motor fuel group

CD&R Firefly Holdco Limited

REPORT AND FINANCIAL STATEMENTS

Year to 31 December 2021

Company 09548683

Company Information

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Contents

Group Overview

CD&R Firefly Holdco Limited is the UK holding company of the companies comprising Motor Fuel Group.

Welcome to Motor Fuel Group

MFG is the largest independent forecourt operator in the UK with over 900 stations operating under the BP, Shell, Esso, Texaco, JET and Murco fuel brands and the MFG EV Power brand.

Contents

Motor Fuel Group (MFG) is the largest independent forecourt operator in the UK and Channel Islands by number of sites with 926 operational sites at the end of the year (925 forecourts and one convenience store). MFG operates under six of the major oil company brands, as well as its own MFG EV Power brand and partners with a large number of nationally and internationally recognised retail and fast-food brands. In a year again impacted by the Covid 19 pandemic MFG has performed strongly and the business has demonstrated its resilience in the face of a continuing global crisis. Throughout the business, it has brought out the best in the workforce who have worked tirelessly to ensure that every operating station remained open throughout the year.

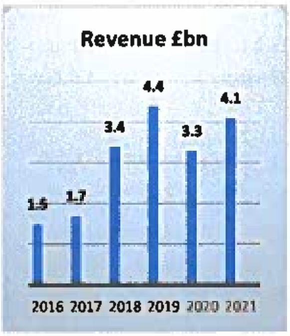
Continued outstanding operating performance, a healthy balance sheet with a strong capital, funding and liquidity position, a continued drive towards the development of the network, and a strong commitment to continuing the development of a sustainable electric infrastructure leave MFG well placed for the year ahead.

Strategic Report for the year ended 31 December 2021

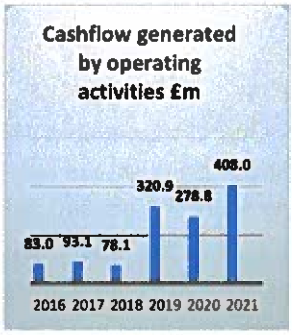
The directors present their Strategic Report for CD&R Firefly Holdco Limited **(the 'Company')** and its subsidiaries, **(the 'Group')** together with the Group financial statements, for the year ended 31 December 2021.

Group Highlights

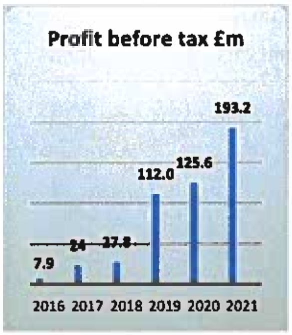
The economic environment at the start of 2021 remained highly uncertain, with the UK entering a national lockdown in January 2021. The Covid 19 pandemic and the subsequent Government restrictions again had an impact during the first few months of the year limiting the miles driven by consumers but also cementing a change in behaviour that had begun during the first phase of the pandemic. However, while fuel volumes remained well below pre-pandemic levels, the directors are pleased to report that the Group's array of essential and diverse offerings underpinned a strong performance throughout the year.

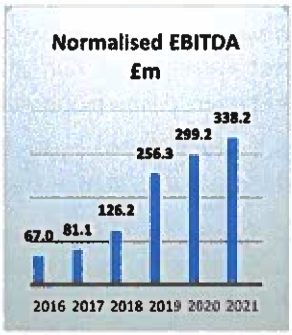


Reported profit before tax for the year is up 53.8% to £193.2m on revenues of £4,116.3m. Reported operating profit increased by 16.0% to £289.0m. Normalised EBITDA is up 13.1% to £338.2m. The Group generated cash from operating activities of £408.0m (2020: £278.8m) This was largely due to the increased profitability of the business but also due to strong working capital management throughout the year.



Trading revenues in the first two months of the year were impacted by a fall in the fuel volume sold as a consequence of the Government lockdown measures which again saw a decline in people travelling. The volumes in January and February were very significantly below both the prior year and expectation. However, from March onwards the volumes recovered steadily as the country began to return to normality. The non-fuel retail shop sales showed strong single digit growth against the prior year and Valeting, Costa Express and Food to Go ("FTG") enjoyed strong double digit growth reflecting the changing consumer habits towards local convenience retail. Early in 2021 the Group opened its first EV Ultra rapid charging hub in Newington (East London) and nineteen more followed across the country over the course of the year. Utilisation at these hubs has consistently exceeded initial targets and continues to grow. MFG has committed to significant ongoing investment in building out further charging hubs. The Group's overall cost base is predominantly variable and careful cost management underpinned the performance of the business in the year and continued to prove the overall resilience of the business model.





Strategic Report for the year ended 31 December 2021 *(continued)*

Group Highlights *(continued)*

A total of 232 development projects were completed in 2021, including 51 more substantial developments in addition to the ongoing programme of 'refit and refresh', which spearheads MFG's drive for continuous improvement.

The fuel market is changing and whilst the shift towards alternative solutions is still in its infancy, the direction of travel towards electric vehicles ("EV") continued in 2021 as electric vehicle sales were higher than most industry forecasts, partly due to higher disposable income following the consumer cash build during the covid lockdowns and changing attitudes towards a more sustainable future. MFG anticipated and embraced this shift and in 2021 committed to investing at least £400m in ultra rapid EV hubs by 2030. MFG aims to be the first-choice refuelling option regardless of the energy source.

Our Crow Orchard station near Wigan won the Best Alternative Fuels Outlet Award and our Dunball station won the Best Design and Development Award at the 2021 Forecourt Trader Awards. During the year the Group accelerated its EV charging roll out, opening 20 MFG-branded high-speed electric vehicle charger hubs (an MFG hub being a zone with multiple bays of ultra-rapid EV chargers, all providing charging power of 150Kwh to 350Kwh), complementing our other services on those sites. This programme will continue at pace as the implementation of an MFG-branded EV infrastructure around the country is an integral pillar of the Group's growth strategy and will become an increasingly significant component of the business in future years.

In January 2021 MFG purchased seven operational stations and nine New to Industry ("NTI") sites from BP. Six of the operating stations are in Scotland and one is in Surrey. The NTI sites are spread throughout England and Scotland.

In May 2021 MFG became the first operator globally to open a Pret a Manger forecourt site at its Southgate station. A second Pret opened later in the year and more will follow in 2022.

In June 2021 MFG acquired a network of six operational petrol stations in the South of England.

In August 2021, MFG opened its first electric vehicle only forecourt in the North West of England, at its Stretford branch in Manchester. This type of site will become more common through MFG's dual fuel strategy to serve electric vehicle customers as part of its emergence as a major charge point operator in the UK.

Strategic Report for the year ended 31 December 2021 *(continued)*

Group Highlights *(continued)*

In October 2021 MFG opened its visionary flagship dual fuel station in Putney, along with convenience store, Costa Coffee cafe and valeting offerings. As part of the rebuild, MFG has developed 1,500 sq ft of retail space to offer the local community high quality, convenience retail and EV drivers a relaxing and comforting environment in which to dwell.

William Bannister, CEO, MFG, said:

"This is an important site for us as we see Putney as the industry-leading blueprint for the future of UK forecourts to achieve a practical transition from fossil fuels to electrically powered vehicles. It's part of MFG's dual fuel strategy – placing equal importance on electricity as a fuel source, compared to fossil fuel, providing motorists confidence that they will always be able to rely on MFG to keep them mobile.

The concept is modern in design and provides a high quality retail and consumer experience for the community and for motorists to use whilst charging their vehicles, including state of the art valeting facilities.

This is just another example of MFG continuing to deliver on our £400 million investment plan to support the transition to more sustainable transport future across the UK."

In June 2021 MFG finalised a refinancing exercise extending the group's term debt by £323m.

After voluntarily repaying 2020 rates relief, and then paying a dividend of £367m, the Group entered 2022 with £474.1m of liquidity available, providing a sustainable and robust platform with the capability for continuing investment in the development and growth of the network. The Group remains well placed to confront the challenges arising and thrive in the post-pandemic environment.

Strategic Report for the year ended 31 December 2021

(continued)

Group Highlights *(continued)*

Ongoing Covid 19 impact

The Covid 19 pandemic has created challenges not experienced in living memory but MFG's business model has demonstrated its strength and resilience. Throughout the pandemic all MFG sites remained open. The Group was designated an 'essential business' and MFG stations became key destinations in the areas they serve, providing vital fuel and groceries to the local communities and key workers that relied upon them.

Paramount to the Group's decision making, throughout the course of the pandemic, has been the health and safety of the workforce, both MFG's employees and those of the Franchise Managers, and of our customers, ensuring that all who visited the sites remained safe and healthy. In the early stages of the pandemic the sites were quickly made Covid secure with all necessary PPE, sneeze screens and hand sanitising gel provided as soon as possible. At all times Government guidelines around social distancing and mask wearing have been fully implemented.

MFG supported its franchisee community fully throughout the course of the pandemic, by providing help both financially, where it was required, and operationally. MFG continued to visit the sites, usually at least weekly, through our professional field staff. They were able to assist the franchisees to ensure the sites continued to operate safely, effectively and in line with the changing Government guidelines.

