematics solutions. CVS Group products include fleet tracking solutions, driving time verification and analysis of its regulatory compliance and solutions allowing communication with drivers. The goal of the transaction was to accelerate the development of international sales, build one-stop-shop offering based on CVS Group markets, synergies.

For the four months ended 31 December 2021, CVS Group contributed revenue of EUR 3.558 thousand and net profit of EUR 543 thousand to the Inelo Group’s result. If the acquisition had occurred on 1 January 2021, management estimates that consolidated revenue would have been higher by EUR 6.178 thousand, and consolidated net profit for the year would have been higher by 1.293 EUR thousand. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

The following table summarises the acquisition date fair value of each major class of consideration transferred:

<u>EUR ‘000</u>	<u>2021</u>
Cash*	16 800
Deferred consideration**	2 283
<b>Consideration transferred</b>	<b><u>19 083</u></b>

\* Cash consideration was partially paid by bank transfer directly between the bank providing Inelo with financing for the investment and the seller, therefore cash flows on Inelo bank accounts related with financing in question and the acquisition are respectively lower. For details on cash flows related with financial instruments please refer to Note 23.

\*\* presented as Other non-current liabilities. Deferred consideration is payable in September 2023.

The fair value of identifiable assets and liabilities of CVS Group as at the date of acquisition was:

<u>EUR ‘000</u>	<u>Fair value recognised on acquisition of CVS Group</u>
<b>Assets</b>	
Identifiable intangible assets	9 366
Property, plant and equipment	1 836
Right-of-use assets	2 555
Deferred tax assets	292
Other non-current assets	140
Inventories	1 217
Trade and other receivables	2 172
Cash and cash equivalents	393
<b>Total Assets</b>	<b>17 971</b>
Interest-bearing loans and borrowings	2 878
Lease liabilities	2 750
Other non-current liabilities	666
Deferred tax liabilities	1 721
Provisions	74
Trade and other payables	731
<b>Total Liabilities</b>	<b><u>8 820</u></b>
<b>Total identifiable net assets at fair value</b>	<b><u>9 151</u></b>

Goodwill arising from the acquisition has been recognised as follows:

<u>EUR '000</u>	<u>2021</u>
Consideration transferred . . . . .	19 083
Non-controlling interest measured at its proportionate share in net assets . . . . .	2 424
Fair value of identifiable net assets . . . . .	<u>(9 151)</u>
<b>Goodwill arising on acquisition . . . . .</b>	<b><u>12 356</u></b>

The Inelo Group measured the non-controlling interests at the proportionate share in net identifiable assets of the acquired company.

Based on the Inelo Group’s purchase price allocation, Goodwill on the acquisition of EUR 12.356 thousand, resulted from the development potential of the markets on which CVS Group is present and also is attributable to synergies expected to be achieved from integrating CVS Group into the Inelo Group’s existing telematic business. The Goodwill is also attributable to the skills and technical talent of the CVS Group work force.

None of the goodwill recognized is expected to be deductible for tax purposes.

Upon the same Share Purchase Agreement (“SPA”), the Inelo Group has agreed to acquire the remaining 26,5% non-controlling interest in CVS Group in two tranches. The acquisition of 15,8% shares took place in September 2022 (“Closing 2”) for first tranche, while 10,7% shall be acquired in September 2023 (“Closing 3”) for the second tranche. A consideration for each tranche will be determined based on the acquiree’s EBITDA at the date of tranche’s acquisition (formula for calculation of exercise price is set in SPA).

The Inelo Group estimated that redemption amount (exercise price) of the above forwards over non-controlling interest is EUR 11.215 thousand in total. The Inelo Group recognized respective liability in amount equal to present amount of the redemption amount, i.e. EUR 10.823 thousand. Present value was determined using discount rate of 2,5% representing borrowing cost of financing obtained to acquire CVS Group. For more details please refer to Note 25.

The following acquisitions took place in 2020:

**Acquisition of 60% share in Marcos BIS Sp. z o.o. (“Marcos BIS”)**

In 2020, the Inelo Group acquired 60% of the share capital in Marcos BIS (20% in May and 40% in August 2020). Consideration transferred amounted to EUR 266 thousand and EUR 1.065 thousand, respectively. In May 2020 the Inelo Group obtained significant influence over the investment. The Inelo Group assessed that control over Marcos BIS was obtained in August 2020 (“acquisition date”) upon the purchase of the second tranche of shares, resulting in obtaining a majority of voting rights in the investment.

The carrying amount of the equity interest in the Marcos BIS held immediately before the acquisition date was EUR 266 thousand. The Inelo Group assessed that due to relatively short period of time and absence of any significant unusual transactions in the period between May and August 2020 the carrying amount of the 20% equity interest in Marcos BIS approximates its fair value and therefore no gain or loss was recognized as a result of remeasuring to fair value (on the step acquisition).

Marcos BIS is a provider of transportation management systems under the TMS Nawigator (the main product line) and Easy TMS brands. The goal of the transaction was adding complementary product to the offering and competencies in TMS technology, broadening potential for cross-sell.

For the four months ended 31 December 2020, Marcos BIS contributed revenue of EUR 555 thousand and net loss of EUR 60 thousand to the Inelo Group’s result. If the acquisition had occurred on 1 January 2020, management estimates that consolidated revenue would have been higher by EUR 677 thousand, and consolidated net profit for the year would have been higher by 74 EUR thousand. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

The following table summarises the acquisition date fair value of consideration transferred:

<u>EUR '000</u>	<u>2020</u>
Cash . . . . .	1 332
<b>Consideration transferred . . . . .</b>	<b><u>1 332</u></b>

The fair values of identifiable assets and liabilities of Marcos BIS as at the date of acquisition were:

<u>EUR '000</u>	<u>Fair value recognised on acquisition of Marcos BIS*</u>
<b>Assets</b>	
Identifiable intangible assets . . . . .	2 046
Property, plant and equipment . . . . .	29
Other current assets . . . . .	1
Trade and other receivables . . . . .	120
Cash and cash equivalents . . . . .	8
<b>Total Assets</b> . . . . .	<b>2 204</b>
Deferred tax liabilities . . . . .	389
Trade and other payables . . . . .	71
<b>Total Liabilities</b> . . . . .	<b>460</b>
<b>Total identifiable net assets at fair value</b> . . . . .	<b><u>1 744</u></b>

\* translated using foreign exchange rates as at acquisition

Goodwill arising from the acquisition has been recognised as follows:

<u>EUR '000</u>	<u>2020*</u>
Consideration transferred . . . . .	1 065
Acquisition-date fair value of previously held equity interest in Marcos BIS . . . . .	266
Non-controlling interest measured at its proportionate share in net assets . . . . .	698
Fair value of identifiable net assets . . . . .	<u>(1 744)</u>
<b>Goodwill arising on acquisition</b> . . . . .	<b><u>285</u></b>

\* translated using foreign exchange rates as at acquisition

Based on the Inelo Group's purchase price allocation, Goodwill on the acquisition of EUR 285 thousand, is attributable mostly to the market development potential as well as synergies expected to be achieved from integrating Marcos BIS with existing operations of the Inelo Group and it is also attributable to the skills and technical talent of the work force.

None of the goodwill recognized is expected to be deductible for tax purposes.

The remaining 40% non-controlling interest is subject to put option. The minority Shareholders were entitled to exercise the put option 1 (20% of non-controlling interest) in the period from 30 November 2021 till 31 March 2022. The minority Shareholders are entitled to exercise the put option 2 (20% of non-controlling interest) in the period from 30 November 2022 till 31 March 2023. An exercise price for each put option will be one out of three fixed price thresholds determined based on the acquiree's actual EBITDA at the date of non-controlling interest acquisition.

The Inelo Group estimated that redemption amount of the above put options over non-controlling interest is EUR 1.816 thousand determined as the most probable scenario. The Inelo Group recognized respective liability in the amount equal to present value of the redemption amount, i.e. EUR 1.746 thousand. Present value was determined using discount rate of 2,3% representing borrowing cost of financing obtained to acquire Marcos BIS.

In the amendment signed on 14 January 2022 the parties agreed to change dates when put options can be exercised. On 14 January 2022 and 1 April 2022, the Inelo Group acquired the remaining 40% of shares in Marcos BIS Sp. z o.o. (in 20% tranches), which made it its sole shareholder for Marcos BIS. The total redemption price paid amounted to EUR 1.742 thousand.

Net outflows of cash to acquire subsidiaries were as follows:

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash consideration paid . . . . .	(4 235)	(1 318)	—
Cash acquired . . . . .	396	3	—
<b>Net outflow of cash—investing activities . . . . .</b>	<b><u>(3 839)</u></b>	<b><u>(1 315)</u></b>	<b><u>—</u></b>

Cost of acquisition of subsidiaries recognised in Other operating expense:

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Acquisition costs of Marcos BIS . . . . .	—	43	—
Acquisition costs of CVS Group . . . . .	490	—	—
<b>Total . . . . .</b>	<b><u>490</u></b>	<b><u>43</u></b>	<b><u>—</u></b>

## 9. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The following table provides the carrying amounts of categories and classes of the financial instruments:

<u>EUR '000</u>	<u>Note</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
<b>Financial assets measured at amortised cost</b>					
Trade receivables . . . . .	20	4 239	2 266	2 910	2 708
Cash deposits . . . . .	20	149	—	—	—
Cash and cash equivalents . . . . .	21	3 258	2 365	1 186	530
<b>Total . . . . .</b>		<b><u>7 646</u></b>	<b><u>4 631</u></b>	<b><u>4 096</u></b>	<b><u>3 238</u></b>
<b>Financial liabilities measured at amortised cost</b>					
Bank loans . . . . .	24	37 693	23 047	26 435	25 982
Financial liabilities to telecoms . . . . .	24	3 965	4 324	4 584	4 921
Commercial notes . . . . .	24	979	—	—	—
Put option and forwards redemption liability . . . . .	25	12 659	1 691	—	—
Deferred consideration for business acquisition . . . . .	25	2 302	—	47	287
Trade payables . . . . .	25	2 812	1 848	1 717	1 552
Lease liabilities . . . . .	18	3 522	1 047	1 109	1 069
<b>Total . . . . .</b>		<b><u>63 932</u></b>	<b><u>31 957</u></b>	<b><u>33 892</u></b>	<b><u>33 811</u></b>

Management assessed that the fair values of cash and cash equivalents, cash deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments at the end of each reporting period.

In any of the presented periods there were no transfers between fair value hierarchy.

## 10. REVENUE FROM CONTRACTS WITH CUSTOMERS

<u>Type of product/ service</u>	<u>Nature and timing of satisfaction of performance obligation and respective revenue recognition policies.</u>
<b>Telematic</b>	<p>Fleet management solutions (“FMS”)—Telematic service allows companies the effective administration of their vehicle fleet and 24/7 monitor the activity of the whole fleet. Contract with customers for telematic services can be concluded either for fixed or indefinite term.</p> <p>Fixed contract term is generally up to 36 months. Contracts concluded for indefinite terms roll over until either of parties terminates them (with 30 days’ notice period without penalties).</p> <p>Services are provided using telematic equipment installed at customer vehicle to gather and monitor telematic data. The telematic equipment might be either sold or provided to the customer within the service. If the telematic equipment is provided to the customer within the service it is installed at vehicle for the service term.</p> <p>Identification of a separate performance obligation for telematic equipment depends on cooperation model with customer and respective contractual terms:</p> <ul style="list-style-type: none"><li>• in the service model the Inelo Group identified one performance obligation for the telematic service,</li><li>• in the sale model, if equipment is sold to the customer at the beginning of the service period there are two performance obligations, i.e. sale of telematic equipment and telematic service.</li></ul> <p>In case when telematic equipment is provided to the customer within the service there is a fixed monthly charge for the service. In case of the sale model there is a fixed fee paid upfront for equipment (representing standalone selling price) and fixed monthly charge for the service.</p> <p>Revenue from telematic service is recognised on a straight-line basis over the period when services are being rendered.</p> <p>Revenue from sale of equipment is recognised at a point in time when the equipment is installed at customer vehicle.</p> <p>The Inelo Group does not identify separate lease component for telematic equipment because a contract does not convey the right to control the use of telematic equipment.</p>
<b>Other equipment</b>	<p>Apart from telematic equipment the Inelo Group sales other equipment (e.g. related with work time management/controls). Purchase price is paid one-off when equipment is delivered to the customer and revenue is recognized at a point in time.</p>
<b>Software</b>	<p>Software revenue is generated through licensing of work time management (“WTM”) software (4trans, Tachoscan Control) and transport management software (“TMS”).</p> <p>Licenses software are granted indefinitely as a “right to use” an intellectual property. Right-to-use licenses are those that only provide the customer the right to use software as it exists at the moment the control passes to the customer. This does not give the customer the right to receive future updates or upgrades other than those that can be considered as minor enhancements or bug fixing.</p> <p>For a licence that provides a right to use its intellectual property the Inelo Group recognises revenue at a point in time at which the licence is granted to the customer.</p> <p>The Inelo Group provides customers with optional future updates, sold separately from the license, that are a separate performance obligation. Revenue from updates is recognized over the period when the Inelo Group remains obliged to deliver software updates to customer. In some cases, there are updates for first 12 months which are embedded into the software license. They are separated based on their relative stand-alone price and revenue is recognized separately (over time) as described above.</p> <p>The license fee is fixed and paid one-off at the contract inception. Fee for updates is also fixed and paid upfront.</p>

<u>Type of product/ service</u>	<u>Nature and timing of satisfaction of performance obligation and respective revenue recognition policies.</u>
<b>WTM Outsourcing</b>	<p>WTM Outsourcing are services related to work-time management. Contracts with customers for WTM Outsourcing are concluded for fixed 12 months term and if is not terminated by the customer then turn into indefinite period of time contract. The service fee is fixed, non-refundable and paid monthly.</p> <p>The Inelo Group identifies (i) drivers' working time and wages processing, as well as (ii) the stand-ready supporting service as separate performance obligations.</p> <p>The transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. For most of the contracts, 65% of the transaction price is allocated to the drivers' working time and wages processing performance obligation, and 35% of the transaction price is allocated to performance obligation of the stand-ready supporting service.</p> <p>Revenue from a stand-ready obligation is recognized on a straight-line basis over the period when services are being rendered.</p> <p>As for drivers' working time and wages processing, the Inelo Group determines a number of customer's rights that are not expected to be exercised in the future, based on its experience with similar types of contracts (those unexercised rights are referred to as 'breakage'). Then, it recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer. The customer is invoiced for a number of drivers agreed within a contract. If the actual number of drivers processed during the month is below the agreed number, the customer has the right to require for such unused number of drivers to be processed in the future periods up until the contract is terminated. After the contract termination, and within 6 months period, the customer has the right to request processing for any unused number of drivers that existed during the period the contract was in effect. Revenue from drivers' working time and wages processing is recognized over the period the services are being rendered. At the balance sheet date, the Inelo Group recognises a contract liability for the services invoiced but not yet rendered to a customer computed based on estimate of customers' utilisation of such rights in the future. The key assumptions used by Inelo Group to calculate the amount of contract liability are (i) a churn rate at 29%, and (ii) unexercised rights rate at 56%. These assumptions are based on the Group's historical experience with customers behaviors for similar types of contracts.</p> <p>The Inelo Group derecognises that contract liability (and recognises revenue) upon provision of the service.</p>
<b>Other</b>	Other revenue streams include among others training services, minor non-core business services—HR.

Disaggregation of revenue based on type of good or service is as follows:

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Telematic . . . . .	10 667	5 720	5 167
Sale of equipment . . . . .	1 307	313	542
WTM Outsourcing . . . . .	8 831	8 486	8 729
Software . . . . .	5 257	4 297	3 601
Other . . . . .	347	250	346
<b>Total revenue</b> . . . . .	<b><u>26 409</u></b>	<b><u>19 066</u></b>	<b><u>18 385</u></b>

Disaggregation of revenue based on pattern of revenue recognition is as follows:

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Over time . . . . .	22 188	16 940	16 400
At a point in time . . . . .	4 221	2 126	1 985
<b>Total revenue</b> . . . . .	<b><u>26 409</u></b>	<b><u>19 066</u></b>	<b><u>18 385</u></b>

Geographical structure of revenue is as follows:

EUR '000	For the year ended 31 December		
	2021	2020	2019
Poland	21 423	17 844	16 662
Slovenia	2 250	25	26
Croatia	421	—	—
Germany	406	202	110
Serbia	340	—	—
Hungary	247	3	34
Sweden	12	231	236
France	198	357	514
Romania	92	62	615
Other	1 020	342	188
<b>Total revenue</b>	<b>26 409</b>	<b>19 066</b>	<b>18 385</b>

Contract liabilities represent the amount of the consideration received (or the amount of the consideration due) allocated to the unfulfilled performance obligation at the end of the reporting period—the most significant items relate to the prepayments for updates of software being settled, in vast majority, within 12 months, as well as service of drivers' working time and wages processing. More details on contract liabilities have been presented in the Note 25.

The balances of contract liabilities as of January 1, 2019, December 31, 2019, and 2020 recognized as revenue during the year ended 2019, 2020 and 2021 was as follows:

EUR '000	For the year ended 31 December		
	2021	2020	2019
Revenue recognized	1 549	1 715	1 259
<b>Total revenue recognized</b>	<b>1 549</b>	<b>1 715</b>	<b>1 259</b>

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting periods were as follows:

EUR '000	31 December 2021	31 December 2020	31 December 2019	1 January 2019
< 1 year	2 095	1 533	1 789	1 258
1–2 years	86	64	70	47
2–3 years	67	33	20	14
3–4 years	—	—	2	—
<b>Total</b>	<b>2 248</b>	<b>1 630</b>	<b>1 881</b>	<b>1 319</b>

The Inelo Group has applied the practical expedient provided in IFRS 15 based on which the Inelo Group does not have to disclose the transaction price allocated to the unsatisfied performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

The Inelo Group identifies and recognize an asset for costs to obtain contracts with customers and amortize them over a period of 36 months:

EUR '000	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Non-current	520	299	215	112
Current	545	342	255	113
<b>Total Contract costs</b>	<b>1 065</b>	<b>641</b>	<b>470</b>	<b>225</b>

EUR '000	For the year ended 31 December		
	2021	2020	2019
Amortization of contract costs . . . . .	526	357	228
<b>Total amortization of contract costs . . . . .</b>	<b>526</b>	<b>357</b>	<b>228</b>

\* presented as employee benefits expense

The Inelo Group has applied the practical expedient provided in IFRS 15 based on which if the amortisation period of the asset resulting from the incremental costs to obtain the contract would be one year or less, those costs are expensed when incurred.

In any of the presented periods the Inelo Group did not recognize any impairment loss on capitalized contract costs.

## 11. EMPLOYEE EXPENSES

Employee expenses for the respective periods consist of the following:

EUR '000	For the year ended 31 December					
	2021		2020		2019	
	Total personnel	Key management*	Total personnel	Key management*	Total personnel	Key management*
Wages and salaries . . . . .	9 697	612	7 240	342	7 287	158
Social security and health insurance . . . . .	1 699	18	1 303	9	1 352	8
Social cost . . . . .	220	—	197	—	271	—
Share-based payment program . . . . .	1 607	1 028	2 645	2 157	438	438
Other personnel cost (unused vacation) . . . . .	170	13	35	—	46	—
Own work capitalised . . . . .	(2 572)	—	(1 643)	—	(1 765)	—
<b>Total employee expense . . . . .</b>	<b>10 821</b>	<b>1 671</b>	<b>9 777</b>	<b>2 508</b>	<b>7 629</b>	<b>604</b>

\* Included the Board of Directors of Inelo, OCRK, Burietta, Marcos and CVS

The monthly average number of employees by category during the period was as follows:

	For the year ended 31 December		
	2021	2020	2019
Sales and marketing . . . . .	156	131	138
General and administrative . . . . .	95	57	53
Product and operative* . . . . .	353	295	249
<b>Total average number of employees . . . . .</b>	<b>604</b>	<b>483</b>	<b>440</b>

\* Product and operative category represents employees directly and indirectly related to product business units

## 12. ALTERNATIVE PERFORMANCE MEASURES

To supplement its Consolidated Historical Financial Information, which are prepared and presented in accordance with IFRS, the Inelo Group uses the following non-GAAP financial measures that are not directly defined or recognised under IFRS: EBITDA, Adjusted EBITDA, consistently with the approach adopted by W.A.G payment solutions plc in its consolidated financial statements for the year ended 31 December 2021.

The Inelo Group uses Alternative Performance Measures (“APMs”) to provide additional information to investors and to enhance their understanding of its results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. Moreover, these metrics may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by the Inelo Group’s peers.

### EBITDA

EBITDA is calculated as profit before tax, finance income and costs, depreciation and amortisation.

The Inelo Group presents EBITDA because it is widely used by securities analysts, investors, and other interested parties to evaluate the profitability of companies. EBITDA eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses, against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortisation expense).

### Adjusted EBITDA

In determining whether an item should be presented as an adjusting item to IFRS measures, the Inelo Group considers items that must initially meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period.
- It has been directly incurred as a result of either an acquisition, capital restructuring or relates to Group's strategic transformation programme as these are not part of the Inelo Group's underlying trading activity.
- It is unusual in nature, e.g. outside the normal course of business.

If an item meets at least one of the criteria, then judgement is exercised as to whether the item should be classified as an adjusting item to IFRS performance measures.

Consistently with consolidated financial statements of W.A.G payment solutions plc for the year ended 31 December 2021, Adjusted EBITDA is defined as EBITDA before adjusting items which should be assigned to the following categories:

<u>Adjusting item</u>	<u>Definition</u>	<u>Exclusion justification</u>
M&A-related expenses . . . . .	Fees and other costs relating to the Inelo Group's acquisitions activity	M&A-related expenses differ every year based on acquisition activity of the Inelo Group. Exclusion of these costs allow better result comparability.
Non-recurring IPO-related expenses . . . . .	Non-recurring advisory and other expenses relating to the admission	<u>n/a</u>
Strategic transformation expenses . . . . .	Costs relating to broadening the skill bases of the Inelo Group's employees (including in respect of executive search and recruiting costs), as well as costs related to transformation of key IT systems	Broadening the skill base IT strategic transformation requires different skill base of the Inelo Group's employees. Expenses related to these strategic events were excluded as otherwise they would not be incurred.
Share-based compensation . . . . .	Equity-settled and cash-settled compensation provided to the Inelo Group's management	Share options and cash-settled compensation have been provided to management and certain employees in connection with the sale of the Inelo Group. They were excluded as they relate to a one-off event.

It is believed that Adjusted EBITDA is a useful measure for investors because it is a measure closely tracked by management of W.A.G payment solutions plc to evaluate Group's operating performance and to make financial, strategic, and operating decisions. It may help investors to understand and evaluate, in the same manner as management of W.A.G payment solutions plc, the underlying trends in the Inelo Group's operational performance on a comparable basis, period on period.

EUR '000	For the year ended 31 December		
	2021	2020	2019
Intangible assets amortisation (Note 16)	3 051	1 788	1 060
Tangible assets depreciation (Note 17)	1 826	1 325	1 125
Right-of-use depreciation (Note 18)	512	420	512
Depreciation and amortisation	5 389	3 533	2 697
Net finance costs	1 940	1 521	1 722
Profit before tax	1 418	98	1 463
<b>Operating profit before depreciation and amortization (EBITDA)</b>	<b>8 747</b>	<b>5 152</b>	<b>5 882</b>
M&A-related expenses	576	145	30
Strategic transformation expenses	3	249	408
Share-based compensation (Note 13)	1 607	2 645	438
<b>Adjusting items</b>	<b>2 186</b>	<b>3 039</b>	<b>876</b>
<b>Adjusted EBITDA</b>	<b>10 933</b>	<b>8 191</b>	<b>6 758</b>

### 13. SHARE-BASED PAYMENTS

The Inelo Group currently operates the following share-based employee stock plans:

#### Equity-settled share employee stock plan

In 2019 Inelo decided to implement equity-settled share-based employee incentive stock plan. The accomplishment of the plan is contingent on the occurrence of an Exit event, which will consist of current shareholders selling 100% of Inelo shares to unrelated third parties. The incentive plan is settled with Inelo's own equity instruments. In accordance with the conditions of the plan, employees will be awarded with Inelo's shares upon the occurrence of an Exit event (non-vesting condition), provided they remain in service until the Exit date. The Exit date has been set as 31.03.2023. Upon the successful fulfilment of the vesting conditions (completion of the service period) the participants will be entitled to a number of Company shares equivalent to their allocated percentage share in Exit Profit (defined below). Once participants are awarded with Inelo's shares, they are required to participate in the Exit event, by selling the awarded shares to the new acquirer (unrelated third party). The requirement to sale the awarded shares does not affect the classification of the plan as equity-settled, since the sale of the awarded equity instruments to third parties is not equivalent to a redemption obligation (that would trigger cash-settled classification under IFRS 2), since Inelo has no control over the sale of its shares to the new acquirer.

The Exit Profit is calculated based on the proceeds received by Inelo's shareholders as a result of the Exit event, net of investment costs as defined in the plan conditions. Investment costs represent the initial value of the purchased shares by Innova (Inelo's parent), plus any subsequent capital contributions up to the Exit date, as well as transaction costs related to Exit event ("Investment Costs"). Investment Costs are also referred to as the Exercise price. The Exit Profit is further adjusted by the amounts paid for the cash settled plan, and the adjusted Exit Profit is used to compute the shares to be awarded in the equity settled plan (cash settled part of the program is described below).

As of 31.12.2021 Inelo granted options to receive 8,45% of the Exit Profit to 8 employees. The average percentage in Exit Profit allocated to an employee as of 31.12.2021 equals 1,06% (average percentage in Exit Profit allocated to an employee in 2021: 0,1%, in 2020: 1,23%).

No actual shares have been awarded to the employees, as the plan condition related to the Exit event is still not yet accomplished. No employees have forfeited their rights under the shared based plan.

Set out below are summaries of the options granted:

	For the year ended 31 December 2021		For the year ended 31 December 2020		For the year ended 31 December 2019	
	Share in Exit Profit allocated to participants [%]	Number of participants	Share in Exit Profit allocated to participants [%]	Number of participants	Share in Exit Profit allocated to participants [%]	Number of participants
<b>Opening</b> . . . . .	<b>8,35%</b>	<b>7</b>	<b>1,00%</b>	<b>1</b>	—	—
Granted during the period . . .	0,1%	1	7,35%	6	1,00%	1
Exercised during the period . . .	—	—	—	—	—	—
Forfeited during the period . . .	—	—	—	—	—	—
<b>Closing</b> . . . . .	<b>8,45%</b>	<b>8</b>	<b>8,35%</b>	<b>7</b>	<b>1,00%</b>	<b>1</b>

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

	31 December 2021		31 December 2020		31 December 2019	
	Outstanding share in Exit Profit	Weighted average remaining life (years)	Outstanding share in Exit Profit	Weighted average remaining life (years)	Outstanding share in Exit Profit	Weighted average remaining life (years)
<b>Exercise price (EUR '000)</b>						
62 626 . . . . .	8,45%	1,25	8,35%	2,25	1%	3,25

The Exercise price was determined based on the Investment Costs at the date of grant, that amounted to EUR 62.626 thousand for the years 2019, 2020 and for the grant issued in March 2021.

Inelo recognized the following costs related to the incentive plan in statement of comprehensive income reflecting the fulfilment of the service condition over the service period and allocation of the awards based on the individual contracts, and thus based on the expected number of equity instruments that will eventually vest:

<b>EUR '000</b>	For the year ended 31 December		
	2021	2020	2019
Equity-settled plans . . . . .	1 028	2 157	438

The following amounts of equity reserve related to the incentive plan were reported as of the reporting dates (reflecting the cumulative cost of the incentive plan recognized in statement of comprehensive income):

<b>EUR '000</b>	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Equity-settled plans . . . . .	3 623	2 595	438	—

Inelo used Black-Scholes model to determine fair value of the incentive plan as of grant dates. The following inputs were applied:

- spot price,
- exercise price,
- risk-free interest rate and
- volatility parameter.

Considering the characteristics of the incentive plan, the spot price was determined based on Inelo year-end valuations—for a given measurement date, the valuation as of the closest day to the measurement date was applied.

The risk-free rates were adopted for EUR currency at the level reflecting zero-coupon curve yield for that currency. The incentive plan is denominated in EUR, so the applicable risk-free rate was selected as the rate relevant to the exercise price denomination currency.

Volatility parameters were calculated based on historical data for stock prices of the benchmark group consisting of similar entities that are publicly listed.

For a given grant date, the fair value of the rights granted under the equity-settled plan is equal to the product of the option value calculated with use of Black-Scholes model and the percentage of share in Exit Profit

allocated to participants as of that day, additionally adjusted for the impact of awards granted under cash-settled plan (to be deducted from Exit Profit for the purpose of calculating number of shares awarded under equity-settled plan).

At the grant date a significant portion of the options become vested, while the remaining portion is conditional upon completion of the service period. For the options granted as of 31 December 2021, EUR 3,648 thousand has vested, while EUR 1,305 thousand will vest over the remaining period of service.

The table below includes the inputs used in the valuation for the options granted:

EUR '000	For the year ended 31 December		
	2021	2020	2019
Weighted average spot price of Inelo at grant date . . . . .	116 650	119 475	123 978
Exercise price (Investment costs) . . . . .	62 626	62 626	62 626
Expected price volatility of Company's shares . . . . .	46,25%	33,44%	28,39%
Risk-free interest rate . . . . .	-0,32%	-0,27%	-0,31%

Valuation of Inelo for the determination of the fair value as of the grant dates from years 2019–2021 is assumed using the valuations and impairment tests performed on the respective nearest year-end dates (31 December 2019 or 31 December 2020).

Grant date	Valuation of Inelo in PLN	Exchange rate	Valuation in EUR
2019-12-10 . . . . .	531 900 850	4,29	123 977 542
2020-01-31 . . . . .	531 900 850	4,30	123 671 987
2020-04-21 . . . . .	531 900 850	4,53	117 440 739
2021-03-09 . . . . .	534 757 835	4,58	116 649 834

#### **Cash-settled share employee stock plan**

In 2019 Inelo decided to implement cash-settled share-based employee incentive stock plan. The accomplishment of the plan is contingent on the occurrence of Exit event, which will consist of current shareholders selling 100% of Inelo shares to unrelated third parties. In accordance with the conditions of the plan, employees will be awarded with cash-settlement upon the occurrence of the Exit event (non-vesting condition), provided they remain in service until the Exit date, which has been set as 31.03.2023. Upon the successful fulfilment of the vesting conditions (completion of the service period), the participants will be entitled to a cash settlement, computed based on the percentage share of the Exit Profit allocated to them.

The Exit Profit is calculated based on the proceeds received by Inelo's shareholders as a result of the Exit event, net of investment costs as defined in the plan conditions. Investment costs represent the initial value of the purchased shares by Innova (Inelo's parent), plus any subsequent capital contributions up to the Exit date, as well as transaction costs related to Exit event ("Investment Costs"). Investment Costs are also referred to as the Exercise price.

As of 31.12.2021 Inelo granted options to receive 1,39% of the Exit Profit to 11 employees. The average percentage in Exit Profit allocated to an employee as of 31.12.2021 equals 0,13% (average percentage in Exit Profit allocated to an employee in 2021: 0,08%, in 2020: 0,17%).

No cash settled payment was made to the employees, as the plan condition related to the Exit event is still not yet accomplished. No employees have forfeited their rights under the cash settled plan.

Set out below are summaries of the options granted:

	For the year ended 31 December 2021		For the year ended 31 December 2020		For the year ended 31 December 2019	
	Share in Exit Profit allocated to participants [%]	Number of share options	Share in Exit Profit allocated to participants [%]	Number of share options	Share in Exit Profit allocated to participants [%]	Number of share options
<b>Opening</b> . . . . .	<b>1,01%</b>	<b>6</b>	—	—	—	—
Granted during the period . . . . .	0,38%	5	1,01%	6	—	—
Exercised during the period . . . . .	—	—	—	—	—	—
Forfeited during the period . . . . .	—	—	—	—	—	—
<b>Closing</b> . . . . .	<b>1,39%</b>	<b>11</b>	<b>1,01%</b>	<b>6</b>	—	—

Options outstanding at the end of the period have the following expiry dates and exercise prices:

Exercise price (EUR '000)	31 December 2021		31 December 2020		31 December 2019	
	Outstanding share in Exit Profit	Weighted average remaining life (years)	Outstanding share in Exit Profit	Weighted average remaining life (years)	Outstanding share in Exit Profit	Weighted average remaining life (years)
62 626 . . . . .	—	—	1,01%	2,25	—	—
66 667 . . . . .	1,39%	1,25	—	—	—	—
<b>Total</b> . . . . .	<b>1,39%</b>	<b>1,25</b>	<b>1,01%</b>	<b>2,25</b>	—	—

The Exercise price was determined based on the Investment Costs at the date of grant, that amounted to EUR 62.626 thousand for the years 2019 and 2020. The Exercise price for the awards granted 21 August 2021 amounted to EUR 66.667 thousand.

As of 31.12.2021, Inelo remeasured the fair value of the cash-settled plan, the Exercise price applied in the valuation model included the contribution of proceeds by Inelo's parent in August 2021, used for the acquisition of CVS Group.

Inelo recognized the following costs related to the incentive plan in statement of comprehensive income:

EUR '000	For the year ended 31 December		
	2021	2020	2019
Cash-settled plans . . . . .	579	488	—

The following carrying amounts of liability related to the incentive plan were reported as of the reporting dates:

EUR '000	31 December 2021	31 December 2020	31 December 2020	1 January 2020
Cash-settled plans liability . . . . .	1 048	471	—	—

The liability is remeasured at each reporting date at fair value, with changes in fair value recognized in profit or loss. Remeasurements during the vesting period are only recognised to the extent that services have been received. Significant increase in fair value of cash-settled plan liability in 2021 is driven by new participants joining the plan, progress in vesting under service conditions, as well as by acquisition of CVS by Inelo Group, which impacted Inelo Group valuation used as an input to the fair valuation model of the plan.

Inelo used Black-Scholes model to determine fair value of the incentive plan as of grant dates. The following inputs were applied:

- spot price,
- exercise price,
- risk-free interest rate and
- volatility parameter.

Considering the characteristics of the incentive plan, the spot price was determined based on Inelo Group year-end valuations—for a given measurement date, the valuation as of the closest day to the measurement date was applied.

The risk-free rates were adopted for EUR currency at the level reflecting zero-coupon curve yield for that currency. The incentive plan is denominated in EUR, so the applicable risk-free rate was selected as the rate relevant to the exercise price denomination currency.

Volatility parameters were calculated based on historical data for stock prices of the benchmark group consisting of similar entities that are publicly listed. For a given grant date, the fair value of the rights granted under the equity-settled plan is equal to the product of the option value calculated with use of Black-Scholes model and the percentage of share in Exit Profit allocated to participants as of that day.

The table below includes the inputs for the valuation of the cash settlement awarded:

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Spot price of Inelo as of the reporting date*	142 012	117 279	—
Exercise price (Investment costs) as of the reporting date	66 667	62 626	—
Expected price volatility of Company's shares	34,70%	44,90%	—
Risk-free interest rate	-0,19%	-0,36%	—

Valuation of Inelo for the determination of the fair value as of the year-end date is assumed using the valuations and impairment tests performed on 31 December 2020 and 31 December 2021 as below:

<u>Year-end date</u>	<u>Valuation of Inelo in PLN</u>	<u>Exchange rate</u>	<u>Valuation in EUR</u>
2020-12-31	534 757 835	4,56	117 279 171
2021-12-31	652 812 283	4,60	142 011 417

At the grant date a significant portion of the options become vested, while the remaining portion is conditional upon completion of the service period. For the options granted as of 31 December 2021, EUR 1,048 thousand has vested with cumulative cost being equal to the fair value of the program as of that date.

#### 14. FINANCE COSTS

Finance costs for the respective periods were as follows:

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interest expense for financial liabilities not classified as at FVTPL			
<i>Interest on bank loans</i>	857	902	1 127
<i>Interest on commercial notes</i>	7	—	—
<i>Interest on telecom liabilities</i>	482	462	389
<i>Interest on lease liabilities</i>	60	37	52
<i>Interest on put option and forward liability</i>	211	23	—
<i>Interest on acquisition liability (deferred consideration)</i>	19	—	—
Other interest	36	—	—
Net foreign exchange loss	112	1	31
Other finance costs	163	117	127
<b>Total</b>	<b><u>1 947</u></b>	<b><u>1 542</u></b>	<b><u>1 726</u></b>

#### 15. INCOME TAX

Corporate income tax rates for the years 2019, 2020 and 2021 were as follows:

	<u>Tax rate</u>
Poland	19%
Slovenia	19%
Croatia	18%
Serbia	15%

Structure of the income tax for the respective periods is as follows:

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current income tax charge . . . . .	528	383	290
Adjustments in respect of current income tax of previous year . . . . .	(650)	—	—
Deferred tax . . . . .	222	337	291
<b>Total tax expense in the statement of comprehensive income . . . . .</b>	<b><u>100</u></b>	<b><u>720</u></b>	<b><u>581</u></b>

Reconciliation of tax expense and the accounting profit multiplied by Inelo domestic tax rate for the below periods:

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounting profit before tax . . . . .	1 418	98	1 463
At statutory income tax rate of 19% . . . . .	269	19	278
Adjustments in respect of current income tax of prior years . . . . .	(650)	—	—
Adjustments in respect of current income tax relating to losses incurred by business before the acquisition . . . . .	(100)	—	—
Effect of different tax rates in subsidiaries . . . . .	(1)	(4)	—
Change in unrecognized deferred tax assets . . . . .	(2)	(2)	49
Non-deductible expenses . . . . .	633	214	248
Share-based payments . . . . .	305	503	83
Tax credits . . . . .	(337)	—	(77)
Effect of non-taxable income . . . . .	(12)	(10)	(0)
Other . . . . .	(5)	—	—
At the effective income tax rate of . . . . .	7%	735%	40%
<b>Income tax expense reported in the statement of comprehensive income . . . . .</b>	<b><u>100</u></b>	<b><u>720</u></b>	<b><u>581</u></b>

Unused tax losses, for which no deferred tax asset has been recognised were as follows:

<u>EUR '000</u>	<u>As at 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Unrecognised tax losses expiring by the end of: 31 December 2024 and after . . . . .	1	—	—
<b>Total unrecognized tax losses . . . . .</b>	<b><u>1</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>Potential tax benefit . . . . .</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>

The unused tax losses were incurred by dormant subsidiaries that are not likely to generate taxable income in the foreseeable future.