From the outset MFG has supported the Government's 'Stay at Home' message, with the majority of office-based staff working remotely during the lockdown periods. All staff were provided with the necessary equipment to be able to do their jobs from home and the business operation continued seamlessly throughout.

Significant work was undertaken at the Head office, making it Covid-secure and, once employees were able to return, the office space was expanded and reorganised to ensure social distancing was possible at all times, with employees attending on a rota basis.

Employees, whether field or Head office based have been supported throughout as the Group has remained conscious that mental wellbeing is as important as physical health. Numerous initiatives were instigated to ensure that the workforce remains healthy, engaged, and motivated.

The Group has taken care to financially support all employees through the pandemic. Where any employee was required to self-isolate they were able to do so on full pay.

Strategic Report for the year ended 31 December 2021 *(continued)*

Ongoing Covid 19 impact *(continued)*

From a business perspective the Group continued to trade well as the country worked to establish a new normality through the pandemic. Fuel sales were generally in line with the expectations of the new normal as consumer habits and trends continued to develop through the pandemic. The Group achieved a healthy fuel margin throughout the year while the shops at the forecourts benefitted as their strong emphasis on convenience was rewarded by continued support from those in the local communities, many of whom changed their shopping patterns either by design or necessity.

The Group benefits from owning the freeholds for the majority of its portfolio. The Contract Manager arrangement, by definition, means the fixed cost base of the business is low with the vast majority of costs being variable in nature. These factors leave MFG exceptionally well placed amongst its competitors and has proved the resilience of the business model. Furthermore, the liquidity position of the business is protected as the majority of capital expenditure is discretionary and across a wide range of sites, such that the activity level in the overall programme can be flexed at short notice.

Competition and Markets Authority

Following the announcement of the acquisition of Morrisons by CD&R, MFG's majority shareholder, the Competition and Markets Authority ("CMA") announced on 26th October 2021 that it was launching an investigation into the transaction. MFG and Morrisons have been served initial orders as a consequence of the fact that the two businesses have a shared owner. These restrict the ability of MFG to acquire further sites and will be in place until the completion of the regulatory review.

Strategic alternatives

In order to pursue the Group's growth strategy the Directors have acknowledged that it may be appropriate for there to be a change in the ownership structure of the Group and strategic alternatives are being explored with interested parties.

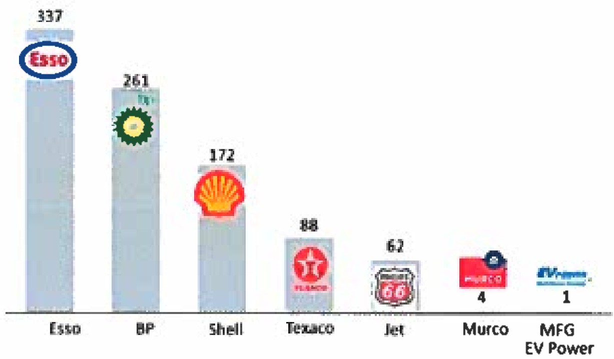
Business purpose and objectives

MFG's purpose is to provide its customers with an attractive and competitive forecourt offering, comprising top fuel brands along with high quality convenience stores, Food to Go (FTG), EV fast-charging, car valeting and other services supporting the consumer on the move, both in the local communities and on the major trunk roads. Continuing investment is made in the network to upgrade facilities and amenities to meet the vision of providing both an exceptional customer experience, and to play a key role as an integral part of the UK travel infrastructure.

Strategic Report for the year ended 31 December 2021 *(continued)*

Business purpose and objectives *(continued)*

Fuel Forecourts by Brand



Superior forecourt offerings are supported by strong partnerships with high quality brands. MFG has fostered strong and collaborative relationships with the major fuel companies and is perceived to be the partner of choice in the UK. MFG EV Power hubs are being established on existing forecourts; as yet Stretford is the only standalone MFG EV Power site.

Petrol and EV forecourts are increasingly prime locations for retail and food to go offerings; MFG partners with a number of nationally, and internationally, recognised brands, such as Londis, Budgens, Subway, Costa, Greggs, Starbucks and Pret, all of which provide enhanced value and add to the overall customer experience. The partnership with Pret was new in the year and the first two units launched successfully. A trend that was developing pre lockdown, and then subsequently accelerated, was for forecourts to act as home delivery hubs. Uber Eats, Just Eat and Deliveroo are now widely integrated with our retail network with 675 sites facilitating grocery and FTG delivery services by year end. Uber Eats accounts for 28% of FTG sales and more than 6% of overall retail sales from the Group's network.

During the last few years MFG has grown significantly through a combination of organic growth and a number of acquisitions. MFG acquired 7 operational stations and 9 NTI sites from BP in January 2021 and 6 high volume sites in the South of England in June 2021. Acquiring networks and individual stations remains a key part of the MFG growth strategy. MFG is also developing NTI sites and is building a strong pipeline of development opportunities. A key part of the opportunity evaluation process is the suitability of a site for an EV hub installation.

Going forward the Group seeks to maximise the scale benefits of the portfolio and to drive the diversification

of the forecourt further through continued refinement and development of the FTG, EV and retail offerings. Tied into this strategy is our ambition to build a carbon-neutral EV fuel offering so that our forecourts countrywide remain an essential part of the UK infrastructure, whatever the particular fuel requirement of the motorist. Continuous improvement at every level is an important theme for the Group and it underpins all decision making.

Strategic Report for the year ended 31 December 2021

(continued)

MFG Strategy

The Group's strategic goal continues to be to develop the business into the most dynamic and profitable independent forecourt operator in the UK. It is already the largest independent forecourt operator, an essential service, a core part of UK infrastructure and one of the largest retailers by number of stores. Through this scale and network maturity MFG is able to drive growth out of free cash flow. It is MFG's obligation to do this in a sustainable and responsible fashion, underpinned by our drive to support the transition to a more sustainable transport future.

To achieve this there are four highly integrated key strategic pillars - Fuel, EV Charging, Retail Estate development and Valeting. In addition to this organic growth, once the CMA review is completed, the Group expects to resume its site acquisition strategy.

Dual fuel strategy

Over the coming decades, MFG will operate a dual fuel strategy – supporting our customers on the road to transition. MFG will continue to provide existing petrol and diesel facilities whilst rolling out EV fast-charging hubs.

Petrol and diesel strategy

Petrol and diesel will be required by consumers for many years to come, and MFG is well placed to continue to service this demand both in urban locations and on the major trunk roads. This core infrastructure requirement remains the anchor for the Group, around which the complementary services, retail, fast food etc are developed. Many years of experience and a well-developed network allow the Group to continue to provide an exceptional service to the local communities and motorists on the move that it supports.

The Group continues in its endeavours to further generate efficiencies in the delivery of traditional road fuels, optimise the working capital involved and strive to improve the contribution from these income streams, always mindful of the need to do so in a safe and environmentally protective fashion.

Strategic Report for the year ended 31 December 2021 *(continued)*

MFG Strategy *(continued)*

Electric Vehicle (EV) charging strategy

MFG is the main independent UK Fuel and Retail infrastructure business of significant scale specialising in both urban and key trunk route locations and as such is uniquely placed to be at the forefront of the EV charging market as it evolves. Due to the size and geographic spread of the network the Group is playing a key role in supporting the UK EV infrastructure development as the UK moves towards the Government's commitment to prohibit the sale of new petrol-only and diesel-only cars and light vans in 2030. MFG has considered the likely future EV charging landscape and has initially targeted the 'On Route' segment. This segment will focus on the 'top-up' rapid charging requirements of drivers and is expected to provide the majority of charging points in the short term as such infrastructure is scarce elsewhere. By year end 2021 MFG had installed the second largest network of ultra rapid chargers in the UK.

In support of Government policy this investment in the 'on route' segment will provide the critical infrastructure required by the circa 60% of UK households that do not have off road parking and therefore, do not have the ability to reliably charge their vehicles at home. To meet this anticipated demand MFG is planning to open a further 60 Charging Hubs around the network in 2022 and will continue developing additional installations into the future. MFG has committed to investing £400m in EV charging infrastructure over the next ten years using free cash flow generated from its traditional business, thus supporting the Government's policy of transitioning to a clean infrastructure model.

Reliability is a key measure of success in this sector as motorists need to have confidence that the chargers are operational when they need them to be. To that end, MFG was pleased to have been voted number two in Zap Map's annual public charging network satisfaction rankings in 2021.

MFG has been leading the move to forecourt charging and has already installed over 100 ultra-rapid EV chargers at our sites, believed to be the highest rate of rollout in the independent sector. Whilst it is projected that approximately 80% of the UK car fleet will still require fossil fuel in 2030, the increase in purchase of electric cars in 2021 has been beyond expectation and it is forecast that significant acceleration in EV adoption will occur from 2025 onwards. It is also apparent that EV adoption will occur at different rates in different parts of the country. Adoption in major urban areas, especially in London, will be significantly faster than remote rural areas. MFG's strategy will target these major conurbations and, by pushing ahead with our major EV development program now, the Group will be strongly positioned once EV penetration really speeds up in the latter half of the decade.

Strategic Report for the year ended 31 December 2021 *(continued)*

MFG Strategy *(continued)*

Electric Vehicle (EV) charging strategy *(continued)*

The MFG EV strategy is focused on providing a fully owned network of ultra-rapid charging hubs. Significant investment will ensure the sites are industry-leading travel retail destinations with a wide convenience store offer and strong FTG partnerships. As the UK fuel mix transitions from fossil fuels to EV, MFG will be able to meet demand for both energy sources.

The EV strategy has incorporated a new branding exercise. MFG's EV hubs are branded MFG EV Power, the first of which was launched in February 2021. This service will be accompanied by a mobile App which enables the user to find MFG charge points, see real time availability, price and charge session history, as well as for digital payment.

Whilst MFG has a strong natural advantage in the 'On Route' segment there are other market segments where MFG could effectively compete. As the EV charging business continues to develop MFG will be looking for opportunities to develop new and alternative opportunities with the aim of providing high quality charging facilities wherever the consumer demand exists. MFG is already rolling out its first off-network EV charging facilities, in partnership with LondonMetric Property Plc.

The partnership will help MFG EV Power gain increased brand awareness, whereas LondonMetric will benefit from a zero-capex solution, additional rental income, new on-site facilities and, at the same time, demonstrate its growing support for a cleaner, greener environment. The hubs will offer motorists 100 miles range in approximately 10 minutes, subject to the charging capability of individual car batteries.

William Bannister, CEO, MFG, said:
"We have already invested significantly and ahead of the curve on EV charging across our own forecourt network. Our intention is to continue to grow and develop a market-leading dual fuel strategy on our forecourts and, at the same time, work with leading real estate owners like LondonMetric to meet the inevitable demand for easy access EV charging from the motorist."

Strategic Report for the year ended 31 December 2021 *(continued)*

MFG Strategy *(continued)*

Expanding the retail offering

MFG continues to drive its growing non-fuel revenue streams. The Group continues in its long term partnership with Booker Retail Partners to provide the best possible customer experience at our Budgens and Londis branded stores. The retail shop sales achieved strong single digit growth over the last year. This remains a key element of the ongoing strategy, providing both diversification of income and greater profit generation as the site contribution is enhanced by the stronger retail offering. To facilitate this a development programme is constantly running, both improving and often enlarging the on-site facilities. These developments add more FTG outlets, an enhanced shopping experience and additional scope for offering other non-fuel services. As part of the development programme, 23 new FTG restaurants were added in 2021. Additionally, other site enhancement opportunities are identified and pursued; the Group has an active drive thru program providing the facilities for a number of globally recognised drive thru operators.

The Group is one of the largest retailers by number of stores in the UK and this scale provides significant opportunity for continued development with our partner brands, providing high quality facilities for its customers.

It remains the key objective of the Group to make all visits to an MFG forecourt as pleasurable as possible. The Group aims to provide customers with high levels of service, an exceptional product range, competitively priced fuels, and a convenient and competitive shopping experience. The various elements of the development strategy, be they expansion, knock-down-rebuilds or 'refit and refresh' are designed to meet this key objective.

Valeting strategy

The MFG valet offer is an important ancillary service to the motorist and valet is regarded as being one of the Group's key strategic services for growth. In 2021, Valeting achieved strong double digit growth. MFG has invested heavily in this area and will continue to do so. Reliably operating facilities that are competitively priced, utilising the latest technology are key considerations when consumers are selecting a forecourt to visit. As many locations as possible are equipped with the full range of valet facilities and the Group will continue to add, and improve, rollover washes, jet wash bays, vacuums and airlines to the sites where facilities do not exist and demand from the consumer is present.

Strategic Report for the year ended 31 December 2021 *(continued)*

MFG Strategy *(continued)*

Valeting strategy (continued)

The Group operates using environmental best practice at all times, using energy efficient equipment, carefully disposing of waste and running a regular pollution monitoring system.

Valeting is also an important area for promotional activity and the Group continues to initiate attractive promotions and competitive pricing policies to support this important revenue stream and to add to the overall appeal of the forecourt.

Acquisition strategy

The Group continues to look for growth opportunities, both through the acquisition of quality sites and networks that are complementary additions to the network. A long pipeline of both exists and opportunities are continually evaluated with suitable targets identified.

Using a tried and tested methodology the Group is able to bring a market leading approach to running acquired sites and that, combined with its economies of scale and ongoing business relationships, mean new acquisitions are cash flow generative and profit accretive as soon as they come on stream.

In addition to purchasing active forecourts, the Group is developing NTI sites and is actively building a portfolio of suitable plots that can be built specifically to target the needs of their particular local communities. In early 2021 the Group completed the purchase of nine NTI sites as part of this program.

Strategic Report for the year ended 31 December 2021

(continued)

Business Models

Company Owned Franchise Operated Model (COFO)

Motor Fuel Limited (MFL) is the main trading entity in the Motor Fuel Group. It operates a long established and successful franchise model in which the company owns the real estate and operates the fuel sales and EV charging business whilst the franchisee operates and manages the onsite retail activity. This business model enables the franchisee to develop and grow the business and share in the success of the partnership. The motivation provided through this collaboration enables a profitable, flexible and adaptable approach best suited to the large majority of our sites.

There were 897 forecourts and one standalone shop operating under this business model at year end. MFG invests heavily in the network to develop the customer experience and provide attractive destinations for both fuel and retail customers. MFG's strong relationships with its partners allow the Group to develop the appropriate offering for each site and put the Group in prime position to benefit from UK consumers' evolving purchasing habits, towards an ever more convenience-supported lifestyle. These forecourts are an essential part of the UK infrastructure as demonstrated by the Covid 19 pandemic, during which the model demonstrated its resilience to the different and evolving operating environment.

MFG Brand Partners

Petrol and diesel sales remain the cornerstone of the business and MFL's network is a significant part of the infrastructure of the UK mainland, and on Jersey. During 2021 we sold almost 2.7bn litres into the retail market, an increase on 2020 but volumes in both years were still lower than the pre pandemic year in 2019.

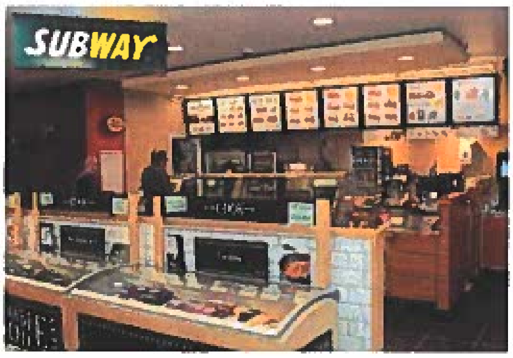
Strategic Report for the year ended 31 December 2021 *(continued)*

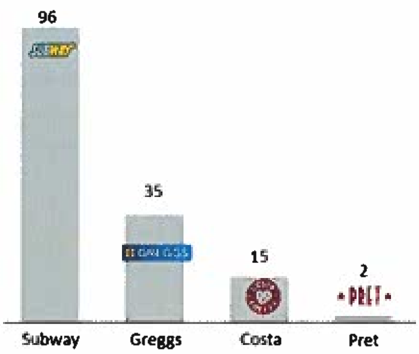
Business Model *(continued)*

Company Owned Franchise Operated Model (COFO) *(continued)*

MFG has invested heavily in the non-fuel aspects of the forecourts. The UK market continues to move towards convenience, the trend being for consumers undertaking more frequent, and more focused, shopping trips. This change is expected to continue as consumer trends and behaviours have developed and have become habitual. MFG is ideally placed to serve this expanding convenience demand with its nationwide network of nationally recognised brands, Londis and Budgens. MFG continues to invest in the network of stores and there is a substantial ongoing programme of redevelopment and improvement. In total 232 development projects were completed in 2021.

Food to Go is also a market that is expanding, again this trend is driven by the convenience factor as consumers look to purchase ready prepared food to fit in with their busy lifestyles. The MFG forecourt network is well suited to provide FTG outlets and it is an area MFG is continuing to develop. Internationally recognised brands partner with MFG and these fast food and coffee providers have proved to be a successful encouragement to increasing footfall. During the year MFG opened 23 new FTG sites bringing the total number of outlets to 147. MFG is continuing to refine the network by establishing the optimal FTG offerings for each location. The FTG business also benefited from the successful operation of the delivery services provided by Uber Eats and Just Eat. Whilst this trend began during the period of the first lockdown in 2020 it has continued and become normalised as consumer purchasing habits evolve. The last week of the financial year was record breaking with regards to Uber Eats sales and we anticipate continued growth throughout 2022. MFG are pleased to have agreed a contract with Burger King UK in early 2022 and look forward to a continuing successful partnership with them. Establishing new partnerships is an important part of the development of the MFG network and the Group will continue to look for opportunities with the right partners at the right location.





Number of Food to Go outlets by brand at 31st December 2021

Strategic Report for the year ended 31 December 2021 *(continued)*

Business Model *(continued)*

Company Owned Franchise Operated Model (COFO) *(continued)*

In addition to FTG the sites are also strongly positioned to accommodate the 'last mile' delivery service and the majority of the forecourts support the boxes and lockers used by delivery companies to deposit products and parcels ready for pick up. In keeping with other convenience arrangements this is a growing part of the non-fuel revenue stream and is expected to continue to be so as consumer behaviours change for good.