Deferred tax balances and movements:

<u>EUR '000</u>	<u>1 January 2019</u>	<u>Business combinations</u>	<u>(Charged) credited to profit or loss</u>	<u>Charged to equity</u>	<u>Translation differences</u>	<u>31 December 2019</u>
Property, plant and equipment and intangible assets . . . . .	(1 896)	—	(115)	—	(20)	(2 031)
Right-of-use assets and lease liabilities . . . . .	(10)	—	(1)	—	(1)	(12)
Contract costs . . . . .	(43)	—	(46)	—	—	(89)
Trade and other receivables . . .	27	—	28	—	1	56
Loans and borrowings . . . . .	(44)	—	11	—	—	(33)
Employee benefits . . . . .	51	—	34	—	1	86
Provisions . . . . .	11	—	5	—	—	16
Deferred income . . . . .	27	—	(10)	—	—	17
Trade and other payables . . . . .	658	—	(182)	—	4	480
Other items . . . . .	—	—	(15)	—	—	(15)
<b>Net tax assets (liabilities) . . . .</b>	<b><u>(1 219)</u></b>	<b><u>—</u></b>	<b><u>(291)</u></b>	<b><u>—</u></b>	<b><u>(15)</u></b>	<b><u>(1 525)</u></b>
<b>Recognised deferred tax asset . . . . .</b>	<b><u>5</u></b>	<b><u>—</u></b>	<b><u>25</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>30</u></b>
<b>Recognised deferred tax liability . . . . .</b>	<b><u>(1 224)</u></b>	<b><u>—</u></b>	<b><u>(316)</u></b>	<b><u>—</u></b>	<b><u>(15)</u></b>	<b><u>(1 555)</u></b>
<b>EUR '000</b>	<b><u>1 January 2020</u></b>	<b><u>Business combinations</u></b>	<b><u>(Charged) credited to profit or loss</u></b>	<b><u>Charged to equity</u></b>	<b><u>Translation differences</u></b>	<b><u>31 December 2020</u></b>
Property, plant and equipment and intangible assets . . . . .	(2 031)	(371)	(213)	—	165	(2 450)
Right-of-use assets and lease liabilities . . . . .	(12)	—	11	—	1	—
Contract costs . . . . .	(89)	—	(41)	—	8	(122)
Trade and other receivables . . .	56	—	(46)	—	(3)	7
Loans and borrowings . . . . .	(33)	—	(14)	—	4	(43)
Employee benefits . . . . .	86	—	(31)	—	(6)	49
Provisions . . . . .	16	—	155	—	(7)	164
Deferred income . . . . .	17	—	(16)	—	(1)	—
Trade and other payables . . . . .	480	—	(155)	—	(30)	295
Other items . . . . .	(15)	—	13	—	—	(2)
<b>Net tax assets (liabilities) . . . .</b>	<b><u>(1 525)</u></b>	<b><u>(371)</u></b>	<b><u>(337)</u></b>	<b><u>—</u></b>	<b><u>131</u></b>	<b><u>(2 102)</u></b>
<b>Recognised deferred tax asset . . . . .</b>	<b><u>30</u></b>	<b><u>—</u></b>	<b><u>(30)</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>Recognised deferred tax liability . . . . .</b>	<b><u>(1 555)</u></b>	<b><u>(371)</u></b>	<b><u>(307)</u></b>	<b><u>—</u></b>	<b><u>131</u></b>	<b><u>(2 102)</u></b>

EUR '000	1 January 2021	Business combinations	(Charged) credited to profit or loss	Charged to equity	Translation differences	31 December 2021
Property, plant and equipment and intangible assets . . . . .	(2 450)	(1 709)	(241)	—	(14)	(4 414)
Right-of-use assets and lease liabilities . . . . .	—	—	(4)	—	—	(4)
Contract costs . . . . .	(122)	—	(81)	—	1	(202)
Trade and other receivables . . .	7	261	70	—	1	339
Loans and borrowings . . . . .	(43)	—	(38)	—	—	(81)
Employee benefits . . . . .	49	3	(40)	—	1	13
Provisions . . . . .	164	—	(17)	—	—	147
Deferred income . . . . .	—	—	65	—	—	65
Trade and other payables . . . . .	295	26	63	—	(1)	383
Other items . . . . .	(2)	—	1	—	1	—
<b>Net tax assets (liabilities) . . . .</b>	<b>(2 102)</b>	<b>(1 419)</b>	<b>(222)</b>	<b>—</b>	<b>(11)</b>	<b>(3 754)</b>
<b>Recognised deferred tax asset . . . . .</b>	<b>—</b>	<b>290</b>	<b>—</b>	<b>—</b>	<b>(290)</b>	<b>—</b>
<b>Recognised deferred tax liability . . . . .</b>	<b>(2 102)</b>	<b>(1 709)</b>	<b>(222)</b>	<b>—</b>	<b>279</b>	<b>(3 754)</b>

The Inelo Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

## 16. INTANGIBLE ASSETS

Cost of intangible assets subject to amortisation:

EUR '000	Goodwill	Client relationships	Internal software development	External software	Trademarks acquired	Internal assets in progress	Total
<b>1 January 2019 . . . . .</b>	<b>71 273</b>	<b>—</b>	<b>2 236</b>	<b>458</b>	<b>6 791</b>	<b>754</b>	<b>81 512</b>
Additions . . . . .	—	—	2	261	—	1 891	2 154
Transfer . . . . .	—	—	1 493	—	—	(1 493)	—
Disposals . . . . .	—	—	—	(10)	—	—	(10)
Translation differences . . . . .	695	—	36	7	67	11	816
<b>31 December 2019 . . . . .</b>	<b>71 968</b>	<b>—</b>	<b>3 767</b>	<b>716</b>	<b>6 858</b>	<b>1 163</b>	<b>84 472</b>
Additions . . . . .	—	—	—	97	—	1 921	2 018
Acquisition of a subsidiary . . . . .	285	—	2 046	—	—	—	2 331
Transfer . . . . .	—	—	1 229	—	—	(1 229)	—
Disposals . . . . .	—	—	—	(28)	—	—	(28)
Translation differences . . . . .	(5 569)	—	(431)	(57)	(531)	(244)	(6 832)
<b>31 December 2020 . . . . .</b>	<b>66 684</b>	<b>—</b>	<b>6 611</b>	<b>728</b>	<b>6 327</b>	<b>1 611</b>	<b>81 961</b>
Additions . . . . .	—	—	224	191	—	2 650	3 065
Acquisition of a subsidiary . . . . .	12 356	6 100	725	68	2 473	—	21 722
Transfer . . . . .	—	—	1 960	—	—	(1 960)	—
Disposals . . . . .	—	—	(7)	(30)	—	—	(37)
Translation differences . . . . .	148	(40)	(91)	2	5	—	24
<b>31 December 2021 . . . . .</b>	<b>79 188</b>	<b>6 060</b>	<b>9 422</b>	<b>959</b>	<b>8 805</b>	<b>2 301</b>	<b>106 735</b>

Accumulated amortisation and impairment of intangible assets subject to amortisation:

<u>EUR '000</u>	<u>Goodwill</u>	<u>Client relationships</u>	<u>Internal software development</u>	<u>External software</u>	<u>Trademarks acquired</u>	<u>Internal assets in progress</u>	<u>Total</u>
<b>1 January 2019</b> . . . . .	—	—	<b>(151)</b>	<b>(424)</b>	<b>(249)</b>	—	<b>(824)</b>
Amortisation . . . . .	—	—	(683)	(105)	(272)	—	(1 060)
Disposals . . . . .	—	—	—	9	—	—	9
Translation differences . . . . .	—	—	(8)	(4)	(6)	—	(18)
<b>31 December 2019</b> . . . . .	—	—	<b>(842)</b>	<b>(524)</b>	<b>(527)</b>	—	<b>(1 893)</b>
Amortisation . . . . .	—	—	(1 376)	(150)	(262)	—	(1 788)
Disposals . . . . .	—	—	—	27	—	—	27
Translation differences . . . . .	—	—	116	45	51	—	212
<b>31 December 2020</b> . . . . .	—	—	<b>(2 102)</b>	<b>(602)</b>	<b>(738)</b>	—	<b>(3 442)</b>
Amortisation . . . . .	—	(163)	(2 410)	(190)	(288)	—	(3 051)
Disposals . . . . .	—	—	—	30	—	—	30
Translation differences . . . . .	—	—	12	(1)	(1)	—	10
<b>31 December 2021</b> . . . . .	—	<b>(163)</b>	<b>(4 500)</b>	<b>(763)</b>	<b>(1 027)</b>	—	<b>(6 453)</b>

Net book value:

<u>EUR '000</u>	<u>Goodwill</u>	<u>Client relationships</u>	<u>Internal software development</u>	<u>External software</u>	<u>Trademarks acquired</u>	<u>Internal assets in progress</u>	<u>Total</u>
Net book value at 1 January 2019 . . . . .	<u>71 273</u>	—	<u>2 085</u>	<u>34</u>	<u>6 542</u>	<u>754</u>	<u>80 688</u>
Net book value at 31 December 2019 . . . . .	<u>71 968</u>	—	<u>2 925</u>	<u>192</u>	<u>6 331</u>	<u>1 163</u>	<u>82 579</u>
Net book value at 31 December 2020 . . . . .	<u>66 684</u>	—	<u>4 509</u>	<u>126</u>	<u>5 589</u>	<u>1 611</u>	<u>78 519</u>
<b>Net book value at 31 December 2021</b> . . . . .	<b><u>79 188</u></b>	<b><u>5 897</u></b>	<b><u>4 922</u></b>	<b><u>196</u></b>	<b><u>7 778</u></b>	<b><u>2 301</u></b>	<b><u>100 282</u></b>

Internal assets in progress consist of assets where the development phase has not yet been completed.

The Inelo Group capitalised employee expenses (Note 11) and cost of materials and services used or consumed in generating the intangible asset.

Components of trademarks acquired as at 31 December 2021:

<u>Trademark acquired</u>	<u>Net book value (EUR '000)</u>
OCRK . . . . .	2 714
INELO . . . . .	2 640
CVS . . . . .	2 424
<b>Total</b> . . . . .	<b><u>7 778</u></b>

Significant components of internal software development:

<u>Component</u>	<u>Net book value (EUR '000)</u>
TMS Software . . . . .	1 087
Komunikacija Assist . . . . .	336
YIELD . . . . .	256
Nawigator . . . . .	224
Octopus . . . . .	221

Research and development costs that were not capitalised and are, therefore, recognised as expenses are as follows:

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expensed research and development costs . . . . .	103	—	—

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Contractual commitments for the acquisition of intangible assets . . . . .	19	16	17	14

### Impairment testing

Impairment exists when the carrying value of an asset or cash-generating unit (“CGU”) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The value-in-use calculation is based on a discounted cash flow model (“DCF model”). The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Inelo Group is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested.

When identifying CGUs the Inelo Group assesses whether group of operating assets can be separated and, whether they generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, required to be allocated to each of the acquirer’s CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated shall: (a) represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and (b) not be larger than an operating segment as defined by IFRS 8 Operating Segments (“IFRS 8”) before aggregation.

The Inelo Group has not identified any indicators for impairment of identified CGUs. However, there is goodwill allocated to CGUs and group of CGUs requiring mandatory annual testing. Please find below a summary of impairment testing for goodwill allocated to CGUs and group of CGUs.

#### Carrying amount of the goodwill allocated to each of the CGU or group of CGUs

For the purposes of impairment testing, goodwill acquired through business combinations has been allocated to the respective CGUs (group of CGUs) as follows

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Inelo Polska (Telematics, WTM Software and Outsourcing)* . . . . .	66 634	66 412	71 968	71 273
Marcos BIS (TMS Software) . . . . .	273	272	—	—
CVS Group (Telematics) . . . . .	<u>12 281</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total</b> . . . . .	<b><u>79 188</u></b>	<b><u>66 684</u></b>	<b><u>71 968</u></b>	<b><u>71 273</u></b>

\* associated with acquisition of INELO Polska sp. z o.o., OCRK Polska sp. z o.o. and NUSS sp. z o.o. in 2018 and allocated to group of those CGUs; in 2021 INELO Polska sp. z o.o. legally merged with OCRK Polska sp. z o.o. and NUSS sp. z o.o.

Whereas carrying amount of the CGUs or group of CGUs were as follows (including allocated goodwill):

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Inelo Polska (Telematics, WTM Software and Outsourcing) . . . . .	86 012	82 939	89 021	86 819
Marcos BIS (TMS Software) . . . . .	1 708	2 074	—	—
CVS Group (Telematics) . . . . .	23 174	—	—	—
<b>Total</b> . . . . .	<b><u>110 894</u></b>	<b><u>85 013</u></b>	<b><u>89 021</u></b>	<b><u>86 819</u></b>

*Key assumptions used for impairment testing*

Budgeted discounted cash flows (“DCF”) were determined by management separately for each CGU based on short-term and medium-term budgets and respective financial models prepared for internal managerial purposes as well as for external purposes (e.g. obtaining external sources for financing). Budgets and financial models are based on the knowledge of each particular market, taking into account the historical development of revenue, estimated macroeconomic developments in individual regions and the Inelo Group’s plans regarding growth opportunities and market share expansion.

*Discount rate:* The discount rate reflects among others specific risks related to the industry in which the Inelo Group operates as well as entity specific risks. The used discount rates were estimated based on the weighted average cost of capital (“WACC”). This is a rate that approximately reflects current market assessments of the time value of money and the risks specific to the investment and it is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the investment in question.

In order to determine WACC, the Inelo Group uses own financial data as well as information from external highly recognized sources—Bloomberg and Damodaran.

*Budgeted growth rate:* Subscription models are predominant in the Inelo Group’s product portfolio and therefore most of the revenue is recurring. When budgeting growth rates for revenue, the historical rates are applied—actual number of customers/vehicles/drivers and relative growth of number of new customers/vehicles/drivers and churn of customers observed between periods in the past. Markets on which the Inelo Group is present are relatively new and dynamic growths are observed. Therefore, when budgeting growth rates for sales volumes, the most updated historical data are mainly considered. Moreover, in such circumstances it is difficult to predict if increases observed in the past will be realized in that scale in the future. Additionally, growth rates applied are adjusted for example to deduct effect of one-off market events observed in the past periods (e.g. change of legislations), anticipated positive legislative changes and/or to include increasing efficiency of sales channels due to the Inelo Group product portfolio development and increasing cross-sell opportunities.

Except for sales volumes described above, also sales prices have impact on budgeted revenue. In financial model in terms of pricing the Inelo Group applied flat rates and discounts for expected contract extensions (Telematics—revenue generate through subscription model), decreasing rates (WTM Outsourcing—business in the more stable and competitive market) or slightly increasing rates (WTM Software).

Major costs incurred in relation to sale of products and services are salaries, which follow changes in the budgeted sales volumes. They are also impacted by salaries growth rates. Growth rates for salaries are calculated based on inflation rates subject to additional management adjustments to reflect the expected increase of salaries in sectors (especially in IT sector) based on knowledge, experience and employment market recognition of HR function and heads of departments.

*Terminal value growth rate:* Terminal growth rate is an estimate of growth in expected future cash flows beyond a projection period i.e. after 5-year projection period.

### Recoverable amount

The recoverable amount was determined for all CGUs or group of CGUs based on value in use:

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Inelo Polska (Telematics, WTM Software and Outsourcing) . . . . .	99 268	107 667	125 341	133 251
Marcos BIS (TMS Software) . . . . .	7 427	8 212	—	—
CVS Group (Telematics) . . . . .	<u>35 239</u>	<u>—</u>	<u>—</u>	<u>—</u>

The decrease of recoverable amount of Inelo Polska results mainly from exchange differences on translation from functional currency PLN to presentation currency EUR.

The estimated recoverable amount of the CGU/group of CGUs exceeded its carrying amount with allocated goodwill at the end of each reporting period, therefore no impairment loss has been recognised.

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Inelo Polska (Telematics, WTM Software and Outsourcing) . . . . .	13 256	24 728	36 321	46 432
Marcos BIS (TMS Software) . . . . .	5 719	6 138	—	—
CVS Group (Telematics) . . . . .	<u>12 065</u>	<u>—</u>	<u>—</u>	<u>—</u>

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. The key assumptions used in the estimation of the recoverable amount are as follows. As stated above, since 2020 Inelo introduced more detailed forecasting system and therefore presented more granular analysis of the volumes as key assumptions impacting revenues:

		<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
<b>Inelo Polska (Telematics, WTM Software and Outsourcing)</b>					
Devices volume growth rate (average)	<i>Telematics</i>	3,3%	8,4%	—	—
Outsourcing volume growth rate (average) . . . . .	<i>Outsourcing</i>	0,2%	4,8%	—	—
License updates renewal rate (average) . . . . .	<i>WTM Software</i>	95,0%	95,0%	—	—
Telematics new sales revenue growth rate (average) . . . . .	<i>Telematics</i>	—	—	3,0%	3,0%
Software new sales revenue growth rate (average) . . . . .	<i>WTM Software</i>	—	—	-5,0%	-5,0%
Outsourcing new sales revenue growth rate (average) . . . . .	<i>Outsourcing</i>	—	—	-5,0%	-5,0%
Discount rate . . . . .		8,3%	7,6%	7,9%	7,3%
Terminal value growth rate . . . . .		<u>2,1%</u>	<u>2,1%</u>	<u>2,5%</u>	<u>2,5%</u>
<b>Marcos BIS (TMS Software)</b>					
Software license volume growth rate . . . . .		0%	0%	—	—
Discount rate . . . . .		8,3%	7,6%	—	—
Terminal value growth rate . . . . .		<u>2,5%</u>	<u>2,5%</u>	<u>—</u>	<u>—</u>
<b>CVS Group (Telematics)</b>					
Devices volume growth rate . . . . .		0%	—	—	—
Discount rate . . . . .		7,5%	—	—	—
Terminal value growth rate . . . . .		<u>1,0%</u>	<u>—</u>	<u>—</u>	<u>—</u>

The summary of judgments made when determining budgeted growth rates are as follows:

**Inelo Polska (Telematics, WTM Software and Outsourcing)**

- Devices volume growth rate . . . . . Rate represents relative number of new devices rented or sold to customers. Positive Device volume growth rate (new devices inflow) was applied based on data on new devices installed in the past periods. The growth rate is decreasing over projection period down to 2,5% which exhibits both proved historically dynamics and managements’ opinion on high potential of the telematics market and relatively low market saturation.
  
- Outsourcing volume growth rate . . . . . Rate represents relative number of new customers and customers extending scope of received outsourcing services. Positive Outsourcing volume growth rate was applied based on data on new drivers/customers added in past periods. The growth rate of new drivers inflow is decreasing over projection period down to 0%, which exhibits managements’ opinion on market saturation and constant inflow in the long term from new customers and customers extending scope of outsourcing services.
  
- License updates renewal rate . . . . . Rate represent expected relative amount of customers that will renew license for another fixed term. The Inelo Group applied License updates renewal rate at the steady level based on rates observed in the past periods of 95%.
  
- Telematics new sales revenue growth rate . . . . . Rate represents amount of additional revenue from new sale or rentals of equipment to customers. Positive Telematics new sales revenue growth rate of 3% was applied The growth rate is steady over projection period which exhibits both proved historically dynamics and managements’ opinion on high potential of the telematics market and relatively low market saturation.
  
- Software new sales revenue growth rate . . . . . Rate represents value of additional revenue from new customers of Software licenses and existing customers purchasing updates. Negative Software new sales revenue growth rate of -5% was applied. The growth rate is steady over projection period, which exhibits managements’ opinion on market saturation and constant inflow in the long term from new customers and existing customers purchasing updates.
  
- Outsourcing new sales revenue growth rate . . . . . Rate represents value of additional revenue from new customers of outsourcing services. Negative Outsourcing new sales revenue growth rate of -5% was applied. The growth rate is steady over projection period which exhibits managements’ opinion on market saturation and constant inflow in the long term from new customers and customers extending scope of outsourcing services.
  
- Terminal value growth rate . . . . . Terminal growth rate at 2,1% is close to long term inflation target set at 2,5% with slight modification for revenue streams within more competitive or saturated market segments (software and outsourcing).

**Marcos BIS (TMS Software)**

- Software license volume growth rate . . . . . Rate represents relative number of new customers of Software solutions and existing customers purchasing license updates. The Inelo Group applied Software license volume growth rate at 0% assuming that each year the same volume of licenses will be sold applying the number of new licenses that has been sold in the past periods. That assumption also reflects stable number of salesmen engaged in TMS Software sales.

Terminal value growth rate . . . . . Terminal growth rate at 2,5% is long term inflation target and exhibits high market potential for TMS software and low market saturation.

**CVS Group (Telematics)**

Devices volume growth rate . . . . . Rate represents relative number of new devices rented or sold to customers. The Inelo Group applied Device volume growth rate at 0% assuming that each year the same volume of devices will be sold applying the number of new devices that has been sold in the past periods. That assumption also reflects stable number of salesmen engaged in TMS Software sales.

Terminal value growth rate . . . . . Terminal growth rate at 1,0% was based on long term inflation target set by ECB for eurozone at 2,0% (which covers majority of CVS markets) as a starting point subject to modification taking into account high saturation of key company market—Slovenia.

Management has identified that a reasonably possible change in key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the sensitivity analysis of the individual key assumption showing the potential impact of the change on the recoverable amount:

**Discount rate**

<u>EUR '000</u>	<b>Increase of Discount rate by 1 pp.</b>			
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Inelo Polska (Telematics, WTM				
Software and Outsourcing) . . . . .	(13 817)	(16 948)	(19 996)	(24 170)
Marcos BIS (TMS Software) . . . . .	(1 084)	(1 366)	—	—
CVS Group (Telematics) . . . . .	(4 821)	—	—	—

**Terminal value growth rate**

<u>EUR '000</u>	<b>Decrease of Terminal value growth rate by 1 pp.</b>			
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Inelo Polska (Telematics, WTM				
Software and Outsourcing) . . . . .	(11 553)	(13 930)	(17 185)	(20 240)
Marcos BIS (TMS Software) . . . . .	(918)	(1 127)	—	—
CVS Group (Telematics) . . . . .	(3 769)	—	—	—

**Devices volume growth rate**

<u>EUR '000</u>	<b>Decrease of Devices volume growth rate by 3 pp.</b>			
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Inelo Polska (Telematics, WTM				
Software and Outsourcing) . . . . .	(8 360)	(9 037)	—	—
CVS Group (ITelematics) . . . . .	(6 386)	—	—	—

**License updates renewal rate**

<u>EUR '000</u>	<b>Decrease of License updates renewal rate by 3 pp.</b>			
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Inelo Polska (Telematics, WTM				
Software and Outsourcing) . . . . .	(3 588)	(3 898)	—	—

**Outsourcing volume growth rate**

<u>EUR '000</u>	<b>Decrease of Outsourcing volume growth rate by 3 pp.</b>			
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Inelo Polska (Telematics, WTM				
Software and Outsourcing) . . . . .	(1 661)	(1 744)	—	—

### Software license volume growth rate

EUR '000	Decrease of Software license volume growth rate by 3 pp.			
	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Marcos BIS (TMS Software) . . . . .	(1 418)	(1 530)	—	—

### Outsourcing new sales revenue growth rate

EUR '000	Decrease of Outsourcing new sales revenue growth rate by 3 pp.			
	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Inelo Polska (Telematics, WTM Software and Outsourcing) . . . . .	—	—	(5 353)	(5 655)

### Software new sales revenue growth rate

EUR '000	Decrease of Software new sales revenue growth rate by 3 pp.			
	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Inelo Polska (Telematics, WTM Software and Outsourcing) . . . . .	—	—	(2 158)	(2 278)

### Telematics new sales revenue growth rate

EUR '000	Decrease of Telematics new sales revenue growth rate by 3 pp.			
	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Inelo Polska (Telematics, WTM Software and Outsourcing) . . . . .	—	—	(3 042)	(3 205)

## 17. PROPERTY, PLANT AND EQUIPMENT

Cost of property, plant and equipment:

EUR '000	Lands and Buildings	Machinery and equipment	Other equipment, furniture and fixtures	Tangibles in progress	Total
<b>1 January 2019</b> . . . . .	<b>3 271</b>	<b>3 781</b>	<b>94</b>	<b>1 068</b>	<b>8 214</b>
Additions . . . . .	—	119	22	1 128	1 269
Transfer . . . . .	—	1 306	6	(1 312)	—
Disposals . . . . .	—	(392)	(3)	—	(395)
Other . . . . .	—	(174)	—	—	(174)
Translation differences . . . . .	33	94	(1)	10	136
<b>31 December 2019</b> . . . . .	<b>3 304</b>	<b>4 734</b>	<b>118</b>	<b>894</b>	<b>9 050</b>
Additions . . . . .	—	157	8	1 386	1 551
Acquisition of a subsidiary . . . . .	—	29	—	—	29
Transfer . . . . .	—	1 411	2	(1 413)	—
Disposals . . . . .	—	(514)	(3)	—	(517)
Other . . . . .	1	(89)	—	—	(88)
Translation differences . . . . .	(255)	(403)	(10)	163	(505)
<b>31 December 2020</b> . . . . .	<b>3 050</b>	<b>5 325</b>	<b>115</b>	<b>1 030</b>	<b>9 520</b>
Additions . . . . .	—	403	9	3 173	3 585
Acquisition of a subsidiary . . . . .	—	1 600	—	236	1 836
Transfer . . . . .	—	2 433	—	(2 404)	29
Disposals . . . . .	—	(681)	(22)	(237)	(940)
Other . . . . .	—	(398)	—	—	(398)
Translation differences . . . . .	10	216	4	(3)	227
<b>31 December 2021</b> . . . . .	<b>3 060</b>	<b>8 898</b>	<b>106</b>	<b>1 795</b>	<b>13 859</b>

Accumulated depreciation and impairment of property, plant and equipment:

<u>EUR '000</u>	<u>Lands and Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment, furniture and fixtures</u>	<u>Tangibles in progress</u>	<u>Total</u>
<b>1 January 2019</b> .....	<b>(261)</b>	<b>(2 209)</b>	<b>(80)</b>	<b>—</b>	<b>(2 550)</b>
Depreciation charge .....	(74)	(1 028)	(23)	—	(1 125)
Disposals .....	—	302	4	—	306
Other .....	—	133	—	—	133
Translation differences .....	(4)	(26)	(2)	—	(32)
<b>31 December 2019</b> .....	<b>(339)</b>	<b>(2 828)</b>	<b>(101)</b>	<b>—</b>	<b>(3 268)</b>
Depreciation charge .....	(72)	(1 241)	(12)	—	(1 325)
Disposals .....	—	463	3	—	466
Other .....	—	128	—	—	128
Translation differences .....	29	241	10	—	280
<b>31 December 2020</b> .....	<b>(382)</b>	<b>(3 237)</b>	<b>(100)</b>	<b>—</b>	<b>(3 719)</b>
Depreciation charge .....	(70)	(1 746)	(10)	—	(1 826)
Disposals .....	—	603	21	—	624
Transfer .....	—	94	—	—	94
Other .....	—	307	—	—	307
Translation differences .....	(1)	(6)	(1)	—	(8)
<b>31 December 2021</b> .....	<b>(453)</b>	<b>(3 985)</b>	<b>(90)</b>	<b>—</b>	<b>(4 528)</b>

Net book value of property, plant and equipment:

<u>EUR '000</u>	<u>Lands and Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment, furniture and fixtures</u>	<u>Tangibles in progress</u>	<u>Total</u>
Net book value at 1 January 2019 .....	<b>3 010</b>	<b>1 572</b>	<b>14</b>	<b>1 068</b>	<b>5 664</b>
Net book value at 31 December 2019 .....	<b>2 965</b>	<b>1 906</b>	<b>17</b>	<b>894</b>	<b>5 782</b>
Net book value at 31 December 2020 .....	<b>2 668</b>	<b>2 088</b>	<b>15</b>	<b>1 030</b>	<b>5 801</b>
<b>Net book value at 31 December 2021</b> .....	<b>2 607</b>	<b>4 913</b>	<b>16</b>	<b>1 795</b>	<b>9 331</b>

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Contractual commitments for the acquisition of property, plant and equipment .....	105	49	54	32

## 18. LEASES (GROUP AS A LEASEE)

The Inelo Group leases assets including buildings, motor vehicles and other. The average lease term for vehicles is 3–5 years and for buildings—33 years for business premises leased by subsidiaries of Napredna Telematika and 2 years for business premises leased by Inelo Polska Sp. z o.o.

### Carrying amount of right-of-use assets

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Buildings .....	2 217	78	159	231
Vehicles .....	1 083	928	1 009	850
Other .....	113	54	28	57
<b>Total</b> .....	<b>3 413</b>	<b>1 060</b>	<b>1 196</b>	<b>1 138</b>
Additions to the right-of-use assets for the year ended:	<u>341</u>	<u>438</u>	<u>518</u>	<u>—</u>

Depreciation charge of right-of-use assets

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Buildings . . . . .	(113)	(71)	(73)
Vehicles . . . . .	(354)	(321)	(402)
Other . . . . .	(45)	(28)	(37)
<b>Total . . . . .</b>	<b><u>(512)</u></b>	<b><u>(420)</u></b>	<b><u>(512)</u></b>

Lease liabilities

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Long-term lease liabilities . . . . .	2 924	629	665	663
Short-term lease liabilities . . . . .	598	418	444	406
<b>Total lease liabilities . . . . .</b>	<b><u>3 522</u></b>	<b><u>1 047</u></b>	<b><u>1 109</u></b>	<b><u>1 069</u></b>

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Within one year . . . . .	598	418	444	406
After one year but not more than five years . . . . .	810	629	665	663
More than five years . . . . .	2 114	—	—	—
<b>Total lease liabilities . . . . .</b>	<b><u>3 522</u></b>	<b><u>1 047</u></b>	<b><u>1 109</u></b>	<b><u>1 069</u></b>

The Inelo Group does not hold information regarding the interest rate implicit in the lease and uses the incremental borrowing rate. The incremental borrowing rate is the rate the Inelo Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The Inelo Group has applied the incremental borrowing rate to measure all of its leases.

Discount rate used was in the range 2.58%–4.26%.

**Leases in the consolidated statement of comprehensive income**

Leases are shown as follows in the income statement:

<u>EUR</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Third party services</b>			
Short-term lease expenses . . . . .	88	59	29
<b>Depreciation and impairment losses</b>			
Depreciation of right-of-use assets . . . . .	512	420	512
<b>Net finance costs</b>			
Interest expense on lease liabilities . . . . .	60	37	52

Amounts recognized in the consolidated statement of cash flows:

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total cash outflow for leases . . . . .	(739)	(492)	(569)

## 19. INVENTORIES

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Raw materials . . . . .	100	66	97	44
Finished products . . . . .	30	29	22	25
Goods . . . . .	<u>1 487</u>	<u>20</u>	<u>20</u>	<u>14</u>
<b>Total</b> . . . . .	<b><u>1 617</u></b>	<b><u>115</u></b>	<b><u>139</u></b>	<b><u>83</u></b>

Goods recognised as an expense are presented in full under cost of goods sold Raw materials consumed are presented in the statement of comprehensive income as “Use of materials and energy consumption”. In the periods ended 31 December 2019, 31 December 2020 and 31 December 2021 there were no material write-down of inventories.

## 20. TRADE AND OTHER RECEIVABLES, OTHER NON-CURRENT ASSETS

### Trade receivables

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Trade receivables . . . . .	<u>4 239</u>	<u>2 266</u>	<u>2 910</u>	<u>2 708</u>
<b>Total</b> . . . . .	<b><u>4 239</u></b>	<b><u>2 266</u></b>	<b><u>2 910</u></b>	<b><u>2 708</u></b>

### Other financial assets

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
<b>Non-current</b>				
Cash deposits . . . . .	<u>149</u>	—	—	—
<b>Total</b> . . . . .	<b><u>149</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>

### Other non-financial assets

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
<b>Non-current</b> . . . . .	<b><u>496</u></b>	<b><u>6</u></b>	<b><u>7</u></b>	<b><u>9</u></b>
Advances paid . . . . .	463	—	—	—
Miscellaneous receivables . . . . .	17	—	—	—
Prepaid expenses . . . . .	<u>16</u>	<u>6</u>	<u>7</u>	<u>9</u>
<b>Current</b> . . . . .	<b><u>835</u></b>	<b><u>187</u></b>	<b><u>266</u></b>	<b><u>282</u></b>
Receivables from tax authorities . . . . .	211	12	115	108
Advances paid . . . . .	340	16	20	13
Miscellaneous receivables . . . . .	64	24	26	32
Prepaid expenses . . . . .	<u>220</u>	<u>135</u>	<u>105</u>	<u>129</u>
<b>Total</b> . . . . .	<b><u>1 331</u></b>	<b><u>193</u></b>	<b><u>273</u></b>	<b><u>291</u></b>

Trade receivables are non-interest bearing and are generally payable on terms below 30 days. Trade and other financial assets are non-derivative financial assets carried at amortised cost.

The carrying value of trade and other financial assets approximates their fair value due to their short-term maturities.

On the basis described previously, the loss allowance was as follows:

### 31 December 2021

<u>EUR '000</u>	<u>Current</u>	<u>Past due 1–90 days</u>	<u>Past due more than 90 days</u>	<u>Total</u>
Gross value of receivables*	1 887	2 270	1 122	5 279
Expected credit loss	(71)	(132)	(837)	(1 040)

### 31 December 2020

<u>EUR '000</u>	<u>Current</u>	<u>Past due 1–90 days</u>	<u>Past due more than 90 days</u>	<u>Total</u>
Gross value of receivables*	1 873	334	709	2 916
Expected credit loss	(34)	(42)	(574)	(650)

### 31 December 2019

<u>EUR '000</u>	<u>Current</u>	<u>Past due 1–90 days</u>	<u>Past due more than 90 days</u>	<u>Total</u>
Gross value of receivables*	2 120	713	686	3 519
Expected credit loss	(31)	(56)	(522)	(609)

### 1 January 2019

<u>EUR '000</u>	<u>Current</u>	<u>Past due 1–90 days</u>	<u>Past due more than 90 days</u>	<u>Total</u>
Gross value of receivables*	2 000	625	360	2 985
Expected credit loss	(16)	(30)	(231)	(277)

\* Gross value of receivables includes only trade receivables and excludes other non-financial assets.

Allowances against outstanding receivables that are considered doubtful were charged to income statement based on the analysis of their collectability.

<u>EUR '000</u>	<u>Amount</u>
<b>Allowances at 1 January 2019</b>	<b>277</b>
Charged	352
Utilised	(26)
FX differences	6
<b>Allowances at 31 December 2019</b>	<b>609</b>
Charged	176
Utilised	(84)
FX differences	(51)
<b>Allowances at 31 December 2020</b>	<b>650</b>
Charged	253
Utilised	(28)
Allowances recognized at acquisition of a subsidiary	165
FX differences	—
<b>Allowances at 31 December 2021</b>	<b>1 040</b>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a customer to engage in a repayment plan with the Inelo Group, when the customer has been placed under liquidation or has entered into bankruptcy proceedings.

## 21. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Cash at hand . . . . .	4	5	7	6
Cash in bank accounts . . . . .	3 254	2 360	1 127	465
Cash in transit (transfers between accounts) . . . . .	—	—	52	59
<b>Total</b> . . . . .	<b><u>3 258</u></b>	<b><u>2 365</u></b>	<b><u>1 186</u></b>	<b><u>530</u></b>

The fair value of cash and cash equivalents approximates their carrying value due to their short-term maturities.

Credit quality of cash at banks:

<u>External rating scale EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
A . . . . .	2 636	2 333	1 123	462
Baa . . . . .	139	5	4	3
Ba . . . . .	473	—	—	—
Unrated . . . . .	6	22	—	—
<b>Total cash at banks</b> . . . . .	<b><u>3 254</u></b>	<b><u>2 360</u></b>	<b><u>1 127</u></b>	<b><u>465</u></b>

The credit risk associated with cash at bank and bank deposits is low as the Inelo Group concludes transactions with banks with high rating and stable market position. The expected credit loss estimated by the Inelo Group is close to zero, therefore no allowance for such loss has been recognized.

## 22. EQUITY

Shares authorised, issued and fully paid:

<u>EUR '000</u>	<u>Number of shares</u>	<u>Share capital</u>
	<u>Ordinary shares</u>	
<b>At 1 January 2019</b> . . . . .	<b>488 576</b>	<b>5 681</b>
Issuance of share capital . . . . .	—	—
<b>At 31 December 2019</b> . . . . .	<b>488 576</b>	<b>5 681</b>
Issuance of share capital . . . . .	8 082	92
<b>At 31 December 2020</b> . . . . .	<b>496 658</b>	<b>5 773</b>
Issuance of share capital . . . . .	36 864	395
<b>At 31 December 2021</b> . . . . .	<b>533 522</b>	<b>6 168</b>

(1) On 31 July 2020, the Entity's share capital was increased to EUR 5.773 thousand by EUR 92 thousand, through the issue of 8.032 shares with a nominal value of PLN 404.100, 1 share with nominal value of PLN 50,00.

(2) On 18 November 2021, the Entity's share capital was increased to EUR 6.168 thousand by EUR 395 thousand, through the issue of 36.864 shares with a nominal value of PLN 1.843.200, 1 share with nominal value of PLN 50,00.

### Share premium

The share premium reserve comprises share premiums arising from the issue of Inelo's shares.

The share capital and share premium reserve in the Consolidated Historical Financial Information represent capitals of Inelo.

### Other reserves

Other reserves include:

- accumulated foreign exchange differences from the translation into a different presentation currency, i.e. EUR which is a presentation currency of these Consolidated Historical Financial Information.
- supplementary capital of Inelo created in accordance with the Polish Company Code, other than Share premium, which is presented separately.

## Non-controlling interests

Set out below is summarised Historical Financial Information for each subsidiary that has non-controlling interests that are material to the Inelo Group.

NCI percentage EUR '000	Marcos BIS			
	40%			
	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Non-current assets	1 445	1 811	—	—
Current assets	492	255	—	—
Non-current liabilities	(311)	(359)	—	—
Current liabilities	(186)	(160)	—	—
<b>Net assets</b>	<b>1 440</b>	<b>1 547</b>	—	—
<b>Net assets attributable to NCI</b>	<b>576</b>	<b>619</b>	—	—
Revenue	1 659	555	—	—
Profit/(loss) for the period	21	(120)	—	—
Other comprehensive income	(13)	(72)	—	—
<b>Total comprehensive income</b>	<b>8</b>	<b>(192)</b>	—	—
<b>Comprehensive income allocated to NCI</b>	<b>3</b>	<b>(77)</b>	—	—
<b>Dividends paid to NCI</b>	<b>(54)</b>	—	—	—
Cash flows from operating activities	600	189	—	—
Cash flows from investing activities	(245)	(4)	—	—
Cash flows from financing activities (dividends to NCI: nil)	(160)	(6)	—	—
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>195</b>	<b>179</b>	—	—

NCI percentage EUR '000	CVS Group*			
	29,9%			
	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Non-current assets	13 572	—	—	—
Current assets	4 017	—	—	—
Non-current liabilities	(4 882)	—	—	—
Current liabilities	(2 948)	—	—	—
<b>Net assets</b>	<b>9 759</b>	—	—	—
<b>Net assets attributable to NCI</b>	<b>2 598</b>	—	—	—
Revenue	3 639	—	—	—
Profit/(loss) for the period	572	—	—	—
Other comprehensive income	21	—	—	—
<b>Total comprehensive income</b>	<b>593</b>	—	—	—
<b>Comprehensive income allocated to NCI</b>	<b>183</b>	—	—	—
<b>Dividends paid to NCI</b>	—	—	—	—
Cash flows from operating activities	1 276	—	—	—
Cash flows from investing activities	184	—	—	—
Cash flows from financing activities (dividends to NCI: nil)	(841)	—	—	—
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>619</b>	—	—	—

Accumulated non-controlling interests of the subsidiary at the end of the reporting periods is as follows:

EUR '000	31 December 2021	31 December 2020
Marcos BIS	576	619
CVS Group	2 598	—
<b>Total</b>	<b>3 174</b>	<b>619</b>



As at 31 December 2021 and 31 December 2020, the following pledges have been made as a security for aforementioned loans on the following assets:

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Pledged property, plant and equipment . . . . .	7 741	5 801	5 782	5 664
Pledged inventories . . . . .	197	115	139	83
Cash at banks pledged . . . . .	2 268	2 153	1 119	370
Pledged receivables . . . . .	2 501	—	—	—
Shares held by Inelo in subsidiaries . . . . .	75 380	75 129	81 415	80 629
<b>Total</b> . . . . .	<b><u>88 087</u></b>	<b><u>83 198</u></b>	<b><u>88 455</u></b>	<b><u>86 746</u></b>

Under the terms of the interest-bearing loans and borrowings, the Inelo Group is required to comply with the financial covenants. The Inelo Group complied with all financial covenants as of 31 December 2021, 31 December 2020, 31 December 2019 and 1 January 2019.