Company Owned Company Operated Model (COCO)

MFG's fully owned subsidiary , Peregrine Retail Limited, trades under the COCO model at 23 sites where the Group owns and operates both the fuel and the onsite retail activity. All staff are employed by the company. In these sites too the Group leverages its relationships with nationally and internationally recognised brands to provide attractive and compelling retail destinations to the consumer.

This business model typically supports the larger fuel stations and is a key growth focus for the Group. These sites are typically regarded as being centres of excellence and allow the Group to develop and improve the retail offer specific to the communities they serve.

During 2021 the Company grew this network by 50%, including 5 sites in the South East of England as part of an acquisition. These sites fitted the COCO model and were converted to the COCO model as soon as the acquisition completed. As part of the ongoing investment program, other sites will be specifically targeted that fit with this business model.

Dunball, our Peregrine station in Bridgewater won the 'Best Design and Development Award' at the prestigious 2021 Forecourt Trader Awards. Opened in June 2020 as a COCO site, the team has built up a strong and growing customer base for the site's extensive products and services and attractive shopping environment.

Strategic Report for the year ended 31 December 2021

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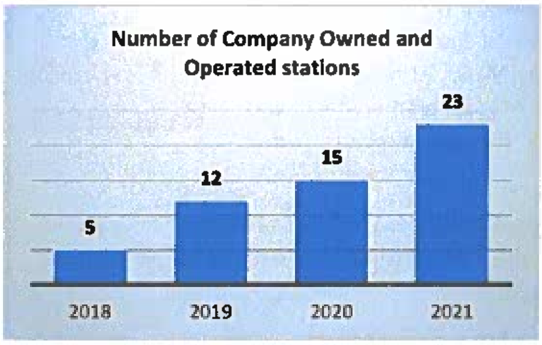
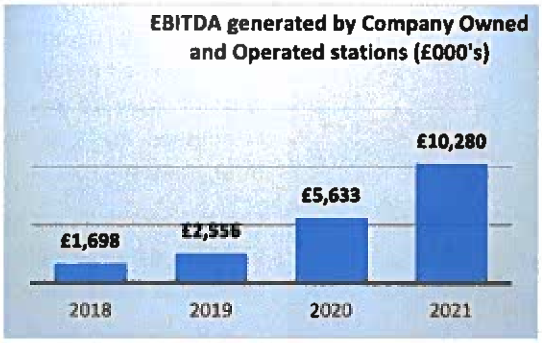
Business Model *(continued)*

Company Owned Company Operated Model (COCO) *(continued)*





The location and size of these sites were particularly suited to the change in consumer trends witnessed during the pandemic and financial performance was exceptionally strong in 2021, building on the success of 2020 and the successful integration of the new sites. They are also well suited to the MFG EV strategy and the first COCO EV hub on a COCO site opened in February 2021. There has been continued EV investment in this network especially, throughout 2021 and into 2022.

The Channel Islands

Roberts Garages Limited ("Roberts"), established in 1958, is a wholesale and retail fuel subsidiary operating in the Channel Islands. In addition to the distribution and retail of both motor fuel and convenience offerings Roberts also operates two Auto Centres on the island of Jersey. Roberts owns and operates four COCO forecourts for which the fuel sales are supported by relationships with globally recognised brands. The non-fuel retail activities operate under the locally recognised and widely respected Roberts brand.

Roberts also owns wholesale and distribution businesses on Jersey, and a small distribution business on Guernsey.

During 2021, Roberts has introduced Hydrogenised vegetable oil ("HVO") to their fuel range. This substitute for diesel is an environmentally friendly alternative fuel that produces less particulates than fossil diesel and 90% less greenhouse gas emissions. It is stored and managed in the same way as diesel and can be used in the same engines. MFG has been monitoring the performance of the HVO and will be introducing it to selected sites on the UK mainland in 2022.

Strategic Report for the year ended 31 December 2021 *(continued)*

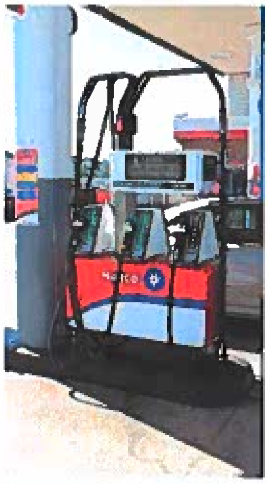
Business Model *(continued)*

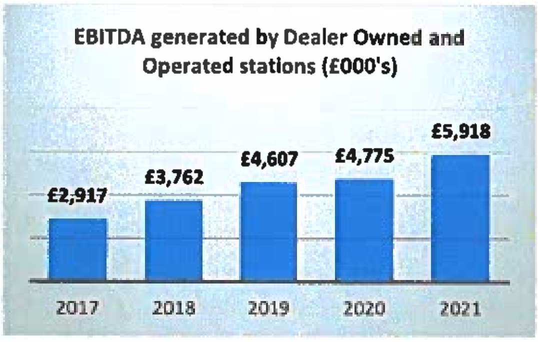
Dealer Owned Dealer Operated Model (DODO)

MFGs 100% owned subsidiary company, St Albans Operating Company Limited, operates under the Murco brand, supplying fuel to sites that are neither owned nor operated by MFG. At these sites our 'dealers' operate under our Murco brand which was established in 1960 and is a familiar forecourt name throughout the UK.

This business will continue to operate under the Murco banner, growing and developing based upon the service, relationships, and delivery standards that Murco has always been known for.

Fuel is procured by the Group from a number of different oil terminals around the Country and is delivered to the sites by a fleet of tankers arranged through a third-party logistics partner.





In line with the decline in the overall number of petrol forecourts in the UK the number of dealer sites supplied by the Group has fallen slightly over the second half of the decade. However, the quality and average profitability of MFG's DODO sites has continued to improve and the success of this business continues to be an important part of the Group's performance.

Strategic Report for the year ended 31 December 2021

(continued)

Business and regulatory environment

During 2021 the performance of the UK economy was again impacted by the Covid 19 pandemic and the various Government restrictions put in place to control the spread of the virus. The UK Government's business agenda and programme for 'levelling up' were largely side-lined by the need to react to the pandemic. Strategy was outlined with regards to the green agenda and plans were detailed as to how the UK could meet its environmental targets culminating in the COP26 summit in Glasgow in November.

The crude oil price rose steadily throughout the year as increasing Covid 19 vaccination rates, loosening pandemic related restrictions and a growing global economy resulted in global petroleum demand rising faster than supply. Within this wider context, the fuel retail margin held up, contributing to the overall success of the business in the year, and into 2022.

The fiscal regime in the UK continued to be stable and there were no changes to either the fuel duty or the main UK VAT rate in 2021. In March 2021 the UK Government announced a rise in the corporation tax rate to 25% from April 2023 onwards. In March 2022 the UK Government announced a temporary and immediate reduction in the fuel duty rate by 5 pence per litre.

Inflationary pressures could be seen throughout the year as the global economy recovered, consumer spending strengthened and commodity prices increased, largely as a consequence of global supply chain issues. The Bank of England, along with other national banks, responded by raising interest rates in December 2021, and again in February and March 2022.

Since year end the ongoing situation in Ukraine is being monitored closely, to date impact on the business has been limited however economic volatility and sharply rising crude oil prices will likely combine with other cost of living increases to put further pressure on the nascent recovery. The fuel market in the UK continues to transition. Over the last decade the oil majors have continued their policy of divesting sites, the hypermarkets are focusing on their core operations as they come under pressure from the discounters. The ownership of hypermarkets is also beginning to change with two major hypermarket brands being acquired by private equity in 2021. Many of the smaller forecourt independents continue to look to exit the marketplace, continuing to provide opportunities for the Group to grow its network.

Prior to the pandemic UK fuel volumes had been largely stable in recent years, before falling sharply in 2020. They have since substantially recovered while not as yet to the pre-pandemic levels, but are projected to decline gradually into the future as fuel efficiency improves and the EV market grows, albeit still from a very low base.

The EV is now clearly the favoured medium to long term alternative to the traditional petrol and diesel fuelled vehicles. The UK Government announced in November 2020, that it will bring forward by 5 years to 2030 its previously legislated ban on the sale of new petrol-only and diesel-only cars and light vans. However, sales of new Plug-in Hybrid Electric Vehicles (PHEVs) will be allowed to continue to 2035. Whilst many questions remain about the ability of the UK to support this rate of transition there is no doubt that this is the direction the industry is moving. An opportunity exists for forecourts to position themselves as key infrastructure nodes to meet this emerging trend and support the 'on route' requirements of EV drivers. Whilst the sale of electric vehicles is accelerating, third party forecasts suggest 80% of road vehicles in 2030 will require fossil fuel infrastructure. So whilst the role of the traditional forecourt will evolve over time it will continue to be an integral part of the UK infrastructure for the foreseeable future.

Strategic Report for the year ended 31 December 2021
(continued)

Financial Review

The Group made a profit for the year after taxation amounting to £126.8m (2020: profit £95.3m).