#### 24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below sets out an analysis of liabilities from financing activities and the movements in the Inelo Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

<u>EUR '000</u>	<u>Interest-bearing loans and borrowings</u>				<u>Total</u>
	<u>Bank loans</u>	<u>Financial liabilities to telecoms</u>	<u>Commercial notes</u>	<u>Lease liabilities</u>	
<b>Liabilities from financing activities at</b>					
<b>1 January 2019</b> . . . . .	<b><u>25 982</u></b>	<b><u>4 921</u></b>	<b><u>—</u></b>	<b><u>1 069</u></b>	<b><u>31 972</u></b>
Cash inflows . . . . .	2 326	3 318	—	—	5 644
Cash outflows (without interests) . . . . .	(2 296)	(3 700)	—	(488)	(6 484)
Interests outflow . . . . .	(958)	(389)	—	(52)	(1 399)
New leases . . . . .	—	—	—	522	522
Foreign exchange adjustments . . . . .	254	45	—	6	305
Interest accrued . . . . .	<u>1 127</u>	<u>389</u>	<u>—</u>	<u>52</u>	<u>1 568</u>
<b>Liabilities from financing activities at</b>					
<b>31 December 2019</b> . . . . .	<b><u>26 435</u></b>	<b><u>4 584</u></b>	<b><u>—</u></b>	<b><u>1 109</u></b>	<b><u>32 128</u></b>
Cash inflows . . . . .	1 001	2 435	—	—	3 436
Cash outflows (without interests) . . . . .	(2 221)	(2 337)	—	(396)	(4 954)
Interests outflow . . . . .	(1 081)	(462)	—	(37)	(1 580)
New leases . . . . .	—	—	—	438	438
Foreign exchange adjustments . . . . .	(1 989)	(358)	—	(86)	(2 433)
Interest accrued . . . . .	902	462	—	37	1 401
Other movements* . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>(18)</u>	<u>(18)</u>
<b>Liabilities from financing activities at</b>					
<b>31 December 2020</b> . . . . .	<b><u>23 047</u></b>	<b><u>4 324</u></b>	<b><u>—</u></b>	<b><u>1 047</u></b>	<b><u>28 418</u></b>
Cash inflows . . . . .	5 541	2 358	986	—	8 885
Cash outflows (without interests) . . . . .	(5 325)	(2 733)	(983)	(591)	(9 632)
Interests outflow . . . . .	(1 055)	(482)	(24)	(60)	(1 621)
New leases . . . . .	—	—	—	341	341
Foreign exchange adjustments . . . . .	111	16	16	(10)	133
Interest accrued . . . . .	857	482	7	60	1 406
Acquisition of subsidiaries . . . . .	1 901	—	977	2 750	5 628
Other movements* . . . . .	<u>12 616</u>	<u>—</u>	<u>—</u>	<u>(15)</u>	<u>12 601</u>
<b>Liabilities from financing activities at</b>					
<b>31 December 2021</b> . . . . .	<b><u>37 693</u></b>	<b><u>3 965</u></b>	<b><u>979</u></b>	<b><u>3 522</u></b>	<b><u>46 159</u></b>

\* item is mainly related to bank loan obtained to finance acquisition of CVS Group for which transfer of cash to the sellers for acquired shares was done directly from the bank to the sellers.

## 25. TRADE AND OTHER PAYABLES, OTHER NON-CURRENT LIABILITIES

Trade payables are non-interest bearing and are normally settled on 30-day terms except for long-term payables to telecoms for equipment purchases settled in 36-month instalments.

Trade payables

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
<b>Non-current</b> . . . . .	134	—	—	—
<b>Current</b> . . . . .	<u>2 678</u>	<u>1 848</u>	<u>1 717</u>	<u>1 552</u>
<b>Total trade payables</b> . . . . .	<u><b>2 812</b></u>	<u><b>1 848</b></u>	<u><b>1 717</b></u>	<u><b>1 552</b></u>

Other financial liabilities

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
<b>Non-current</b> . . . . .	<b>6 882</b>	<b>1 691</b>	—	—
Put option and forward redemption liability . . . . .	4 580	1 691	—	—
Deferred consideration for business acquisition . . . . .	2 302	—	—	—
<b>Current</b> . . . . .	<b>8 079</b>	—	<b>47</b>	<b>287</b>
Put option and forward redemption liability . . . . .	8 079	—	—	—
Deferred consideration for business acquisition . . . . .	—	—	47	287
<b>Total Other financial liabilities</b> . . . . .	<u><b>14 961</b></u>	<u><b>1 691</b></u>	<u><b>47</b></u>	<u><b>287</b></u>

Other payables

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
<b>Non-current</b> . . . . .	<b>1 201</b>	<b>568</b>	<b>176</b>	<b>60</b>
Employee related liabilities, including: . . . . .	1 048	471	—	—
<i>cash-settled shared-based payments</i> . . . . .	<i>1 048</i>	<i>471</i>	—	—
Contract liabilities . . . . .	153	97	91	60
Other . . . . .	—	—	85	—
<b>Current</b> . . . . .	<b>4 971</b>	<b>3 702</b>	<b>3 425</b>	<b>2 509</b>
Employee related liabilities, including: . . . . .	1 749	1 136	999	716
<i>payroll and social security contributions payables</i> . . . . .	<i>867</i>	<i>475</i>	<i>500</i>	<i>406</i>
<i>unused holiday accruals</i> . . . . .	<i>486</i>	<i>323</i>	<i>313</i>	<i>269</i>
<i>accruals for annual bonuses</i> . . . . .	<i>396</i>	<i>338</i>	<i>186</i>	<i>41</i>
Contract liabilities . . . . .	2 095	1 533	1 790	1 259
Payables to tax authorities . . . . .	1 117	1 034	656	555
Other . . . . .	268	199	158	77
<b>Total</b> . . . . .	<u><b>6 430</b></u>	<u><b>4 470</b></u>	<u><b>3 779</b></u>	<u><b>2 667</b></u>
<b>Total Trade and other payables (current)</b> . . . . .	<u><b>15 986</b></u>	<u><b>5 750</b></u>	<u><b>5 367</b></u>	<u><b>4 446</b></u>
<b>Total Other liabilities (non-current)</b> . . . . .	<u><b>8 217</b></u>	<u><b>2 259</b></u>	<u><b>176</b></u>	<u><b>60</b></u>

Contract liabilities predominantly represent revenue deferred in line with revenue recognition policy for subscriptions related to telematic services and rights to software updates as well as service of drivers' working time and wages processing (Note 4.3). The movements of contract liability during the years are as follows:

EUR '000	For the year ended		
	31 December 2021	31 December 2020	31 December 2019
<b>Opening balance</b>	<b>1 630</b>	<b>1 881</b>	<b>1 319</b>
Additions	3 373	3 036	2 860
Release	(2 755)	(3 287)	(2 298)
<b>Closing balance</b>	<b>2 248</b>	<b>1 630</b>	<b>1 881</b>
Short term	2 095	1 533	1 790
Long term	153	97	91
<b>Total</b>	<b>2 248</b>	<b>1 630</b>	<b>1 881</b>

The total amount of contract liabilities is expected to be released to revenue in the following pattern:

EUR '000	31 December 2021	31 December 2020	31 December 2019	1 January 2019
< 1 year	2 095	1 533	1 790	1 258
1–2 years	86	64	70	47
2–3 years	67	33	20	14
3–4 years	—	—	1	—
<b>Total</b>	<b>2 248</b>	<b>1 630</b>	<b>1 881</b>	<b>1 319</b>

## 26. OTHER EXPLANATIONS TO THE CONSOLIDATED STATEMENT OF CASH-FLOWS

EUR '000	31 December 2021	31 December 2020	31 December 2019
<b>(Increase)/decrease in trade, other receivables, contract costs and other non-current assets in the consolidated statement of financial position</b>	<b>(3 684)</b>	<b>553</b>	<b>(429)</b>
Impairment losses of trade receivables	(253)	(176)	(352)
Business acquisition	2 313	—	—
Investment activities	(451)	120	—
Exchange differences	29	(319)	33
<b>Change in (increase)/decrease in trade, other receivables, contract costs and other non-current assets in the consolidated statement of cash flows</b>	<b>(2 046)</b>	<b>178</b>	<b>(748)</b>
<b>Change in inventories in the consolidated statement of financial position</b>	<b>(1 502)</b>	<b>24</b>	<b>(56)</b>
Business acquisition	1 217	—	—
Reclassifications between Inventories and PPE	(123)	—	—
Movements in allowances for inventories	(30)	—	—
Exchange differences	(1)	(11)	2
<b>Change in inventories in the consolidated statement of cash flows</b>	<b>(439)</b>	<b>13</b>	<b>(54)</b>

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>
<b>Change in trade, other payables and other non-current liabilities in the consolidated statement of financial position</b>	<b><u>16 194</u></b>	<b><u>2 466</u></b>	<b><u>1 037</u></b>
Business acquisition	(1 398)	(71)	—
Deferred payment for business acquisition	(2 283)	—	—
Put option and forward redemption liability	(10 829)	(1 733)	—
Interest accrued	(194)	(22)	—
Exchange differences	<u>(128)</u>	<u>455</u>	<u>(78)</u>
<b>Change in trade, other payables and other non-current liabilities in the consolidated statement of cash flows</b>	<b><u><u>1 362</u></u></b>	<b><u><u>1 095</u></u></b>	<b><u><u>959</u></u></b>

## 27. CONTINGENT ASSETS AND LIABILITIES

Off-balance sheet commitments are following:

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Bank guarantee given to Slovenian Ministry of Infrastructure for a tender	24	—	—	—
Promissory note given to Slovenian petrol company				
Petrol d.d. as a guarantee of repayment for fuel cards	<u>8</u>	—	—	—
<b>Total</b>	<b><u><u>32</u></u></b>	<b><u><u>—</u></u></b>	<b><u><u>—</u></u></b>	<b><u><u>—</u></u></b>

## 28. FINANCIAL RISK MANAGEMENT

The Inelo Group's classes of financial instruments correspond with the line items presented in the Consolidated Statement of Financial Position.

The Inelo Group's principal financial liabilities, comprise interest-bearing loans and borrowings, leases and trade and other payables. The main purpose of these financial liabilities is to finance the Inelo Group's operations and investments. The Inelo Group's principal financial assets include trade and other receivables, cash and cash equivalents that derive directly from its operations.

The Inelo Group is exposed to market risk, credit risk and liquidity risk. The management of the Inelo Group identifies the financial risks that may have adverse impact on the business objectives and through active risk management reduces these risks to an acceptable level.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analyses in the following sections relate to the position as at 1 January 2019, 31 December 2019, 31 December 2020 and 31 December 2021.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of comprehensive income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 1 January 2019, 31 December 2019, 31 December 2020 and 31 December 2021.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Inelo Group's exposure to the risk of changes in market interest rates relates primarily to the Inelo Group's interest-bearing loans and borrowings with floating interest rates.

The following table presents the profile of the Inelo Group's exposure to interest rate risk by presenting interest-bearing financial assets and liabilities with floating interest rates.

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
<b>Variable-rate instruments</b> . . . . .	<b>(34 439)</b>	<b>(18 520)</b>	<b>(22 848)</b>	<b>(25 517)</b>
Loans and borrowings . . . . .	(37 693)	(20 880)	(23 975)	(25 982)
Cash in bank accounts . . . . .	3 254	2 360	1 127	465

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Inelo Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

<u>EUR '000</u>	<u>Interest rate risk exposure (net)</u>	<u>Profit or loss</u>	
		<u>50 bp increase in interest rate</u>	<u>50 bp decrease in interest rate</u>
31 December 2021 . . . . .	(34 439)	(172)	172
31 December 2020 . . . . .	(18 520)	(93)	93
31 December 2019 . . . . .	(22 848)	(114)	114
1 January 2019 . . . . .	(25 517)	(128)	128

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Inelo Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Inelo Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Inelo Group invoices mainly in Polish zloty (PLN) and euro (EUR). However, there are transactional currency exposures that arise from sales and purchases also in other currencies.

Financial assets and liabilities include cash and cash equivalents, trade and other receivables and interest-bearing loans and borrowings and trade and other payables. All remaining assets and liabilities in foreign currencies are immaterial or not subject to exchange rate exposure (such as property, plant and equipment).

The following tables present Group's exposure to currency risk:

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Loans and borrowings . . . . .	(12 526)	—	—	—
Other financial liabilities . . . . .	(13 225)	—	—	—
Trade receivables . . . . .	125	64	55	13
Cash and cash equivalents . . . . .	400	34	206	11
Trade payables . . . . .	(81)	(22)	(79)	(102)
<b>Net exposure</b> . . . . .	<b><u>(25 307)</u></b>	<b><u>76</u></b>	<b><u>182</u></b>	<b><u>(78)</u></b>

The table below presents the sensitivity of the profit before tax to a hypothetical change in EUR and other currencies and the impact on financial assets and liabilities of the Inelo Group. The sensitivity analysis is prepared under the assumption that the other variables are constant.

Effect of the change in exchange rates between functional currency of each entity and foreign currencies on profit before tax:

<u>EUR '000</u>	<u>% change in rate</u>	<u>For the year ended 31 December</u>		
		<u>2021</u>	<u>2020</u>	<u>2019</u>
EUR . . . . .	+/- 10%	+/- 2 531	+/- 8	+/- 18
Other . . . . .	+/- 10%	+/- 3	+/- 23	+/- 65

#### **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Inelo Group is exposed to credit risk from its operating activities

(primarily trade receivables). The risk is managed on a Group basis and individual customer credit risk limits are set based on internal assessment. However, the management also considers the factors that may influence the credit risk of the customer base. The Inelo Group applies a simplified approach to determine the impairment for expected credit losses in the amount equal to the expected credit losses throughout the lifetime of the receivables (lifetime ECL).

The outstanding balances of trade receivables and compliance with credit limits are monitored on a regular basis. The aim of the Inelo Group management is to minimise exposure of credit risk to single counterparty or group of similar counterparties. As at 1 January 2019, 31 December 2019, 31 December 2020 and 31 December 2021, there is no significant concentration of credit risk as there were no individually significant customers.

The Inelo Group does not use credit derivatives to mitigate credit risk.

The ageing of receivables is regularly monitored by the Inelo Group management.

The Inelo Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Refer to Note 20 for further details on expected credit loss.

### Liquidity risk

The Inelo Group performs regular monitoring of its liquidity position to keep sufficient financial resources to settle its liabilities and commitments. Cash demand is compared with available sources of cash and with available free cash. In addition, the Inelo Group pursues a policy of diversification of financing sources.

The Inelo Group's liquidity risk management policy is based on ensuring cash required to meet the Inelo Group's obligations using the most attractive financing sources. The following measures are applied to reduce liquidity risk:

- current liquidity monitoring,
- monitoring and optimization of the level of working capital,
- current monitoring of the settlement of liabilities under the loan agreements conditions.

The Inelo Group's current ratio (current assets divided by current liabilities) was:

	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>31 December 2019</u>	<u>1 January 2019</u>
Current ratio . . . . .	0,49	0,50	0,47	0,39

The table below summarises the maturity profile of the Inelo Group's financial liabilities based on contractual undiscounted payments (EUR '000):

<u>31 December 2021</u>	<u>Notes</u>	<u>&lt; 12 months</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
Loans and borrowings . . . . .	23	2 710	5 689	29 700	—	38 099
Financial liabilities to telecoms . . . . .	23	2 225	1 740	—	—	3 965
Lease liabilities . . . . .	18	714	874	289	3 038	4 915
Commercial notes . . . . .	23	979	—	—	—	979
Trade payables . . . . .	25	2 678	134	—	—	2 812
Other financial liabilities . . . . .	25	8 192	7 165	—	—	15 357
<b>Total . . . . .</b>		<b><u>17 498</u></b>	<b><u>15 602</u></b>	<b><u>29 989</u></b>	<b><u>3 038</u></b>	<b><u>66 127</u></b>
<u>31 December 2020</u>	<u>Notes</u>	<u>&lt; 12 months</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
Loans and borrowings . . . . .	23	4 464	19 238	507	1 705	25 914
Financial liabilities to telecoms . . . . .	23	2 395	1 929	—	—	4 324
Lease liabilities . . . . .	18	460	641	—	—	1 101
Trade payables . . . . .	25	1 848	—	—	—	1 848
Other financial liabilities . . . . .	25	—	1 737	—	—	1 737
<b>Total . . . . .</b>		<b><u>9 167</u></b>	<b><u>23 545</u></b>	<b><u>507</u></b>	<b><u>1 705</u></b>	<b><u>34 924</u></b>

<b>31 December 2019</b>	<b>Notes</b>	<b>&lt; 12 months</b>	<b>1–3 years</b>	<b>3–5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Loans and borrowings . . . . .	23	2 318	6 985	17 193	—	26 496
Financial liabilities to telecoms . . . . .	23	2 055	2 529	—	—	4 584
Lease liabilities . . . . .	18	482	698	—	—	1 180
Trade payables . . . . .	25	1 717	—	—	—	1 717
<b>Total . . . . .</b>		<b>6 572</b>	<b>10 212</b>	<b>17 193</b>	<b>—</b>	<b>33 977</b>

  

<b>1 January 2019</b>	<b>Notes</b>	<b>&lt; 12 months</b>	<b>1–3 years</b>	<b>3–5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Loans and borrowings . . . . .	23	2 296	4 592	19 323	—	26 211
Financial liabilities to telecoms . . . . .	23	2 367	2 554	—	—	4 921
Lease liabilities . . . . .	18	431	699	13	—	1 143
Trade payables . . . . .	25	1 552	—	—	—	1 552
<b>Total . . . . .</b>		<b>6 646</b>	<b>7 845</b>	<b>19 336</b>	<b>—</b>	<b>33 827</b>

\* Trade and other payables exclude employee-related liabilities, tax payables, advances received and contract liabilities as these are non-financial liabilities

## 29. CAPITAL MANAGEMENT

For the purpose of the Inelo Group’s capital management, capital includes total equity attributable to the owner of Inelo and Non-controlling interest. The primary objective of the Inelo Group’s capital management is to maximise the Shareholder value.

The Inelo Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Inelo Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. The Inelo Group monitors capital using the equity/total assets ratio:

<b>EUR ‘000</b>	<b>31 December 2021</b>	<b>31 December 2020</b>	<b>31 December 2019</b>	<b>2 January 2019</b>
Total equity . . . . .	50 762	52 481	55 335	53 480
Total assets . . . . .	125 256	91 026	94 595	91 332
<b>Equity ratio (Total equity/Total assets) . . . . .</b>	<b>40,52%</b>	<b>57,65%</b>	<b>58,50%</b>	<b>58,56%</b>

In order to achieve this overall objective, the Inelo Group’s capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. Further details are disclosed in Note 23.

No changes were made in the objectives, policies or processes for managing capital during the above period.

## 30. RELATED PARTY DISCLOSURES

### Transactions with other related parties

<b>EUR ‘000</b>	<b>For the year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
Sale of goods to entities controlled by key management personnel . . . . .	133	—
Sale of the building to the close family member of key management personnel* . . . . .	232	—
Purchases of various goods and services from entities controlled by Inelo’s Shareholders . . . . .	418	571

\* In 2021 CVS Mobile sold a non-activated building to the executive director’s wife. The carrying amount of the building was EUR 231 thousand.

### Outstanding balances arising from sales/purchases of goods and services

<b>EUR ‘000</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
Trade receivables to entities controlled by key management personnel . . . . .	44	33

### 31. SUBSEQUENT EVENTS

#### Change of the Entity's legal form

On 21 February 2022, a plan for the transformation of the parent company into a joint-stock company was submitted to the registry court. On 23 June 2022 a resolution on the transformation was adopted by the extraordinary shareholders' meeting. An application for registration of the transformation of the company was submitted to the court, which eventually took place on 23 September 2022. Along with the change of the legal form, the company changed its name from previous "Burietta" into "Grupa Inelo" with full name: Grupa Inelo Spółka Akcyjna.

#### Change in management boards of group companies

After the 2021 financial year the following changes in group boards took place:

- on 25 January 2022 Mikołaj Chruszczewski was appointed as Inelo Polska Management Board Member,
- on 25 January 2022 Marcin Stencel, Inelo Polska Management Board Member and CVS Mobile d.d. Supervisory Board Member resigned from both boards. Mr. Stencel has continued cooperation with the group as Finance Director being responsible mainly for Polish operations of the group,
- on 1 April 2022 Tomasz Biernat (Inelo Polska IT Director) was appointed as Marcos BIS Management Board member
- on 1 April 2022 Jacek Mroziński was dismissed from Marcos BIS Management Board. He has continued cooperation with the group as an advisor to parent company Management Board being responsible for TMS business development,
- on 25 November 2022 Marcin Stencel was appointed as Marcos BIS Management Board member.

#### M&A activity

On 14 January 2022 and 1 April 2022, Inelo acquired the remaining 40% of shares in Marcos BIS Sp. z o.o. (in 20% tranches), which made it its sole shareholder for Marcos BIS for the redemption amount of EUR 1.742 thousand. (put options over non-controlling interest as described in Note 8 were exercised).

On 8 September 2022 Inelo acquired a second tranche of 15,8% of shares in Napredna Telematika d.o.o. for a purchase price of EUR 6.450 thousand, in line with the SPA signed on 26 May 2021. Following the transaction, Inelo owns 89,3% stake in Napredna Telematika. The purchase was financed from existing credit facility.

On 24 October 2022 Inelo announced that its shareholders signed a preliminary SPA to sell all outstanding shares to a strategic investor W.A.G. payment solutions a.s. which is a subsidiary to Eurowag W.A.G payment solutions plc ("Eurowag"), a LSE listed entity. Completion of the transaction is conditional, amongst other things, on approval of Eurowag shareholders.

On 8 February 2023 ("acquisition date") Inelo signed an SPA to purchase 81% stake in SaaS business called Fire TMS, located in Poland and obtained control over this entity. The purchased entity is to fill in a SaaS TMS service gap within the one-stop-shop product portfolio of the Inelo Group and is planned to easily foster the Inelo Group's foreign expansion. Two company founders are expected to remain within the entity as part of the management.

The final purchase price for 81% of Fire TMS paid in cash in full on completion was approximately EUR 8.3 million (subject to a price adjustment mechanism based on an estimated net financial indebtedness adjustment formula) out of which approximately EUR 8.2 million is paid from a credit facility received from mBank and EUR 0.1 million from own funds.

The remaining 19% of non-controlling interest is subject to put options. Each of the two minority shareholders is entitled to exercise the put option over his shares in the period from 30 June 2026 till 31 December 2026. An exercise price for each put option will be calculated based on actual revenue realized by Fire TMS in 2025 and respective multiplier of 8 or 3, adjusted by net financial indebtedness. The multiplier depends on average growth rate of revenues ("CAGR") achieved in years 2022-2025. Multiplier 8 applies if CAGR exceeds threshold of 33%. Exercise price of put option over all shares of each minority Shareholder shall not be higher than approximately EUR 3.4 million (subject to inflation indexation).

The remaining 19% of non-controlling interest is subject to call options. Inelo Group is entitled to exercise the call option over non-controlling interest shares in the period from 31 March 2026 till 31 December 2026. An

exercise price for call option will be calculated based on actual revenue realized by Fire TMS in 2025 and respective multiplier of 8 or 3, adjusted by net financial indebtedness. The multiplier depends on average growth rate of revenues (“CAGR”) achieved in years 2022-2025. Multiplier 8 applies if CAGR exceeds threshold of 33%. Exercise price of call option over all shares of each minority Shareholder shall not be higher than approximately EUR 3.4 million (subject to inflation indexation).

The initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue. The transaction took place shortly before the authorization of the financial statements and the Company does not yet have a reliable information about assets acquired and liabilities assumed at the acquisition date. This data is being collected. The Company assessed that major components of assets acquired and liabilities assumed in Fire TMS acquisition include intangibles as well as leases of cars and equipment.

### **Facilities Agreement**

On 11 December 2017, Burietta sp. z o.o. acting as borrower and guarantor, entered into a facility agreement with mBank S.A., Bank Polska Kasa Opieki S.A and PZU FIZ AN BIS 2, as further amended and restated (the “Inelo Group Facilities Agreement”). Subsequently, certain subsidiaries of the Inelo Group acceded to the Inelo Group Facilities Agreement, Inelo Polska sp. z o.o. as additional borrower and additional guarantor, Napredna Telematika, Storitve d.o.o. as additional guarantor and Marcos BIS sp. z o.o. as additional guarantor.

The Inelo Group Facilities Agreement contains a “change of control” provision, pursuant to which if a change of control occurs and Inelo ceases to be directly or indirectly controlled by ETH and Innova, all borrowed amounts, together with any interest and all other sums that are outstanding pursuant to the Inelo Group Facilities Agreement, will become repayable. The Proposed Acquisition will constitute a “change of control” for such purposes and, as such, the Inelo Group entities that are party to the Inelo Group Facilities Agreement will obtain a pay-off letter from the financing banks setting out the terms of repayment and releasing the collateral. All facilities drawn under the Inelo Group Facilities Agreement will be fully repaid by Inelo on completion of the Proposed Acquisition.

### **Cyber-attack in CVS Group**

On 9 September 2022, CVS Mobile d.d. announced that a cyber-attack was effected on the IT network of entities within the CVS Group (“the CVS Cyber-attack”). The attackers used unauthorised access to introduce malware into the CVS Group’s IT network, encrypting certain files and applications, before demanding payment for decryption. Following encryption, there was no further contact with the attackers.

Although operational capability was quickly restored and the attack did not result in any material financial impact on the CVS Group, the cyber-attack resulted in the permanent encryption of certain information (and back-up information) relating to the CVS Group, including financial records. The only potential means of replacing the encrypted information is through a manual recreation of accounts from thousands of records, for which there is no guarantee of complete accuracy.

Specific steps have been taken to further increase the strength of the CVS Group’s IT security, including redesigning, segregating and upgrading its network system, updating firewalls and filtering functions, implementing multi-factor authentication, installing additional antivirus applications, improving logging and monitoring, implementing enhanced back-up processes and ensuring all employees and contractors of the CVS Group undergo security training.

The techniques used in attempts to obtain unauthorised, improper, or illegal access to systems, information and data, to degrade service, or to sabotage systems are constantly evolving, difficult to detect quickly, and may not be recognised until after a successful penetration of the relevant information security systems. To the extent there are instances of unauthorised, improper or illegal access to IT systems of the CVS Group or the Inelo Group, these may result in the permanent encryption, exfiltration, ransom or public disclosure of confidential, sensitive or personal information, and may attract sanctions or financial penalties from relevant regulatory authorities, as well as cause reputational damage.

### **Russian military action against Ukraine**

In late February 2022, Russian military forces launched a military action against Ukraine and a sustained conflict and disruption in the region is likely. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict has led, and could continue to lead, to significant market and other disruptions, including significant volatility in commodity prices, financial markets, supply chain interruptions, changes in consumer or purchaser preferences as well as increase in cyber-attacks and

espionage. Following the full scale invasion into Ukraine by Russian troops and the imposition of sanctions by the United Kingdom, the United States, the European Union and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic, Brent oil prices rose sharply reaching a multi-year high of US\$128.0/bbl in March 2022 and this contributed to significant disruptions in energy supply and demand in Europe, widespread increases in energy prices for consumers and inflation due to increased energy prices.

The Inelo Group operate in the CRT industry and, therefore, may be exposed to the impact of fuel price volatility caused by the ongoing military action between Russia and Ukraine and associated disruptions in fuel supply or demand. Further increases in fuel prices may result in decreased demand by customers for the products and services provided by the Inelo Group. In addition, the Inelo Group operate in countries bordering Ukraine, in particular Poland (which is both the largest CRT market in Europe and Inelo's largest market). Any escalation of the geographic scope of the conflict in Ukraine could negatively impact the Inelo Group's business, financial condition, results of operations and future prospects, and could adversely affect relationships with customers, employees, suppliers and other market participants.

The Inelo Group is actively monitoring the situation in Ukraine and assessing the impact on its business, and will continue to do so. The extent and duration of the military action in Ukraine, the impact of sanctions on Russian oil and gas and resulting market disruptions and uncertainty in fuel prices could be significant and could potentially have substantial impact on the global economy, oil, gas and fuel prices and the Inelo Group's business, in each case for an unknown period of time. Any of these factors could affect the Inelo Group's business, financial condition, results of operations and future prospects.

The Inelo Group does not have customers from Ukraine nor Russia which would represent significant share in revenue of the Inelo Group. Revenue from sale to customers from these countries represented approximately 0,2% of total revenue in 2021. The Inelo Group does not also have material assets located in Ukraine or Russia.

#### **Share capital increase in Grupa Inelo S.A.**

On December 12, 2022, an Extraordinary General Meeting of Inelo adopted Resolution No. 2/12/2022 on the increase of the share capital of Inelo in connection with the issue of the ordinary registered B series shares in relation to the incentive program adopted by Inelo (the "ESOP"). Following the registration of the amendments to the Inelo's Articles of Association by the registry court on January 13, 2023, the Company's share capital was increased by PLN 1,839,650.00 from PLN 26,676,100.00 to PLN 28,515,750.00 through the issuance of 36,793 ordinary registered B series shares with a nominal value of PLN 50.00 each and joint nominal value of PLN 1,839,650.00 (the "Shares"). The Shares were offered to the ESOP participants in the form of a private placement excluding the pre-emptive rights of existing shareholders.

#### **32. IMPACT OF TRANSITION FROM PREVIOUSLY APPLIED ACCOUNTING PRINCIPLES TO IFRS AND CORRECTIONS OF ERRORS**

These Consolidated Historical Financial Information represents the Inelo Group's first financial statements prepared in accordance with IFRS. The date of transition to IFRS is 1 January 2019 (the "Transition Date").

The tables below present:

- Reconciliation of the statement of financial position prepared in the statutory consolidated financial statements to the statement of financial position prepared in accordance with IFRS, as at 31 December 2021 (the end of the latest period for which consolidated financial statements were prepared for statutory purposes) and as at the Transition Date, i.e. 1 January 2019;
- Reconciliation of the statement of comprehensive income and statement of cash flows prepared in the statutory consolidated financial statements to those statements prepared in accordance with IFRS, for the period ended 31 December 2021 (the latest period for which consolidated financial statements were prepared for statutory purposes).

## Consolidated statement of financial position as at 1 January 2019

	1 January 2019		Corrections of errors					Adjustments relating to transition to IFRS					Financial data as presented in these consolidated financial statements in accordance with IFRS		
	PLN '000	EUR '000	Financial data as reported in accordance with the Polish Accounting Act	Transactions with telecoms accounted for as financing agreements	Amortised cost of interest bearing loans and borrowings	Presentation of telematic equipment	Provisions for post-employment benefits and unused holidays accrual	Recognition of contract liabilities related to unexercised rights	ECL allowance on trade receivables	Leases	Revenue recognition	Deferred tax calculation and presentation		IFRS presentation adjustments	EUR '000
<b>ASSETS</b>															
<b>Non-current assets</b>															
Intangible assets	336 685	78 298	—	1 636	—	—	—	—	—	—	—	754	80 688		
Property, plant and equipment	23 576	5 482	(1)	—	808	—	—	—	(641)	15	—	—	5 664		
Right-of-use assets	—	—	—	—	—	—	—	—	1 139	—	—	—	1 138		
Financial assets	—	—	—	—	—	—	—	—	—	—	—	—	—		
Deferred tax assets	3 023	704	—	637	—	—	2	—	95	204	(1 661)	—	5		
Contract costs	—	—	—	—	—	—	—	—	—	112	—	—	112		
Other non-current assets	—	—	—	—	—	—	—	—	—	—	—	—	—		
Non-current receivables	—	—	—	—	—	—	—	—	—	—	—	—	—		
Non-current investments	—	—	—	—	—	—	—	—	—	—	—	—	—		
Long-term prepaid expenses	38	8	—	—	—	—	—	—	—	—	—	—	—		
<b>Total non-current assets</b>	<b>363 322</b>	<b>84 491</b>	<b>8</b>	<b>2 273</b>	<b>808</b>	<b>2</b>	<b>2</b>	<b>18</b>	<b>593</b>	<b>331</b>	<b>(1 661)</b>	<b>755</b>	<b>87 616</b>		
<b>Current assets</b>															
Inventories	3 889	904	—	—	(808)	—	—	—	—	—	—	(13)	83		
Contract costs	—	—	—	—	—	—	—	—	—	113	—	—	113		
Trade and other receivables	—	—	—	—	—	—	—	—	—	—	—	2 990	2 990		
Income tax receivables	—	—	—	—	—	—	—	—	—	—	—	—	—		
Financial assets	—	—	—	—	—	—	—	—	—	—	—	—	—		
Cash and cash equivalents	2 278	530	—	—	—	—	—	—	—	—	—	—	530		
Trade receivables	11 776	2 740	—	—	—	—	—	—	—	—	—	(2 709)	—		
Other current receivables	604	140	—	—	—	—	—	(31)	—	—	—	(140)	—		
Current investments	—	—	—	—	—	—	—	—	—	—	—	—	—		
Short-term prepaid expenses	3 794	883	—	—	—	—	—	—	—	—	—	(883)	—		
<b>Total current assets</b>	<b>22 341</b>	<b>5 197</b>	<b>(808)</b>	<b>—</b>	<b>(808)</b>	<b>—</b>	<b>—</b>	<b>(31)</b>	<b>—</b>	<b>113</b>	<b>—</b>	<b>(755)</b>	<b>3 716</b>		
<b>TOTAL ASSETS</b>	<b>385 663</b>	<b>89 689</b>	<b>—</b>	<b>2 273</b>	<b>—</b>	<b>2</b>	<b>18</b>	<b>(25)</b>	<b>593</b>	<b>443</b>	<b>(1 661)</b>	<b>—</b>	<b>91 332</b>		

	Financial data as reported in accordance with the Polish Accounting Act		Adjustments relating to transition to IFRS										Financial data as presented in these consolidated financial statements in accordance with IFRS	
	PLN '000	EUR '000	Corrections of errors					Adjustments relating to transition to IFRS						
			Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Transactions with telecoms as financing agreements	Amortised cost of interest bearing loans and borrowings	Presentation of telematic equipment	Provisions for post-employment benefits and unused holidays	Recognition of contract liabilities related to unexercised rights	ECL allowance on trade receivables	Leases	Revenue recognition		Deferred tax calculation and presentation
		[1]	[4]	[6]	[11]	[14]	[20]	[22]	[23]	[24]	[25]			
<b>1 January 2019</b>														
Share capital	24 429	5 681	—	—	—	—	—	—	—	—	—	—	—	5 681
Share premium	217 145	50 499	—	—	—	—	—	—	—	—	—	—	—	50 499
Merger reserve	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other reserves	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Business combinations equity adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Retained earnings	(4 372)	(1 017)	—	186	—	(7)	(25)	—	(683)	3	—	—	—	(2 700)
<b>Equity attributable to equity holders of the Company</b>	<b>237 202</b>	<b>55 163</b>	<b>(1 078)</b>	<b>186</b>	<b>—</b>	<b>(7)</b>	<b>(25)</b>	<b>—</b>	<b>(683)</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>53 480</b>
Non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total equity</b>	<b>237 202</b>	<b>55 163</b>	<b>(1 078)</b>	<b>186</b>	<b>—</b>	<b>(7)</b>	<b>(25)</b>	<b>—</b>	<b>(683)</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>53 480</b>
<b>Non-current liabilities</b>														
Interest-bearing loans and borrowings	102 835	23 915	—	(172)	—	—	—	—	—	—	—	—	—	26 299
Lease liabilities	—	2	1 758	—	—	—	—	—	—	—	284	—	—	663
Other non-current financial liabilities	5 053	1 175	—	—	—	9	—	—	—	—	—	—	(1 175)	—
Provisions	—	—	—	—	—	—	—	—	—	—	—	—	—	9
Deferred tax liabilities	11 630	2 703	—	44	—	—	—	—	—	(1 664)	—	—	—	1 224
Other non-current liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	60
Accruals and deferred income	154	36	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total non-current liabilities</b>	<b>119 672</b>	<b>27 831</b>	<b>1 758</b>	<b>(128)</b>	<b>—</b>	<b>9</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1 664)</b>	<b>379</b>	<b>—</b>	<b>—</b>	<b>28 255</b>
<b>Current liabilities</b>														
Trade and other payables	12 790	2 974	—	—	—	—	—	—	—	—	—	—	—	4 446
Interest-bearing loans and borrowings	9 872	2 296	—	(58)	—	—	—	—	—	—	—	—	—	4 604
Lease liabilities	—	—	1 593	—	—	—	—	—	—	—	214	—	—	406
Other current financial liabilities	4 154	966	—	—	—	—	—	—	—	—	—	—	(966)	—
Provisions	1 380	321	—	—	—	—	—	—	—	—	—	—	(321)	—
Income tax liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	141
Accruals and deferred income	593	138	—	—	—	—	—	—	—	—	—	—	(138)	—
<b>Total current liabilities</b>	<b>28 789</b>	<b>6 695</b>	<b>1 593</b>	<b>(58)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>214</b>	<b>—</b>	<b>—</b>	<b>9 597</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>385 663</b>	<b>89 689</b>	<b>2 273</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>(25)</b>	<b>—</b>	<b>443</b>	<b>(1 661)</b>	<b>593</b>	<b>—</b>	<b>—</b>	<b>91 332</b>



Consolidated statement of financial position as at 31 December 2021 (Assets Cont.)

	Financial data as reported in accordance with the Polish Accounting Act after corrections of errors	Adjustments relating to transition to IFRS										Financial data as presented in these consolidated financial statements in accordance with IFRS	
		[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]		
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
<b>31 December 2021</b>													
<b>ASSETS</b>													
<b>Non-current assets</b>													
Intangible assets	—	—	—	—	—	—	—	—	—	—	—	—	100 282
Property, plant and equipment	88 024	7 098	—	(117)	—	—	—	—	—	—	—	—	9 331
Right-of-use assets	10 805	—	—	—	—	—	—	—	—	—	—	—	3 413
Financial assets	(1)	—	—	—	—	—	—	—	—	—	—	—	—
Deferred tax assets	1 539	—	—	—	—	—	—	—	—	—	—	—	—
Contract costs	—	—	—	—	—	—	—	—	—	—	—	—	—
Other non-current assets	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-current receivables	149	—	—	—	—	—	—	—	—	—	—	—	520
Non-current investments	17	—	—	—	—	—	—	—	—	—	—	—	645
Long-term prepaid expenses	16	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total non-current assets</b>	<b>100 549</b>	<b>7 098</b>	<b>2 265</b>	<b>(117)</b>	<b>47</b>	<b>—</b>	<b>114 191</b>						
<b>Current assets</b>													
Inventories	—	—	—	—	—	—	—	—	—	—	—	—	—
Contract costs	1957	—	—	—	—	—	—	—	—	—	—	—	1 617
Trade and other receivables	—	—	—	—	—	—	—	—	—	—	—	—	545
Income tax receivables	—	—	—	—	—	—	—	—	—	—	—	—	5 074
Financial assets	—	—	—	—	—	—	—	—	—	—	—	—	571
Cash and cash equivalents	3 258	—	—	—	—	—	—	—	—	—	—	—	—
Trade receivables	4 382	—	—	—	(143)	—	—	—	—	—	—	—	3 258
Other current receivables	814	—	—	—	—	—	—	—	—	—	—	—	—
Current investments	30	—	—	—	—	—	—	—	—	—	—	—	—
Short-term prepaid expenses	3 039	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total current assets</b>	<b>13 480</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(143)</b>	<b>—</b>	<b>11 065</b>						
<b>TOTAL ASSETS</b>	<b>114 029</b>	<b>7 098</b>	<b>2 265</b>	<b>(117)</b>	<b>(86)</b>	<b>—</b>	<b>125 256</b>						

**Consolidated statement of financial position as at 31 December 2021 (Shareholders' equity and liabilities)**

	Corrections of errors											Financial data as reported in accordance with the Polish Accounting Act					
	Financial data as reported in accordance with the Polish Accounting Act	Transactions with telecoms accounted for as financing agreements	Recognition and measurement of internally developed software at business acquisition	Subs ties received	Amortised cost of interest bearing loans and borrowings	Measurement of cash settled SBP	Presentation of telematic equipment	Installation costs	Fair value of long-term liabilities to telecoms	Impairment of shares	Adjustment of NCI recognised at business acquisition		Provisions for post-employment benefits and unused holidays actual	Deferred tax recognition	Cash flows in CVS	Recognition of contract liabilities related to unexercised rights	Other errors
	PLN'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
<b>31 December 2021</b>																	
<b>SHARE HOLDERS' EQUITY AND LIABILITIES</b>																	
Share capital	26 676	6168	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6 168
Share premium	230 650	53 306	—	—	—	—	—	—	—	—	—	—	—	—	—	—	53 306
Other reserves	45	(3 407)	—	9	(13)	—	1	(1)	—	—	—	—	—	11	—	—	(3 395)
Business combinations equity adjustment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Retained earnings	(9 218)	(2 117)	—	(207)	198	(16)	—	—	—	—	(13)	—	—	(173)	53	—	(2 384)
Net profit	2 099	460	—	(146)	160	(32)	5	(5)	—	—	(6)	2	—	(47)	(38)	34	—
<b>Equity attributable to equity holders of the Company</b>	<b>250 252</b>	<b>54 410</b>	—	<b>(423)</b>	<b>345</b>	<b>(48)</b>	<b>6</b>	<b>(6)</b>	—	—	<b>(19)</b>	<b>2</b>	—	<b>(209)</b>	<b>15</b>	<b>53 729</b>	—
No controlling interests	7 647	1 662	—	352	—	—	84	(10)	(6)	(89)	—	73	—	—	—	2 013	—
<b>Total equity</b>	<b>257 899</b>	<b>56 072</b>	—	<b>(344)</b>	<b>345</b>	<b>(48)</b>	<b>90</b>	<b>(16)</b>	<b>(6)</b>	<b>(89)</b>	<b>(19)</b>	<b>75</b>	—	<b>(209)</b>	<b>(38)</b>	<b>55 742</b>	—
<b>Non-current liabilities</b>																	
Interest-bearing loans and borrowings	162 827	35 402	—	—	(324)	—	—	—	—	—	—	—	—	—	—	—	35 078
Lease liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other non-current financial liabilities	21 494	4 673	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4 673
Provisions	338	73	—	—	—	1 048	—	—	—	—	23	—	—	—	—	—	1 144
Deferred tax liabilities	17 836	3 878	—	—	81	—	74	12	(9)	—	—	—	—	—	(4)	—	4 248
Other non-current liabilities	662	143	—	—	—	—	—	—	—	—	—	—	—	—	—	—	134
Accruals and deferred income	253	55	—	—	—	—	—	—	—	—	—	—	—	—	—	—	55
<b>Total non-current liabilities</b>	<b>203 410</b>	<b>44 224</b>	—	<b>(243)</b>	<b>(243)</b>	<b>1 048</b>	<b>74</b>	<b>3</b>	—	—	<b>23</b>	—	—	—	<b>(4)</b>	<b>45 332</b>	—
<b>Current liabilities</b>																	
Trade and other payables	23 319	5 073	—	—	—	—	—	(55)	—	—	—	—	—	258	20	5 296	—
Interest-bearing loans and borrowings	12 411	2 699	—	—	(102)	—	—	—	—	—	—	—	—	—	—	—	2 615
Lease liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(18)
Other current financial liabilities	17 109	3 720	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3 720
Provisions	8 616	1 873	—	—	—	(1 000)	—	—	—	—	—	—	—	—	—	—	873
Income tax liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accruals and deferred income	2 155	469	—	—	—	—	—	—	—	—	—	—	—	—	—	—	469
<b>Total current liabilities</b>	<b>63 610</b>	<b>13 834</b>	—	<b>(102)</b>	<b>(102)</b>	<b>(1 000)</b>	<b>—</b>	<b>(55)</b>	—	—	<b>(102)</b>	—	—	<b>258</b>	<b>20</b>	<b>12 955</b>	—
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>524 919</b>	<b>114 130</b>	—	<b>136</b>	<b>(344)</b>	<b>—</b>	<b>164</b>	<b>(68)</b>	<b>(6)</b>	<b>(89)</b>	<b>4</b>	<b>75</b>	—	<b>49</b>	<b>(22)</b>	<b>114 029</b>	—

## Consolidated statement of financial position as at 31 December 2021 (Shareholders' equity and liabilities Cont.)

Adjustments relating to transition to IFRS

	Adjustments relating to transition to IFRS										Financial data as reported in accordance with the Polish Accounting Act after corrections of errors	Financial data as presented in these consolidated financial statements in accordance with IFRS
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000		
	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]		
	Goodwill- withdrawal of amortization	Recognition of client relationships at business acquisition	Liability due to written put option held by NCI	Liability due to forward over interest held by NCI and deferred payment	ECL allowance on trade receivables	Recognition and measurement of equity settled part of SBP	Leases	Revenue recognition	Deferred tax calculation and presentation	IFRS presentation adjustments		
<b>31 December 2021</b>												
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>												
Share capital	6 168	—	—	—	—	—	—	—	—	—	—	6 168
Share premium	53 306	—	—	—	—	—	—	—	—	(1 509)	—	51 797
Other reserves	(3 395)	—	73	73	(1)	—	(2)	47	(2)	3 756	—	287
Business combinations equity adjustment	—	—	(1 746)	(10 823)	—	—	—	—	—	—	—	(12 56 9)
Retained earnings	(2 384)	—	(23)	—	2	1 028	(3)	(582)	21	(2 247)	—	778
Net profit	34	(121)	(39)	(191)	(63)	(1 028)	(3)	166	(22)	—	—	1 127
Equity attributable to equity holders of the Company	53 729	(121)	(1 735)	(10 941)	(62)	—	(8)	(369)	(3)	—	—	47 588
Non-controlling interests	2013	1 26 6	—	—	(24)	—	(62)	—	(18)	—	—	3174
<b>Total equity</b>	<b>55 742</b>	<b>1 145</b>	<b>(1 735)</b>	<b>(10 941)</b>	<b>(86)</b>	<b>—</b>	<b>(71)</b>	<b>(369)</b>	<b>(21)</b>	<b>—</b>	<b>—</b>	<b>50 762</b>
Non-current liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Interest-bearing loans and borrowings	35 078	—	—	—	—	—	2391	—	—	1 740	—	36 818
Lease liabilities	—	—	—	(2400)	—	—	—	—	—	533	—	2 924
Other non-current financial liabilities	4 673	—	—	—	—	—	—	—	—	(2 273)	—	—
Provisions	1 144	—	—	—	—	—	—	—	—	(1 048)	—	96
Deferred tax liabilities	4 248	1 120	—	—	—	—	1	227	(1 842)	—	—	3 754
Other non-current liabilities	134	—	—	6 882	—	—	—	98	—	1 103	—	8 217
Accruals and deferred income	55	—	—	—	—	—	—	—	—	(55)	—	—
<b>Total non-current liabilities</b>	<b>45 332</b>	<b>1 120</b>	<b>—</b>	<b>4 482</b>	<b>—</b>	<b>—</b>	<b>2 392</b>	<b>325</b>	<b>(1 842)</b>	<b>—</b>	<b>—</b>	<b>51 809</b>
Current liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Trade and other payables	5 296	—	1 735	6 342	—	—	—	1 552	—	1 061	—	15 986
Interest-bearing loans and borrowings	2 615	—	—	—	—	—	—	—	—	3 204	—	5 819
Lease liabilities	(18)	—	—	—	—	—	101	—	—	515	—	598
Other current financial liabilities	3 720	—	—	—	—	—	—	—	—	(3 720)	—	—
Provisions	873	—	—	—	—	—	—	—	—	(873)	—	282
Income tax liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Accruals and deferred income	469	—	—	—	—	—	—	—	—	(469)	—	—
<b>Total current liabilities</b>	<b>12 955</b>	<b>—</b>	<b>1 735</b>	<b>6 342</b>	<b>—</b>	<b>—</b>	<b>101</b>	<b>1 552</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>22 685</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>114 029</b>	<b>2 265</b>	<b>—</b>	<b>(117)</b>	<b>(86)</b>	<b>—</b>	<b>2 422</b>	<b>1 508</b>	<b>(1 863)</b>	<b>—</b>	<b>—</b>	<b>125 256</b>

## Consolidated statement of comprehensive income for the period ended 31 December 2021

	Corrections of errors											Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act after corrections of errors					
	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act			Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act	Financial data as reported in accordance with the Polish Accounting Act		
	PLN '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	
			[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	
			Transactions with telecommunications accounted for as financing agreements	Recognition and measurement of internally developed software at business acquisition	Subsidies received	Amortised cost of interest bearing loans and borrowings	Measurement of cash settled SBP	Presentation of telematic equipment	Installation costs	Fair value of long-term liabilities to telecoms	Impairment of shares	Adjustment of NCI recognised at business acquisition	Provisions for post-employment benefits and unused holidays accrual	Deferred tax recognition	Cash flows in CVS	Recognition of contract liabilities related to unexercised rights	Other errors	
<b>For the year ended</b>																		
<b>31 December 2021</b>																		
Revenue from contracts with customers	129 968	28 458	—	—	—	—	—	—	—	—	—	—	—	—	—	(58)	—	28 400
Other operating income	2156	472	—	—	(151)	—	(32)	—	—	—	—	—	(7)	—	—	—	—	321
Payroll	(38 890)	(8 516)	—	—	—	—	—	69	—	—	—	—	—	—	—	—	—	(8 486)
Social security contributions	(7 912)	(1 732)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1 732)
Employee expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Impairment losses of financial assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Use of materials and energy consumption	(11 320)	(2 478)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2 478)
Third party services	(19 387)	(4 244)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(4 244)
Costs of goods sold	(2 708)	(593)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(593)
Taxes and charges	(975)	(213)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(213)
Other expenses by kind	(5 579)	(1 222)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1 222)
Other operating expenses	(1 374)	(303)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(303)
<b>Operating profit before depreciation and amortisation (EBITDA)</b>	<b>43 979</b>	<b>9 629</b>	—	—	(151)	—	(32)	—	69	—	—	—	(7)	—	—	(58)	(20)	<b>9 430</b>
Depreciation and amortisation	(19 563)	(4 281)	—	(657)	5	—	(32)	—	(61)	26	—	—	—	—	—	—	(22)	(4 990)
<b>Operating profit</b>	<b>24 416</b>	<b>5 348</b>	—	(657)	(146)	—	(32)	—	8	26	—	—	(7)	—	—	(58)	(42)	<b>4 440</b>
Finance income	34	7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7
Finance costs	(8 440)	(1 848)	—	—	—	198	—	—	—	(35)	—	—	—	—	—	—	—	(1 685)
Amortisation of goodwill	(10 933)	(2 394)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2 394)
<b>Profit before tax</b>	<b>5 077</b>	<b>1 113</b>	—	(657)	(146)	198	(32)	—	8	(9)	—	—	(7)	—	—	(58)	(42)	<b>368</b>
Income tax expense	(829)	(184)	—	125	—	(38)	—	—	(1)	2	—	—	1	3	—	11	4	(77)
Profit (loss) attributable to NCI	2 149	471	—	(213)	—	—	—	—	2	(2)	—	—	—	1	—	—	—	259
<b>PROFIT FOR THE YEAR</b>	<b>2 099</b>	<b>460</b>	—	(319)	(146)	160	(32)	—	5	(5)	—	—	(6)	2	—	(47)	(38)	<b>34</b>

Corrections of errors

	Financial data as reported in accordance with the Polish Accounting Act		Corrections of errors										Financial data as reported in accordance with the Polish Accounting Act after corrections of errors						
	PLN '000	EUR '000	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]		
			Financial data as reported in accordance with the Polish Accounting Act	Transactions with telecommunications accounted for as financing agreements	Recognition and measurement of internally developed software at business acquisition	Subsidies received	Amortised cost of interest bearing loans and borrowings	Measurement of cash settled SBP	Presentation of telematic equipment	Installation costs	Fair value of long-term liabilities to telecoms	Impairment of shares	Adjustment of NCI recognised at business acquisition	Provisions for post-employment benefits and unused holidays accrual	Deferred tax recognition	Cash flows in CVS	Recognition of contract liabilities related to unexercised rights	Other errors	
<b>OTHER</b>																			
<b>COMPREHENSIVE INCOME</b>																			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods																			
Exchange differences on translation into presentation currency	60	271								1									272
<b>Total other comprehensive income</b>	<b>60</b>	<b>271</b>								<b>1</b>									<b>272</b>
<b>TOTAL</b>																			
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>4 308</b>	<b>1 202</b>								<b>8</b>									<b>565</b>
Total profit for the financial year attributable to equity holders of the Company	2 099	460								5									34
Total profit for the financial year attributable to non-controlling interests	2 149	471								2									259
Total comprehensive income for the financial year attributable to equity holders of the Company	2 144	745								5									319
Total comprehensive income for the financial year attributable to non-controlling interests	2 164	457								3									246

## Consolidated statement of comprehensive income for the period ended 31 December 2021 (Cont.)

	Financial data as reported in accordance with the Polish Accounting Act after corrections of errors	Adjustments relating to transition to IFRS										Financial data as presented in these consolidated financial statements in accordance with IFRS	
		[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]		
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
<b>For the year ended 31 December 2021</b>													
Revenue from contracts with customers	28 400	—	—	—	—	—	—	—	—	—	—	—	26 409
Other operating income	321	—	—	—	—	—	—	—	—	—	—	—	321
Payroll	(8 486)	—	—	—	—	—	—	—	—	—	—	—	—
Social security contributions	(1 732)	—	—	—	—	—	—	—	—	—	—	—	—
Employee expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
Impairment losses of financial assets	—	—	—	—	—	—	—	—	—	—	—	—	—
Use of materials and energy consumption	(2 478)	—	—	—	—	(253)	—	—	—	—	—	—	(253)
Third party services	(4 244)	—	—	—	—	—	—	—	—	—	—	—	(656)
Costs of goods sold	(593)	—	—	—	—	—	—	—	—	—	—	—	(4 075)
Taxes and charges	(213)	—	—	—	—	—	—	—	—	—	—	—	(593)
Other expenses by kind	(1 222)	—	—	—	—	—	—	—	—	—	—	—	—
Other operating expenses	(323)	—	—	—	—	—	—	—	—	—	—	—	—
<b>Operating profit before depreciation and amortisation (EBITDA)</b>	9 430	—	—	—	—	(80)	(1 028)	—	—	—	—	—	8 747
Depreciation and amortisation	(4 990)	—	—	—	—	—	—	—	—	—	—	—	(5 389)
<b>Operating profit</b>	4 440	—	—	—	—	(80)	(1 028)	—	—	—	—	—	3 358
Finance income	7	—	—	—	—	—	—	—	—	—	—	—	7
Finance costs	(1 685)	—	—	—	(191)	—	—	—	—	—	—	—	(1 947)
Amortisation of goodwill	(2 394)	2 394	—	—	—	—	—	—	—	—	—	—	—
<b>Profit before tax</b>	368	2 394	(204)	(39)	(191)	(80)	(1 028)	—	—	—	—	—	1 418
Income tax expense	(77)	—	39	—	—	14	—	—	—	—	—	—	(100)
Profit (loss) attributable to NCI	259	—	(44)	—	—	(3)	—	—	—	—	—	—	(191)
<b>PROFIT FOR THE YEAR</b>	34	2 394	(121)	(39)	(191)	(63)	(1 028)	(3)	166	(22)	—	—	1 318

	Adjustments relating to transition to IFRS										Financial data as presented in these consolidated financial statements in accordance with IFRS EUR '000
	Financial data as reported in accordance with the Polish Accounting Act after corrections of errors EUR '000	Goodwill-withdrawal of amortization [16] EUR '000	Recognition of client relationships at business acquisition [17] EUR '000	Liability due to written put option held by NCI [18] EUR '000	Liability due to forward interest held by NCI and deferred payment [19] EUR '000	ECL allowance on trade receivables [20] EUR '000	Recognition and measurement of equity settled part of SBP [21] EUR '000	Leases [22] EUR '000	Revenue recognition [23] EUR '000	Deferred tax calculation and presentation [24] EUR '000	
<b>OTHER COMPREHENSIVE INCOME</b> .....	—										—
Other comprehensive income that may be reclassified to profit or loss in subsequent periods .....	—										—
Exchange differences on translation into presentation currency .....	272	—	8	—	—	—	—	—	—	—	280
<b>Total other comprehensive income</b> .....	<u>272</u>	<u>—</u>	<u>8</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>280</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> .....	<u>565</u>	<u>2 394</u>	<u>(157)</u>	<u>(39)</u>	<u>(191)</u>	<u>(66)</u>	<u>(1 028)</u>	<u>(6)</u>	<u>166</u>	<u>(40)</u>	<u>1 598</u>
Total profit for the financial year attributable to equity holders of the Company .....	34	2 394	(121)	(39)	(191)	(63)	(1 028)	(3)	166	(22)	1 127
Total profit for the financial year attributable to non-controlling interests .....	259	—	(44)	—	—	(3)	—	(3)	—	(18)	191
Total comprehensive income for the financial year attributable to equity holders of the Company .....	319	2 394	(121)	(39)	(191)	(63)	(1 028)	(3)	166	(22)	1 412
Total comprehensive income for the financial year attributable to non-controlling interests .....	246	—	(36)	—	—	(3)	—	(3)	—	(18)	186



Corrections of errors

	Financial data as reported in accordance with the Polish Accounting Act		Corrections of errors										Financial data as reported in accordance with the Polish Accounting Act after corrections of errors				
	PLN '000	EUR '000	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]
			Transactions with telecommunication companies for financing agreements	Recognition and measurement of internally developed software at business acquisition	Subsidies received	Amortised cost of interest bearing loans and borrowings	Measurement of cash settled SBP	Presentation of telematic equipment	Installation costs	Fair value of long-term liabilities to telecommunication companies	Impairment of shares	Adjustment of NCI recognised at business acquisition	P revisions for post-employment benefits and unused holidays accrual	Deferred tax recognition	Cash flows in CVS	Recognition of contract liabilities related to unexercised rights	Other errors
accruals and deferred income																	
Increase in trade, other payables and other liabilities	3 972	870								35					(529)	(58)	20
Interest received	27	6															6
Interest paid	(5 886)	(1 289)															(1 289)
Income tax paid																	
<b>Net cash flows generated from operating activities</b>	<b>30 157</b>	<b>6 602</b>			<b>(151)</b>			<b>771</b>	<b>69</b>						<b>(542)</b>		<b>6 749</b>
<b>Cash flows from investing activities</b>																	
Proceeds from sale of property, plant and equipment	1 841	403													163		566
Purchase of property, plant and equipment	(26 166)	(5 729)						(771)	(69)						314		(6 255)
Purchase of intangible assets																	151
Proceeds from repayment of loans granted	1 762	386													65		451
Payments for acquisition of subsidiaries, net of cash acquired	(17 532)	(3 839)															(3 839)
<b>Net cash (used in) investing activities</b>	<b>(40 095)</b>	<b>(8 779)</b>			<b>151</b>			<b>(771)</b>	<b>(69)</b>						<b>542</b>		<b>(8 926)</b>
<b>Cash flows from financing activities</b>																	
Payment of principal elements of lease liabilities	(2 042)	(447)															(447)
Proceeds from borrowings	25 305	5 541															5 541
Issue of debt securities	4 505	986															986
In flows from other financial liabilities	10 768	2 358															2 358
Re payment of borrowings	(24 264)	(5 313)															(5 313)
Redemption of debt securities	(4 599)	(1 007)															(1 007)
Outflows due to other financial liabilities	(12 563)	(2 751)															(2 751)
Dividend payments	(245)	(54)															(54)

Corrections of errors

	Financial data as reported in accordance with the Polish Accounting Act		Corrections of errors											Financial data as reported in accordance with the Polish Accounting Act after corrections of errors						
	PLN '000	EUR '000	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	EUR '000	EUR '000	
			Transactions with telecoms accounted for as financing agreements	Recognition and measurement internally developed software at business acquisition	Subsidies received	Anortised cost of interest bearing loans and borrowings	Measurement of cash settled SBP	Presentation of telematic equipment	Installation costs	Fair value of long-term liabilities to telecoms	Impairment of shares	Adjustment of NCI recognised at business acquisition	P revisions for post-employment benefits and unused holidays accrual	Deferred tax recognition	Cash flows in CVS	Recognition of contract liabilities related to unexercised rights	Other errors			
Proceeds from issued share capital (net of expenses) . . . . .	19 123	4 187	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4 187
Other expenditures . . . . .	(1 980)	(432)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(432)
<b>Net cash flows (used in) /generated from financing activities</b>	<b>14 008</b>	<b>3 068</b>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	<b>3 068</b>
Net increase in cash and cash equivalents	4 070	890	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	890
Effect of exchange rate changes on cash and cash equivalents	—	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3
Cash and cash equivalents at beginning of period	10 914	2 365	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2 365
<b>Cash and cash equivalents at end of period . . . . .</b>	<b>14 984</b>	<b>3 258</b>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	<b>3 258</b>

## Consolidated statement of cash flows for the period ended 31 December 2021 (Cont.)

	Adjustments relating to transition to IFRS										Financial data as reported in accordance with the Polish Accounting Act after corrections of errors	Financial data as presented in these consolidated financial statements in accordance with IFRS		
	EUR '000												EUR '000	EUR '000
	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]				
Goodwill— withdrawal of amortization	Recognition of client relationships at business acquisition	Liability due to written put option held by NCI	Liability due to forward interest held by NCI and deferred payment	ECL allowance on trade receivables	Recognition and measurement of equity settled part of SBP	Leases	Revenue recognition	Deferred tax calculation and presentation	IFRS presentation adjustments	Financial data as presented in these consolidated financial statements in accordance with IFRS				
<b>For the year ended 31 December 2021</b>														
<b>Cash flows from operating activities</b>														
Net profit	2 394	(121)	(39)	(191)	(63)	(1 028)	166	(20)	(460)	—				
Income tax expense	—	(39)	—	—	(14)	—	39	38	181	—				
<b>Profit before tax for the period</b>	<b>2 394</b>	<b>(160)</b>	<b>(39)</b>	<b>(191)</b>	<b>(77)</b>	<b>(1 028)</b>	<b>206</b>	<b>18</b>	<b>832</b>	<b>1 418</b>				
Non-cash adjustments:	—	—	—	—	—	—	—	—	—	—				
Profit (loss) attributable to NCI	—	(43)	—	—	(3)	—	—	(18)	(191)	—				
Depreciation and amortisation	4 991	203	—	—	—	—	51	—	—	5 389				
Amortisation of goodwill	2 394	—	—	—	—	—	—	—	—	—				
Gain on disposal of non-current assets	(81)	—	—	—	—	—	—	—	(4)	(81)				
Interest income	—	—	—	191	—	—	—	—	2	1 771				
Interest expense	1 507	—	39	—	—	—	—	—	(979)	6				
Movements in provisions	985	—	—	—	—	—	—	—	—	253				
Impairment losses of financial assets	—	—	—	—	253	—	—	—	—	30				
Movements in allowances for inventories	—	—	—	—	—	—	—	—	—	100				
Foreign currency exchange rate differences	100	—	—	—	—	—	—	—	—	—				
Fair value revaluation of derivatives	—	—	—	—	—	—	—	—	—	—				
Share-based payments	—	—	—	—	—	1 028	—	—	—	1 028				
Other non-cash items	54	—	—	—	—	—	—	—	7	61				
<b>Working capital adjustments:</b>	—	—	—	—	—	—	—	—	—	—				
(Increase)/decrease in trade receivables	(1 077)	—	—	—	(173)	—	—	—	1 250	—				
(Increase)/decrease in trade, other receivables and contract costs	—	—	—	—	—	—	—	—	(2 046)	(2 046)				
(Increase)/decrease in inventories	(735)	—	—	—	—	—	—	—	296	(439)				
Change in prepayments, accruals and deferred income	(744)	—	—	—	—	—	(425)	—	1 169	—				
Increase in trade, other payables and other liabilities	454	—	—	—	—	—	168	—	740	1 362				
Interest received	6	—	—	—	—	—	—	—	—	6				
Interest paid	(1 289)	—	—	—	—	—	—	—	(300)	(1 621)				
Income tax paid	—	—	—	—	—	—	—	—	(102)	(102)				
<b>Net cash flows generated from operating activities</b>	<b>6 749</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>244</b>	<b>7 131</b>				

Adjustments relating to transition to IFRS

	Adjustments relating to transition to IFRS										Financial data as presented in these consolidated financial statements in accordance with IFRS	
	Financial data as reported in accordance with the Polish Accounting Act after corrections of errors	Goodwill- withdrawal of amortization	Recognition of client relationships at business acquisition	Liability due to written put option held by NCI	Liability due to over interest held by NCI and deferred payment	ECL allowance on trade receivables	Recognition and measurement of equity settled part of SBP	Leases	Revenue recognition	Deferred tax calculation and presentation		IFRS presentation adjustments
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
<b>Cash flows from investing activities</b>												
Proceeds from sale of property, plant and equipment . . . . .	566											566
Purchase of property, plant and equipment . . . . .	(6 255)										2 670	(3 585)
Purchase of intangible assets . . . . .	151										(3 216)	(3 065)
Purchase of financial instruments . . . . .	—											—
Proceeds from repayment of loans granted . . . . .	451											451
Payments for acquisition of subsidiaries, net of cash acquired . . . . .	(3 839)											(3 839)
Investment in associates . . . . .	—											—
<b>Net cash (used in) investing activities</b>	<b>(8 926)</b>										<b>(546)</b>	<b>(9 472)</b>
<b>Cash flows from financing activities</b>												
Payment of principal elements of lease liabilities . . . . .	(447)						(138)				(6)	(591)
Proceeds from borrowings . . . . .	5 541										2 358	7 899
Issue of debt securities . . . . .	986											986
Inflows from other financial liabilities . . . . .	2 358										(2 358)	—
Repayment of borrowings . . . . .	(5 313)										(2 745)	(8 058)
Redemption of debt securities . . . . .	(1 007)										24	(983)
Outflows due to other financial liabilities . . . . .	(2 751)										2 751	—
Acquisition of non-controlling interests . . . . .	—											—
Dividend payments . . . . .	(54)											(54)
Proceeds from issued share capital (net of expenses) . . . . .	4 187											4 187
Other expenditures . . . . .	(432)										277	(155)
Proceeds from sale of own shares . . . . .	—											—
<b>Net cash flows (used in) / generated from financing activities</b>	<b>3 068</b>						<b>(138)</b>				<b>301</b>	<b>3 231</b>
Net increase in cash and cash equivalents . . . . .	890											890
Effect of exchange rate changes on cash and cash equivalents . . . . .	3											3
Cash and cash equivalents at beginning of period . . . . .	2 365											2 365
<b>Cash and cash equivalents at end of period</b>	<b>3 258</b>											<b>3 258</b>

The description below presents explanations of main adjustments made to the Inelo Group's consolidated financial statements prepared for statutory purposes as at the Transition Date and at 31 December 2021 due to transition to IFRS, broken down into adjustments resulting from the identified errors made in the statutory consolidated financial statements and adjustments resulting from the change of accounting principles to comply with IFRS.

**A) Corrections resulting from errors made in applying the previous accounting policies:**

- [1] In the consolidated financial statements prepared for statutory purposes for the period ended 31 December 2020 the Inelo Group made retrospective adjustment of settlements with telecoms related with sale of equipment by telecoms to customers that they obtained from the Inelo Group which provided telematic services. The adjustment included also transactions that took place in prior periods resulting also in correction of financial data for the transition date.

For sale support activities the Inelo Group received proceeds from telecoms that were subsequently repaid over time in installments. Proceeds received were recognized as Revenue whereas installments repaid as External services. After the correction the settlements with telecoms were accounted for as received external financing accounted for at amortized cost (Lease liabilities). In these Consolidated Historical Financial Information it is also presented as financial instrument measured at amortized cost but as Interest bearing loans and borrowing due to presentation adjustment no [24] described below.

The abovementioned correction, to some extent, was applied to transactions that took place before the acquisition of the Inelo by the Inelo Group that took place in the period ended at 31 December 2018 therefore it impacted both Goodwill recognized at that acquisition and Retained earnings. The adjustment also affected deferred taxes.

There is no additional correction to these Consolidated Historical Financial Information for the period ended 31 December 2021 because it had been already corrected in the consolidated financial statements prepared for statutory purposes for this period.

- [2] In period ended 31 December 2020 the Inelo Group acquired Marcos BIS and performed purchase price allocation including among other identification and measurement of net assets acquired. In the statutory consolidated financial statements the Inelo Group did not identify and recognize Intangible asset for internally developed software for which asset recognition criteria were met. The software in question was recognized at its fair value. In order to reflect the change of net assets identified the Inelo Group consequently corrected Goodwill and Non-controlling interests recognized at the transaction. In period ended 31 December 2020 and subsequently the Inelo Group recognized additional Amortization for the recognized Intangible asset. The adjustment also affected deferred taxes.
- [3] In period ended 31 December 2020 the Inelo Group received a grant to subsidy development activities including projects that are recognized on-balance as development works. In financial statements prepared for statutory purposes they were recognized as Other operating income when incurred whereas in these Consolidated Historical Financial Information after the correction they were recognized as a component of Intangible asset's cost resulting in the lower carrying value of respective development works. Due to the adjustment, in period ended 31 December 2020 and subsequently Amortization was decreased respectively.
- [4] In each of the periods covered by these Consolidated Historical Financial Information, the Inelo Group recognizes Interest-bearing loans and borrowings measured at amortized cost. The Inelo Group incurs one-off direct costs to initiate financing that increase the effective interest rate when calculating amortized cost. In the consolidated financial statements prepared for statutory purposes such costs were recognized in profit or loss when incurred. The adjustment resulted in change of carrying amount of Interest-bearing loans and borrowings and Finance costs recognized in profit or loss. At the transition date change of accounting for Finance costs resulted in an increase of Retained earnings. The adjustment also affected deferred taxes.
- [5] In the periods ended at 31 December 2020 and 31 December 2021, the Inelo Group recognized Provision for cash-settled share based programme. To measure a carrying amount of Provision in these Consolidated Historical Financial Information the respective fair values of shares has been estimated using the Black Scholes model. The estimations differed from the ones determined for consolidated financial statements prepared for statutory purposes when more simplified model was applied. Consequently, due to the change of estimation methodology there is higher carrying amount of provision and respective employee benefits expense recognized in profit of loss. The adjustment also affected deferred taxes.

- [6] In each of the periods covered by these Consolidated Historical Financial Information, the Inelo Group changed presentation of the telematic equipment held by INELO Polska Sp. z o.o. Since the predominant business model of that subsidiary is to use the equipment to provide telematic services they are presented as Property, plant and equipment. The equipment is reclassified to Inventories once there is a sale transaction committed. In the consolidated financial statements prepared for statutory purposes they were initially recognized as Inventories and reclassified to Property, plant and equipment once installed at customer's vehicle to provide services.
- [7] One of subsidiaries acquired in period ended 31 December 2021 incurs installation costs to bring the telematic equipment to the location and condition necessary for it to be capable of operating in the manner intended by management—enable provision of telematic services. In the statutory consolidated financial statements, they were recognized in Payroll costs when incurred not as a cost of Property, plant and equipment. In these Consolidated Historical Financial Information, the Inelo Group recognized installation costs as cost of Property, plant and equipment. Additionally, the Inelo Group corrected the measurement of Property, plant and equipment acquired at the respective business acquisition, what consequently affected Goodwill and Non-controlling interests recognized at the transaction date. The abovementioned change of carrying amount of Property, plant and equipment resulted in change of Depreciation recognized in the in period ended 31 December 2021. The adjustment also affected deferred taxes.
- [8] The Inelo Group corrected purchase price allocation performed at acquisition of CVS Group that took place in period ended 31 December 2021 to reflect fair value of acquired long-term interest-free liabilities to telecoms that are presented as Trade and other payables. In the statutory consolidated financial statements they were recognized at acquisition at cost equal to nominal value of future payments. Also, a measurement of fair value of acquired Property, plant and equipment was corrected. To reflect the change of net assets' fair value the Inelo Group consequently corrected Goodwill and Non-controlling interests recognized at the transaction. In periods subsequent to the acquisition the Inelo Group the correction resulted in change of Depreciation and recognition of additional Finance costs from measurement of amortized costs of liabilities in question. The adjustment also affected deferred taxes.
- [9] The Inelo Group corrected purchase price allocation performed at acquisition of CVS Group that took place in period ended 31 December 2021 to reflect fair value of acquired shares in Algeria. Fair value of shares was determined at nil whereas in the statutory consolidated financial statements their fair value was estimated at EUR 24 thousand. To reflect the change of net assets' fair value the Inelo Group consequently corrected Goodwill and Non-controlling interests recognized at the transaction.
- [10] The Inelo Group corrected purchase price allocation performed at acquisition of CVS Group that took place in period ended 31 December 2021 to measure correctly Non-controlling interests recognized at the transaction. In the statutory financial statements when determining Goodwill, the Inelo Group added amount of Non-controlling interests to fair value of net asset acquired resulting in overstatement of Goodwill. It was corrected in these Consolidated Historical Financial Information. After the correction Goodwill was decreased as well as carrying amount of Non-controlling interest.
- [11] In each of the periods covered by these Consolidated Historical Financial Information, the Inelo Group recognized provisions for some subsidiaries for unused holidays and provisions for post-employment benefits (severance payments and jubilee bonuses) that were measured using actuarial methods. At the transition date the recognition of additional Provisions resulted in a decrease of Retained earnings. The adjustment also affected deferred taxes.
- [12] In the period ended 31 December 2021 the Inelo Group recognized deferred tax assets in relation to deductible temporary differences arising on property, plant and equipment resulting from different tax and accounting amortization rates. They existed at the business acquisition and were recognized in these Consolidated Historical Financial Information resulting in correction of goodwill and non-controlling interest.
- [13] In the period ended at 31 December 2021 the Inelo Group corrected investment cash flows related with Proceeds from sale of property, plant and equipment which shall be presented as operating cash flows—(Increase)/decrease in inventories. Moreover, there is correction of error in Working capital adjustments between trade, other receivables and other assets and trade and other payables.
- [14] In each of the periods covered by these Consolidated Historical Financial Information, the Inelo Group recognised a contract liability related to customers' unexercised rights in WTM Outsourcing as presented in the Note 10. In financial statements prepared for statutory purposes revenue from those contracts was improperly recognized based on invoicing rather than reflecting the service provision pattern.

## B) Adjustments resulting from the transition to IFRS

[16] In these Consolidated Historical Financial Information, the Inelo Group applied principles of IAS 36 *Impairment of Non-current Assets* (“IAS 36”) for impairment testing of Goodwill recognized on business acquisitions that took place in the presented periods. Under IAS 36 cash generating unit(s) to which goodwill was allocated is/are a subject to mandatory annual impairment testing to determine their recoverable amount. In the statutory consolidated statements Goodwill was amortized. Transition to IFRS resulted in derecognition of previously recognized Amortization of Goodwill and higher carrying amount of Goodwill (and respective CGUs).

[17] In period ended 31 December 2021 the Inelo Group acquired CVS Group and performed purchase price allocation including among other identification and measurement of net assets acquired. Under the applied standards to the statutory consolidated financial statements intangible asset for relationships with customers was not eligible for recognition whereas under IFRS 3 Business Combinations (“IFRS 3”) and IAS 38 Intangible assets (“IAS 38”) the Inelo Group determined that asset identification criteria are met and relationships with customers shall be recognized and measured at fair value at the business acquisition. The Change of net assets identified under IFRS 3 at the transaction resulted in a decrease of Goodwill and Non-controlling interest recognized at transaction. In period ended 31 December 2021 the Inelo Group recognized additional Amortization for the recognized Intangible asset. The adjustment also affected deferred taxes.

[18] and [19] In periods ended at 31 December 2020 and 31 December 2021 the Inelo Group wrote put options and forwards over shares held by non-controlling interest. In accordance with IAS 32 Financial instruments: Presentation (“IAS 32”) such instruments give rise to rise to recognition of financial liability for the present value of the redemption amount. In these Consolidated Historical Financial Information, they are presented in “Trade and other payables” line item.

The Inelo Group concluded that it does not, in substance, acquire present access to economic benefits of acquired subsidiaries. The put option redemption and buy-out forward liability will be settled with a transfer of the non-controlling interest’s shares for a price that is deemed to approximate their fair value. Therefore, the Non-controlling shareholders have retained the risks and rewards associated with ownership until the options are exercised and Non-controlling interests is recognised in equity until then. Therefore, the financial liability was recognized in correspondence with Business combination equity adjustment that is presented within Equity attributable to equity holders of Inelo.

[20] Measurement of financial assets in accordance with IFRS 9:

- for trade receivables, allowances for expected credit losses were recognised in accordance with the concept of impairment estimation based on expected credit losses rather than incurred losses—the Inelo Group estimated the expected credit losses for trade receivables by applying the internally developed model prepared based on the requirements of IFRS 9.

[21] The Inelo Group has recognised fair value of the equity-settled share-based payment incentive programme for the selected employees at managerial positions in accordance with IFRS 2 Share-based Payment (“IFRS 2”). The cost of the arrangement was recognised in Employee expenses in the consolidated statement of comprehensive income in each of the periods presented as well as directly in the Equity under: Retained earnings.

[22] In all presented periods in these Consolidated Historical Financial Information the Inelo Group applied IFRS 16 Leases (“IFRS 16”). The application of different measurement and recognition principles of leases in accordance with IFRS 16 affected the data presented in these Consolidated Historical Financial Information as follows:

- Assets held under operating leases, rental and other similar agreements—if they met the definition of a lease according to IFRS 16—were recognised in the statement of financial position as Right-of-use assets along with the recognition of Lease liabilities as well as the corresponding Deferred tax assets or Liabilities relating to the net value of the Right-of-use assets and Liabilities balances in subsequent periods; finance leases recognised and presented as Property, plant and equipment in the statutory consolidated financial statements are now presented as right-of-use assets at previous amounts;
- In accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*, (“IFRS 1”) the Inelo Group applied the following practical expedients while measuring assets and liabilities in relation to lease agreements:

- application of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- not to measure a right-of-use assets and lease liability for agreements for which the lease term ended within 12 months of the date of transition to IFRS,
- not to measure a right-of-use assets and lease liability for agreements where the underlying asset is of low value,
- exclusion of initial direct costs from the measurement of the right-of-use assets at the date of transition to IFRS;
- In the Inelo Group's statement of comprehensive income for the Depreciation of Right-of-use assets and interests on Lease liabilities are recognised while costs of External services, which previously included charges for the use of leased assets under IFRS 16 were decreased.

[23] In all presented periods the Inelo Group applied IFRS 15 Revenue from contracts with customers ("IFRS 15"). The application of different measurement and recognition principles of revenue in accordance with IFRS 15 affected the data presented in these Consolidated Historical Financial Information as follows:

- In the statutory consolidated financial statements the Inelo Group recognized revenue from sale of telematic equipment at a point in time when equipment was delivered to the customer. Under IFRS 15 the Inelo Group performed analysis of business models applied for sale of telematic equipment to determine which of them do result in identification of separate performance obligation. If separate performance obligation is not identified for sale of telematic equipment the respective revenue is recognized over term of telematic service provided to the customer and consequently the up-front fee received for the telematic equipment results in recognition of Contract liability.
- In the statutory consolidated financial statements the Inelo Group did not recognize separately revenue from sale of software updates for the first 12-month period which price was embedded in the software license fee. Under IFRS 15 the Inelo Group assessed that for "right to use" software licenses the right to updates represent separate performance obligation and part of the transaction price is allocated to that performance obligation based on relative stand-alone selling prices. Transaction price allocated to the software updates performance obligation is recognized in revenue over the agreed software updates term.
- In the statutory consolidated financial statements the Inelo Group did not recognize asset for costs incurred to obtain a contract with customer. Such costs were recognized in profit or loss when incurred. Under IFRS 15 the Inelo Group performed analysis of costs of sales channels and other related with process of obtaining a contract with customers as well as costs to fulfill contracts and identified cost to be capitalized under IFRS 15. The adjustment resulted in on-balance recognition of a separate asset line item for Contract Costs and recognition of its Amortization in subsequent periods.

[24] In each of the periods covered by these Consolidated Historical Financial Information, the Inelo Group recognized in accordance with IAS 12 Income Tax ("IAS 12") additional deferred tax assets ("DTA") and deferred tax liabilities ("DTL") for temporary differences in subsidiaries that were not required to be recognized under the standards applied in the statutory consolidated financial statements.

Moreover, the Inelo Group applied IAS 12 principles for offsetting of DTA and DTL. In the statutory consolidated financial statements s DTA and DTL were presented in the statement of the financial position on a gross basis.

Other adjustments due to the transition to IFRS did not affect the amount of equity and concerned the following presentation changes:

Presentation changes to the consolidated statement of financial position

- Presentation of income tax receivables and payables in a separate line in the statement of financial position;
- Prepayments for Property, plant, equipment and Intangible assets are presented as Other non-financial assets;
- Development works in progress are presented as Intangible assets instead of Other current assets;

- Share premium of subsidiaries is presented as Retained earnings.
- Liabilities to telecoms are presented as Interest bearing loans and borrowings instead of Other financial liabilities;
- Presentation of lease liabilities in a separate line in the statement of financial position instead of Other financial liabilities;
- Accruals are presented as Trade and other payables instead of Provisions.
- There are line items that were previously reported separately but in these Consolidated Historical Financial Information they are grouped in accordance with IAS 1 principles such as Other non-current assets; Trade and other receivables

Presentation changes to the consolidated statement of comprehensive income

- Impairment losses on trade receivables are presented in a separate line item of the statement of comprehensive income: Impairment losses on financial assets.
- There are line items that were previously reported separately but in these Consolidated Historical Financial Information they are grouped in accordance with IAS 1 principles such as: Other operating expenses, Employee benefits.

Presentation changes to the consolidate statement of cash-flows

- The Inelo Group presents operating cash flows using indirect method starting with Profit before tax for the period instead of Net profit attributable to Inelo, what result in separate presentation of Income tax paid line item and adjustment for Non-controlling interests within cash-flows from operating activities.
- Interest paid cash flows are presented as a separate line item within the cash flows from operating activities instead of the cash flows from financing activities
- Cash flows from financing activities are disaggregated into more detailed categories.