Despite the impact of the Covid 19 pandemic on trading conditions for the early part of the year, the Group again delivered a strong financial performance. Revenues were £4,116.3m (2020: £3,307.8m) and operating profit was £289.0m (2020: £249.2m). Fuel sales revenues were robust, though volumes sold were again negatively impacted by the January-March 2021 lockdown and changes in consumer behaviour as a consequence of the Government restrictions, largely mitigated by a robust fuel margin throughout the year.

Non-fuel profit also rose as MFG's convenience retail and other non-fuel sales benefitted from changing customer behaviours. The ongoing development programme that has continued the process of upgrading both the shops and the FTG offerings on the forecourts has enhanced the consumer experience and the non-fuel income streams continue to grow as a consequence.

The Group owns 82.7% of its sites as freehold assets. Together with the low fixed cost nature of the Contract Manager operation this meant the operating cost base largely reduced in line with the fall in fuel sales volumes. This feature, exceptional in the forecourt industry, allows the Group to immediately benefit from favourable fuel margin conditions whilst also protecting it in adverse trading environments.

Normalised EBITDA is the key metric for the Group. The 2021 result was the strongest performance in the Group's history. The reported outturn of £338.2m was 13.1% higher than the prior year and 32.0% higher than that for 2019.

The Group generated cash from operating activities of £408.0m (2020: £278.8m), the increase on last year largely driven by favourable working capital effects as a consequence of higher raw material prices at the end of 2021, and the gradual relaxation of government pandemic restrictions, as compared with 2020. The Group benefits from a negative working capital position as its payables days outstanding are significantly longer than the inventory and receivables days outstanding.

The Company paid a dividend of £367m during the year (2020: £nil) and at 31 December 2021, the Group had net liabilities of £135.3m (2020: net assets £111.4m), net current liabilities of £132.1m (2020: £81.7m) and net debt of £1,784.3m (2020: £1,610.6m), all of which is non-current.

The Group is financed through a combination of equity, externally syndicated bank debt and shareholder loans. At 31 December 2021 the bank debt was £2,003.4m (2020: £1,766.3m), repayable in July 2025. Of the available £305m RCF, £50m was drawn and outstanding as at 31 December 2021 (31 December 2020: £65m). The Group is compliant with all covenants under the debt agreements and monitors compliance on a regular basis.

During the year the FX forward contracts with end date 31 December 2021 were rolled forward into 2022. Additionally, cross currency swaps for the remaining Euro debt were taken out.

Strategic Report for the year ended 31 December 2021

(continued)

Key performance indicators

The Group uses a number of key performance indicators in managing the business.

Financial KPIs

Fuel trading is evaluated on a site by site basis by reference to volumes, gross profit, inventory days and stock-outs as well as by the number of operational sites. Performance is also monitored by brand and by original investment. Retail sales are monitored by product type across the different branded sites, whilst product availability and wholesaler delivery metrics are also measured. The FTG business is measured by sales by brand and by site.

Additionally, the number of sites redeveloped and extended, including the EV and FTG outlet roll outs, along with compliance with budgeted development costs and timeframes, are also key performance indicators.

The Group continues to seek to optimise profits, effectively manage controllable costs and make efficiency improvements. Normalised EBITDA is a primary financial KPI for the business.

Strategic Report for the year ended 31 December 2021 *(continued)*

Key performance indicators *(continued)*

Financial KPIs *(continued)*

EBITDA

		2021	2020	2019
		£m	£m	£m
Profit for the year after tax		126.8	95.3	93.1
Add back	Tax	66.4	30.3	18.9
	Finance expense	144.5	150.5	137.3
	Depreciation	48.1	49.0	42.0
	Amortisation	1.1	1.0	0.9
Deduct	Finance income	(48.7)	(26.9)	(35.9)
Normalised EBITDA		338.2	299.2	256.3
	Exceptional operating expenses	14.6	-	-
	Operating expenses deemed exceptional per management reporting but not for statutory accounts	5.3	-	-
	Other differences between statutory and management EBITDA*	(5.6)	(2.0)	(10.2)
Management EBITDA		352.5	297.2	246.1

*This caption includes differences due to the accounting adjustments for IFRS 16 within the financial statements, together with non-recurring items including the decommissioning of the Isle of Wight Terminal, certain Covid-related costs and gains on disposal of fixed assets.

Whilst Management EBITDA and operating cashflow are used by the Board as the primary financial metrics to assess the financial success of the business, other key metrics, are also considered.

Other Key Metrics

		2021	2020	2019
Financial		£m	£m	£m
	Gross Profit	464.9	395.7	359.6
	Profit after Tax	126.8	95.3	93.1
	Non cash working capital	(351.2)	(237.4)	(274.3)
	Liquidity	474.1	400.7	243.6
	Net Debt	1,784.3	1,610.6	1,644.6
Non-Financial				
	Total number of sites at year end*	926	911	903
	FTG outlets at year end*	147	129	121
	Sites with third party chargers at year end*	92	108	104
	Number of ultra rapid chargers installed at year end	107	-	-

*FTG and EV only sites are included in the total number of sites and are not incremental

Strategic Report for the year ended 31 December 2021 *(continued)*

Key performance indicators *(continued)*

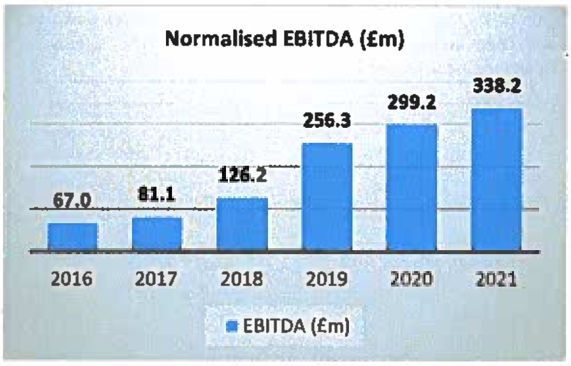
The Group focuses on the management of its overall liquidity and its non-cash working capital (defined as the capital in the business used in day to day trading operations, being current assets excluding cash less current liabilities) which is an important KPI for the business. Inventory days were 5.4 days at the end of 2021 (2020: 5.0 days), debtor days 3.8 days (2020: 4.5 days) and creditor days were 35.0 days (2020: 30.9 days).

Non-Financial KPIs

The Group is carefully focused on all aspects of Health and Safety and various metrics (see ESG report on page 75) are used to measure performance and to identify any issues. This has been particularly important during the past two years due to the Covid 19 pandemic and has been a key area of consideration. Environmental factors are also an important area for the Group, detailed energy usage and emission metrics are reviewed by the Board on a quarterly basis. Wider detail around the presentation and usage of all of these KPIs and metrics is given in the Environmental, Social and Governance (ESG) section of this report on page 48.

Key statistics

Financial



Strategic Report for the year ended 31 December 2021 *(continued)*

Key performance indicators *(continued)*

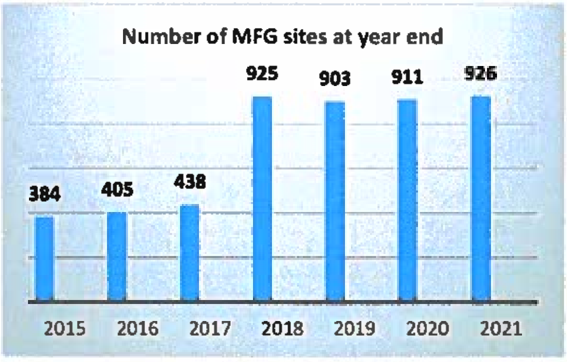
Key Statistics *(continued)*

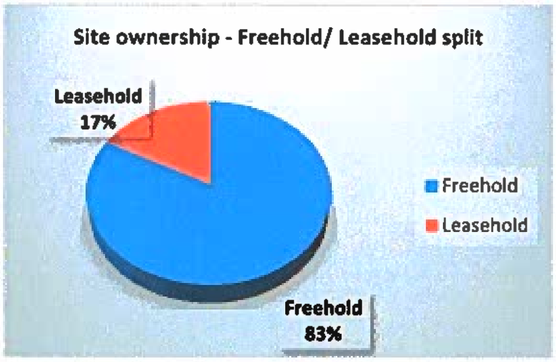
Financial *(continued)*

EBITDA is defined as Profit after tax adding back tax, interest, depreciation and amortisation.

Cashflow generated by operating activities is cash generated before purchase of Property, Plant and Equipment (PPE) and M&A activities.