## **Section B—Accountants report on the historical financial information relating to Inelo**

The Board of Directors  
**W.A.G payment solutions plc**  
Third Floor (East)  
Albemarle House  
1 Albemarle Street  
London  
W1S 4HA  
United Kingdom

20 February 2023

Dear Sirs/Madams

### **Grupa Inelo S.A. (formerly Burietta sp. z o.o.)**

We report on the consolidated financial information set out in Section A of Part 5 of the circular dated 20 February 2023 of **W.A.G payment solutions plc** (the “Circular”) for the three years ended 31 December 2021, 2020 and 2019 (the “Consolidated Historical Financial Information”).

This report is required by Listing Rule 13.5.21 and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Circular.

### **Opinion on Consolidated Historical Financial Information**

In our opinion, the Consolidated Historical Financial Information gives, for the purposes of the Circular dated 20 February 2023, a true and fair view of the state of affairs of **Grupa Inelo S.A.** as at 31 December 2021, 2020 and 2019 and of its consolidated profits, consolidated comprehensive income, consolidated cash flows and consolidated changes in shareholders’ equity for the periods then ended in accordance with UK-adopted International Accounting Standards.

### **Responsibilities**

The Directors of **W.A.G payment solutions plc** are responsible for preparing the Consolidated Historical Financial Information in accordance with UK-adopted International Accounting Standards.

It is our responsibility to form an opinion on the Consolidated Historical Financial Information and to report our opinion to you.

### **Basis of Preparation**

The Consolidated Historical Financial Information has been prepared for inclusion in the Circular on the basis of the accounting policies set out in note 4 to the Consolidated Historical Financial Information.

### **Basis of Opinion on Consolidated Historical Financial Information**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council (“FRC”) in the United Kingdom. We are independent in accordance with the FRC’s Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Consolidated Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Consolidated Historical Financial Information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Consolidated

Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

#### **Conclusions Relating to Going Concern**

In performing our work on the Consolidated Historical Financial Information, prepared on the basis that the acquisition of **Grupa Inelo S.A.** by **W.A.G payment solutions plc** completes, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Consolidated Historical Financial Information is appropriate.

Based on the work we have performed, we have not identified any material uncertainties related to events or conditions that, individually or collectively, may cast significant doubt on **Grupa Inelo S.A.'s** ability to continue as a going concern for a period of at least twelve months from the date of the Circular.

Yours faithfully

Ernst & Young Audyt Polska spolka z ograniczona odpowiedzialnoscia sp. k.

### **Section C—Historical financial information relating to CVS Mobile**

This Section C of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) contains historical financial information for CVS Mobile (on a company-only basis) for the two years ended 31 December 2021 and 31 December 2020.

This financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

As a result of the CVS Cyber-attack, the Company has been unable to prepare consolidated historical financial information for the CVS Group for the years ended 31 December 2021, 31 December 2020 or 31 December 2019 and instead has included the historical financial information for CVS Mobile (on a company-only basis), the CVS Group's main trading entity, for the years ended 31 December 2021 and 31 December 2020 (the historical financial information for the year ended 31 December 2019 is not capable of being audited). CVS Mobile makes up the majority of the CVS Group, including in terms of net assets and EBITDA, and is the CVS Group's main trading entity. As such, the Company considers the audited financial information for CVS Mobile included in this Section C of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) of the Circular to be useful for the purpose of Shareholders making a properly informed voting decision.

As EY Slovenia was not appointed as the auditor of CVS until after 31 December 2020 and thus did not observe the counting of physical inventories at 31 December 2020 and 31 December 2019, EY Slovenia has been unable to determine whether any adjustment might have been found necessary in respect of retained earnings as of 1 January 2020 and the elements making up the statement of comprehensive income (cost of goods sold and income tax expense) and cash flow statement for the year ended 31 December 2020. EY Slovenia was also unable to satisfy itself as to what balance (if any) that was classified as inventory as at 31 December 2021, 31 December 2020 or 1 January 2020 should have been classified as property, plant and equipment, and whether any adjustment might have been found necessary in respect of property, plant and equipment, inventory and retained earnings as at 31 December 2021, 31 December 2020 and 1 January 2020 and the elements making up the statement of comprehensive income (depreciation and amortisation and taxes) and cash flow statement for the years ended 31 December 2021 and 31 December 2020. As a result, the opinion of EY Slovenia on the audited financial information for CVS Mobile (on a company-only basis) is subject to a qualification for this matter. The Company does not consider this significant to Shareholders.

Shareholders should read the whole of this document and not rely solely on the financial information contained in this Section C of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*).

## Statement of Comprehensive Income

(EUR '000)	Notes	For the year ended 31 December	
		2021	2020
<b>Revenue from contracts with customers</b>	8	<b>7 854</b>	<b>6 865</b>
Other operating income		34	81
Employee expenses	9	(1 830)	(2 097)
Impairment losses of financial assets	18	(2)	(132)
Use of materials and energy consumption		(309)	(246)
Third party services		(1 999)	(1 978)
Costs of goods sold		(879)	(1 107)
Other operating expenses		(36)	(57)
<b>Operating profit before depreciation and amortization (EBITDA)</b>	10	<b>2 833</b>	<b>1 329</b>
Depreciation and amortisation		(2 076)	(819)
<b>Operating profit</b>		<b>757</b>	<b>510</b>
Finance income		4	17
Finance costs	11	(308)	(399)
<b>Profit before tax</b>		<b>453</b>	<b>128</b>
Income tax expense	12	(19)	(3)
<b>PROFIT FOR THE YEAR</b>		<b>434</b>	<b>125</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		3	—
<b>Total other comprehensive income</b>		<b>3</b>	<b>—</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>437</b>	<b>125</b>

## Statement of Financial Position

<u>(EUR '000)</u>	<u>Notes</u>	<u>As at</u> <u>31 December</u>		<u>As at</u> <u>1 January</u> <u>2020</u>
		<u>2021</u>	<u>2020</u>	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets . . . . .	13	894	1 699	1 968
Property, plant and equipment . . . . .	14	1 004	1 133	948
Right-of-use assets . . . . .	15	1 504	1 622	1 763
Investments in subsidiaries and associates . . . . .	17	233	247	231
Deferred tax assets . . . . .	12	246	—	—
Other non-current assets . . . . .	18	167	140	140
<b>Total non-current assets . . . . .</b>		<b><u>4 048</u></b>	<b><u>4 841</u></b>	<b><u>5 050</u></b>
<b>Current assets</b>				
Inventories . . . . .	16	723	810	1 036
Trade and other receivables . . . . .	18	2 922	2 780	3 556
Cash and cash equivalents . . . . .	19	236	629	349
<b>Total current assets . . . . .</b>		<b><u>3 881</u></b>	<b><u>4 219</u></b>	<b><u>4 941</u></b>
<b>TOTAL ASSETS . . . . .</b>		<b><u>7 929</u></b>	<b><u>9 060</u></b>	<b><u>9 991</u></b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
Share capital . . . . .	20	813	834	834
Other reserves . . . . .		169	147	147
Retained earnings . . . . .		1 612	1 624	1 499
<b>Total equity . . . . .</b>		<b><u>2 594</u></b>	<b><u>2 605</u></b>	<b><u>2 480</u></b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings . . . . .	22	805	1 184	2 028
Lease liabilities . . . . .	15	1 591	1 670	1 758
Provisions . . . . .	21	73	75	75
Deferred tax liabilities . . . . .	12	—	4	34
Other non-current liabilities . . . . .	24	134	623	781
<b>Total non-current liabilities . . . . .</b>		<b><u>2 603</u></b>	<b><u>3 556</u></b>	<b><u>4 676</u></b>
<b>Current liabilities</b>				
Trade and other payables . . . . .	24	1 092	1 432	1 387
Interest-bearing loans and borrowings . . . . .	22	1 327	1 348	1 347
Lease liabilities . . . . .	15	74	86	101
Income tax liabilities . . . . .		239	33	—
<b>Total current liabilities . . . . .</b>		<b><u>2 732</u></b>	<b><u>2 899</u></b>	<b><u>2 835</u></b>
<b>TOTAL EQUITY AND LIABILITIES . . . . .</b>		<b><u>7 929</u></b>	<b><u>9 060</u></b>	<b><u>9 991</u></b>

## Statement of Changes in Shareholders' Equity

	Notes	Share capital	Other reserves		Retained earnings	Total equity
			Treasury shares	Other		
<b>At 1 January 2020</b> .....		<u>834</u>	<u>(41)</u>	<u>188</u>	<u>1 499</u>	<u>2 480</u>
Profit for the year .....		—	—	—	125	125
<b>Total comprehensive income</b> .....		—	—	—	<u>125</u>	<u>125</u>
<b>At 31 December 2020</b> .....		<u>834</u>	<u>(41)</u>	<u>188</u>	<u>1 624</u>	<u>2 605</u>
Profit for the year .....		—	—	—	434	434
Other comprehensive income .....		—	—	1	2	3
<b>Total comprehensive income</b> .....		—	—	<u>1</u>	<u>436</u>	<u>437</u>
Redemption of own shares .....	20	(21)	41	(20)	—	—
Dividend .....	20	—	—	—	(448)	(448)
<b>Transactions with owners of CVS Mobile d.d.</b> .....		<u>(21)</u>	<u>41</u>	<u>(20)</u>	<u>(448)</u>	<u>(448)</u>
<b>At 31 December 2021</b> .....		<u>813</u>	<u>—</u>	<u>169</u>	<u>1 612</u>	<u>2 594</u>

## Statement of Cash Flows

<u>(EUR '000)</u>	<u>Notes</u>	<u>For the year ended</u>	
		<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>			
<b>Profit before tax for the period</b> . . . . .		<b>453</b>	<b>127</b>
Non-cash adjustments:			
Depreciation and amortisation . . . . .		2 076	819
Interest income . . . . .		(2)	(4)
Interest expense . . . . .	11	127	154
Movements in provisions . . . . .		(2)	1
Impairment losses of financial assets . . . . .	18	2	132
Movements in allowances for inventories . . . . .		39	324
Other non-cash items . . . . .		16	48
<b>Working capital adjustments:</b>			
(Increase)/decrease in trade, other receivables and other non-current assets . . . . .	25	(590)	683
(Increase)/decrease in inventories . . . . .	25	(265)	(279)
Increase in trade, other payables and other non-current liabilities . . . . .	25	(828)	(113)
Interest received . . . . .		4	4
Interest paid . . . . .	22	(126)	(150)
Income tax paid . . . . .		(63)	—
<b>Net cash flows generated from operating activities</b> . . . . .		<b><u>841</u></b>	<b><u>1 746</u></b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment . . . . .		272	50
Purchase of property, plant and equipment . . . . .		(202)	(385)
Purchase of intangible assets . . . . .	13	(774)	(49)
Purchase of shares in subsidiaries and associates . . . . .		(11)	(15)
Proceeds from loans granted . . . . .		(27)	(473)
Repayment of loans granted . . . . .		447	394
<b>Net cash flows (used in) investing activities</b> . . . . .		<b><u>(295)</u></b>	<b><u>(478)</u></b>
<b>Cash flows from financing activities</b>			
Payment of principal elements of lease liabilities . . . . .	22	(91)	(145)
Proceeds from borrowings . . . . .	22	—	344
Repayment of borrowings . . . . .	22	(402)	(1 190)
Issue of debt securities . . . . .	22	979	977
Redemption of debt securities . . . . .	22	(977)	(974)
Dividend payments . . . . .		(448)	—
<b>Net cash flows (used in) financing activities</b> . . . . .		<b><u>(939)</u></b>	<b><u>(988)</u></b>
Net increase / (decrease) in cash and cash equivalents . . . . .		<b><u>(393)</u></b>	<b><u>280</u></b>
Effect of exchange rate changes on cash and cash equivalents . . . . .		—	—
Cash and cash equivalents at beginning of period . . . . .		<u>629</u>	<u>349</u>
<b>Cash and cash equivalents at end of period</b> . . . . .	19	<b><u>236</u></b>	<b><u>629</u></b>

## Notes to the Historical Financial Information

### 1. CORPORATE INFORMATION

The company CVS Mobile d.d. ("CVS Mobile") is a joint-stock company incorporated in Slovenia and registered under registration number 2155630 and SI62389807. CVS Mobile is based at Gradnikove brigade 11, 1000 Ljubljana.

CVS Mobile is principally engaged in providing telematics for transportation companies:

- Telematics stream offers a range of services regarding remote data reading, GPS localization, monitoring of vehicle economics, driver navigation, remote documents transition, real time driver status, monitoring of transportation orders competition, road optimisation and communication with drivers;
- Sale of telematic equipment.

Through the period from 1 January 2020 to 14 October 2021 the followings individuals served on the Management Board:

- Valter Grilanc (President of the Management Board)
- Ciril Mlakar (Vice-president of the Management Board)
- Aleš Likar (Member of the Management Board)

On 14 October 2021 CVS Mobile switched from the single-tier management system (only Management Board) to a two-tier system of management (Management Board and Supervisory Board).

From 14 October 2021 the Supervisory Board was composed of:

- Magdalena Maria Magnuszewska (President of the Supervisory Board)
- Marcin Ryszard Stencel (Vice-president of the Supervisory Board, resigned on 25.01.2022)
- Bartosz Najman (Member of the Supervisory Board)
- Marcin Janusz Siech (Member of the Supervisory Board)

On 24 November 2021, the Meeting of the Supervisory Board was held and members of the Management Board were appointed.

From 24 November 2021 the Management Board was composed of:

- Aleš Likar (President of the Management Board)
- Valter Grilanc (Member of the Management Board)
- Ciril Mlakar (Member of the Management Board)
- Mikołaj Konrad Chruszczewski (Member of the Management Board)

On 7 July 2022 Grzegorz Robert Wójcik was appointed as a Member of the Supervisory Board. The composition of the Management Board remained unchanged until the date of the Historical Financial Information was authorised for issuance.

Napredna telematika, storitve d.o.o. is a Parent Company. Innova/6 GP Sarl (Luxembourg) is the ultimate controlling party of CVS Mobile d.d.

## 2. INFORMATION ABOUT THE GROUP

CVS Mobile holds investments in the following subsidiaries and associates:

Name	Principal activities	Country of incorporation	Ownership interest held in investees		
			31.12.2021	31.12.2020	1.1.2020
<b>Subsidiaries:</b>					
CVS Mobile d.o.o . . . . .	Software solutions	Croatia	100,00%	100,00%	100,00%
CVS Mobile d. o. o . . . . .	Software solutions	Serbia	100,00%	100,00%	100,00%
CVS Mobile dooel . . . . .	Software solutions	North Macedonia	100,00%	100,00%	100,00%
CVS Mobile GmbH . . . . .	Software solutions	Germany	100,00%	100,00%	100,00%
CVS Mobile d.o.o . . . . .	Software solutions	Bosnia and Herzegovina	100,00%	100,00%	100,00%
CVS Mobile s. r. l . . . . .	Software solutions	Italy	100,00%	100,00%	49,00%
Infotrans d. o. o . . . . .	Software solutions	Slovenia	51,00%	51,00%	51,00%
<b>Associates:</b>					
CVS Mobile Algeria SPA .	Software solutions	Algeria	29,94%	26,73%	26,73%

As at 31 December 2021, 31 December 2020 and 1 January 2020 the share in the total number of votes held by CVS Mobile in its subsidiaries and associates is equal to CVS Mobile's ownership interest held in those entities.

## 3. BASIS OF PREPARATION

The Historical Financial Information of CVS Mobile for the 12-month periods ended 31 December 2021 and 31 December 2020, have been prepared in accordance with UK adopted international accounting standards ("IFRS"), the Listing Rules of the Financial Conduct Authority ("FCA") and accounting policies consistent with those adopted by W.A.G payment solutions plc in its consolidated financial statements for the year ended 31 December 2021.

These Historical Financial Information were prepared for the purposes of the Class 1 circular ("the Circular") and they are the first financial statements prepared by CVS Mobile in accordance with IFRS. IFRS 1 "First time adoption of IFRS" was applied in preparation of these Historical Financial Information. The date of transition to IFRS for CVS Mobile was 1 January 2020.

The accounting principles applied by CVS Mobile to financial statements prepared for statutory purposes are based on Slovene Accounting Standards ("Slovenski računovodski standardi").

These Historical Financial Information were approved by the Management Board as at 17 February 2023.

The Historical Financial Information have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value.

The Historical Financial Information are presented in EUR and all values are rounded to the nearest thousand (EUR '000), except where otherwise indicated.

The Historical Financial Information were prepared on the assumption that CVS Mobile would continue as a going concern for at least 12 months subsequent to the date of the authorization of these Historical Financial Information for the issue.

CVS Mobile's fiscal year begins on 1 January and ends on 31 December.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing Historical Financial Information are set out below. These accounting policies have been consistently applied in all material respects to all periods presented.

### 4.1. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by CVS Mobile.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

CVS Mobile uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1—Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2—Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3—Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, CVS Mobile determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, CVS Mobile has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **4.2. Revenue from contracts with customers**

Revenues are recognised when CVS Mobile has satisfied a performance obligation and the amount of revenue can be reliably measured. CVS Mobile will recognise revenue at an amount that reflects the consideration to which CVS Mobile expects to be entitled (after reduction for expected discounts) in exchange for transferring goods or services to a customer. Accounting policies applied to revenue from contracts with customers are described in more details in Note 8.

CVS Mobile elects to use the practical expedient for financing component and do not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

#### **4.3. Contract costs**

The incremental costs of obtaining a contract with a customer are recognised as an asset if CVS Mobile expects to recover those costs. Those incremental costs are costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.

There is a practical expedient applied and if the amortisation period of the asset resulting from the incremental costs would be one year or less, those costs are expensed when incurred.

#### **4.4. Taxes**

##### **Current income tax**

Current income tax assets and liabilities for an accounting period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where CVS Mobile operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with

respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. No tax provisions were established as at 31 December 2021, 2020 and 1 January 2020.

### **Deferred tax**

Deferred tax is calculated using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **4.5. Foreign currency transactions**

CVS Mobile's presentation and functional currency is the euro (EUR).

Transactions in foreign currencies are initially recorded by CVS Mobile at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange valid at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss as finance income and expenses. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

#### 4.6. Cash dividend to equity holders of CVS Mobile

CVS Mobile recognises a liability to make cash distributions to equity holders of CVS Mobile when the distribution is authorised, and the distribution is no longer at the discretion of CVS Mobile. As per the corporate laws of Slovenia, a distribution is authorised when it is approved by the Shareholders. A corresponding amount is recognised directly in equity.

#### 4.7. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The useful life of intangible assets is assessed as either finite or indefinite.

Intangible assets with finite life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation of intangible assets with finite life is recorded on a straight-line basis over their estimated useful life as follows:

	<u>Years</u>
Internal software developments . . . . .	3
External software . . . . .	3

Intangible assets in progress are not amortised.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

#### Internal software development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when CVS Mobile can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit.

Development includes the programming relating to development of software-based solutions provided to CVS Mobile's customers and development of new telematics products and services. Different versions of developed software solutions as well as new significant functionalities added to the software solutions are recognized and measured as a separate development works projects.

**External software**

Separately acquired software are shown at historical cost. Software acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The residual values, useful life, and methods of depreciation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

**4.8. Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended, e.g. installation costs of telematic equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, CVS Mobile depreciates them separately, based on their specific useful life. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant, and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful life of an asset as follows:

	<u>Years</u>
Machinery and equipment . . . . .	4

Land and tangible assets in progress are not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful life, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**4.9. Leases**

**Identification of the Subject of a Lease—Lease Agreement**

A lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception of the contract, CVS Mobile assesses whether the contract is a lease or contains a lease. CVS Mobile reassesses whether the contract is a lease or contains a lease only when the contractual terms are amended.

CVS Mobile assesses whether a contract transfers the right to control the use of an identified asset over a period of time based on:

- CVS Mobile has the right to obtain substantially all of the economic benefits from use of the identified asset;
- CVS Mobile has the right to direct the use of the identified asset;

CVS Mobile assesses whether the contract contains a lease separately for each potential lease component.

CVS Mobile does not have any external subleases outside of CVS Mobile nor any contract, where CVS Mobile is a lessor.

**Lease liability**

At the commencement date, CVS Mobile shall measure the lease liability at the present value of the lease payments that are not paid at that date. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments, less any lease incentives receivable;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, CVS Mobile shall measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

After the commencement date, CVS Mobile shall recognise in profit or loss, unless the costs are included in the carrying amount of another asset, both interest on the lease liability and variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

Interests from the lease are presented in CVS Mobile's Finance Costs.

#### **Right-of-use assets**

CVS Mobile measures the right-of-use assets on the date the lease commences on the basis of a lease agreement. These are based on:

- the value of the lease liability increased by the lease payment that CVS Mobile has paid before the day the lease commences (reduced by lease incentives—discounts);
- the initial direct costs of the lease paid by CVS Mobile;
- the estimated value of the costs for dismantling and removing an identified asset or the reclamation of the site where the asset was located;

After the initial recognition, a right-of-use assets is measured at cost less accumulated depreciation and/or impairment losses and adjusted for the revaluation of the lease liability. Depreciation and/or amortization principles applied to right-of-use assets are consistent with those applied to depreciation and/or amortization of assets owned by CVS Mobile. If there is no reasonable certainty that CVS Mobile will obtain ownership by the end of the lease term, the asset item is fully depreciated over the shorter of the lease term and its useful life.

#### **Applied exemptions**

CVS Mobile uses exemptions and does not apply the requirements of IFRS 16 regarding the recognition and measurement of the lease liability and the right-of-use assets with regard to the following contracts:

- short-term leases, i.e. leases for which the term of the contract does not exceed 12 months, and which do not include a call option,
- leases for which the underlying asset is of low value. CVS Mobile regards as low-value assets those assets whose value do not exceed EUR 4,5 thousand (value of new assets).

#### **4.10. Investment in subsidiaries and associates**

CVS Mobile has shares in domestic subsidiaries and in foreign subsidiaries.

A subsidiary is an entity that is controlled by another entity. The investor controls the investee if and only if the investor:

- exercises power over the investee,
- is exposed to variable financial results or has the right to variable financial results from its involvement with the investee,
- has the ability to use the power over the investee to affect the amount of the investor's returns.

Generally, there is a presumption that a majority of voting rights results in control. When CVS Mobile holds less than a majority of the voting rights in a given entity but it has the practical ability to direct the relevant activities unilaterally, this means that the rights are sufficient to give power to CVS Mobile. When assessing

whether the voting rights in an entity are sufficient to give it power, CVS Mobile considers all facts and circumstances, including:

- the size of CVS Mobile's holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
- potential voting rights held by CVS Mobile, other vote holders or other parties,
- rights arising from other contractual arrangements,
- any additional facts and circumstances that indicate CVS Mobile has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

CVS Mobile reassesses whether it controls other entities if facts and circumstances indicate that there are changes to one or more of the above-mentioned elements of control.

As associates CVS Mobile recognises interests in entities over which CVS Mobile exercises a significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. When an entity exercises significant influence over an investee, one or more of the following indicators is usually present:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and the investee;
- interchange of managerial personnel; or
- provision of essential technical information.

As a general rule, significant influence is presumed to exist when an entity holds, directly or indirectly through subsidiaries, 20 per cent or more of the voting power of an investee.

Investments in subsidiaries and associates are recorded at cost, which is the fair value of the consideration paid. Capital contributions paid by CVS Mobile to subsidiaries and associates are treated as part of the investment, due to the assumption that they are not repayable.

Investments in subsidiaries and associates are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In the event of impairment, the impairment loss is recognized in finance costs. When circumstances that previously caused the investment to be impaired no longer exist, the amount of impairment loss is reversed and recognized in finance income to the extent of the original cost of the investment. The reversal can be full or partial.

#### **4.11. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of an asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that CVS Mobile incurs in connection with the borrowing of funds.

#### **4.12. Financial instruments—IFRS 9**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## **Financial assets**

### Classification and measurement

Financial assets are classified based on the business model of CVS Mobile and characteristic of contractual cash flows. Under IFRS 9, the financial assets are classified into the following categories: financial assets subsequently measured at amortised cost (“AC”), financial assets at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit or loss (“FVTPL”)

CVS Mobile classifies financial assets into following categories:

- Financial assets subsequently measured at amortised cost—classified if both of the following conditions are met:
  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (referred to as SPPI test).

Expected credit losses, foreign exchange rate differences, and interest revenues are recognised in the income statement. On derecognition, losses/gains are recognised in the income statement.

- Financial assets at fair value through other comprehensive income
  - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in finance income/(costs). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in finance income/(costs), and impairment expenses are presented as separate line item in the statement of profit or loss.
- Financial assets at fair value through profit or loss
  - A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, an entity may make an irrevocable election at initial recognition for investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.
  - Changes in the fair value and foreign exchange rate differences are recognised in the income statement. Changes in the fair values are included in finance costs or finance income.

Trade and other receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

CVS Mobile’s financial assets include cash, trade and other receivables with no significant financing component meeting criteria for classification as AC.

### **Trade and other receivables**

Trade and other receivables are carried at original invoice amount less an allowance for impairment of these receivables.

See next section for a description of Company’s impairment policies and Note 18 for further information on Trade and other receivables.

### **Impairment of financial assets carried at amortised cost**

As CVS Mobile’s Historical Financial Information include financial assets representing trade receivables, only which do not include a significant financing component, CVS Mobile applies a simplified approach in calculating expected credit loss (“ECL”). Therefore, CVS Mobile does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The carrying amount of the

asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the income statement.

ECL measurement is based on three components used by CVS Mobile: Probability of Default (“PD”), Exposure at Default (“EAD”) and Loss Given Default (“LGD”):

- PD is an estimate of the likelihood of default to occur over a given time period. It is calculated from combination of customers’ financial position and performance, transactional data, volumes, and payment performance.
- EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal.
- LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that would be expected to receive, including from any collateral—if applicable. It is usually expressed as a percentage of the EAD.

CVS Mobile has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

CVS Mobile considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, CVS Mobile may also consider a financial asset to be in default when internal or external information indicates that CVS Mobile is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by CVS Mobile.

Impaired debts are derecognised when they are assessed as uncollectible.

### **Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which CVS Mobile commits to purchase or sell the asset.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from CVS Mobile’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- CVS Mobile has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) CVS Mobile has transferred substantially all the risks and rewards of the asset, or (b) CVS Mobile has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When CVS Mobile has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, CVS Mobile continues to recognise the transferred asset to the extent of its continuing involvement. In that case, CVS Mobile also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that CVS Mobile has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that CVS Mobile could be required to repay.

### **Financial liabilities**

Financial liabilities are classified into two main categories (a) at amortised cost and (b) at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of interest-bearing loans and borrowings and payables, net of directly attributable transaction costs.

CVS Mobile’s financial liabilities measured at amortised cost include trade and other payables, interest-bearing loans and borrowings including bank overdrafts.

### **Interest-bearing loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (“EIR”) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 22.

### **Trade and other payables**

Trade payables are recognised at their nominal value, which is deemed to be materially the same as the fair value.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **4.13. Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs are assigned to individual items on the basis of “first in, first out” (“FIFO”) method (the initial price in the measurement of inventory additions is used as the initial price in the measurement of inventory disposals). Costs of purchased inventory include acquisition-related costs (freight, customs, commission, etc.).

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### **4.14. Impairment of non-financial assets**

CVS Mobile assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, CVS Mobile estimates the asset’s recoverable amount. An asset’s (or a cash generating unit’s, “CGU”) recoverable amount is the higher of its fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

CVS Mobile identifies one CGU—telematics.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

CVS Mobile bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of CVS Mobile’s CGUs, to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is estimated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive income.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, CVS Mobile estimates the asset’s or CGU’s recoverable amount. A previously recognised

impairment loss is reversed only if there has been a change in the assumptions used to determine the 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 reversal is recognised in the statement of comprehensive income.

#### **4.15. Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash in hand and cash at banks and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of CVS Mobile's cash management.

#### **4.16. Provisions**

Provisions are recognised when CVS Mobile has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a Finance costs.

### **5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES, ADOPTION OF NEW AND REVISED STANDARDS**

#### **5.1. New IFRSs and IFRICs published by the IASB that are not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of CVS Mobile's Historical Financial Information are disclosed below. CVS Mobile intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- **Amendments to IAS 1 Presentation of Financial Statements** (Non-current Liabilities with Covenants, Deferral of Effective Date Amendment Classification of Liabilities as Current or Non-Current (Amendments to IAS 1))
- **Lease Liability in a Sale and Leaseback** (Amendments to IFRS 16)
- **Deferred Tax** related to **Assets and Liabilities** arising from a **Single Transaction** (Amendments to IAS 12)
- **Definition of Accounting Estimates** (Amendments to IAS 8)
- **Disclosure of Accounting policies** (Amendments to IAS 1 and IFRS Practice Statement 2)
- **IFRS 17 Insurance Contracts, Amendments to IFRS 17, Initial Application of IFRS 17 and IFRS 9—Comparative Information**
- **Annual Improvements to IFRS 2018–2020**
- **Onerous Contracts—Cost of Fulfilling a Contract** (Amendments to IAS 37)
- **Property, Plant and Equipment: Proceeds before Intended Use** (Amendments to IAS 16)
- **Reference to the Conceptual Framework** (Amendments to IFRS 3)

The Management Board has not yet completed its assessment of the impact of these new and amended standards and interpretations on CVS Mobile's accounting policies.

## **6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

### **6.1. Significant judgements**

In the process of applying CVS Mobile's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the Historical Financial Information:

#### **Identification of performance obligations**

Revenue recognition under IFRS 15 requires from CVS Mobile to identify which promises in the contracts with customers are performance obligations. This determination significantly affects how components of the transaction price are recognized in revenue. Transaction price is only allocated to performance obligations, therefore if given promise does not give a rise to performance obligation the respective fee paid for that promise is effectively allocated to other items that are a performance obligation and recognized in revenue when control over those performance obligations is transferred to the customer.

Taking into account the operations of CVS Mobile the most significant judgment is related with determination whether sale of telematic equipment is a performance obligation or whether it shall be accounted for together with telematic service.

If the equipment is sold to the customer at the beginning of the service period and fully paid upfront, CVS Mobile believes that: (i) the standardized equipment is capable of being distinct because the customer can benefit from it in conjunction with service sold separately by another provider, and (ii) the service is capable of being distinct because the customer can benefit from it together with the standardized equipment already delivered at the time of contract set-up or the customer can theoretically purchase the standardized equipment separately through the market and obtain the service from CVS Mobile. Further, as the promise to transfer telematic equipment and telematic service is distinct within the context of the contract CVS Mobile concluded there are two performance obligations.

For more details please refer to Note 8.

#### **Classification of telematic equipment**

CVS Mobile purchases telematic equipment that may be either sold to customers or used by CVS Mobile to provide telematic services. Although CVS Mobile is not able to reliably determine if items purchased will be sold or used, the sale of telematic equipment is predominant.

Thus, initially, CVS Mobile classifies telematic equipment as inventories held for sale in the ordinary course of business. If there is a change in use, i.e. CVS Mobile commences to use it in the supply of telematic service for a customer—then it is transferred to property, plant and equipment and amortized over the useful economic life.

#### **Determining the lease term of contracts—Company as lessee**

CVS Mobile determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

CVS Mobile has entered into building lease for an indefinite period of time (contract that does not specify a particular contractual term). CVS Mobile applies judgement in evaluating the period for which the contract is enforceable, considering (i) the broader economics of the contract, and not only contractual termination payments, and (ii) whether each of the parties has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. After the commencement date, CVS Mobile reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

### **6.2. Significant estimates**

The preparation of Historical Financial Information requires the use of estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the Historical Financial Information. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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 described in the following paragraph. CVS Mobile based its assumptions and estimates on parameters available when the Historical Financial Information were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of CVS Mobile. Such changes are reflected in the assumptions when they occur.

### **Current and deferred income tax**

Corporate income tax for a reporting period comprises current and deferred tax. Current income tax is calculated based on taxable income (tax base) for a given financial year and the binding tax rate, based on the binding tax regulations.

CVS Mobile is obliged to assess the likeliness of realising the deferred tax asset. In this assessment process a series of assumptions is adopted in respect of determining the amount of the deferred tax asset. The above-mentioned estimations account for the tax forecasts, historical amounts of tax charged, current available strategies relating to planning CVS Mobile's operations and dates, as well as the likeliness of realising temporary differences.

The details on the income tax are disclosed and further explained in Note 12.

### **Uncertainty related to tax settlements**

Regulations applicable to value added taxes, corporate income taxes and social security contributions are subject to frequent changes. These frequent changes result in a lack of appropriate benchmarks, inconsistent interpretations and only few established precedents that could be applied. The current legislation also contains uncertainties that result in differences of opinion as to the legal interpretation of tax laws, both between state authorities and between state authorities and entities.

Tax settlements and other areas of activity (for example, customs or foreign exchange issues) may be subject to inspections by the authorities, which are entitled to impose high penalties and fines, and any additional tax liabilities resulting from an inspection must be paid together with high interest. These conditions make the tax risk in Slovenia higher than in countries with more developed tax systems.

Consequently, the amounts presented and disclosed in Historical Financial Information may change in the future as a result of a final decision of a tax audit authority.

### **Impairment of financial assets**

The loss allowance on trade receivables is recorded based on the simplified impairment loss model, according to the lifetime expected credit losses—from the initial recognition of the exposure to its maturity, ignoring changes in credit risk. Losses are recognised as at the moment of recognising receivables, according to the provision rates assessed for each age group.

Provision rates are calculated based on historical data for at least the previous 24 months. The matrix of provision rates is updated at least at the end of each reporting period.

CVS Mobile considers a financial asset in default when contractual payments are 90 days past due.

CVS Mobile determines ECL impairment loss considering all clients grouped into one portfolio.

Provision rates, calculated based on historical data, resulting from the following calculations:

- PD (probability of default)—the probability of delay in payment of receivables by at least 90 days,
- LGD (loss given default)—amount of losses incurred in the event of a default.

Detailed information on the impairment losses on receivables are disclosed and further explained in Note 18.

### **Amortisation of intangible assets and depreciation of property, plant and equipment**

The useful lives of intangible assets are assessed as either finite or indefinite. CVS Mobile assessed that the useful lives of all its intangible assets are finite, therefore they are amortised.

Amortisation and depreciation are determined based on the expected economic useful lives and residual values of intangible assets and property, plant and equipment. Every year CVS Mobile reassesses the adopted economic useful lives and residual values based on current estimates. In the event of a change its effect is recognized as the effect of a change in accounting estimates—i.e. on a prospective basis.

## 7. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The following table provides the carrying amounts of categories and classes of the financial instruments:

EUR '000	Note	31 December 2021	31 December 2020	1 January 2020
<b>Financial assets measured at amortised cost</b>				
Trade receivables . . . . .	18	2 485	2 171	2 837
Cash deposits . . . . .	18	149	140	140
Cash and cash equivalents . . . . .	19	236	629	349
Loans granted . . . . .	18	30	467	429
<b>Total</b> . . . . .		<b><u>2 900</u></b>	<b><u>3 407</u></b>	<b><u>3 755</u></b>
<b>Financial liabilities measured at amortised cost</b>				
Trade payables . . . . .	24	856	1 582	1 743
Bank loans . . . . .	22	1 153	1 555	2 401
Commercial notes . . . . .	22	979	977	974
<b>Lease liabilities</b> . . . . .	<b>15</b>	<b>1 665</b>	<b>1 756</b>	<b>1 859</b>
<b>Total</b> . . . . .		<b><u>4 653</u></b>	<b><u>5 870</u></b>	<b><u>6 977</u></b>

Management assessed that the fair values of cash and cash equivalents, cash deposits, loans granted, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments at the end of each reporting period.

In any of the presented periods there were no transfers between fair value hierarchy.

## 8. REVENUE

Type of product/service	Nature and timing of satisfaction of performance obligation and respective revenue recognition policies
<b>Telematic and sale of telematic equipment</b>	<p>Telematic service allows companies the effective administration of their vehicle fleet and 24/7 monitor the activity of the whole fleet. Contract with customers for telematic services is concluded for indefinite period of time and can be terminated by any party with 30 days' notice period without penalties.</p> <p>Services are provided using telematic equipment installed at customer vehicle to gather and monitor telematic data. The telematic equipment might be either sold separately or provided to the customer within the service. If the telematic equipment is provided to the customer within the service it is installed at vehicle only for the service term.</p> <p>Identification of a separate performance obligation for telematic equipment depends on cooperation model with customer and respective contractual terms:</p> <ul style="list-style-type: none"> <li>• in the service model CVS Mobile identified one performance obligation for the telematic service,</li> <li>• in the sale model there are two performance obligations identified i.e. sale of telematic equipment and telematic service.</li> </ul> <p>In case when telematic equipment is provided to the customer within the service there is a fixed monthly charge for the service. In case of the sale model there is a fixed fee paid upfront for equipment (representing standalone selling price) and fixed monthly charge for the service.</p> <p>Revenue from telematic service is recognised on a straight-line basis over the period when services are being rendered.</p>

Disaggregation of revenue by product/service is as follows:

<u>EUR '000</u>	For the year ended 31 December	
	2021	2020
Telematic . . . . .	6 554	5 563
Sale of equipment . . . . .	1 300	1 302
<b>Total revenue</b> . . . . .	<b>7 854</b>	<b>6 865</b>

Disaggregation of revenue based on pattern of revenue recognition is as follows:

<u>EUR '000</u>	For the year ended 31 December	
	2021	2020
Over-time . . . . .	6 554	5 563
At a point in time . . . . .	1 300	1 302
<b>Total revenue</b> . . . . .	<b>7 854</b>	<b>6 865</b>

Geographical structure of revenue:

<u>EUR '000</u>	For the year ended 31 December	
	2021	2020
Slovenia . . . . .	5 477	4 896
Hungary . . . . .	719	637
Serbia . . . . .	595	501
Croatia . . . . .	581	541
Italy . . . . .	157	141
Slovakia . . . . .	97	62
Austria . . . . .	42	41
North Macedonia . . . . .	41	32
Other . . . . .	144	14
<b>Total revenue</b> . . . . .	<b>7 854</b>	<b>6 865</b>

CVS Mobile has applied the practical expedient provided in IFRS 15 based on which CVS Mobile does not have to disclose the transaction price allocated to the unsatisfied performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

CVS Mobile identifies costs to obtain contracts with customers but the practical expedient for costs of obtaining a contract is applied. If the amortisation period of the asset resulting from the incremental costs to obtain the contract would be one year or less, those costs are expensed when incurred.

## 9. EMPLOYEE EXPENSES

Employee expenses for the respective periods consist of the following:

<u>EUR '000</u>	For the year ended 31 December			
	2021		2020	
	Total personnel	Key management*	Total personnel	Key management*
Wages and salaries . . . . .	1 941	176	1 531	149
Social security and health insurance . . . . .	320	28	268	24
Social cost . . . . .	14	1	11	1
Other personnel cost (unused vacation) . . . . .	247	22	354	30
Own work capitalised . . . . .	(692)	—	(68)	—
<b>Total employee expense</b> . . . . .	<b>1 830</b>	<b>228</b>	<b>2 097</b>	<b>204</b>

\* Included the Board of Directors

Own work capitalized includes employee expenses on internal software development projects recognized as an intangible asset.

The monthly average number of employees by category during the period was as follows:

	For the year ended 31 December	
	2021	2020
Sales and marketing . . . . .	12	12
General and administrative . . . . .	33	34
Product and operative* . . . . .	24	21
<b>Total average number of employees . . . . .</b>	<b>69</b>	<b>67</b>

\* Product and operative category represents employees directly and indirectly related to product business units

## 10. ALTERNATIVE PERFORMANCE MEASURES

To supplement its Historical Financial Information, which is prepared and presented in accordance with IFRS, CVS Mobile uses the following non-GAAP financial measures that are not directly defined or recognised under IFRS: EBITDA and Adjusted EBITDA, consistently with the approach adopted by W.A.G payment solutions plc in its consolidated financial statements for the year ended 31 December 2021.

CVS Mobile uses Alternative Performance Measures (“APMs”) to provide additional information to investors and to enhance their understanding of its results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. Moreover, these metrics may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by CVS Mobile’s peers.

### EBITDA

EBITDA is calculated as profit before tax, finance income and costs, depreciation and amortisation.

CVS Mobile presents EBITDA because it is widely used by securities analysts, investors, and other interested parties to evaluate the profitability of companies. EBITDA eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses, against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortisation expense).

### Adjusted EBITDA

In determining whether an item should be presented as an adjusting item to IFRS measures, CVS Mobile considers items that must initially meet at least one of the following criteria:

- It is a significant item, which may cross more than one accounting period.
- It has been directly incurred as a result of either an acquisition, capital restructuring or relates to Company’s strategic transformation programme as these are not part of CVS Mobile’s underlying trading activity.
- It is unusual in nature, e.g. outside the normal course of business.