Property/ Site numbers





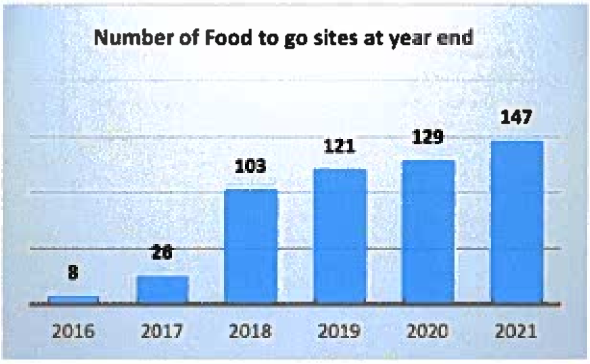
As a condition of the MRH Acquisition MFG agreed with the Competitions and Markets Authority (CMA) that 38 sites would be sold. These sites were marketed at the end of 2018 and all sales were completed in the first quarter of 2019

Strategic Report for the year ended 31 December 2021 *(continued)*

Key performance indicators *(continued)*

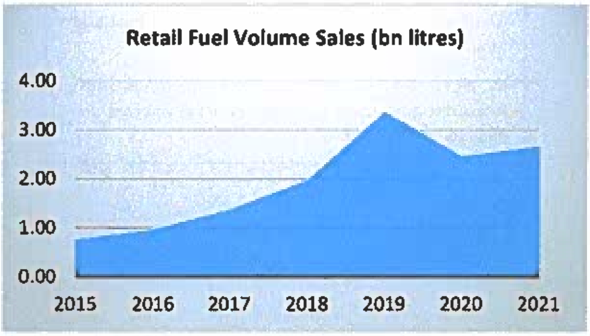
Key Statistics *(continued)*

Property/ Site numbers *(continued)*



2021 saw the first Pret a Manger added to the network. The Group continued to look for new opportunities with nationally and internationally recognised partners.

Fuel Sales



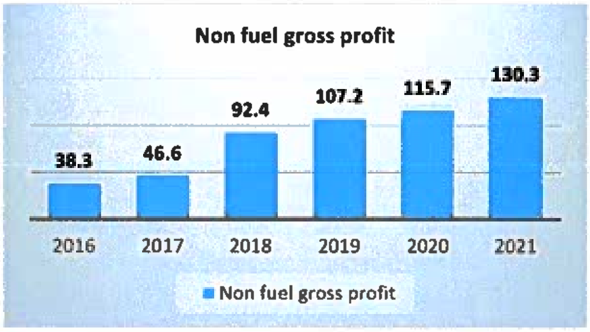
The 2020 volumes were impacted by the Covid 19 Pandemic, the Government instigated lockdowns and changing customer patterns as a response to the pandemic. The lockdown at the start of 2021 impacted fuel volumes in the first quarter but the volumes partly recovered from March onwards as restrictions lifted.

Strategic Report for the year ended 31 December 2021 *(continued)*

Key performance indicators *(continued)*

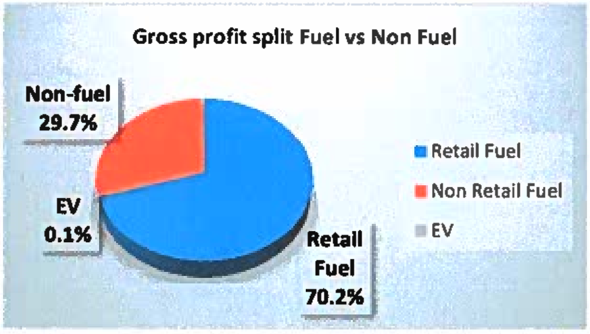
Key Statistics *(continued)*

Non-Fuel Gross Profit



Non-fuel gross profit has grown significantly as the Group has developed its portfolio to improve the retail and food to go offerings at the forecourts and is projected to do so as the convenience, FTG and EV markets develop further.

Fuel/ Non-fuel gross profit split



Non-fuel is defined as all gross profit derived from all sales other than liquid fuel sales and EV sales.

EV gross profit shown for indicative purposes and is forecast to grow as the EV market develops and consumer adoption of EVs builds.

Strategic Report for the year ended 31 December 2021
(continued)

Principal risks and uncertainties

During 2021 the Group continued to develop and adhere to its established risk management framework. This framework had previously operated to consider principal risks and uncertainties in line with best practice. It has been further developed to include formal consideration of potential emerging risks.

The responsibility for risk management and the internal control environment resides with the Board of Directors, while the senior management team implements and maintains the control systems as required by the Board.

The Group's policy on risk management is to reduce risk where practical and appropriate without unduly hindering growth. The risks detailed below are seen to be the principal risks affecting the Group; they do not include all of the potential risks and the list is not in any order of priority.

Interest rate risk

The Group is partly financed through externally syndicated bank debt and is therefore exposed to rising interest rates. Whilst the UK has witnessed historically low interest rates for an extended period of time, changes in interest rates over time are an inevitability. Interest on the bank debt is calculated on a quarterly basis. The Group has taken the view that any changes to interest rates in the near term will be manageable with the current liquidity buffer. Whilst actively managing this position the Group has taken the decision not to hedge all of the interest rate exposure since 2020, though an element of the interest rate risk is managed through the currency swap instrument. The Board is keeping this policy under review and the wider interest rate environment and prevailing forecasts are monitored continuously.

Exchange rate risk

The Group is partly funded through Euro denominated bank loans. To mitigate this, the Group has taken out cross currency swaps and currency forward options.

Covenant compliance risk

The bank loans are subject to a number of covenants. A breach of these could trigger a demand for repayment of the loans before their maturity date in 2025. To mitigate risk this the management team reviews the performance of the business and projected covenant compliance on a monthly basis. Daily cash forecasts are prepared and reviewed, and updated business forecasts are reviewed on a quarterly basis by the Board.

Liquidity risk

The Group's operations are generally reliably cash generative and the Group uses a mixture of cash balances, long-term debt and overdraft finance in order to maintain liquidity, ensuring that there are sufficient funds available for on-going operations and future developments. The Group regularly monitors cash flow forecasts and maintains funds on demand to meet all working capital requirements and the servicing of financial obligations.

Strategic Report for the year ended 31 December 2021
(continued)

Principal risks and uncertainties *(continued)*

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. The majority of sales are by cash or credit card and the Group's credit risk is therefore mainly limited to those sales which are not by cash or credit card. For such sales, the Group regularly monitors the creditworthiness of counterparties and insures certain receivables where appropriate.

Key Supplier/Partner Risk

The Group works closely with a number of strategic partners. Business failure of a key partner or an inability to manage the relationship could detrimentally affect the Group's business model.

The relationship with third parties and the risks it poses were demonstrated in September and October 2021 during the largely media inspired panic buying of fuel driven by concerns over a shortage of fuel, putting additional pressure on a supply chain exacerbated by a reduction in the number of HGV drivers in the UK.

Risk mitigation is provided by close monitoring of the relationships and the requirement for defined service level agreements and detailed contracts. Risk of key supplier failure is also mitigated due to the Group operating with multiple liquid fuel suppliers and therefore not being exposed to overconcentration of supply.

Health, Safety and Environmental risk (HSE)

The Group places great importance and focus upon the safety and health of its customers, its employees and all others who may be affected by its business activities.

Safety and environmental risk awareness in respect of the storage, handling, sale and distribution of hydrocarbon oil and gas products and electric power has a high profile within the Group and the directors and management are focused on the risks arising from these activities.

The Group's policy is to minimise such risks and measures are in place to:

- maintain and empower a team of specialists to manage and oversee all HSE matters
- prevent HSE incidents occurring
- minimise the financial effects of any incident that does occur (including the maintenance of an insurance policy to provide cover for the costs of major incidents of environmental damage).

The directors are all of the opinion that this focus on HSE matters is an important factor in the mitigation of HSE risk and that there is a low risk of HSE matters having a material impact on customers, employees, the public or the environment, or on the financial results and position of the Group.

Strategic Report for the year ended 31 December 2021 *(continued)*

Principal risks and uncertainties *(continued)*

Climate change

Whilst climate change has been a clearly acknowledged trend for many years the Board recognises it as an increasingly significant factor for the Group. Climate change and the UK Governments response to reduce or reverse the impact of climate changes may impact our business and will change consumer demand for our products.

The main climate change impact on the Group is the transition risk, as the country accelerates moves to reduce greenhouse gases through changing policy and regulation affecting demand for transport fuels, along with changing consumer preferences and behaviours. The Group is conscious of transitional risk taking into account of all changes in policy and reviewing consumer trends. This area is one the Board pays particular attention to as the transition to low carbon provides opportunity, both in the efficiency of the network itself, but also in developing the resilience and diversification of the business model by moving into and embracing the alternative fuels market.

The secondary risk is that of increasingly frequent and severe acute weather events that may impact temporarily interrupt operations at the Group's sites. Given the geographical dispersion of sites across the network the risk of a significant number being impacted at the same time is negligible, but for an individual site the implications could be severe.

The Group have undertaken to produce a flood risk survey mapping and the likely risk to each site in the network for every degree change in temperature.

MFG has published a list of sustainability targets and will continue to refine these over the next few years. Monitoring the impact of climate change is key to both managing risk and meeting these targets. The Group will continue the drive to reduce the carbon intensity of operating, lead the transition to cleaner electric fuel power and influence stakeholder to change behaviours.

Macro-Economic Conditions

The Group's financial performance is sensitive to geopolitical events, including fluctuations in commodity prices, currency fluctuations, diminished consumer spending and the wider economic outlook of the UK. If the Group were unable to react and adapt to fluctuations whilst maintaining customer confidence, this could have a material adverse effect on financial performance, cashflow, and future prospects.

Management continuously monitors the macro-economic environment and trends within the UK. The Group's offering is constantly reviewed to ensure it continues to meet customer expectations with relation to price, relevance and quality.

At a national level, the risk of industrial action in the fuels supply chain could also prove impactful. Concerted action by refining staff, terminal staff and/or tanker drivers may disrupt supply to the extent that it may not be sufficient to fulfil demand. Historical precedent demonstrates that reduced supply becomes self-fulfilling, as consumers typically resort to panic-buying. Were this to happen again, sites could be without fuel for a number of days, thereby adversely affecting financial performance. MFG monitors the state of industrial relations through membership of trade bodies and close links to suppliers and the relevant Government agencies.

Strategic Report for the year ended 31 December 2021 *(continued)*

Principal risks and uncertainties *(continued)*

Macro-Economic Conditions *(continued)*

The medium and longer term effects of the UK's departure from the EU are still not fully known. However Brexit risks to the Group are perceived to be slight as the business is solely UK focused and sources its fuel and non-fuel convenience store supplies from UK operations. The products sold through the Group forecourts are seen to be essential to consumers, providing a further degree of insulation. Whilst the risk is seen as minimal the Group continue to monitor the position.

Global Pandemic

Financial performance of the Group is affected in the event of a global pandemic. The Covid 19 outbreak has illustrated that the likely defence against future pandemics will be 'stay at home' orders. These lockdowns and corresponding changes in human behaviour have direct implications for the financial performance of the Group. Staff illness and absence caused by such an event would also impact upon the Group's ability to effectively manage the operation.

Mitigating factors against this risk are that the Group is an integral part of the UK infrastructure and supplies essential goods required for the ongoing operation of society. The sites will therefore not be subject to the same restrictions that 'non-essential' retailers would have to adhere to. Secondly, the Group has a low fixed cost base which protects it from a sudden drop in sales volumes. Most capital spend is discretionary meaning that cash outflows can be managed and deferred rapidly should the need arise. Additionally, the workforce has experience of, and the necessary equipment, to be able to successfully run the business remotely.

Technological Change

Environmental factors are rising to the top of the global agenda and consumer behaviour is changing as a consequence. It is anticipated this trend will continue and there will be increasing pressure for carbon footprints to be reduced. Changing attitudes towards hydrocarbon fuel products and the development of more efficient and greener technology will drive changes for the traditional forecourt industry, steadily reducing demand for liquid fuels. The Group continues to monitor these changes to the industry and consumer trends and has pro-actively instigated programmes to meet these challenges.

MFG has invested heavily in site facilities with a view to rebalancing the business towards non-fuel revenues, which now account for a large proportion of the Group's profit. This policy of diversification is to be accelerated over the next few years as MFG continues the development and upgrading of the sites as a cornerstone of the Group's strategy.

Furthermore MFG sees its forecourt network becoming a significant and integral part of the UK EV charging infrastructure. This growing market is an opportunity and the Group is accelerating investment, with charging facilities being rolled out progressively at carefully selected sites. The forecourt of the future will need to cater for various different energy sources and MFG aims to be at the forefront of this development.

Cyber Risk

Increasingly cyber security is dominating the risk agenda. It is at the forefront of the Group's IT planning with constant monitoring and testing performed. The Group is threatened if it fails to sufficiently detect, monitor, and protect against cyber-attacks which could result in disruption of service, compromise of sensitive data, financial loss and reputational damage.

Strategic Report for the year ended 31 December 2021 *(continued)*

Principal risks and uncertainties *(continued)*

Cyber Risk *(continued)*

The Group has a dedicated Systems team that continually monitor and scan the systems for threats and attacks. Regular mandatory training is provided to staff along with comprehensive communication to employees reminding them of the risk and their responsibilities in mitigating it.

MFG representatives also attend global system security forums run by Clayton, Dubilier & Rice ("CD&R") for its portfolio of investee companies, which facilitate knowledge sharing and collectively manage, test and control the security risk.

Regulatory requirements and legislative change

The Group operates in a highly regulated sector, fuel storage and sales and FTG outlets are subject to stringent laws and regulations designed to protect consumers. There exists the risk of inadvertent transgression of these regulations at the sites. Any such transgression could lead to serious incidents, potentially causing operational disruption, reputational damage, and an adverse impact on the financial position. In all areas of the business MFG see safety as paramount and has procedures and controls in place to ensure the safety of customers, employees and the general public is not compromised in any way. These procedures and controls are regularly reviewed and adherence to them is constantly monitored.

Legislative change is kept under review. The nature of the business dictates that many of the products sold are prone to changes in legislation. Restrictions on the sale of new petrol and diesel fuelled vehicles will have a significant impact on the Group and it is this change that is driving the current strategic planning towards diversification and adaptation to the future commercial reality of the vehicle refuelling business. For more information refer to 'Climate change' risk on page 30 and to the TCFD.

Changes to fuel specifications, obligations to hold minimum stocks and bio-fuels content changes could all impact the Group either in terms of working capital requirement or capital expenditure required to facilitate compliance with new regulations. Changes to legislation pertaining to alcohol, tobacco, high sugar content food and drinks, coffee etc could all adversely affect demand for convenience products sold through the Group's forecourts as these are generally impulse driven purchases.

Key employee risk

A skilled workforce and agile ways of working are essential for the continued success of our business. With the rapidly changing nature of work and skills, there is a risk that our employees are not equipped with the necessary skills required for the new working environment.

Our ability to attract, develop and retain a diverse range of skilled people is critical if we are to compete and grow effectively.

The loss of management or other key personnel or the inability to identify, attract and retain qualified personnel could make it difficult to manage the business and could adversely affect operations and financial results.

The wellbeing of our employees is vital to the success of MFG. Covid 19 has had a significant impact on employees' wellbeing, therefore helping our employees manage the impact on their lives and their ability to work effectively requires continued focus.

Strategic Report for the year ended 31 December 2021 *(continued)*

Principal risks and uncertainties *(continued)*

Key employee risk *(continued)*

We have a performance and development programme which enables employees to review their previous contributions and achievements, including against agreed objectives, and discuss future objectives, training, development and career planning.

Ethical risk

MFG's brands and reputation are valuable assets and the way in which we operate, contribute to society and engage with the world around us is always under scrutiny both internally and externally.

Acting ethically, consistent with the expectations of our stakeholders, is essential for the protection of the reputation of MFG. This is particularly important in the new and changing environment as the Group looks to build and develop its MFG EV Power brand.

MFGs core business principles govern the behaviour of our employees and other stakeholders to work in an ethical, responsible and sustainable manner. Our policies are clearly defined and regularly communicated to all employees, they are updated and reviewed regularly.

Future developments

The 2021 financial year was impacted by the Covid 19 pandemic, with the UK entering a lockdown period at the start of the year. This notwithstanding, the business performance towards the end of the year was positive and the trends prevalent in the second half of 2021 have continued.

The Group remains in a strong financial position and has sufficient liquidity available to it. The directors look forward to a further return towards normality throughout 2022.

Meantime, the Group continues with its development program and looks forward to opening a number of refreshed and re-invigorated forecourts over the course of the year. A total of 271 projects are planned to be completed in 2022. The Group's ultra-rapid charging EV strategy is being implemented and MFG will invest £50m on EV chargers in 2022 and look to open further 60 EV hubs with 350 new Ultra-Rapid EV chargers. The investment in 2022 builds on the £40m EV investment undertaken in 2021 as the Group looks to establish the MFG EV Power brand and position as the UK's premier supplier of fast clean energy for electric vehicles.

In January 2022 MFG announced an EV partnership deal with leading real estate owner and manager, LondonMetric Property Plc, representing MFG's first off-network agreement. The initial programme will see MFG build 6-8 bay Ultra Rapid EV charging points at six of LondonMetric's long income retail locations in Birmingham, Cardiff, Coventry, Glasgow, Ipswich and Liskeard.

Strategic Report for the year ended 31 December 2021 *(continued)*

Future developments *(continued)*

William Bannister, CEO, MFG said:

" We have an ambitious roll-out programme for 2022 which is focussed on our network throughout the UK. Our EV sites are modern in design and provide a high-quality retail and consumer experience for the community and for motorists to use whilst charging their vehicles. We look forward to delivering on our strategic plans throughout 2022."

The Group continues to focus on its customers and works hard to identify the requirements and demands of the local communities it serves. Understanding these needs enables the Group to work effectively with our Contract Managers to optimise the overall business and to provide the wide range of offerings today's ever more demanding customer desires.

The Directors are confident that the performance of the business will continue to be strong and that 2022 will prove to be another successful year.

Approved by the Board and signed on its behalf by

Gregory Laï (Director)

27 April 2022

Governance Report

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity. The Group adheres to the Wates corporate governance principles issued as guidance for large private companies. This report contains sections on the following:

- Ownership
- Board
- Stakeholder engagement
- Section 172 Statement
- Task Force on Climate-Related Financial Disclosures

Ownership

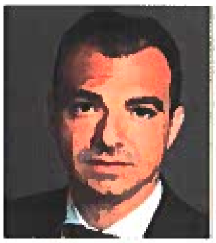
The Company was formed when Clayton, Dubilier & Rice (CD&R) acquired a controlling interest in the Motor Fuel Group in July 2015. Founded in 1978, CD&R is a private equity firm with a history of working with management teams to build stronger, more profitable businesses. CD&R's investors include leading financial institutions, university endowments and corporate and public pension funds. The investment was made through CD&R Firefly Holdings Sàrl whose principal investor is Clayton Dubilier and Rice Fund IX.