If an item meets at least one of the criteria, then judgement is exercised as to whether the item should be classified as an adjusting item to IFRS performance measures.

Consistently with consolidated financial statements of W.A.G payment solutions plc for the year ended 31 December 2021, Adjusted EBITDA is defined as EBITDA before adjusting items which should be assigned to the following categories:

<u>Adjusting item</u>	<u>Definition</u>
M&A-related expenses	Fees and other costs relating to the acquisitions activity
Non-recurring IPO-related expenses	Non-recurring advisory and other expenses relating to the admission
Strategic transformation expenses	Costs relating to broadening the skill bases of the employees (including in respect of executive search and recruiting costs), as well as costs related to transformation of key IT systems
Share-based compensation	Equity-settled and cash-settled compensation provided to the management

However, in the years ended 31 December 2021 and 31 December 2020 no adjusting items were identified.

<u>EUR '000</u>	<u>For the year ended</u> <u>31 December</u>	
	<u>2021</u>	<u>2020</u>
Intangible assets amortization (Note 13) . . . . .	1 578	318
Tangible assets depreciation (Note 14) . . . . .	391	360
Right-of-use depreciation (Note 15) . . . . .	107	141
Depreciation and amortization . . . . .	2 076	819
Net finance costs . . . . .	304	382
Profit before tax . . . . .	453	128
<b>Operating profit before depreciation and amortization (EBITDA) . . . . .</b>	<b><u>2 833</u></b>	<b><u>1 329</u></b>
<b>Adjusting items . . . . .</b>	<b><u>—</u></b>	<b><u>—</u></b>
<b>Adjusted EBITDA . . . . .</b>	<b><u>2 833</u></b>	<b><u>1 329</u></b>

## 11. FINANCE COSTS

Finance costs for the respective periods were as follows:

<u>EUR '000</u>	<u>For the year ended</u> <u>31 December</u>	
	<u>2021</u>	<u>2020</u>
Interest expense . . . . .	265	345
Impairment of investment in associates . . . . .	24	40
Other . . . . .	19	14
<b>Total . . . . .</b>	<b><u>308</u></b>	<b><u>399</u></b>

## 12. INCOME TAX

Corporate income tax for companies in the Slovenia for the years 2020 and 2021 was 19%.

Structure of the income tax for the respective periods is as follows:

<u>EUR '000</u>	<u>For the year ended</u> <u>31 December</u>	
	<u>2021</u>	<u>2020</u>
Current income tax charge . . . . .	258	33
Adjustments in respect of current income tax of previous year . . . . .	11	—
Deferred tax . . . . .	(250)	(30)
<b>Total . . . . .</b>	<b><u>19</u></b>	<b><u>3</u></b>

Reconciliation of tax expense and the accounting profit multiplied by CVS Mobile domestic tax rate for the below periods:

<u>EUR '000</u>	<u>For the year ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Accounting profit before tax . . . . .	453	128
Statutory income tax rate of 19% . . . . .	86	24
Recognition of previously unrecognised deductible temporary differences . . . . .	—	—
Adjustments in respect of current income tax of prior years . . . . .	(11)	—
Non-deductible expenses . . . . .	15	13
Tax credits . . . . .	(67)	(27)
Effect of non-taxable income . . . . .	(1)	(3)
Other . . . . .	(3)	(4)
At the effective income tax rate of . . . . .	4%	2%
<b>Income tax expense reported in the statement of profit or loss . . . . .</b>	<b><u>19</u></b>	<b><u>3</u></b>

There were no unused tax losses, for which no deferred tax asset has been recognised.

Deferred tax balances and movements:

<u>EUR '000</u>	<u>1 January 2020</u>	<u>(Charged) credited to profit or loss</u>	<u>31 December 2020</u>	<u>(Charged) credited to profit or loss</u>	<u>31 December 2021</u>
Property, plant and equipment and intangible assets . . . . .	3	(5)	(2)	224	222
Trade and other receivables . . . . .	3	26	29	—	29
Provisions and accruals . . . . .	7	—	7	—	7
Trade payables and other liabilities . . . . .	(47)	9	(38)	26	(12)
<b>Net deferred tax asset /(liability) . . . . .</b>	<b><u>(34)</u></b>	<b><u>30</u></b>	<b><u>(4)</u></b>	<b><u>250</u></b>	<b><u>246</u></b>
<b>Recognised deferred asset . . . . .</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>246</u></b>	<b><u>246</u></b>
<b>Recognised deferred tax liability . . . . .</b>	<b><u>(34)</u></b>	<b><u>30</u></b>	<b><u>(4)</u></b>	<b><u>4</u></b>	<b><u>—</u></b>

CVS Mobile offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

### 13. INTANGIBLE ASSETS

Cost of intangible assets subject to amortisation:

<u>EUR '000</u>	<u>Internal software development</u>	<u>External software</u>	<u>Internal assets in progress</u>	<u>Total</u>
<b>1 January 2020 . . . . .</b>	<b><u>2 345</u></b>	<b><u>548</u></b>	<b><u>—</u></b>	<b><u>2 893</u></b>
Additions . . . . .	—	—	50	50
Transfer . . . . .	50	—	(50)	—
<b>31 December 2020 . . . . .</b>	<b><u>2 395</u></b>	<b><u>548</u></b>	<b><u>—</u></b>	<b><u>2 943</u></b>
Additions . . . . .	—	—	773	773
Transfer . . . . .	504	—	(504)	—
<b>31 December 2021 . . . . .</b>	<b><u>2 899</u></b>	<b><u>548</u></b>	<b><u>269</u></b>	<b><u>3 716</u></b>

Accumulated amortisation and impairment of intangible assets subject to amortisation:

<u>EUR '000</u>	<u>Internal software development</u>	<u>External software</u>	<u>Internal assets in progress</u>	<u>Total</u>
<b>1 January 2020</b> . . . . .	<b>(652)</b>	<b>(273)</b>	—	<b>(925)</b>
Amortisation . . . . .	(234)	(84)	—	(318)
<b>31 December 2020</b> . . . . .	<b>(886)</b>	<b>(357)</b>	—	<b>(1 243)</b>
Amortisation* . . . . .	(1 403)	(175)	—	(1 578)
<b>31 December 2021</b> . . . . .	<b>(2 289)</b>	<b>(532)</b>	—	<b>(2 821)</b>

\* In 2021 CVS Mobile revised remaining amortization period of internal software development. Previously such intangibles were amortized over 10 years. After the change 3-year amortization period is applied resulting in relative increase of amortization expenses recognized in the statement of comprehensive income. After the acquisition of CVS Mobile's Parent by Grupa Inelo S.A. in 2021, it was assessed that Company's software will be part of different integrations, merging and alignments with similar software developed in Grupa Inelo S.A. capital group. Therefore, the assumption that it will be used for next 10 years was not relevant anymore and amortization periods were harmonized with the ones applied in Grupa Inelo S.A. capital group—3 years.

Net book value:

<u>EUR '000</u>	<u>Internal software development</u>	<u>External software</u>	<u>Internal assets in progress</u>	<u>Total</u>
Net book value at 1 January 2020 . . . . .	1 693	275	—	1 968
Net book value at 31 December 2020 . . . . .	1 508	191	—	1 699
Net book value at 31 December 2021 . . . . .	609	16	269	894

Internal assets in progress consist of assets where the development phase has not yet been completed.

CVS Mobile capitalised employee expenses (Note 9) and cost of materials and services used or consumed in generating the intangible asset.

Significant components of internal software development as at 31 December 2021:

<u>Component</u>	<u>Net book value (EUR '000)</u>	<u>Remaining amortisation period</u>
Dispatcher module (system intended to be used in the operational centers for intervention services i.e. Police) . . . . .	144	2 years and 11 months
Public Transport–Eco Drive (solution on the CVS Mobile tablets, which alerts bus drivers in real time about exceeding the economical driving parameters) . . . . .	54	2 years and 8 months
Android Application (specialized solution within Android which enables more efficient management within the fleet on CVS Mobile tablets) . . . . .	54	2 years and 6 months
Web Application (new module within the mobileWEB platform, which allows users to have efficient overview of business partners and fleet locations) . . . . .	52	2 years and 7 months

Research and development costs that were not capitalised and are, therefore, recognised expenses are as follows:

<u>EUR '000</u>	<u>For the year ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Expensed research and development costs . . . . .	277	831

CVS Mobile has not identified any impairment indicators as at 31 December 2021, 31 December 2020 and 1 January 2020.

## 14. PROPERTY, PLANT AND EQUIPMENT

Cost of property, plant and equipment:

<u>EUR '000</u>	<u>Machinery and equipment</u>	<u>Tangibles in progress</u>	<u>Total</u>
<b>1 January 2020</b> . . . . .	<b>1 790</b>	<b>—</b>	<b>1 790</b>
Purchases . . . . .	150	231	381
Transfer from inventories . . . . .	397	—	397
Transfer to inventories . . . . .	(453)	—	(453)
Disposals . . . . .	(62)	—	(62)
<b>31 December 2020</b> . . . . .	<b>1 822</b>	<b>231</b>	<b>2 053</b>
Purchases . . . . .	201	—	201
Transfer from inventories . . . . .	497	—	497
Transfer to inventories . . . . .	(434)	—	(434)
Disposals . . . . .	(141)	(231)	(372)
<b>31 December 2021</b> . . . . .	<b>1 945</b>	<b>—</b>	<b>1 945</b>

Accumulated depreciation and impairment of property, plant and equipment:

<u>EUR '000</u>	<u>Machinery and equipment</u>	<u>Tangibles in progress</u>	<u>Total</u>
<b>1 January 2020</b> . . . . .	<b>(842)</b>	<b>—</b>	<b>(842)</b>
Depreciation charge . . . . .	(360)	—	(360)
Disposals . . . . .	46	—	46
Transfer to inventories . . . . .	236	—	236
<b>31 December 2020</b> . . . . .	<b>(920)</b>	<b>—</b>	<b>(920)</b>
Depreciation charge . . . . .	(391)	—	(391)
Disposals . . . . .	119	—	119
Transfer to inventories . . . . .	251	—	251
<b>31 December 2021</b> . . . . .	<b>(941)</b>	<b>—</b>	<b>(941)</b>

Net book value of property, plant and equipment:

<u>EUR '000</u>	<u>Machinery and equipment</u>	<u>Tangibles in progress</u>	<u>Total</u>
Net book value at 1 January 2020 . . . . .	948	—	948
Net book value at 31 December 2020 . . . . .	902	231	1 133
Net book value at 31 December 2021 . . . . .	1 004	—	1 004

## 15. LEASES (COMPANY AS A LEASEE)

CVS Mobile leases assets including buildings and motor vehicles. The average lease term for buildings is thirty three years and for vehicles is four years. Leases comprise a larger number of various diversified lease contracts in different locations.

Carrying amount of right-of-use assets

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
Buildings . . . . .	1 375	1 429	1 483
Vehicles . . . . .	91	135	203
Other . . . . .	39	58	78
<b>Total</b> . . . . .	<b>1 504</b>	<b>1 622</b>	<b>1 763</b>
<b>Additions to the right-of-use assets—for the year ended:</b> . . . . .	<b>—</b>	<b>42</b>	<b>—</b>

## Depreciation charge of right-of-use assets

EUR '000	For the year ended		
	31 December 2021	31 December 2020	1 January 2020
Buildings	(54)	(54)	(52)
Vehicles	(33)	(67)	(22)
Other	(19)	(19)	—
<b>Total</b>	<b>(107)</b>	<b>(141)</b>	<b>(74)</b>

## Lease liabilities

EUR '000	31 December 2021	31 December 2020	1 January 2020
Long-term lease liabilities	1 591	1 670	1 758
Short-term lease liabilities	74	86	101
<b>Total lease liabilities</b>	<b>1 665</b>	<b>1 756</b>	<b>1 859</b>

EUR '000	31 December 2021	31 December 2020	1 January 2020
Within one year	74	86	101
After one year but not more than five years	218	255	302
More than five years	1 373	1 415	1 457
<b>Total lease liabilities</b>	<b>1 665</b>	<b>1 756</b>	<b>1 859</b>

CVS Mobile does not hold information regarding the interest rate implicit in the lease and uses the incremental borrowing rate. The incremental borrowing rate is the rate CVS Mobile would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. CVS Mobile has applied the incremental borrowing rate to measure all of its leases.

Discount rate used was 2.58–4.26%.

## Leases in the Statement of comprehensive income

Leases are shown as follows in the Statement of comprehensive income:

EUR '000	For the year ended		
	31 December 2021	31 December 2020	1 January 2020
<b>Depreciation and impairment losses</b>			
Depreciation of right-of-use assets	107	141	74
<b>Finance costs</b>			
Interest expense on lease liabilities	66	68	67

Amounts recognized in statement of cash flows:

EUR '000	For the year ended 31 December	
	2021	2020
Total cash outflow for leases	(163)	(217)

## 16. INVENTORIES

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
Raw materials . . . . .	4	1	10
Goods . . . . .	719	809	1 026
<b>Total</b> . . . . .	<b><u>723</u></b>	<b><u>810</u></b>	<b><u>1 036</u></b>

In the periods ended 31 December 2019, 31 December 2020 and 31 December 2021 there were write-down of inventories.

<u>EUR '000</u>	<u>For the year ended 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Write-downs of inventories to net realisable value . . . . .	<u>39</u>	<u>324</u>	<u>23</u>

## 17. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

A summary of subsidiaries and associates, together with CVS Mobile's share in the equity of these entities for all periods covered by these Historical Financial Information, is presented in Note 2.

The table below presents the values of investments in subsidiaries measured at historical cost.

	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
<b>Gross shares in subsidiaries</b> . . . . .	<b>233</b>	<b>233</b>	<b>178</b>
Foreign entities . . . . .	151	151	96
Domestic entities . . . . .	82	82	82
<b>Impairment allowance of shares in subsidiaries</b> . . . . .	<u>—</u>	<u>—</u>	<u>—</u>
<b>Total</b> . . . . .	<b><u>233</u></b>	<b><u>233</u></b>	<b><u>178</u></b>

The table below presents the value of investments in associates accounted for at cost:

	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
<b>Gross shares in associates</b> . . . . .	<b>64</b>	<b>53</b>	<b>53</b>
CVS Mobile Algeria SPA . . . . .	64	53	53
<b>Impairment allowance of shares in associates</b> . . . . .	<u>(64)</u>	<u>(39)</u>	<u>—</u>
<b>Total</b> . . . . .	<b><u>—</u></b>	<b><u>14</u></b>	<b><u>53</u></b>

<u>EUR '000</u>	<u>Amount</u>
<b>Allowances at 1 January 2020</b> . . . . .	<u>—</u>
Impairment loss recognized in the period . . . . .	<u>(39)</u>
<b>Allowances at 31 December 2020</b> . . . . .	<b><u>(39)</u></b>
Impairment loss recognized in the period . . . . .	<u>(25)</u>
<b>Allowances at 31 December 2021</b> . . . . .	<b><u>(64)</u></b>

## 18. TRADE AND OTHER RECEIVABLES, OTHER NON-CURRENT ASSETS

### Trade receivables

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
Trade receivables . . . . .	2 485	2 171	2 837
<b>Total</b> . . . . .	<b><u>2 485</u></b>	<b><u>2 171</u></b>	<b><u>2 837</u></b>

### Other financial assets

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
<b>Non-current</b> . . . . .	<b>149</b>	<b>140</b>	<b>140</b>
Cash deposits . . . . .	149	140	140
<b>Current</b> . . . . .	<b>30</b>	<b>467</b>	<b>429</b>
Loans granted . . . . .	30	467	429
<b>Total</b> . . . . .	<b><u>179</u></b>	<b><u>607</u></b>	<b><u>569</u></b>

### Other non-financial assets

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
<b>Non-current</b> . . . . .	<b>18</b>	<b>—</b>	<b>—</b>
Miscellaneous receivables . . . . .	18	—	—
<b>Current</b> . . . . .	<b>407</b>	<b>142</b>	<b>290</b>
Receivables from tax authorities . . . . .	21	19	20
Advances paid . . . . .	319	4	15
Miscellaneous receivables . . . . .	17	27	50
Prepaid expenses . . . . .	50	92	205
<b>Total</b> . . . . .	<b><u>425</u></b>	<b><u>142</u></b>	<b><u>290</u></b>

Pledged receivables are subject to security of bank loans, including trade and other financial assets:

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
Pledged receivables . . . . .	2 501	2 183	2 849
<b>Total</b> . . . . .	<b><u>2 501</u></b>	<b><u>2 183</u></b>	<b><u>2 849</u></b>

Trade receivables are non-interest bearing and are generally payable on terms below 30 days. Trade and other receivables are non-derivative financial assets carried at amortised cost.

On the basis described previously, the loss allowance was as follows:

### 31 December 2021

<u>EUR '000</u>	<u>Current</u>	<u>Past due 1–90 days</u>	<u>Past due more than 90 days</u>	<u>Total</u>
Gross value of receivables . . . . .	890	593	1 155	2 638
Expected credit loss . . . . .	(6)	(10)	(137)	(153)

### 31 December 2020

<u>EUR '000</u>	<u>Current</u>	<u>Past due 1–90 days</u>	<u>Past due more than 90 days</u>	<u>Total</u>
Gross value of receivables . . . . .	1 483	350	489	2 322
Expected credit loss . . . . .	(8)	(19)	(124)	(151)

## 1 January 2020

<u>EUR '000</u>	<u>Current</u>	<u>Past due 1-90 days</u>	<u>Past due more than 90 days</u>	<u>Total</u>
Gross value of receivables . . . . .	821	889	1 199	2 909
Expected credit loss . . . . .	(1)	(12)	(59)	(72)

Allowances against outstanding receivables that are considered doubtful were charged to income statement based on the analysis of their collectability.

<u>EUR '000</u>	<u>Amount</u>
<b>Allowances at 1 January 2020</b> . . . . .	<b>72</b>
Charged . . . . .	132
Utilised . . . . .	(53)
<b>Allowances at 31 December 2020</b> . . . . .	<b>151</b>
Charged . . . . .	2
<b>Allowances at 31 December 2021</b> . . . . .	<b>153</b>

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a customer to engage in a repayment plan with CVS Mobile, when the customer has been placed under liquidation or has entered into bankruptcy proceedings.

## 19. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
Cash in bank accounts . . . . .	236	629	349
<b>Total</b> . . . . .	<b>236</b>	<b>629</b>	<b>349</b>

The fair value of cash and cash equivalents approximates their carrying value due to their short-term maturities.

Credit quality of cash at banks and short-term deposits:

<u>EUR '000</u> <u>External rating scale</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
Ba . . . . .	236	629	349
<b>Total cash at banks</b> . . . . .	<b>236</b>	<b>629</b>	<b>349</b>

## 20. EQUITY

Shares authorised, issued and fully paid:

	<u>Number of shares</u>	<u>Share capital in EUR'000</u>
<b>At 1 January 2020</b> . . . . .	<b>200 000</b>	<b>834</b>
Issuance of share capital . . . . .	—	—
<b>At 31 December 2020</b> . . . . .	<b>200 000</b>	<b>834</b>
Redemption of own shares . . . . .	(5 000)	(21)
<b>At 31 December 2021</b> . . . . .	<b>195 000</b>	<b>813</b>

On 15 March 2021 pursuant to the Resolution of the General Meeting of Shareholders the share capital was reduced to EUR 813.150,00 by redemption of 5.000 of own shares acquired by CVS Mobile (in 2014) with a nominal value of EUR 4,17 each. The redemption of own shares was charged to CVS Mobile's other reserves.

On 15 March 2021 in accordance with Resolution of the General Shareholders' Meeting, it was decided to pay a dividend from the net profit generated in the financial year ended 31 December 2019. An amount of

EUR 448.500 was allocated for the dividend payment. The dividend payment was distributed to Shareholders on 25 March 2021.

## 21. PROVISIONS

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
<b>Long-term</b> .....			
Retirement benefit .....	73	75	75
<b>Total</b> .....	<u>73</u>	<u>75</u>	<u>75</u>

## 22. INTEREST BEARING LOANS AND BORROWINGS

	Currency	Maturity	Interest rate	31 December 2021		31 December 2020		1 January 2020	
				Total limit in currency '000	Carrying amount in EUR'000	Total limit in currency '000	Carrying amount in EUR'000	Total limit in currency '000	Carrying amount in EUR'000
<b>Loans and borrowings</b> ..				—	1 153	—	1 555	—	2 401
Bank loan—IBM Global Financing									
Investments D.O.O . . . .	EUR	06/2022	Fixed rate – 2,95%	18	18	63	63	106	106
Bank loan—ADDIKO Bank D.D . . . . .	EUR	10/2024	3M EURIBOR + 2,25%	1 135	1 135	1 492	1 492	2 295	2 295
<b>Commercial notes</b> .....	EUR			—	979	—	977	—	974
CVK04 .....	EUR	10/2020	Fix rate 2,70%	—	—	—	—	974	974
CVK05 .....	EUR	10/2021	Fix rate 2,40%	—	—	978	977	—	—
CVK06 .....	EUR	10/2022	Fix rate 2,10%	979	979	—	—	—	—
<b>Total</b> .....	EUR			—	2 132	—	2 532	—	3 375
<b>Current</b> .....	EUR			—	1 327	—	1 348	—	1 347
<b>Non-current</b> .....	EUR			—	805	—	1 184	—	2 028

As at 31 December 2021, 31 December 2020 and 1 January 2020, the pledge of receivables have been made as a security for aforementioned loans (Note 18).

Under the terms of the interest-bearing loans and borrowings, CVS Mobile is required to comply with the financial covenants. CVS Mobile complied with all financial covenants as of 31 December 2021, 31 December 2020 and 1 January 2020.

## 23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below sets out an analysis of liabilities from financing activities and the movements in CVS Mobile's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

<u>EUR '000</u>	<u>Interest-bearing loans and borrowings</u>			
	<u>Bank loans</u>	<u>Commercial notes</u>	<u>Lease liabilities</u>	<u>Total</u>
<b>Liabilities from financing activities at 1 January 2020</b> .....	<u>2 401</u>	<u>974</u>	<u>1 859</u>	<u>5 234</u>
Cash inflows .....	344	977	—	1 321
Principal paid .....	(1 190)	(974)	(145)	(2 309)
Interests paid .....	(52)	(26)	(72)	(150)
New leases .....	—	—	42	42
Interest accrued .....	52	26	72	150
<b>Liabilities from financing activities at 31 December 2020</b> ..	<u>1 555</u>	<u>977</u>	<u>1 756</u>	<u>4 288</u>
Cash inflows .....	—	979	—	979
Principal paid .....	(402)	(977)	(91)	(1 470)
Interests paid .....	(31)	(23)	(72)	(126)
Interest accrued .....	31	23	72	126
<b>Liabilities from financing activities at 31 December 2021</b> ..	<u>1 153</u>	<u>979</u>	<u>1 665</u>	<u>3 797</u>

## 24. TRADE AND OTHER PAYABLES, OTHER NON-CURRENT LIABILITIES

### Trade payables

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
<b>Non-current</b>	<b>134</b>	<b>623</b>	<b>781</b>
Trade payables*	<u>134</u>	<u>623</u>	<u>781</u>
<b>Current</b>	<b>722</b>	<b>959</b>	<b>962</b>
Trade payables	<u>722</u>	<u>959</u>	<u>962</u>
<b>Total trade payables</b>	<b><u>856</u></b>	<b><u>1 582</u></b>	<b><u>1 743</u></b>

\* presented under line item "Other non-current liabilities" in the statement of financial position

Non-current trade payables only include payables to telecom for purchases of telematic equipment. They are non-interest-bearing payables repaid in 36 fixed monthly instalments.

### Other payables

<u>EUR</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
<b>Current</b>	<b>370</b>	<b>473</b>	<b>425</b>
Employee related liabilities, including:	183	165	223
<i>payroll liabilities</i>	<i>111</i>	<i>106</i>	<i>193</i>
<i>unused holiday provisions</i>	<i>72</i>	<i>59</i>	<i>30</i>
Payables to tax authorities	160	138	166
Other liabilities	<u>27</u>	<u>170</u>	<u>36</u>
<b>Total other payables</b>	<b><u>370</u></b>	<b><u>473</u></b>	<b><u>425</u></b>

Trade payables are non-interest bearing and are normally settled on 30-day terms, except for trade payables to telecoms for equipment purchases that are settled over 36-month period.

## 25. OTHER EXPLANATIONS TO THE STATEMENT OF CASH-FLOWS

The table below presents a reconciliation of the balance sheet movements to the movements reported in the statement of cash flow:

<u>EUR '000</u>	<u>2021</u>	<u>2020</u>
<b>Change in trade, other receivables and other non-current assets in the statement of financial position</b>		
<b>financial position</b>	<b>(169)</b>	<b>776</b>
Impairment losses of trade receivables	(2)	(132)
Repayment of loans granted	(447)	(428)
Loans granted	<u>28</u>	<u>467</u>
<b>Change in trade, other receivables and other non-current assets in the statement of cash flows</b>	<b>(590)</b>	<b>683</b>
<b>Change in inventories in the statement of financial position</b>	<b>87</b>	<b>226</b>
Reclassifications between Inventories and PPE	(315)	(181)
Movements in allowances for inventories	(39)	(324)
Other	<u>2</u>	<u>—</u>
<b>Change in inventories in the statement of cash flows</b>	<b>(265)</b>	<b>(279)</b>

## 26. CONTINGENT ASSETS AND LIABILITIES

Off-balance sheet commitments are following:

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
Bank guarantee given to Slovenian Ministry of Infrastructure for a tender . . . . .	24	24	24
Promissory note given to Slovenian petrol company Petrol d.d. as a guarantee of repayment for fuel cards . . . . .	8	8	—
Guarantee for Credit Card use of Napredna telematika d.o.o . . . . .			2
Guarantee for a loan of a physical person . . . . .			<u>8</u>
<b>Total</b> . . . . .	<u><b>32</b></u>	<u><b>32</b></u>	<u><b>34</b></u>

## 27. CAPITAL MANAGEMENT

For the purpose of CVS Mobile's capital management, capital includes issued capital and all other equity reserves. The primary objective of CVS Mobile's capital management is to maximise the Shareholder value.

CVS Mobile manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, CVS Mobile may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. CVS Mobile monitors capital using the equity/total assets ratio:

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
Total equity . . . . .	2 594	2 605	2 480
Total assets ("TA") . . . . .	<u>7 929</u>	<u>9 060</u>	<u>9 991</u>
<b>Equity ratio (Total equity/TA)</b> . . . . .	<u><b>32,72%</b></u>	<u><b>28,75%</b></u>	<u><b>24,82%</b></u>

In order to achieve this overall objective, CVS Mobile's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. Further details are disclosed in Note 22.

No changes were made in the objectives, policies or processes for managing capital during the above period.

## 28. FINANCIAL RISK MANAGEMENT

CVS Mobile's classes of financial instruments correspond with the line items presented in the Statement of Financial Position.

CVS Mobile's principal financial liabilities comprise interest-bearing loans and borrowings, leases and trade and other payables. The main purpose of these financial liabilities is to finance CVS Mobile's operations and investments. CVS Mobile's principal financial assets include trade and other receivables, cash and cash equivalents that derive directly from its operations.

CVS Mobile is exposed to market risk, credit risk and liquidity risk. The management of CVS Mobile identifies the financial risks that may have adverse impact on the business objectives and through active risk management reduces these risks to an acceptable level.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

The sensitivity analyses in the following sections relate to the position as at 31 December 2021, 31 December 2020 and 1 January 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2021, 31 December 2020 and 1 January 2020.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CVS Mobile's exposure to the risk of changes in market interest rates relates primarily to CVS Mobile's bank loans with floating interest rates.

The following table presents the profile of CVS Mobile's exposure to interest rate risk by presenting interest-bearing financial assets and liabilities by fixed and floating interest rates.

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
<b>Variable-rate instruments</b>	<b>(899)</b>	<b>(864)</b>	<b>(1 946)</b>
Bank loans . . . . .	(1 135)	(1 493)	(2 295)
Cash and cash equivalents . . . . .	236	629	349

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, CVS Mobile's profit before tax is affected through the impact on floating rate borrowings, as follows:

<u>EUR '000</u>	<u>Interest rate risk exposure (net)</u>	<u>Profit or loss</u>	
		<u>50 bp increase in interest rate</u>	<u>50 bp decrease in interest rate</u>
31 December 2021 . . . . .	(899)	(4)	4
31 December 2020 . . . . .	(864)	(4)	4
1 January 2020 . . . . .	(1 946)	(10)	10

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. CVS Mobile's exposure to the risk of changes in foreign exchange rates relates primarily to CVS Mobile's operating activities (when revenue or expense is denominated in a foreign currency).

However, the invoices are in vast majority in EUR, which is functional currency of CVS Mobile. There are transactional currency exposures that arise from sales and purchases also in other currencies, in particular USD, however this applies to relatively very little value of transactions.

#### **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. CVS Mobile is exposed to credit risk from its operating activities (primarily trade receivables). Individual customer credit risk limits are set based on internal assessment. However, the management also considers the factors that may influence the credit risk of the customer base. The Customer applies a simplified approach to determine the impairment for expected credit losses in the amount equal to the expected credit losses throughout the lifetime of the receivables (lifetime ECL).

The outstanding balances of trade receivables and compliance with credit limits are monitored on a regular basis. The aim of CVS Mobile management is to minimise exposure of credit risk to single counterparty or group of similar counterparties. As at 1 January 2020, 31 December 2020 and 31 December 2021, there is no significant concentration of credit risk as there were no individually significant customers.

The ageing of receivables is regularly monitored by CVS Mobile's management.

CVS Mobile evaluates the concentration of risk with respect to trade receivables as low.

Refer to Note 18 for further details on expected credit loss.

CVS Mobile periodically allocates free cash on short-term deposits with banks to earn finance income from interest.

The credit risk associated with cash at bank and bank deposits is low as CVS Mobile concludes transactions with banks with high rating and stable market position. The expected credit loss estimated by CVS Mobile is close to zero, therefore no allowance for such loss has been recognized.

The maximum exposure to this risk is equal to the carrying amount of cash and cash equivalents.

### Liquidity risk

CVS Mobile performs regular monitoring of its liquidity position to keep sufficient financial resources to settle its liabilities and commitments. Cash demand is compared with available sources of cash and with available free cash. In addition, CVS Mobile pursues a policy of diversification of financing sources.

CVS Mobile's liquidity risk management policy is based on ensuring cash required to meet CVS Mobile's obligations using the most attractive financing sources. The following measures are applied to reduce liquidity risk:

- current liquidity monitoring,
- monitoring and optimization of the level of working capital,
- current monitoring of the settlement of liabilities under the loan agreements conditions.

CVS Mobile's current ratio (current assets divided by current liabilities) was:

	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
Current ratio . . . . .	1,42	1,46	1,74

The table below summarises the maturity profile of CVS Mobile's financial liabilities based on contractual undiscounted payments (EUR '000):

<u>31 December 2021</u>	<u>Note</u>	<u>&lt; 12 months</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
Loans and borrowings . . . . .	22	348	805	0	0	1 153
Lease liabilities . . . . .	15	140	250	209	2 029	2 628
Commercial notes . . . . .	22	979	0	0	0	979
Trade payables . . . . .	24	722	134	0	0	856
<b>Total . . . . .</b>		<b><u>2 189</u></b>	<b><u>1 189</u></b>	<b><u>209</u></b>	<b><u>2 029</u></b>	<b><u>5 616</u></b>
<u>31 December 2020</u>	<u>Note</u>	<u>&lt; 12 months</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
Loans and borrowings . . . . .	22	371	681	503	0	1 555
Lease liabilities . . . . .	15	152	291	232	2 130	2 805
Commercial notes . . . . .	22	977	0	0	0	977
Trade payables . . . . .	24	959	623	0	0	1 582
<b>Total . . . . .</b>		<b><u>2 459</u></b>	<b><u>1 595</u></b>	<b><u>735</u></b>	<b><u>2 130</u></b>	<b><u>6 919</u></b>
<u>1 January 2020</u>	<u>Note</u>	<u>&lt; 12 months</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
Loans and borrowings . . . . .	22	373	723	1 305	0	2 401
Lease liabilities . . . . .	15	167	371	243	2 230	3 011
Commercial notes . . . . .	22	974	0	0	0	974
Trade payables . . . . .	24	962	781	0	0	1 743
<b>Total . . . . .</b>		<b><u>2 476</u></b>	<b><u>1 875</u></b>	<b><u>1 548</u></b>	<b><u>2 230</u></b>	<b><u>8 129</u></b>

## 29. RELATED PARTY DISCLOSURES

### Transactions with Parent Company

In the periods covered by these Historical Financial Information, there were no outstanding balances with Napredna telematika d.o.o., the Parent Company.

<u>EUR '000</u>	<u>Revenue from contracts with customer</u>		<u>Other expenses</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Napredna telematika d.o.o . . . . .	—	—	24	—
<b>Total</b> . . . . .	<u>—</u>	<u>—</u>	<u>24</u>	<u>—</u>

### Transactions with subsidiaries

The majority of transactions with subsidiaries relates to sale of telematic equipment by CVS Mobile.

Trade receivables are non-interest bearing and are generally payable on terms 15 days. No allowances for expected credit losses have been recognised in the current year or prior years for trade receivables from related parties—since assessed by CVS Mobile as immaterial.

Loans granted to subsidiaries were all short-term and they were repaid in the subsequent year with interest accrued. Interest rates were in the range 0,52%–0,90% for loans granted in 2020 and 0,62%–0,89% for loans granted in 2019. All loans were denominated in EUR.

Expenses incurred by CVS Mobile in transactions with related parties concerned costs of external services incurred by subsidiaries and recharged to CVS Mobile.

<u>EUR '000</u>	<u>Trade receivables</u>		
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
CVS Mobile doo, Serbia . . . . .	725	501	564
CVS Mobile doo, Croatia . . . . .	449	592	624
CVS Mobile GmbH, Germany . . . . .	1	0	0
CVS Mobile dooel, North Macedonia . . . . .	16	0	3
CVS Mobile s.r.l., Italy . . . . .	49	71	155
CVS Mobile d.o.o., Bosnia and Hercegovina . . . . .	19	22	30
CVS d.o.o . . . . .	1	117	103
<b>Total</b> . . . . .	<u>1 260</u>	<u>1 302</u>	<u>1 479</u>

<u>EUR '000</u>	<u>Trade payables</u>		
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
CVS Mobile GmbH, Germany . . . . .	16	12	30
<b>Total</b> . . . . .	<u>16</u>	<u>12</u>	<u>30</u>

<u>EUR '000</u>	<u>Other receivables—loans granted</u>		
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
CVS d.o.o . . . . .	—	375	332
<b>Total</b> . . . . .	<u>—</u>	<u>375</u>	<u>332</u>

<u>EUR '000</u>	<u>Revenue from contracts with customers</u>		<u>Third party services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
CVS Mobile doo, Serbia . . . . .	595	501	1	—
CVS Mobile doo, Croatia . . . . .	580	541	—	—
CVS Mobile GmbH, Germany . . . . .	14	24	180	163
CVS Mobile dooel, North Macedonia . . . . .	41	32	—	—
CVS Mobile s.r.l., Italy . . . . .	177	113	—	—
CVS Mobile d.o.o., Bosnia and Hercegovina . . . . .	27	14	—	—
CVS d.o.o . . . . .	121	45	122	120
<b>Total</b> . . . . .	<u>1 555</u>	<u>1 270</u>	<u>303</u>	<u>283</u>

## Transactions with other related parties

<u>EUR '000</u>	<u>Trade receivables</u>		
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
INELO POLSKA sp. z.o.o . . . . .	—	12	—
<b>Total</b> . . . . .	<u>—</u>	<u>12</u>	<u>—</u>

  

<u>EUR '000</u>	<u>Trade payables</u>		
	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
CVS Mobile GmbH, Germany . . . . .	16	12	30
<b>Total</b> . . . . .	<u>16</u>	<u>12</u>	<u>30</u>

  

<u>EUR '000</u>	<u>Revenue from contracts with customers</u>		<u>Other expenses</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
INELO POLSKA sp. z.o.o . . . . .	12	—	—	—
ERGO inštitut d.o.o . . . . .	—	—	4	9
<b>Total</b> . . . . .	<u>12</u>	<u>—</u>	<u>4</u>	<u>9</u>

## Transactions with key management personnel and close family members of key management personnel

<u>EUR '000</u>	<u>For the year ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Sale of goods to entities controlled by key management personnel . . . . .	133	45
Sale of the building to the close family member of key management personnel* . . . . .	232	—
Purchases of various goods and services from entities controlled by CVS Mobile's Shareholders . . . . .	150	129

\* In 2021 CVS Mobile sold a non-activated building to the executive director's wife. The carrying amount of the building was EUR 231 thousand (Note 14).

## Outstanding balances arising from sales/purchases of goods and services

<u>EUR '000</u>	<u>31 December 2021</u>	<u>31 December 2020</u>	<u>1 January 2020</u>
Receivables resulting from transactions with key management personnel . . . . .	1	542	478

Selected employees benefit from the private use of CVS Mobile cars.

## 30. SUBSEQUENT EVENTS

### Cyber-attack in CVS Group

On 9 September 2022, CVS Mobile d.d. announced that a cyber-attack was effected on the IT network of entities within the CVS Group (ie. CVS Mobile and subsidiaries controlled directly or indirectly) ("the CVS Cyber-attack"). The attackers used unauthorised access to introduce malware into the CVS Group's IT network, encrypting certain files and applications, before demanding payment for decryption. Following encryption, there was no further contact with the attackers.

Although operational capability was quickly restored and the attack did not result in any material financial impact on the CVS Group, the cyber-attack resulted in the permanent encryption of certain information (and back-up information) relating to the CVS Group, including financial records. The only potential means of replacing the encrypted information is through a manual recreation of accounts from thousands of records, for which there is no guarantee of complete accuracy.

Specific steps have been taken to further increase the strength of the CVS Group's IT security, including redesigning, segregating and upgrading its network system, updating firewalls and filtering functions,

implementing multi-factor authentication, installing additional antivirus applications, improving logging and monitoring, implementing enhanced back-up processes and ensuring all employees and contractors of the CVS Group undergo security training.

The techniques used in attempts to obtain unauthorised, improper, or illegal access to systems, information and data, to degrade service, or to sabotage systems are constantly evolving, difficult to detect quickly, and may not be recognised until after a successful penetration of the relevant information security systems. To the extent there are instances of unauthorised, improper or illegal access to IT systems of the CVS Group or the Inelo Group, these may result in the permanent encryption, exfiltration, ransom or public disclosure of confidential, sensitive or personal information, and may attract sanctions or financial penalties from relevant regulatory authorities, as well as cause reputational damage.

### **31. TRANSITION TO IFRS**

These Historical Financial Information represent CVS Mobile's first financial statements prepared in accordance with IFRS. The date of transition to IFRS is 1 January 2020 (the 'Transition Date').

The tables below present:

- Reconciliation of the statement of financial position prepared in the statutory financial statements to the statement of financial position prepared in accordance with IFRS, as at 31 December 2021 (the end of the latest period for which financial statements were prepared for statutory purposes) and as at the Transition Date, i.e. 1 January 2020;
- Reconciliation of the statement of comprehensive income and statement of cash flows prepared in the statutory financial statements to those statements prepared in accordance with IFRS, for the period ended 31 December 2021 (the latest period for which financial statements were prepared in accordance with previously applied accounting principles).

Statement of financial position as at 1 January 2020

	Financial data as reported in accordance with the Slovene Accounting Standards	Corrections of errors			IFRS adjustments				Financial data as presented in these financial statements in accordance with IFRS
		Provisions for post-employment benefits and unused holidays accrual	Recognition of deferred tax assets	Installation costs capitalized to PPE	Fair value of long-term liabilities to telecoms	ECL allowance on trade receivables	Net presentation of deferred tax	Other IFRS presentation adjustments	
	EUR '000	[1] EUR '000	[2] EUR '000	[5] EUR '000	[6] EUR '000	[7] EUR '000	[8] EUR '000	[9] EUR '000	EUR '000
<b>1 January 2020</b>									
<b>ASSETS</b>									
<b>Non-current assets</b>									
Intangible assets	1 968	—	—	—	—	—	—	—	1 968
Property, plant and equipment	2 728	—	—	137	(154)	—	—	(1 763)	948
Right-of-use assets	—	—	—	—	—	—	—	1 763	1 763
Investments in subsidiaries and associates	231	—	—	—	—	—	—	—	231
Deferred tax assets	—	—	7	—	29	3	(39)	—	—
Other non-current assets	—	—	—	—	—	—	—	140	140
Non-current receivables	140	—	—	—	—	—	—	(140)	—
<b>Total non-current assets</b>	<b>5 067</b>	—	<b>7</b>	<b>137</b>	<b>(125)</b>	<b>3</b>	<b>(39)</b>	—	<b>5 050</b>
<b>Current assets</b>									
Inventories	1 051	—	—	—	—	—	—	(15)	1 036
Trade and other receivables	—	—	—	—	—	—	—	3 556	3 556
Cash and cash equivalents	349	—	—	—	—	—	—	—	349
Trade receivables	2 849	—	—	—	—	(13)	—	(2 836)	—
Other current investments—loans granted	428	—	—	—	—	—	—	(428)	—
Other current receivables	72	—	—	—	—	—	—	(72)	—
Short-term prepaid expenses	205	—	—	—	—	—	—	(205)	—
<b>Total current assets</b>	<b>4 954</b>	—	—	—	—	<b>(13)</b>	—	—	<b>4 941</b>
<b>TOTAL ASSETS</b>	<b>10 021</b>	—	<b>7</b>	<b>137</b>	<b>(125)</b>	<b>(10)</b>	<b>(39)</b>	—	<b>9 991</b>

Statement of financial position as at 1 January 2020

	Financial data as reported in accordance with the Slovene Accounting Standards	Corrections of errors		IFRS adjustments				Financial data as presented in these financial statements in accordance with IFRS
		Provisions for post-employment benefits and unused holidays accrual	Recognition of deferred tax assets	Installation costs capitalized to PPE	Fair value of long-term liabilities to telecoms	ECL allowance on trade receivables	Net presentation of deferred tax	
	EUR '000	[1] EUR '000	[2] EUR '000	[5] EUR '000	[6] EUR '000	[7] EUR '000	[8] EUR '000	[9] EUR '000
<b>1 January 2020</b>								
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>								
Share capital	834	—	—	—	—	—	—	834
Other reserves	147	—	—	—	—	—	—	147
Retained earnings	1 469	(153)	7	111	75	(10)	—	1 499
<b>Total equity</b>	<b>2 450</b>	<b>(153)</b>	<b>7</b>	<b>111</b>	<b>75</b>	<b>(10)</b>	—	<b>2 480</b>
<b>Non-current liabilities</b>								
Interest-bearing loans and borrowings	2 028	—	—	—	—	—	—	2 028
Lease liabilities	1 758	—	—	—	—	—	1 758	1 758
Other non-current financial liabilities	868	—	—	—	(87)	—	—	781
Other non-current liabilities	—	75	—	—	—	—	—	75
Provisions	—	—	—	26	47	—	(39)	34
Deferred tax liabilities	—	—	—	—	—	—	—	—
<b>Total non-current liabilities</b>	<b>4 654</b>	<b>75</b>	—	<b>26</b>	<b>(40)</b>	—	<b>(39)</b>	<b>4 676</b>
<b>Current liabilities</b>								
Trade and other payables	—	78	—	—	(160)	—	—	1 387
Trade payables	1 122	—	—	—	—	—	—	(1 122)
Other trade payables	316	—	—	—	—	—	—	(316)
Interest-bearing loans and borrowings	330	—	—	—	—	—	—	1 017
Lease liabilities	—	—	—	—	—	—	—	101
Other current financial liabilities	1 118	—	—	—	—	—	—	(1 118)
Accruals and deferred income	31	—	—	—	—	—	—	(31)
<b>Total current liabilities</b>	<b>2 917</b>	<b>78</b>	—	—	<b>(160)</b>	—	—	—
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10 021</b>	—	<b>7</b>	<b>137</b>	<b>(125)</b>	<b>(10)</b>	—	<b>9 991</b>

Statement of financial position as at 31 December 2021

	Financial data at reported in accordance with the Slovene Accounting Standards		Corrections of errors				IFRS adjustments				Financial data as presented in these financial statements in accordance with IFRS	
	EUR '000	EUR '000	Recognition of deferred tax assets [2]	Impairment of shares [3]	Other errors [4]	Installation costs capitalized to PPE [5]	Fair value of long-term liabilities to telecoms [6]	ECL allowance on trade receivables [7]	Net presentation of deferred tax [8]	Other IFRS presentation adjustments [9]	EUR '000	EUR '000
<b>31 December 2021</b>												
<b>ASSETS</b>												
<b>Non-current assets</b>												
Intangible assets . . . . .	894	—	—	—	—	—	—	—	—	—	—	894
Property, plant and equipment . . . . .	2 408	—	—	—	—	172	(72)	—	—	(1 504)	—	1 004
Right-of use assets . . . . .	—	—	—	—	—	—	—	—	—	1 504	—	1 504
Investments in subsidiaries . . . . .	275	—	(24)	—	—	—	—	—	—	(18)	—	233
Deferred tax assets . . . . .	7	267	—	—	—	—	14	3	(45)	—	—	246
Other non-current assets . . . . .	—	—	—	—	—	—	—	—	—	167	—	167
Non-current receivables . . . . .	149	—	—	—	—	—	—	—	—	(149)	—	—
<b>Total non-current assets . . . . .</b>	<b>3 733</b>	<b>267</b>	<b>(24)</b>	<b>—</b>	<b>—</b>	<b>172</b>	<b>(58)</b>	<b>3</b>	<b>(45)</b>	<b>—</b>	<b>—</b>	<b>4 048</b>
<b>Current assets</b>												
Inventories . . . . .	1 041	—	—	—	—	—	—	—	—	(318)	—	723
Trade and other receivables . . . . .	—	—	—	—	—	—	—	—	—	2 922	—	2 922
Cash and cash equivalents . . . . .	236	—	—	—	—	—	—	—	—	—	—	236
Trade receivables . . . . .	2 501	—	—	—	—	—	—	(16)	—	(2 485)	—	—
Other current investments—loans granted . . . . .	30	—	—	—	—	—	—	—	—	(30)	—	—
Other current receivables . . . . .	39	—	—	—	—	—	—	—	—	(39)	—	—
Short-term prepaid expenses . . . . .	50	—	—	—	—	—	—	—	—	(50)	—	—
<b>Total current assets . . . . .</b>	<b>3 897</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(16)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3 881</b>
<b>TOTAL ASSETS . . . . .</b>	<b>7 630</b>	<b>267</b>	<b>(24)</b>	<b>—</b>	<b>—</b>	<b>172</b>	<b>(58)</b>	<b>(13)</b>	<b>(45)</b>	<b>—</b>	<b>—</b>	<b>7 929</b>

	Financial data as reported in accordance with the Slovene Accounting Standards	Corrections of errors				IFRS adjustments				Financial data as presented in these financial statements in accordance with IFRS
		Recognition of deferred tax assets	Impairment of shares	Other errors	Installation costs capitalized to PPE	Fair value of long-term liabilities to telecoms	ECL allowance on trade receivables	Net presentation of deferred tax	Other IFRS presentation adjustments	
	EUR '000	[2] EUR '000	[3] EUR '000	[4] EUR '000	[5] EUR '000	[6] EUR '000	[7] EUR '000	[8] EUR '000	[9] EUR '000	EUR '000
<b>31 December 2021</b>										
Share capital	813	—	—	—	—	—	—	—	—	813
Other reserves	169	—	—	—	—	—	—	—	—	169
Retained earnings	1 249	267	(24)	—	139	(6)	(13)	—	—	1 612
<b>Total equity</b>	<b>2 231</b>	<b>267</b>	<b>(24)</b>	—	<b>139</b>	<b>(6)</b>	<b>(13)</b>	—	—	<b>2 594</b>
<b>Non-current liabilities</b>										
Interest-bearing loans and borrowings	805	—	—	—	—	—	—	—	—	805
Lease liabilities	—	—	—	—	—	—	—	—	1 591	1 591
Other non-current financial liabilities	1 591	—	—	—	—	—	—	—	(1 591)	—
Other non-current liabilities	144	—	—	—	—	(10)	—	—	—	134
Provisions	73	—	—	—	—	—	—	—	—	73
Deferred tax liabilities	—	—	—	—	33	12	—	(45)	—	—
<b>Total non-current liabilities</b>	<b>2 613</b>	—	—	—	<b>33</b>	<b>2</b>	—	<b>(45)</b>	—	<b>2 603</b>
<b>Current liabilities</b>										
Trade and other payables	—	—	—	—	—	(54)	—	—	1 146	1 092
Trade payables	776	—	—	—	—	—	—	—	(776)	—
Other trade payables	537	—	—	—	—	—	—	—	(537)	—
Interest-bearing loans and borrowings	330	—	—	—	—	—	—	—	997	1 327
Lease liabilities	—	—	—	—	—	—	—	—	74	74
Other current financial liabilities	1 071	—	—	—	—	—	—	—	(1 071)	—
Income tax liabilities	—	—	—	—	—	—	—	—	239	239
Accruals and deferred income	72	—	—	—	—	—	—	—	(72)	—
<b>Total current liabilities</b>	<b>2 786</b>	—	—	—	—	<b>(54)</b>	—	—	—	<b>2 732</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7 630</b>	<b>267</b>	<b>(24)</b>	—	<b>172</b>	<b>(58)</b>	<b>(13)</b>	<b>(45)</b>	—	<b>7 929</b>

Statement of comprehensive income for the period ended 31 December 2021

	Financial data as reported in accordance with the Slovene Accounting Standards		Corrections of errors				IFRS adjustments				Financial data as presented in these financial statements in accordance with IFRS	
	EUR '000	EUR '000	Recognition of deferred tax assets [2]	Impairment of shares [3]	Other errors [4]	Installation costs capitalized to PPE [5]	Fair value of long-term liabilities to telecoms [6]	ECL allowance on trade receivables [7]	Net presentation of deferred tax [8]	Other IFRS presentation adjustments [9]		EUR '000
<b>For the year ended 31 December 2021</b>												
<b>Revenue from contracts with customers</b>	<b>7 854</b>											<b>7 854</b>
Other operating income	13											34
Subsides	23							(2)		23		—
Employee expenses	(1 960)				102					(23)		(1 830)
Impairment losses of financial assets	—							(2)		28		(2)
Use of materials and energy consumption	(309)											(309)
Third party services	(1 999)											(1 999)
Costs of goods sold	(879)											(879)
Impairment of working capital assets	(15)							15				—
Other operating expenses	(8)											(36)
<b>Operating profit before depreciation and amortisation (EBITDA)</b>	<b>2 720</b>					<b>102</b>		<b>11</b>				<b>2 833</b>
Depreciation and amortisation	(2 067)					(68)	59					(2 076)
<b>Operating profit</b>	<b>653</b>					<b>34</b>	<b>59</b>	<b>11</b>				<b>757</b>
Finance income	4											4
Finance costs	(147)						(137)					(308)
<b>Profit before tax</b>	<b>510</b>					<b>34</b>	<b>(78)</b>	<b>11</b>				<b>453</b>
Income tax expense	(260)		236			(8)	15	(2)				(19)
<b>Profit for the year</b>	<b>250</b>		<b>236</b>			<b>26</b>	<b>(63)</b>	<b>9</b>				<b>434</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>3</b>											<b>3</b>
Total other comprehensive income	—											—
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>253</b>		<b>236</b>			<b>26</b>	<b>(63)</b>	<b>9</b>				<b>437</b>

## Statement of cash flows for the period ended 31 December 2021

	Financial data as reported in accordance with the Slovene Accounting Standards		Corrections of errors				IFRS adjustments				Financial data as presented in these financial statements in accordance with IFRS	
	EUR '000	EUR '000	Recognition of deferred tax assets [2]	Impairment of shares [3]	Other errors [4]	Installation costs capitalized to PPE [5]	Fair value of long term liabilities to telecoms [6]	ECL allowance on trade receivables [7]	Net presentation of deferred tax [8]	Other IFRS presentation adjustments [9]		EUR '000
<b>For the year ended 31 December 2021</b>												
<b>Cash flows from operating activities</b>												
Profit from operating and financial activities . . . . .	2 444	—	—	(24)	—	32	(78)	11	—	(2 444)	—	453
Profit before tax for the period . . . . .	—	—	—	—	—	70	(59)	—	—	—	—	2 076
Non-cash adjustments: Depreciation and amortisation . . . . .	—	—	—	—	—	—	(1)	—	—	—	—	(2)
Interest income . . . . .	—	—	—	—	—	—	—	—	—	—	—	128
Interest expense . . . . .	—	—	—	—	—	—	—	—	—	—	—	(2)
Movements in provisions . . . . .	—	—	—	—	—	—	—	—	—	—	—	(2)
Impairment losses of financial assets . . . . .	—	—	—	—	—	—	—	2	—	—	—	2
Movements in allowances for inventories . . . . .	—	—	—	—	—	—	—	—	—	—	—	39
Other non-cash items . . . . .	—	—	—	24	(7)	—	—	—	—	(1)	—	16
<b>Working capital adjustments:</b>												
(Increase)/decrease in trade, other receivables and other assets . . . . .	(279)	—	—	—	15	—	—	(13)	—	—	—	(590)
(Increase)/decrease in inventories . . . . .	(290)	—	—	—	(250)	—	—	—	—	—	—	(265)
Increase in trade and other payables . . . . .	(749)	—	—	—	(15)	—	138	—	—	(202)	—	(828)
Increase in deferred tax assets . . . . .	(7)	—	—	—	—	—	—	—	—	7	—	—
Interest received . . . . .	—	—	—	—	—	—	—	—	—	—	—	4
Interest paid . . . . .	—	—	—	—	—	—	—	—	—	—	—	(126)
Income tax paid . . . . .	—	—	—	—	—	—	—	—	—	—	—	(63)
<b>Net cash flows generated from operating activities</b>	<b>1 119</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(257)</b>	<b>102</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(12)</b>	<b>—</b>	<b>841</b>

	Financial data as reported in accordance with the Slovene Accounting Standards		Corrections of errors					IFRS adjustments					Financial data as presented in these financial statements in accordance with IFRS		
	EUR '000		EUR '000		EUR '000		EUR '000		EUR '000		EUR '000		EUR '000		
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	
<b>For the year ended 31 December 2021</b>															
<b>Cash flows from investing activities</b>															
Proceeds from sale of property, plant and equipment	15	—	—	257	—	—	—	—	—	—	—	—	—	—	272
Purchase of property, plant and equipment	(874)	—	—	—	(102)	—	—	—	—	—	—	—	—	—	(202)
Purchase of intangible assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(774)
Repayment of loans granted	447	—	—	—	—	—	—	—	—	—	—	—	—	—	447
Interest received	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of shares in subsidiaries and associates	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(11)
Proceeds from loans granted	(38)	—	—	—	—	—	—	—	—	—	—	—	—	—	(27)
<b>Net cash (used in) investing activities</b>	<b>(447)</b>	<b>—</b>	<b>—</b>	<b>257</b>	<b>(102)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(3)</b>	<b>(295)</b>
<b>Cash flows from financing activities</b>															
Payment of principal elements of lease liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(91)
Repayment of borrowings	(1 470)	—	—	—	—	—	—	—	—	—	—	—	—	—	(402)
Issue of debt securities	979	—	—	—	—	—	—	—	—	—	—	—	—	—	979
Interest paid	(126)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividend payments	(448)	—	—	—	—	—	—	—	—	—	—	—	—	—	(448)
Redemption of debt securities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(977)
<b>Net cash (used in) financing activities</b>	<b>(1 065)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>126</b>	<b>(939)</b>
Net (decrease) in cash and cash equivalents	(393)	—	—	—	—	—	—	—	—	—	—	—	—	—	(393)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cash and cash equivalents at beginning of period	629	—	—	—	—	—	—	—	—	—	—	—	—	—	629
Cash and cash equivalents at end of period	236	—	—	—	—	—	—	—	—	—	—	—	—	—	236

The description below presents explanations of main adjustments made to CVS Mobile's financial statements reported under the Slovene Accounting Standards prepared for statutory purposes as at the Transition Date and at 31 December 2021 due to transition to IFRS, broken down into adjustments resulting from the identified errors made under the Slovene Accounting Standards and adjustments resulting from the change of accounting principles to comply with IFRS.

**A) CVS Mobile used the following practical expedients of MSSF 15 at the Transition date:**

- (a) for completed contracts, CVS Mobile did not restate contracts that:
  - begin and end within the same annual reporting period; or
  - are completed contracts at the beginning of the earliest period presented.
- (b) for completed contracts that have variable consideration, CVS Mobile used the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.
- (c) for contracts that were modified before the beginning of the earliest period presented, CVS Mobile did not retrospectively restate the contract for those contract modifications. Instead, CVS Mobile reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:
  - identifying the satisfied and unsatisfied performance obligations;
  - determining the transaction price; and
  - allocating the transaction price to the satisfied and unsatisfied performance obligations
- (d) for all reporting periods presented before the date of initial application, CVS Mobile did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when CVS Mobile expects to recognise that amount as revenue.

**B) Corrections resulting from errors made in applying the previous accounting policies:**

- [1] At the transition date CVS Mobile recognised accruals for unused holidays and provisions for post-employment benefits (severance payments and jubilee bonuses) that were measured using actuarial methods and were not recognised under the Slovene accounting standards. At the transition date the recognition of additional Provisions resulted in a decrease of Retained earnings. The adjustment also affected deferred taxes—please refer to [2].
- [2] In the period ended 31 December 2021 and 2020 CVS Mobile recognized deferred tax assets in relation to deductible temporary differences arising on jubilee and retirement provisions recognized as well as on property, plant and equipment resulting from different tax and accounting amortization rates.
- [3] In the period ended at 31 December 2021 CVS Mobile recognized additional impairment loss related with investment in shares of Algeria of EUR 24 thousand due to a loss of access to any reasonable financial data of the entity, among others, evidencing that recoverable amount is lower than carrying amount of the investment. The financial standing of the investment were decreasing over time in prior periods resulting in recognition of respective impairment losses in the financial statements prepared for the statutory purposes. In the Historical Financial information no further adjustments were introduced except for the one for the period ended at 31 December 2021 mentioned above.
- [4] In the period ended at 31 December 2021 CVS Mobile corrected investment cash flows related with Proceeds from sale of property, plant and equipment which shall be presented as operating cash flows—(Increase)/decrease in inventories. Moreover, there is correction of error in Working capital adjustments between trade, other receivables and other assets and trade and other payables.

**C) Adjustments resulting from the transition to IFRS**

- [5] CVS Mobile incurs installation costs to bring the telematic equipment to the location and condition necessary for it to be capable of operating in the manner intended by management—enable provision of telematic services. In the statutory financial statements, they were recognized in Payroll costs when incurred and not as a cost of Property, plant and equipment. In the Historical Financial Information, CVS Mobile recognized installation costs as cost of Property, plant and equipment. The abovementioned change of carrying amount of Property, plant and equipment resulted in change of Depreciation recognized in each

of the periods covered by the Historical Financial Information. The adjustment also affected deferred taxes.

- [6] In each of the periods covered by these Historical Financial Information, CVS Mobile recognized initially long-term interest-free liabilities to telecoms for purchase of the equipment at fair value whereas in the statutory financial statements they were reported at nominal value of future installments. Consequently, a cost of respective items of Property, plant and equipment has changed to reflect corrected cash selling price of the purchased equipment. Correction of the cost resulted in a change of Depreciation. Also, to the extend the equipment, financed with these instruments, was sold it resulted in change of the Costs of goods sold recognized in the statement of comprehensive income.

Initial value of liabilities to telecoms was determined as nominal value of future installments discounted using respective interest rate that discounts nominal value of installments to the cash selling price offered by the seller as an alternative. Subsequently, the correction of amortized cost of liabilities in question resulted in recognition of additional Finance costs.

The adjustment also affected deferred taxes.

- [7] Measurement of financial assets in accordance with IFRS 9:

- for trade receivables, allowances for expected credit losses were recognised in accordance with the concept of impairment estimation based on expected credit losses rather than incurred losses—CVS Mobile estimated the expected credit losses for trade receivables by applying the internally developed model prepared based on the requirements of IFRS 9.

- [8] In each of the periods covered by the Historical Financial Information, CVS Mobile applied IAS 12 Income Tax (“IAS 12”) principles for offsetting of DTA and DTL. In the statutory financial statements DTA and DTL were presented in the statement of the financial position on a gross basis.

- [9] Other adjustments due to the transition to IFRS did not affect the amount of equity and concerned the following presentation changes:

#### Presentation changes to the statement of financial position

- Leases that met the definition of leases according to framework applied in the statutory financial statements and were presented as part of CVS Mobile’s property, plant and equipment, in the Historical Financial Information are presented as right-of-use assets;
- Presentation of income tax payables in a separate line in the statement of financial position;
- Presentation of lease liabilities in a separate line in the statement of financial position;
- Prepayments for property, plant, equipment and inventories have been presented as other non-financial assets;
- There are line items that were previously reported separately but in the Historical Financial Information they are grouped in accordance with IAS 1 principles such as Trade and other receivables, Trade and other payables, Interest-bearing loans and borrowings.

#### Presentation changes to the statement of comprehensive income

- Impairment losses on trade receivables have been presented in accordance with IFRS 9 in a separate line item of the statement of comprehensive income: Impairment losses on financial assets.
- There are line items that were previously reported separately but in the Historical Financial Information they are grouped in accordance with IAS 1 principles such as other operating expenses, other operating income.

#### Presentation changes to the statement of cash-flows

- CVS Mobile presents operating cash flows using indirect method starting with Profit before tax for the period instead of Profit from operating and financial activities, what result in separate presentation of Income tax paid, depreciation and amortization, interest income and expense line items within cash-flows from operating activities.

- Interest paid and received cash flows are presented as a separate line item within the cash flows from operating activities instead of the cash flows from financing activities and investing activities.
- Movements in allowances for inventories is presented in the separate line.
- Cash flows from financing activities and investing activities are disaggregated into more detailed categories.

## **Section D—Accountants report on the historical financial information relating to CVS Mobile**

The Board of Directors  
**W.A.G payment solutions plc**  
Third Floor (East)  
Albemarle House  
1 Albemarle Street  
London  
W1S 4HA  
United Kingdom

20 February 2023

Dear Sirs/Madams

### **CVS Mobile d.d.**

We report on the financial information set out in Section C of Part 5 of the circular dated 20 February 2023 of **W.A.G payment solutions plc** (the “Circular”), for the years ended 31 December 2021 and 2020 (the “Historical Financial Information”).

This report is required by Listing Rule 13.5.21 and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Circular.

### **Qualified opinion on the Historical Financial Information**

In our opinion, except for the possible effects of the matters described in the “Basis for qualified opinion” section of our report, the Historical Financial Information gives, for the purposes of the Circular dated 20 February 2023, a true and fair view of the state of affairs of CVS Mobile d.d. as at 31 December 2021 and 2020 and of its profit, comprehensive income, cash flows and changes in shareholders’ equity for the periods then ended in accordance with UK-adopted International Accounting Standards.

### **Basis for qualified opinion**

We were not appointed as the auditor of **CVS Mobile d.d.** until after 31 December 2020 and thus did not observe the counting of physical inventories at 31 December 2020 and 31 December 2019. We were able to satisfy ourselves by alternative means concerning the inventory quantities held at 31 December 2020 by using other audit procedures, however we were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 1 January 2020. The balance of inventory at 1 January 2020 affects retained earnings as of 1 January 2020 and the elements making up the statement of comprehensive income (cost of goods sold and income tax expense) and cash flow statement for the year ended 31 December 2020.

As a result, we were unable to determine whether any adjustment might have been found necessary in respect of retained earnings as of 1 January 2020 and the elements making up the statement of comprehensive income (cost of goods sold and income tax expense) and cash flow statement for the year ended 31 December 2020.

Due to insufficient accounting records, we were not able to satisfy ourselves as to what balance, if any, that was classified as inventory as at 31 December 2021, 31 December 2020 and 1 January 2020, should have been classified as property, plant and equipment. The balance of property, plant and equipment affects retained earnings as at 31 December 2021, 31 December 2020 and 1 January 2020 and the elements making up the statement of comprehensive income (depreciation and amortisation and income tax expense) and cash flow statement for the years ended 31 December 2021 and 31 December 2020.

As a result, we were unable to determine whether any adjustment might have been found necessary in respect of property, plant and equipment, inventory and retained earnings as at 31 December 2021, 31 December 2020 and 1 January 2020 and the elements making up the statement of comprehensive income (depreciation and amortisation and taxes) and cash flow statement for the years ended 31 December 2021 and 31 December 2020.

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council (“FRC”) in the United Kingdom. We are independent in accordance with the FRC’s Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Responsibilities**

The Directors of **W.A.G payment solutions plc** are responsible for preparing the Historical Financial Information in accordance with UK-adopted International Accounting Standards.

It is our responsibility to form an opinion on the Historical Financial Information and to report our opinion to you.

### **Basis of Preparation**

The Historical Financial Information has been prepared for inclusion in the Circular on the basis of the accounting policies set out in note 4 to the Historical Financial Information.

### **Conclusions Relating to Going Concern**

In performing our work on the Historical Financial Information, prepared on the basis that the acquisition of **Grupa Inelo S.A.** (the indirect parent of CVS Mobile d.d.) by **W.A.G payment solutions plc** completes, we have concluded that the W.A.G payment solutions plc Directors’ use of the going concern basis of accounting in the preparation of the Historical Financial Information is appropriate.

Based on the work we have performed, we have not identified any material uncertainties related to events or conditions that, individually or collectively, may cast significant doubt on **CVS Mobile d.d.**’s ability to continue as a going concern for a period of at least twelve months from the date of the Circular.

Yours faithfully

Ernst & Young d.o.o.

## PART 6

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS FOR THE ENLARGED GROUP

#### Section A—Unaudited *pro forma* statement of net assets relating to the Enlarged Group

The unaudited *pro forma* statement of net assets set out below has been prepared to illustrate the effect of the Proposed Acquisition (including the drawdown under the Company's existing debt facilities to part fund the Proposed Acquisition) on the net assets of the Company as at 30 June 2022 as if the Proposed Acquisition had taken place on 30 June 2022.

The unaudited *pro forma* statement of net assets has been compiled on a basis consistent with the accounting policies adopted by the Company in preparing its unaudited interim consolidated financial information for the six months ended 30 June 2022, and prepared on the basis of the notes set out below and in accordance with Listing Rule 13.3.3R.

The unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only, and by its nature addresses a hypothetical situation and, therefore, does not reflect the Enlarged Group's actual financial position or results following the matters referred to above. It may not, therefore, give a true picture of the Enlarged Group's financial position or be indicative of the financial position that may be achieved by the Enlarged Group in the future.

The unaudited *pro forma* statement of net assets does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the unaudited *pro forma* financial information in this Part 6 (*Unaudited Pro Forma Statement of Net Assets for the Enlarged Group*). PwC's report on the unaudited *pro forma* financial information is set out in Section B of this Part 6 (*Unaudited Pro Forma Statement of Net Assets for the Enlarged Group*).

In addition to the matters noted above, the unaudited *pro forma* statement of net assets does not reflect the effect of anticipated benefits of the Proposed Acquisition.

Unaudited *pro forma* statement of net assets relating to the Enlarged Group

	Consolidated net assets of Eurowag as at 30 June 2022 <sup>(1)</sup>	Debt raising <sup>(2)</sup>	Consolidated net assets of Inelo as at 31 December 2021 <sup>(3)</sup>	Acquisition adjustment <sup>(4)</sup>	Unaudited consolidated <i>pro forma</i> statement of net assets of the Enlarged Group as at 30 June 2022 <sup>(5)</sup>
	€'000	€'000	€'000	€'000	€'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets . . . . .	237,043		100,282	177,026	514,351
Property, plant and equipment . . . . .	37,225		9,331		46,556
Right-of-use assets . . . . .	10,827		3,413		14,240
Investments in associates . . . . .	12,581		—		12,581
Financial assets . . . . .	37		—		37
Deferred tax assets . . . . .	9,291		—		9,291
Derivative assets . . . . .	5,928		—		5,928
Other non-current assets . . . . .	3,498		1,165		4,663
<b>Total non-current assets . . . . .</b>	<b>316,430</b>	<b>—</b>	<b>114,191</b>	<b>177,026</b>	<b>607,647</b>
<b>Current assets</b>					
Inventories . . . . .	19,365		1,617		20,982
Trade and other receivables . . . . .	432,268		5,619		437,887
Income tax receivables . . . . .	6,095		571		6,666
Derivative assets . . . . .	2,208		—		2,208
Cash and cash equivalents . . . . .	181,546	180,000	3,258	(261,941)	102,863
<b>Total current assets . . . . .</b>	<b>641,482</b>	<b>180,000</b>	<b>11,065</b>	<b>(261,941)</b>	<b>570,606</b>
<b>Total assets . . . . .</b>	<b>957,912</b>	<b>180,000</b>	<b>125,256</b>	<b>(84,914)</b>	<b>1,178,254</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables . . . . .	441,660		15,986	12,500	470,146
Interest-bearing loans and borrowings . . . . .	18,871	28,000	5,819	(2,614)	50,076
Lease liabilities . . . . .	3,084		598		3,682
Provisions . . . . .	1,627		—		1,627
Income tax liabilities . . . . .	7,437		282		7,719
Derivative liabilities . . . . .	1,556		—		1,556
<b>Total current liabilities . . . . .</b>	<b>474,235</b>	<b>28,000</b>	<b>22,685</b>	<b>9,886</b>	<b>534,806</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities . . . . .	7,649		3,754		11,403
Interest-bearing loans and borrowings . . . . .	133,928	152,000	36,818	(35,078)	287,668
Lease liabilities . . . . .	8,198		2,924		11,122
Provisions . . . . .	—		96		96
Derivative liabilities . . . . .	130		—		130
Other non-current liabilities . . . . .	31,173		8,217		39,390
<b>Total non-current liabilities . . . . .</b>	<b>181,078</b>	<b>152,000</b>	<b>51,809</b>	<b>(35,078)</b>	<b>349,809</b>
<b>Total liabilities . . . . .</b>	<b>655,313</b>	<b>180,000</b>	<b>74,494</b>	<b>(25,193)</b>	<b>884,614</b>
<b>Net assets . . . . .</b>	<b>302,599</b>	<b>—</b>	<b>50,762</b>	<b>(59,722)</b>	<b>293,639</b>

**Notes:**

- (1) The net assets of Eurowag as at 30 June 2022 have been extracted without material adjustment from the unaudited interim financial information of Eurowag for the six months ended 30 June 2022.
- (2) The Proposed Acquisition will be financed by the Group's existing cash and debt resources following the refinancing of the Group's bank facilities announced on 22 September 2022 and as described in further detail in paragraph 8.1.1(b) of Part 7 (*Additional Information*). The adjustment represents drawing of €180 million (Facility B).
- (3) The net assets of Inelo as at 31 December 2021 have been extracted without material adjustment from the audited financial information of Inelo for the year ended 31 December 2021, as set out in Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) of this document. The Group does not present Contract costs separately within non-current and current assets due to immateriality, the respective lines have therefore been included within Other non-current assets and Trade and other receivables in the pro-forma statement.
- (4) The Unaudited Pro Forma Financial Information has been prepared on the basis that the Group will apply acquisition accounting. The unaudited pro forma statement of net assets does not reflect the fair value adjustments to the acquired assets and liabilities as the purchase price allocation exercise will not be finalised until after Completion. Upon completion of the purchase price allocation exercise, the Group expects that fair value adjustments will be recognised in respect of certain assets and liabilities. For the purposes of the unaudited pro forma statement of net assets, the excess purchase consideration over the carrying amount of the net liabilities acquired has been attributed to the line item intangible assets. The fair value adjustments, when finalised following Completion, may be material.

a) The pro forma adjustment to goodwill arising on the Proposed Acquisition of €177.0 million has been calculated as follows:

	<u>Note</u>	<u>€'000</u>
Cash consideration for Inelo Shares	(i)	215,288
Deferred consideration	(ii)	12,500
<b>Total consideration</b>		<b>22,778</b>
Add: Inelo net liabilities acquired excluding goodwill		28,426
Goodwill on acquisition of Inelo		256,214
Less: Inelo existing goodwill		(79,188)
<b>Pro forma goodwill adjustment</b>		<b>177,026</b>

- i. Cash consideration of €215.3 million does not include FireTMS acquisition related consideration of approximately €8.3 million as the consolidated net assets of Inelo as at 31 December 2021 do not include the net assets relating to FireTMS. Total payment including FireTMS amounts to the €224 million presented in Part 4 (*Summary of the Acquisition Agreement*).
- ii. Deferred consideration of up to €12.5 million is payable where Inelo's Adjusted EBITDA for the 12 months ending 31 December 2022 is €18 million or higher.

b) The adjustment to cash and cash equivalents of €261.9 million comprises:

	<u>Note</u>	<u>€'000</u>
Cash paid for Inelo Shares	(i)	215,288
Repayment of Inelo Group debt	(ii)	37,693
Advisor fees and other transaction costs		8,960
<b>Pro forma cash adjustment</b>		<b>261,941</b>

- i. Cash consideration of €215.3 million does not include FireTMS acquisition related consideration of approximately €8.3 million as the consolidated net assets of Inelo as at 31 December 2021 do not include the net assets relating to FireTMS. Total payment including FireTMS amounts to the €224 million presented in Part 4 (*Summary of the Acquisition Agreement*).
- ii. The €37.7 million cash adjustment relates to the repayment of existing third-party bank facilities of Inelo Group as at 31 December 2021. Non-bank interest bearing loans and borrowings of €4.9m (financial liabilities to telecoms and commercial notes), which are not subject to repayment due to the Proposed Acquisition, are disclosed in Note 23 of the audited financial information of Inelo for the year ended 31 December 2021, as set out in Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) of this document.

- (5) No adjustment has been made to reflect the trading results or financial position of the Group since 30 June 2022 or the Inelo Group since 31 December 2021. For example, the €37.7 million of Inelo Group debt as at 31 December 2021 increased during 2022 due to an increase in facilities and draw down of €6.5 million, and also a further increase of approximately €8.3 million due to the FireTMS acquisition.

**Section B—Accountants’ report on the unaudited *pro forma* statement of net assets relating to the Enlarged Group**



The Directors  
W.A.G payment solutions plc  
Third Floor (East) Albemarle House  
1 Albemarle Street  
W1S 4HA  
London

Jefferies International Limited  
100 Bishopsgate  
EC2N 4JL  
London

20 February 2023

Dear Ladies and Gentlemen

**W.A.G payment solutions plc (the “Company”)**

We report on the unaudited pro forma financial information (the “**Pro Forma Financial Information**”) set out in Section A of Part 6 of the Company’s circular dated 20 February 2023 (the “**Circular**”).

This report is required by item 13.3.3R of the Listing Rules of the Financial Conduct Authority (the “**Listing Rules**”) and is given for the purpose of complying with that item and for no other purpose.

**Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

**Responsibilities**

It is the responsibility of the Directors to prepare the Pro Forma Financial Information in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules, as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

No reports or opinions have been made by us on any financial information relating to either the six month period ended 30 June 2022 of the Company or of Grupa Inelo S.A. used in the compilation of the Pro Forma Financial Information. In providing this opinion we are not providing any assurance on any source financial information of the Company and Grupa Inelo S.A. on which the Pro Forma Financial Information is based beyond the above opinion.

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed to any person as and to the extent there provided which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

### **Basis of preparation**

The Pro Forma Financial Information has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed acquisition of Grupa Inelo S.A. might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the six months ended 30 June 2022.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council (“FRC”) in the United Kingdom. We are independent in accordance with the Revised Ethical Standard 2019 issued by the FRC as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

**PART 7**  
**ADDITIONAL INFORMATION**

**1. Responsibility**

The Company and the Directors, whose names are set out in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**2. The Company**

The Company was incorporated on 3 August 2021 under the name W.A.G payment solutions plc under the Companies Act 2006 as a public company limited by shares with registered number 13544823. The principal law and legislation under which the Company operates is the Companies Act 2006. The Company's LEI is 213800HU63CWV5J8YK95.

The registered office of the Company is Third Floor (East), Albemarle House, 1 Albemarle Street, London, W1S 4HA, United Kingdom and its telephone number is +420 233 555 111.

**3. Directors, Senior Management and Company Secretary**

The Directors and Senior Management and their principal functions, as well as the company secretary, are as follows:

*Directors:*

Paul Manduca . . . . .	Chair
Martin Vohánka . . . . .	Chief Executive Officer
Magdalena Bartoš <sup>5</sup> . . . . .	Chief Financial Officer
Joseph Morgan Seigler . . . . .	Non-Executive Director
Mirjana Blume . . . . .	Senior Independent Non-Executive Director
Caroline Brown . . . . .	Independent Non-Executive Director
Sharon Baylay-Bell . . . . .	Independent Non-Executive Director
Susan Hooper . . . . .	Independent Non-Executive Director

*Senior Management:*

Ivan Jakúbek . . . . . Chief Strategy Officer

*Company Secretary* . . . . . Computershare Company Secretarial Services Limited

**4. Directors' and Senior Management's shareholdings and stock options**

**4.1 Ordinary Shares**

As at the Latest Practicable Date, the interests of the Directors and Senior Management in the share capital of the Company (which include interests of persons connected to them) were as follows:

<u>Director / Senior Management</u>	<u>Interest</u>	<u>Number of Ordinary Shares</u>	<u>Percentage of issued Ordinary Shares</u>
Paul Manduca . . . . .	<b>Ordinary Shares</b>	<b>150,000<sup>(1)</sup></b>	<b>0.0218%</b>
Martin Vohánka . . . . .	<b>Ordinary Shares</b>	<b>329,195,021<sup>(2)</sup></b>	<b>47.78%</b>
Magdalena Bartoš . . . . .	<b>Ordinary Shares</b>	<b>324,151</b>	<b>0.047%</b>
Joseph Morgan Seigler . . . . .	<b>Ordinary Shares</b>	<b>0<sup>(3)</sup></b>	<b>0</b>
Mirjana Blume . . . . .	<b>Ordinary Shares</b>	<b>13,913<sup>(1)</sup></b>	<b>0.002%</b>
Caroline Brown . . . . .	<b>Ordinary Shares</b>	<b>0</b>	<b>0</b>
Sharon Baylay-Bell . . . . .	<b>Ordinary Shares</b>	<b>35,000<sup>(1)</sup></b>	<b>0.005%</b>
Susan Hooper . . . . .	<b>Ordinary Shares</b>	<b>0</b>	<b>0</b>
Ivan Jakúbek . . . . .	<b>Ordinary Shares</b>	<b>12,178,406<sup>(4)</sup></b>	<b>1.74%</b>

Notes:

(1) Shares held through a nominee account.

5 Magdalena Bartoš has informed the Board that she intends to step down as Chief Financial Officer and as a director of Eurowag. Magdalena will remain with the business until the end of April 2023 to support the business as it completes the acquisition of Inelo and finalises the Group's 2022 full year results.

- (2) Includes Ordinary Shares held directly and by Couverina Business, s.r.o, a Czech company wholly owned by Martin Vohánka.
- (3) Joseph Morgan Seigler has been appointed to the Board by TA Associates who, as at the Latest Practicable Date, hold 179,505,764 Ordinary Shares through Bock Capital EU Luxembourg WAG S.à r.l., a vehicle affiliated with TA Associates.
- (4) Includes Ordinary Shares held directly and by I Family Trust Ltd.

Taken together, the interests of the Directors and Senior Management represent approximately 49.62% of the issued share capital of the Company as at the Latest Practicable Date.

#### 4.2 Share Plans

As at the Latest Practicable Date, the following awards have been made to the Directors and Senior Management under the Performance Share Plan (“PSP”), Deferred Bonus Share Plan or Employee Share Plan (“ESP”):

<u>Director</u>	<u>Date of grant / plan</u>	<u>Face value</u>	<u>Options capable of being exercised during the financial year 2022</u>	<u>Vesting date</u>
Magdalena Bartoś . . . . .	13 October 2021/ PSP 2021	£500,000	Nil	13 October 2024
Magdalena Bartoś . . . . .	13 October 2021/ PSP Additional Award	€1,200,000	Nil	1 April 2023
Ivan Jakúbek . . . . .	13 October 2021/ PSP 2021	£267,948	Nil	13 October 2024
Ivan Jakúbek . . . . .	13 October 2021/ PSP Additional Award	€1,200,000	Nil	1 October 2023
Ivan Jakúbek . . . . .	5 November 2022/ PSP 2022	£440,056	Nil	4 November 2025

#### 5. Directors’ service contracts

The service contracts of the Group’s Chief Executive Officer and Chief Financial Officer are terminable by either party on six months’ notice and any contracts for newly appointed Executive Directors will provide for equal notice in the future and a maximum of 12 months.

The appointments of each of the Independent Non-Executive Directors are for an initial term of three years from the date of appointment, unless terminated earlier until the conclusion of the Company’s annual general meeting occurring approximately three years from that date. The appointment of each Independent Non-Executive Director is also subject to annual re-election at the general meeting of the Company.

Further details of each service contract or letter of appointment are set out below:

<u>Name</u>	<u>Contract date</u>	<u>Base salary</u>	<u>Notice Period</u>
Paul Manduca . . . . .	07.09.2021	£290,000	6 months
Martin Vohánka . . . . .	07.09.2021	€212,400 <sup>(1)</sup>	6 months
Magdalena Bartoś . . . . .	07.09.2021	€390,000 <sup>(2)</sup>	6 months
Joseph Morgan Seigler . . . . .	07.09.2021	£ 0 <sup>(3)</sup>	1 month
Mirjana Blume . . . . .	07.09.2021	£ 60,000	1 month
Caroline Brown . . . . .	07.09.2021	£ 60,000	1 month
Sharon Baylay-Bell . . . . .	07.09.2021	£ 60,000	1 month
Susan Hooper . . . . .	07.09.2021	£ 60,000	1 month

**Notes:**

- (1) Salaries of Magdalena Bartoś and Martin Vohánka are defined in Euros.
- (2) The CFO, Magdalena Bartoś, has informed the Board that she intends to step down as CFO and as a director of Eurowag to pursue her other interests.
- (3) Joseph Morgan Seigler has been appointed to the Board by TA Associates and does not receive a fee for his services.

#### 6. Major Shareholders of the Company

As at the Latest Practicable Date, the Company had been notified of the following holdings in the Company’s issued ordinary share capital (exclusive of treasury shares) pursuant to DTR 5 (each, a “Notifiable Interest”):

<u>Name</u>	<u>Number of Ordinary Shares</u>	<u>% of issued Ordinary Shares</u>
Couverina Business s.r.o. <sup>(1)</sup> . . . . .	193,419,103	28.08
TA Associates . . . . .	179,505,764	26.06
Martin Vohánka . . . . .	135,775,918	19.71
Select Equity Group . . . . .	28,196,257	4.09
J.P. Morgan Securities plc . . . . .	22,398,417	3.25
Fidelity International . . . . .	21,069,428	3.06

**Note:**

(1) A Czech company wholly owned by Martin Vohánka.

Save as set out above, the Company is not aware of any other Notifiable Interests.

## 7. Related party transactions

Save for the Sygic Option Agreement (as defined below) and as disclosed in the notes to the financial statements of the Group for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021 and in the unaudited interim financial information for the six months ended 30 June 2022 (see paragraph 13 (*Documentation Incorporated by Reference*)), the Company has not entered into any related party transactions during the period commencing 1 January 2019 up to the date of this document.

## 8. Material contracts

### 8.1 The Group

8.1.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group: (i) within the two years immediately preceding the date of this document which are or may be, material; or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

(a) **Acquisition Agreement**

Details of the Acquisition Agreement are set out in Part 4 (*Summary of the Acquisition Agreement*) of this document.

(b) **Multicurrency Term and Revolving Facilities Agreement**

(i) The Company, W.A.G. payment solutions, a.s., W.A.G. Issuing Services, a.s., and W.A.G. Mobility Solutions Iberica, S.L.U. (all of which are direct or indirect wholly owned subsidiaries of the Company) (together, the “**Borrowers**”) have entered into a senior multicurrency term and revolving facilities agreement dated 22 September 2022 between, among others, the Borrowers, Česká spořitelna, a.s. and Komerční banka, a.s. as mandated lead arrangers, BNP Paribas S.A. (acting through its branch BNP Paribas S.A., pobočka Česká republika), Citibank Europe plc (acting through its branch Citibank Europe plc, organizační složka), Československá obchodní banka, a.s., Česká spořitelna, a.s., Komerční banka, a.s., Raiffeisenbank a.s., UniCredit Bank Czech Republic and Slovakia, a.s., Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna acting through PKO BP S.A., Czech Branch, and Česká exportní banka, a.s. as original lenders, the financial institutions named therein as lead arrangers, arrangers and hedge counterparties and Komerční banka, a.s. as agent (the “**Agent**”) and security agent (the “**Security Agent**”).

(ii) The Multicurrency Term and Revolving Facilities Agreement consists of four loan tranches:

- (A) €150m committed facility for the refinancing of all existing term loan indebtedness (“**Facility A**”);
- (B) €180m committed facility for permitted acquisitions and capital expenditure (“**Facility B**”);
- (C) €235m committed revolving credit facility, of which €85m may be utilised by way of revolving loans, and €150m may be utilised by way of ancillary facilities in the form of bank guarantees, letters of credit, or an overdraft up to €25m (“**Revolving Credit Facility**”); and

- (D) €150m uncommitted incremental facility for permitted acquisitions, capital expenditure, and revolving credit facilities up to €50m of which not more than €25m can be utilised as revolving loans.
- (iii) The maturity date for all term loan facilities and for the Revolving Credit Facility will be 30 September 2027. Facility A will amortize in quarterly repayments starting on 31 March 2023, with €45m balloon. Facility B will amortize in quarterly repayments starting on the later of the date falling three months from the end of the 24-month availability period, or the end of the first financial quarter after the full utilization of the facility, with €54m balloon.
- (iv) Each loan under the Multicurrency Term and Revolving Facilities Agreement bears, or will bear, interest at a floating rate which is a base reference rate (being PRIBOR, EURIBOR or WIBOR) applicable to the currency in which such loan is incurred for a specified interest period plus a margin. The applicable interest rate margin for each loan shall be determined according to the following margin grid:

<u>Net leverage</u>	<u>Facility A and Facility B</u>	<u>Revolving Credit Facility</u>
> 3.25	2.30% p.a.	2.20% p.a.
≤ 3.25 ≥ 2.50	2.10% p.a.	2.00% p.a.
< 2.50	1.90% p.a.	1.80% p.a.

- (v) Pursuant to the terms of the Multicurrency Term and Revolving Facilities Agreement, the Company is required to hedge 50% of the base rate risk relating to the Multicurrency Term and Revolving Facilities Agreement, but it retains flexibility to hedge an amount in excess of this depending on market conditions.
- (vi) The ability of the Group to draw any funds is subject to certain customary conditions, including the continued accuracy of certain representations and warranties contained in the Multicurrency Term and Revolving Facilities Agreement and the absence of any event of default thereunder. As at the Latest Practicable Date, €150 million has been drawn under Facility A and a further €106 million has been utilised under the Multicurrency Term and Revolving Facilities Agreement by way of bank guarantees.
- (vii) The Multicurrency Term and Revolving Facilities Agreement contains customary mandatory prepayment provisions which are triggered when there is a change of control of the Company or a sale of all or substantially all of the assets of the Group, following which the facilities made available under the Multicurrency Term and Revolving Facilities Agreement will be automatically cancelled and all outstanding loans and ancillary outstandings together with all accrued interest and other amounts accrued in under the Multicurrency Term and Revolving Facilities Agreement will become immediately due and payable.
- (viii) Subject to the principles applicable to guarantees and security agreed in conjunction with the Multicurrency Term and Revolving Facilities Agreement, the facilities under the Multicurrency Term and Revolving Facilities Agreement are, or will be, guaranteed and secured by the Company and certain of its subsidiaries.
- (ix) The Multicurrency Term and Revolving Facilities Agreement requires W.A.G. payment solutions, a.s. to ensure that: (i) interest cover (being the ratio of Adjusted EBITDA to finance charges); (ii) net leverage (being the ratio of total net debt to Adjusted EBITDA); and (iii) adjusted net leverage, being the ratio of the adjusted total net debt to Adjusted EBITDA, each comply with certain agreed limits or minimum thresholds, as applicable, in respect of each 12-month period ending on the last day of each financial year date and each half year date. These financial covenants are tested on a half-yearly basis.
- (x) The Multicurrency Term and Revolving Facilities Agreement contains undertakings and representations and warranties by the Company and/or other obligors that are customary for agreements of the same type as the Multicurrency Term and Revolving Facilities Agreement. Certain representations and warranties are repeated at specified dates, including the date any utilisation request is submitted, the date a utilisation is made, on the first day of each interest period of any loan or each date that any transaction security is perfected.
- (xi) The Multicurrency Term and Revolving Facilities Agreement is governed by the laws of England and Wales.

(c) **Acquisition of WebEye**

- (i) Pursuant to a Share Purchase Agreement dated 12 November 2021 (the “**Original Agreement**”), W.A.G. payment solutions, a.s. agreed to acquire 100% of the shares in WebEye Telematics Zrt. (“**WebEye**”) from its shareholders and founders (the “**WebEye Sellers**”).
- (ii) On 16 May 2022, W.A.G. payment solutions, a.s. and WebEye entered into a novation agreement to the Original Agreement (the “**Novation Agreement**”), pursuant to which W.A.G. payment solutions, a.s. acquired: (i) the non-Hungarian subsidiaries of Webeye; and (ii) subject to certain conditions (including clearance from the respective authorities and certain loan repayments), the Hungarian subsidiaries of WebEye for a maximum consideration (including deferred consideration) of €60.6 million.
- (iii) The acquisition consideration was partly paid on completion, with the balance to be paid on a deferred basis within three years from completion of the transaction, part of which is payable upon fulfilment of certain key performance indicators.
- (iv) The WebEye Sellers gave certain warranties to W.A.G. payment solutions, a.s., including, among other things, warranties in respect of WebEye, its business, intellectual property, GDPR, information technology systems and WebEye’s compliance with laws.
- (v) The Novation Agreement contains certain financial and time limitations of the WebEye Sellers’ liability. Their liability is limited to: (a) seven years for the tax warranties under the Novation Agreement; (b) five years for the fundamental warranties under the Novation Agreement; (c) three years for all other warranties under the Novation Agreement; (d) certain minimum claims and maximum liability amounts.
- (vi) The Novation Agreement is governed by Hungarian law and any disputes arising from it are to be settled under the Rules of Arbitration of the Vienna International Arbitration Centre.

(d) **Relationship Agreements**

Details of the Relationship Agreements with each of Martin Vohánka and TA Associates are set out in the prospectus published by Eurowag on 8 October 2021 in connection with its IPO (the “**Eurowag IPO Prospectus**”) (see paragraph 13 (*Documentation Incorporated by Reference*)).

(e) **Acquisition of Sygic**

- (i) Details of the Sygic Share Purchase Agreement (as defined in the Eurowag IPO Prospectus) are set out in the Eurowag IPO Prospectus (see paragraph 13 (*Documentation Incorporated by Reference*)).
- (ii) On 19 December 2022, W.A.G. payment solutions, a.s. entered into an agreement with the minority shareholders of Sygic a.s. (“**Sygic**”), including QQ Capital SE and Pasanote Capital (the “**Sygic Minority Shareholders**”), for the acquisition of the outstanding shares in Sygic which were subject to the Sygic Call Option (as defined in the Eurowag IPO Prospectus), being the remaining 30% of shares in Sygic (the “**Sygic Option Agreement**”).
- (iii) The acquisition pursuant to the Sygic Option Agreement will complete in April 2024 and the total consideration of €14.4 million is payable in April 2024. As Michal Stencl and Jan Sameliak are both Sygic Minority Shareholders and directors of Sygic, the acquisition constitutes a smaller related party transaction for Eurowag under the Listing Rules.

## 8.2 Inelo Group

8.2.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Inelo Group: (i) within the two years immediately preceding the date of this document which are or may be, material or (ii) which contain any provision under which the Inelo Group has any obligation or entitlement which is material to the Inelo Group as at the date of this document:

(a) **Inelo Group Facilities Agreement**

- (i) On 11 December 2017, Burietta sp. z o.o. acting as borrower and guarantor, entered into a facility agreement with mBank S.A., Bank Polska Kasa Opieki S.A and PZU FIZ AN BIS 2, as further amended and restated (the “**Inelo Group Facilities Agreement**”). Subsequently, certain

subsidiaries of the Inelo Group acceded to the Inelo Group Facilities Agreement, Inelo Polska sp. z o.o. as additional borrower and additional guarantor, Napredna Telematika, Storitve d.o.o. as additional guarantor and Marcos BIS sp. z o.o. as additional guarantor.

- (ii) The total aggregate loan amount under the Inelo Group Facilities Agreement is PLN 210 million and the total aggregate amount outstanding as at 31 December 2021 was approximately PLN 173 million.
  - (iii) The Inelo Group Facilities Agreement contains a “change of control” provision, pursuant to which if a change of control occurs and Inelo ceases to be directly or indirectly controlled by ETH and Innova, all borrowed amounts, together with any interest and all other sums that are outstanding pursuant to the Inelo Group Facilities Agreement, will become repayable. The Proposed Acquisition will constitute a “change of control” for such purposes and, as such, the Inelo Group entities that are party to the Inelo Group Facilities Agreement will obtain a pay-off letter from the financing banks setting out the terms of repayment and releasing the collateral. All facilities drawn under the Inelo Group Facilities Agreement will be fully repaid by Inelo on Completion.
  - (iv) The facilities under the Inelo Group Facilities Agreement may be voluntarily prepaid in part or in full with at least 5 days’ notice with a minimum prepayment amount of PLN 1 million. Inelo must pay the lenders a prepayment fee on the date of prepayment of any part of a loan, unless the prepayment is made under circumstances specified in the Inelo Group Facilities Agreement (including the mandatory prepayment due to a change of control event).
  - (v) The Inelo Group Facilities Agreement contains customary financial covenants, which relate to Inelo’s level of consolidated total net borrowings and consolidated earnings, as well as limiting the amount of capital expenditure. Pursuant to the terms of the Inelo Group Facilities Agreement, the borrowers may not, without the written consent of the financing banks (subject to certain customary exceptions):
    - (A) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction;
    - (B) declare, make or pay any dividend, charge, fee or other distribution (or pay interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital; or
    - (C) either in a single transaction or in a series of transactions and whether related or not, dispose of all or any part of its assets.
  - (vi) An event of default that is continuing allows the financing banks to:
    - (A) cancel all commitments;
    - (B) terminate the Inelo Group Facilities Agreement and demand the repayment of all borrowed amounts, together with any interest and all other sums that are outstanding pursuant to the Inelo Group Facilities Agreement.
  - (vii) The Inelo Group Facilities Agreement also contains customary representations and warranties for a facilities agreement of this type including status, binding obligations, non-conflict with other obligations, power and authority, validity and admissibility in evidence, governing law and enforcement. The Inelo Group Facilities Agreement is governed by English law.
- (b) **Acquisition of FireTMS by Inelo**
- (i) On 13 September 2022, Inelo, as purchaser entered into a preliminary share purchase agreement (the “PSPA”) with the shareholders of FireUp Software sp. z o.o. (“FireUp”), being Sebastian Rzytki, Krzysztof Adamczyk, Markus Rzittky and Trans.eu Group S.A. (“Trans.eu”), as sellers.
  - (ii) Following entry into the PSPA, the sellers implemented a demerger of FireUp (the “Demerger”), as a result of which FireUp’s business relating to the creation, development and distribution of transport management systems for carriers and freight forwarders was transferred to FireTMS.com sp. z o.o. (“FireTMS”).
  - (iii) Following completion of the Demerger, which occurred on 1 February 2023 a final share purchase agreement relating to shares in FireTMS (the “FireTMS SPA”) was signed and Inelo acquired 81% of shares in the share capital of FireTMS. After the completion of the

transaction, the shareholders of FireTMS are: (i) Inelo (81%); (ii) Sebastian Rzytki (9.5%); and (iii) Krzysztof Adamczyk (9.5%).

- (iv) The purchase price of approximately €8.3 million for the majority stake in FireTMS was paid in full on completion under the FireTMS SPA (subject to a price adjustment mechanism based on an established net financial indebtedness adjustment formula).
  - (v) The FireTMS SPA contains customary non-compete provisions applicable to certain of the sellers.
  - (vi) In addition, a shareholders' agreement (the "**FireTMS SHA**") between Inelo, as investor, Sebastian Rzytki and Krzysztof Adamczyk as founders (the "**Founders**"), and FireTMS, as the company, was entered into on the completion date.
  - (vii) The Fire TMS SHA contains: (i) call options allowing Inelo to purchase the Founders' shares in FireTMS in the period between 31 March and 31 December 2026; and (ii) put options allowing the Founders to sell Inelo their shares in FireTMS in the period between 30 June and 31 December 2026. The call/put option price will be calculated in accordance with the formula set out in the Fire TMS SHA. The call/put option price is capped at PLN 16 million for each Founder. Starting from 2024, this cap is subject to annual indexation based on the average annual inflation rate for the previous calendar year.
  - (viii) Additionally, there is a separate "emergency put option" for the Founders if a change of control event occurs with respect to Inelo within 12 months after the date of the FireTMS SHA and: (i) the entity acquiring Inelo competes with FireTMS' business activity; or (ii) Inelo breaches the FireTMS SHA within 12 months following the change of control.
  - (ix) The Fire TMS SHA contains a lock-up period clause prohibiting the Founders from transferring or encumbering their shares in FireTMS until 31 March 2026, subject to certain exceptions. Once the lock-up period has lapsed, Inelo has the right of first refusal with regard to the Founders' shares in FireTMS. The FireTMS SHA also provides for tag-along and drag-along rights in the event that Inelo decides to sell its shares in FireTMS.
  - (x) The Fire TMS SHA contains non-compete clauses applicable to the Founders for two years following the Founders' sale of their shares in FireTMS.
- (c) **Acquisition of CVS by Inelo**
- (i) Pursuant to a share sale and purchase agreement dated 26 May 2021 (the "**CVS SPA**"), Burietta sp. z o.o. acquired 89.3% of the shares in CVS for approximately €23.2 million in aggregate. The remaining shares are held by Aleš Likar, Ciril Mlakar and Valter Grilanc, who also hold shares in CVS Mobile (the "**CVS Minority Shareholders**").
  - (ii) Pursuant to the CVS SPA, the parties may agree on another date for closing of the acquisition of the remaining 10.7% of the shares in CVS from September 2023 (for an amount currently estimated at approximately €7.1 million). Inelo is also entitled to specify another date for this closing unilaterally in the event that Innova exits from Inelo (the "**Exit**"). In such case, Inelo is obliged to notify the CVS Minority Shareholders of an acceleration of the date of a newly determined closing for the acquisition of the remaining 10.7% of the shares in CVS at least 15 business days in advance.
  - (iii) Pursuant to a shareholders agreement concluded on 26 May 2021 between the CVS Minority Shareholders, Burietta sp. z o.o., CVS and CVS Mobile relating to CVS and CVS Mobile (the "**CVS SHA**"), Inelo has a call option entitling it to purchase the CVS Minority Shareholders' shares in each of CVS and CVS Mobile on an exit by the CVS Minority Shareholders or on a material breach by them of the CVS SHA. Pursuant to the CVS SHA, Inelo also has a drag along option, under which Inelo has an option to sell and transfer its shares held in the company to a third party (the "**Intended Transferee**") and at the same time require the other CVS shareholders to offer, sell and transfer all of their shares in CVS to the Intended Transferee on the same terms and conditions offered by the Intended Transferee to Inelo. The CVS Minority Shareholders also have a tag along option under the CVS SHA, under which they are entitled to offer, sell and transfer all of their shares in CVS and/or CVS Mobile to the Intended Transferee on the same terms and conditions offered by the Intended Transferee to Inelo.

- (iv) Pursuant to the Acquisition Agreement, the Sellers will also procure that, prior to Completion, Inelo offers to purchase the shares of the remaining minority shareholders in CVS Mobile (amounting to approximately 4.5% of CVS Mobile's issued share capital) pursuant to the CVS SHA which provides that the CVS Minority Shareholders shall exercise their voting rights as CVS shareholders and members of the Management Board of CVS Mobile to take all necessary actions in order to give full effect to such buy-out on the terms proposed by Inelo following an independent valuation.
  - (v) In addition, in accordance with the CVS SPA, Inelo also has the right to acquire the remaining 10.7% of the shares in CVS in September 2023 in accordance with the price formula agreed in the CVS SPA. It is intended such a buy-out will be implemented following the Proposed Acquisition.
- (d) **Acquisition of Marcos by Inelo**
- (i) On 28 May 2020 Burietta sp. z o.o. acquired 198 shares in the share capital of Marcos BIS sp. z o.o. ("**Marcos**"). Subsequently, Inelo increased its stake in Marcos to 60% of the shares in the share capital of the company on the basis of a share purchase agreement concluded on 13 August 2020. On 14 January 2022, Inelo purchased a further 20% of the shares in the share capital of the company, which resulted in it holding 80% of the shares in the share capital of the company. On 1 April 2022 Maciej Wolny, Jacek Mroziński and Burietta sp. z o.o. signed a share purchase agreement concerning the acquisition of the remaining 20% of the shares in the share capital of Marcos, which resulted in Inelo holding all shares in the share capital of Marcos. The total aggregate consideration for Marcos paid by Inelo was approximately €3.1 million.
  - (ii) In addition, on 28 May 2020 Maciej Wolny, Jacek Mroziński, Burietta sp. z o.o. and Marcos entered into a shareholders' agreement relating to the Marcos (the "**Marcos SHA**"). Under the price adjustment mechanism to the acquisition Inelo made a payment in January 2023 in the total amount of approximately €68,000 to Maciej Wolny and Jacek Mroziński, who ceased to be shareholders of Marcos in April 2022.
  - (iii) The Marcos SHA contains certain non-compete and non-solicit obligations on Maciej Wolny, currently serving on Marcos' management board as its president, and Jacek Mroziński.

## **9. Litigation**

### **9.1 The Group**

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and, so far as the Company is aware, no such proceedings are pending or threatened by or against any member of the Group which may have, or have had during the 12 months preceding the date of this document, significant effects on the Company and/or the Group's financial position or profitability.

### **9.2 Inelo Group**

No member of the Inelo Group is or has been involved in any governmental, legal or arbitration proceedings nor, so far as the Company is aware, are any such proceedings pending or threatened by or against any member of the Inelo Group which may have, or have had during the 12 months preceding the date of this document, significant effects on Inelo's and/or the Inelo Group's financial position or profitability.

## **10. Working capital**

The Company is of the opinion that, taking into account the facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

## **11. No significant change**

### **11.1 The Group**

There has been no significant change in either the financial performance or financial position of the Group since 30 June 2022, being the date of the last financial period for which historical financial information of Eurowag has been published.

## 11.2 Inelo Group

There has been no significant change in either the financial performance or financial position of the Inelo Group since 31 December 2021, being the date to which the latest historical financial information of Inelo, as presented in Part 5 (*Historical financial information relating to Inelo and CVS Mobile*), has been prepared.

## 12. Consents

- (a) Jefferies has given and not withdrawn its consent to the inclusion in this document of the references to its name in the form and context in which they are included.
- (b) EY Poland has given and has not withdrawn its written consent to the inclusion in Section B of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) of this document of its report on the consolidated historical financial information for Inelo for the three years ended 31 December 2021, 31 December 2020 and 31 December 2019 in the form and context in which it is included.
- (c) EY Slovenia has given and has not withdrawn its written consent to the inclusion in Section D of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) of this document of its report on the historical financial information for CVS Mobile for the years ended 31 December 2021 and 31 December 2020 in the form and context in which it is included.
- (d) PwC is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and has not withdrawn, its written consent to the inclusion in Section B of Part 6 (*Unaudited Pro Forma Statement of Net Assets relating to the Enlarged Group*) of this document of its report in the form and context in which it is included.

## 13. Documentation Incorporated by Reference

If and to the extent that any document or information incorporated by reference to this document, itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

Information from the following documents has been incorporated by reference:

<u>Information incorporated by reference</u>	<u>Document reference</u>	<u>Page number(s) in this document</u>
<b>Eurowag Annual Report 2021</b> . . . . .	Note 11 (Alternative Performance Measures) on pages 188–191	5
	Note 32 (Related Party Disclosures) on page 221	170
<b>Eurowag Annual Report 2020</b> . . . . .	Note 30 (Related Party Disclosures) on pages 100–101	170
<b>Eurowag Annual Report 2019</b> . . . . .	Note 36 (Related Party Disclosures) on page 115	170
<b>Eurowag unaudited interim financial information for the six months ended 30 June 2022</b> . . . . .	Alternative Performance Measures on pages 30–34	5
	Note 17 (Related Party Disclosures) on pages 39–40	170
<b>Eurowag IPO Prospectus</b> . . . . .	“ <i>Relationship Agreements</i> ” on pages 323–325	172
	“ <i>Acquisition of Sygic</i> ” on pages 329–330	172

## 14. Documents available for inspection

Copies of the following documents may be inspected on Eurowag’s website at <https://investors.eurowag.com/news/inelo-acquisition> up to and including the date of the General Meeting:

- (a) the Articles of Association of the Company;
- (b) the consent letters referred to in paragraph 12 (*Consents*) above;

- (c) the report of EY Poland set out in Section B of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) of this document;
- (d) the report of EY Slovenia set out in Section D of Part 5 (*Historical financial information relating to Inelo and CVS Mobile*) of this document;
- (e) the report of PwC set out in Section B of Part 6 (*Unaudited Pro Forma Statement of Net Assets for the Enlarged Group*) of this document;
- (f) complete copies of each of the documents incorporated by reference into this document pursuant to paragraph 13 (*Documentation Incorporated by Reference*) above; and
- (g) this document and the Form of Proxy.

These documents and the Acquisition Agreement may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at Third Floor (East), Albemarle House, 1 Albemarle Street, London, W1S 4RX, United Kingdom up to and including the date of the General Meeting.

## PART 8

### DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document, unless stated otherwise:

<b>ABAC</b>	anti-bribery and anti-corruption laws
<b>Acquisition Agreement</b>	the agreement between the Sellers and the Purchaser dated 24 October 2022 pursuant to which the Purchaser has agreed to acquire the Inelo Shares on the terms and subject to the conditions thereof, as described in Part 4 ( <i>Summary of the Acquisition Agreement</i> ) of this document
<b>Agent</b>	has the meaning given to it in paragraph 8.1.1(b)(i) of Part 7 ( <i>Additional Information</i> )
<b>APM</b>	alternative performance measure
<b>Articles of Association</b>	the articles of association of the Company
<b>Board</b>	the board of Eurowag comprising the Directors
<b>Borrowers</b>	has the meaning given to it in paragraph 8.1.1(b)(i) of Part 7 ( <i>Additional Information</i> )
<b>CEE</b>	Central and Eastern Europe
<b>Circular</b>	this document
<b>Companies Act 2006</b>	the Companies Act 2006 (as amended)
<b>Company or Eurowag</b>	W.A.G payment solutions plc, a company registered in England and Wales with registered number 13544823 whose registered office is at Third Floor (East), Albemarle House, 1 Albemarle Street, London, W1S 4RX, United Kingdom
<b>Completion</b>	completion of the Proposed Acquisition in accordance with the terms of the Acquisition Agreement
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & International Limited is the operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 / 3755)
<b>CVS</b>	Napredna telematika d.o.o.
<b>CVS Cyber-attack</b>	the cyber-attack effected on the IT network of entities within the CVS Group on 9 September 2022
<b>CVS Group</b>	CVS and its subsidiaries
<b>CVS Minority Shareholders</b>	has the meaning given to it in paragraph 8.2.1(c)(i) of Part 7 ( <i>Additional Information</i> )
<b>CVS Mobile</b>	CVS Mobile d.d.
<b>CVS SHA</b>	has the meaning given to it in paragraph 8.2.1(c)(iii) of Part 7 ( <i>Additional Information</i> )
<b>CVS SPA</b>	has the meaning given to it in paragraph 8.2.1(c)(i) of Part 7 ( <i>Additional Information</i> )
<b>Demerger</b>	has the meaning given to it in paragraph 8.2.1(b)(ii) of Part 7 ( <i>Additional Information</i> )
<b>DFF</b>	digital freight forwarding
<b>Directors</b>	the directors of Eurowag, currently comprising the Directors whose names are set out on page 6

<b>DTRs</b>	the disclosure guidance and transparency rules made by the FCA pursuant to Part 73A of the FSMA
<b>Enlarged Group</b>	the Group following Completion
<b>ESP</b>	Eurowag's employee share plan
<b>ETH</b>	European Telematics Holding SCA
<b>EU</b>	the European Union
<b>Eurowag IPO Prospectus</b>	the prospectus published by Eurowag on 8 October 2021 in connection with its IPO
<b>Executive Directors</b>	the executive directors of the Company
<b>Exit</b>	has the meaning given to it in paragraph 8.2.1(c)(ii) of Part 7 ( <i>Additional Information</i> )
<b>EY Poland</b>	Ernst & Young Audyt Polska sp. z.o.o. sp. k.
<b>EY Slovenia</b>	Ernst & Young d.o.o.
<b>Facility A</b>	has the meaning given to it in paragraph 8.1.1(b)(ii)(A) of Part 7 ( <i>Additional Information</i> )
<b>Facility B</b>	has the meaning given to it in paragraph 8.1.1(b)(ii)(B) of Part 7 ( <i>Additional Information</i> )
<b>FCA</b>	the Financial Conduct Authority or its successor from time to time
<b>FireTMS</b>	FireTMS.com sp. z o.o.
<b>FireTMS SHA</b>	has the meaning given to it in paragraph 8.2.1(b)(vi) of Part 7 ( <i>Additional Information</i> )
<b>Fire TMS SPA</b>	has the meaning given to it in paragraph 8.2.1(b)(iii) of Part 7 ( <i>Additional Information</i> )
<b>FireUp</b>	FireUp Software sp. z o.o.
<b>FMS</b>	fleet management solutions
<b>Form of Proxy</b>	the form of proxy accompanying this document for use by Shareholders in relation to the General Meeting
<b>Founders</b>	has the meaning given to it in paragraph 8.2.1(b)(vi) of Part 7 ( <i>Additional Information</i> )
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>GDPR</b>	the UK General Data Protection Regulation
<b>General Meeting</b>	the general meeting of the Company to be held at Third Floor (East), Albemarle House, 1 Albemarle Street, London, W1S 4HA, United Kingdom at 1.30 p.m. on 9 March 2023 (or any adjournment thereof), notice of which is set out at the end of this document
<b>Group</b>	the Company and its subsidiary undertakings
<b>IFRS</b>	the International Financial Reporting Standards
<b>Inelo</b>	Grupa Inelo S.A., a company incorporated under Polish law with its registered office in Bielsko-Biala, address: ul. Karpacka 24/B13, 43-300 Bielsko-Biala, Poland, entered in the Register of Business Entities of the National Court Register kept by the District Court in Bielsko-Biala, VIII Commercial Division of the National Court Register under KRS No. 0000993714
<b>Inelo Group</b>	Inelo and its subsidiaries
<b>Inelo Group Facilities Agreement</b>	has the meaning given to it in paragraph 8.2.1(a)(i) of Part 7 ( <i>Additional Information</i> )

<b>Inelo Shares</b>	the shares in Inelo to be acquired by the Purchaser from the Sellers pursuant to the Proposed Acquisition, being the entire issued share capital of Inelo
<b>Innova</b>	Innova/6 SCA SICAV-RAIF
<b>Intended Transferee</b>	has the meaning given to it in paragraph 8.2.1(c)(iii) of Part 7 ( <i>Additional Information</i> )
<b>IPO</b>	the initial public offering of Eurowag in October 2021
<b>IT</b>	information technology
<b>Jefferies</b>	Jefferies International Limited
<b>Latest Practicable Date</b>	15 February 2023, being the latest practicable date before publication of this document
<b>Listing Rules</b>	the rules and regulations made by the FCA in its capacity as the UK Listing Authority under the FSMA, and contained in the UK Listing Authority's publication of the same name
<b>London Stock Exchange</b>	the regulated market operated by London Stock Exchange plc or its successor
<b>Long Stop Date</b>	24 March 2023
<b>Marcos</b>	Marcos BIS sp. z.o.o.
<b>Marcos SHA</b>	has the meaning given to it in paragraph 8.2.1(d)(ii) of Part 7 ( <i>Additional Information</i> )
<b>Minority Sellers</b>	together, Jakub Gieruszczak, Mirosław Stocierz, Bartosz Najman, Marcin Siech and Magdalena Magnuszewska
<b>Multicurrency Term and Revolving Facilities Agreement</b>	has the meaning given to it in paragraph 8.1.1(b) of Part 7 ( <i>Additional Information</i> )
<b>NATO</b>	North Atlantic Treaty Organization
<b>Notice of General Meeting</b>	the notice of the General Meeting which is set out at the end of this document
<b>Notifiable Interest</b>	an interest of 3% or more in the issued ordinary share capital of the Company
<b>Novation Agreement</b>	has the meaning given to it in paragraph 8.1.1(c)(ii) of Part 7 ( <i>Additional Information</i> )
<b>Ordinary Shares</b>	the ordinary shares of one penny each in the capital of the Company
<b>Original Agreement</b>	has the meaning given to it in paragraph 8.1.1(c)(i) of Part 7 ( <i>Additional Information</i> )
<b>Overseas Shareholders</b>	Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
<b>Polish GAAP</b>	generally accepted accounting principles in Poland
<b>Proposed Acquisition</b>	the proposed acquisition of the Inelo Shares by the Purchaser pursuant to the Acquisition Agreement
<b>PSP</b>	Eurowag's performance share plan
<b>PSPA</b>	has the meaning given to it in paragraph 8.2.1(b)(i) of Part 7 ( <i>Additional Information</i> )
<b>Purchaser</b>	W.A.G. payment solutions, a.s., a company incorporated under the laws of Czech Republic, with its registered office in Prague, Id. No.: 264 15 623, address: Na Vítězné pláni 1719/4, postal code 14000, Prague 4, Czech Republic, a company registered in the Commercial Register maintained by the Municipal court in Prague, file no. B 6882
<b>PwC</b>	PricewaterhouseCoopers LLP

<b>Q4 Trading Update</b>	the trading update for the twelve months ended 31 December 2022 released by Eurowag on 19 January 2023
<b>Regulatory Information Service</b>	any of the services authorised by the FCA from time to time for the purpose of disseminating regulatory announcements
<b>Resolution</b>	the ordinary resolution to approve the Proposed Acquisition as set out in the notice of General Meeting
<b>Revolving Credit Facility</b>	has the meaning given to it in paragraph 8.1.1(b)(ii)(C) of Part 7 ( <i>Additional Information</i> )
<b>Security Agent</b>	has the meaning given to it in paragraph 8.1.1(b)(i) of Part 7 ( <i>Additional Information</i> )
<b>Sellers</b>	together, Innova, ETH and the Minority Sellers
<b>Slovenian GAAP</b>	generally accepted accounting principles in Slovenia
<b>SMEs</b>	small and medium-sized enterprises
<b>Shareholders</b>	the holders of the Ordinary Shares
<b>Sygie</b>	Sygie a.s.
<b>Sygie Minority Shareholders</b>	has the meaning given to it in paragraph 8.1.1(e)(ii) of Part 7 ( <i>Additional Information</i> )
<b>Sygie Option Agreement</b>	has the meaning given to it in paragraph 8.1.1(e)(ii) of Part 7 ( <i>Additional Information</i> )
<b>TA Associates</b>	TA Associates (UK), LLP
<b>TMS</b>	transport management software
<b>Trans.eu</b>	Trans.eu Group S.A.
<b>UK or United Kingdom</b>	United Kingdom of Great Britain and Northern Island
<b>UKBA</b>	United Kingdom Bribery Act 2010
<b>WebEye</b>	WebEye Telematics Zrt.
<b>WebEye Sellers</b>	has the meaning given to it in paragraph 8.1.1(c)(i) of Part 7 ( <i>Additional Information</i> )
<b>WTM</b>	work time management

All times referred to are London times unless otherwise stated.

All references to legislation in this document are to the legislation of England and Wales unless otherwise stated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

# EW EUROWAG

## W.A.G PAYMENT SOLUTIONS PLC

*(incorporated in England and Wales under the Companies Act 2006 with registered number 13544823)*

### NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of W.A.G PAYMENT SOLUTIONS PLC (the “**Company**”) will be held at Third Floor (East), Albemarle House, 1 Albemarle Street, London, W1S 4HA, United Kingdom at 1.30 p.m. on 9 March 2023 to consider and, if thought fit, pass the following resolution, which will be proposed as an ordinary resolution.

### ORDINARY RESOLUTION

THAT the proposed acquisition of Grupa Inelo S.A. (the “**Proposed Acquisition**”), on the terms set out in the Acquisition Agreement (as defined in the circular to shareholders dated 20 February 2023 (the “**Circular**”)), be and is hereby approved and the Directors (or a committee of the Directors) be and are hereby authorised to waive, amend, vary or extend any of the terms of the Acquisition Agreement and to do all such things as they may consider in their sole discretion to be necessary or desirable to implement and give effect to, or otherwise in connection with, the Proposed Acquisition and any matters incidental to the Proposed Acquisition.

By order of the Board,

David Orr

**On behalf of Computershare Company Secretarial Services Limited**

*Company Secretary*

20 February 2023

Registered office:

Third Floor (East)  
Albemarle House  
1 Albemarle Street  
London  
W1S 4HS  
United Kingdom

Registered in England and Wales No. 13544823

## Notes

1. Only those holders of Ordinary Shares registered on the Company's register of members at 6.00 p.m. on 7 March 2023 or, if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to vote at the meeting.
2. Members ("you") are entitled to vote at the meeting (in accordance with note 1 above) are entitled to appoint a proxy to vote in their place. If you wish to appoint a proxy please use the Form of Proxy or follow the instructions at note 6 below if you wish to appoint a proxy through the CREST electronic proxy appointment service. In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding. The completion and return of the Form of Proxy will not stop you attending and voting in person at the meeting should you wish to do so. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you choose to appoint multiple proxies use a separate copy of this form (which you may photocopy) for each proxy, and indicate after the proxy's name the number of shares in relation to which they are authorised to act (which, in aggregate, should not exceed the number of Ordinary Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope. Additional forms may be obtained by contacting the Company's registrars, Computershare Investor Services PLC helpline on 0370 703 0032. Shareholders can access their information at <http://www.investorcentre.co.uk/>.
3. You can appoint the Chair of the Meeting, or any other person. If you wish to appoint someone other than the Chair, cross out the words "the Chair of the Meeting" on the Form of Proxy and insert the full name of your appointee.
4. You can instruct your proxy how to vote on each resolution by marking the resolutions For and Against using the voting methods stated in notes 5 and 6. If you wish to abstain from voting on any resolution please mark these resolutions withheld. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution. If you do not indicate how your proxy should vote, he/she can exercise his/her discretion as to whether, and if how so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the meeting. A company incorporated in England and Wales or Northern Ireland should execute the Form of Proxy under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Form of Proxy.
5. You can vote either: (i) by logging on to [www.eproxyappointment.com](http://www.eproxyappointment.com) and following the instructions. Shareholders will need their shareholder reference number, PIN and control number to submit a proxy vote this way (which will be provided via email or on their paper form of proxy); (ii) you may request a hard copy form of proxy directly from the registrars, Computershare Investor Services PLC on Tel: 0370 703 0032; or (iii) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below. To be valid, a form of proxy should be lodged with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received not later than 48 hours before the time appointed for the meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to <https://www.proxymity.io/>. Your proxy must be lodged by 1.30 p.m. on 7 March 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s),

should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company’s agent (ID: 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy’s appointee through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be lodged at 1.30 p.m. on 7 March 2023 in respect of the meeting. Any such messages received before such time will be deemed to have been received at such time. In the case of an adjournment, all messages must be lodged with Computershare Investor Services PLC no later than 48 hours before the rescheduled meeting.

7. In order to revoke a proxy instruction you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an officer or attorney whose power of attorney or other authority should be included with the revocation notice. If you attempt to revoke your proxy appointment but the revocation is received after the time specified in note 1 above then, subject to the paragraph directly below, your proxy will remain valid. If you submit more than one valid proxy appointment in respect of the same Ordinary Shares, the appointment received last before the latest time for receipt of proxies will take precedence.
8. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights: (i) you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the meeting; (ii) if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; (iii) your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in the notes to the form of proxy.
9. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless: (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

10. A corporation that is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that they do not do so in relation to the same shares.
11. As at the date of this Notice, the total number of shares in issue is 688,911,333 ordinary shares of 1 penny each. The total number of Ordinary Shares with voting rights is 688,911,333. On a poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Share held by him.
12. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted): (i) calling Computershare Investor Services PLC shareholder helpline: 0370 703 0032; (ii) in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. You may not use any electronic address provided either in this notice of meeting or in any related documents (including the Form of Proxy for this meeting) to communicate with the Company for any purposes other than those expressly stated.