CD&R is one of the oldest private equity firms, based in North America. CD&R works to make companies grow and prosper by partnering with families, founders, or corporate owners. Value is created by collaborating with management to spur operational performance improvements, by accelerating growth strategies, injecting new talent, and boosting productivity. The firm executes a consistent investment strategy across North America and Europe, focusing on market-leading businesses in the consumer/retail, healthcare, industrial, and services sectors.

Directors of CD&R Firefly Holdco Limited

The directors, both of whom held office throughout the period and to the date of this report were as follows:

Gregory Laï



Mr Laï is a Partner at CD&R and is based in London. He plays a key role in the execution of several of the Firm's transactions, including the investments in B&M Retail, BUT International, Exova, HD Supply, Westbury Street Holdings and Motor Fuel Group. Previously, Mr Laï worked in the Investment Banking Division of Citigroup as well as Mubadala Development Company. Mr. Laï graduated from ESCP-EAP European School of Management in Paris.

Governance Report *(continued)*

Directors of CD&R Firefly Holdco Limited *(continued)*

Marco Herbst

Mr Herbst joined CD&R's London office in 2006. He plays a key role in several of CD&R's investments, including B&M Retail, BUT International and Motor Fuel Group, as he did with the investment in British Car Auctions. Previously, he worked for Duke Street Capital, where his responsibilities included transaction origination, execution, and transformation. Mr Herbst also worked at Merrill Lynch & Co., advising financial institutions across Europe on acquisitions as well as debt and equity transactions. Mr Herbst is a graduate of Universitá Commerciale Luigi Bocconi in Milan, Italy.

Mr Lai and Mr Herbst are also members of the Board of the immediate parent company, CD&R Tiger Jersey Holdco Limited.

The other Directors that served on that parent company Board throughout the year were:

Alasdair Locke

Mr Locke joined Motor Fuel Group in 2011 as Chairman. He was previously Chairman of the Scottish oil services company Abbot Group. He has extensive experience in the oil, property and forecourt industries.

David Novak

Mr Novak joined CD&R in 1997 and is based in London. He is a member of the CD&R Investment and Management Committees and is currently a director of B&M Retail and Kalle. Previously, Mr Novak worked in the private equity and investment banking divisions of Morgan Stanley and for the Central European Development Corporation, a private equity investment firm. He is a graduate of Amherst College and holds an M.B.A. from Harvard Business School.

Governance Report *(continued)*

Directors of CD&R Firefly Holdco Limited *(continued)*

Peter Newman

Mr Newman joined Motor Fuel Group as a non-executive director in 2015. He has 40 years of experience in the oil and gas sector, with Mobil, Andersen, Deloitte, AOG and Forza Petroleum. Mr Newman led Andersen's EMEIA Oil and Gas practice from 1994 to 2002 and Deloitte's Global Oil & Gas practice from 2004 to 2009. He is a non-executive director for several companies in the energy and shipping sectors and was previously also Treasurer for the international development charity, WaterAid.

Sir Terrence Leahy

Sir Terrence Leahy became a senior CD&R advisor in 2011. Previously he was Chief Executive of Tesco Plc, where he had a thirty-two year career. Sir Terrence is recognised for transforming the supermarket industry in the UK and building Tesco into one of the world's leading retailers. Sir Terrence's focus at CD&R is advising portfolio companies on operational and related issues and assisting in evaluating investment opportunities.

William Bannister – Chief Executive Officer

Mr Bannister acquired Motor Fuel Group in 2011 through a Management buy-in with partners Mr Clarke and Mr Biggart, backed by Mr Locke and Patron Capital. Mr Bannister has 18 years' investment experience in the fuel sector. He was founding director of Scottish Capital Group in 1997, a property investment, corporate recovery and asset management business. Prior to this Mr Bannister was Land and Development director at Delyn Plc.

Regina Finn

Ms Finn joined Motor Fuel Group as a non-executive director in 2021. She is an experienced chief executive and strategic leader in sector regulation, competition and consumer policy in the UK and elsewhere. In 2019 Ms Finn was appointed as the Chair of the Low Carbon Contracts Company Ltd and Electricity Settlements Company.

The parent company Board has established an Audit Committee and a Remuneration Committee, chaired respectively by Mr Newman and Sir Terrence Leahy.

Governance Report *(continued)*

Directors of CD&R Firefly Holdco Limited *(continued)*

Key Management Personnel

The following individuals were the key management personnel of the Group during the year:

• William Bannister	Chief Executive Officer
• Thomas Biggart	Chief Investment Officer
• Jeremy Clarke	Chief Operating Officer
• Simon Lane	Chief Financial Officer

Corporate Governance

In June 2018 the Government introduced secondary legislation requiring all companies of a significant size to report on their corporate governance arrangements for periods commencing on or after 1 January 2019.

The directors agreed that the Group should adopt and follow the Wates Corporate Governance Principles for large private companies. This is a voluntary framework which adopts the 'comply or explain' approach.

The approach is based upon six broad principles which the directors have adopted, they are: -

1. Purpose and leadership – An effective board develops and promotes the purpose of a company and ensures that its values, strategy, and culture align with that purpose.
2. Board composition – Effective board composition requires an effective chair and a balance of skills, backgrounds, experience, and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.
3. Director responsibilities - The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.
4. Opportunity and risk – A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, establishing oversight for the identification and mitigation of risks.
5. Remuneration – A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.
6. Stakeholder relationships and engagement – Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders including the workforce and having regard to their views when taking decisions.

Governance Report *(continued)*

Corporate Governance (continued)

The manner in which these principles have been adopted by the Board is outlined below.

1. Purpose and leadership – MFG is the leading UK independent forecourt operator and strives to deliver a superior consumer experience which promotes the purpose of the Group. These values are clearly articulated by the Board and that strategy is then delivered by the executive management team.
2. The Group's Board comprises a number of individuals with a balance of skills, experience and knowledge and many years of experience in the forecourts and retail industries. In addition to the entrepreneurial founders, the Board also contains experienced investors from CD&R, majority shareholders, who bring a wealth of experience and significant resources from this well established private equity firm. The Board is further supplemented by experienced Non-executive Directors assisting with both the development of the Group and its governance.
3. The Directors recognise the importance of good governance and have a clear understanding of their roles and responsibilities. The Directors receive comprehensive and timely reporting of KPIs on all aspects of the business, which is used to support the decision-making process. The Directors recognise the benefit of independent challenge and have experienced Non-executive Directors appointed to provide this scrutiny.
4. The business strategy clearly identifies the direction for the Group and strategic opportunities to deliver this strategy are a key focus of the Board meetings. The senior management team are responsible for identifying and mitigating risk, the principal risks to the business are outlined on pages 28 to 33. A risk controls framework has been developed and is reviewed by both the Audit Committee and the Board on a regular basis.
5. The Board has appointed a Remuneration Committee to oversee all aspects of remuneration ensuring it is fair and appropriate to support the success of the Group. The Board is committed to remunerating the employees solely on the ability of those employees to support the success of the Group.
6. The Directors are committed to engagement with its stakeholders and ensuring that the Group's strategic direction is aligned with the interests of the key stakeholders. Good communication is key to this and there is regular engagement with employees, suppliers, local communities and other stakeholders. The Directors are committed to operating in a socially responsible manner, engaging with the community and developing the business working towards environmental sustainability. The Group has detailed its key stakeholders and their engagement with them in its Section 172 statement on page 42 to 45.

Employee engagement

The Group's employees are essential to the long-term success of the business. The Board consider and review employee interests as a matter of course at the quarterly Board meetings. The impact on the workforce is considered when key decisions are made, the Board take the view that a motivated workforce is fundamental to the overall success of the business.

Employee engagement has never been more important than during the period of the ongoing pandemic with many employees working remotely for long periods. The Board have been conscious of this throughout and numerous initiatives have been undertaken throughout the period of the pandemic ensuring that the welfare, both mental and physical, of all employees have been looked after.

Governance Report *(continued)*

Employee engagement *(continued)*

Communication is key and regular updates from the Board are given to the employees through close engagement with the senior leadership team and the collaborative environment fostered by the senior team enables all employees to be informed and understand the decision-making process.

Opportunities for employees to give their opinions are encouraged and a mechanism to do so is provided through an online employee portal. In addition to an employee suggestion facility the portal provides access to employee specific information, company updates and an employee benefits function. There is also a whistleblowing facility available to employees.

The Group undertook an employee satisfaction survey in 2021 to gauge employee engagement, wellbeing and work happiness. The response to the survey was extremely positive with a high response rate and the majority of employees expressing a strong degree of satisfaction.

Employee engagement and involvement in the future success of the business is furthered through the inclusion of all employees in a discretionary annual bonus scheme.

Supplier Engagement

The Board are aware that the business relationships it maintains with its suppliers are integral to the success of the business. To that end the Board and senior management team engage regularly with the key suppliers, fostering and developing relationships. The success of the business is based on a collaborative, partnership approach, the Group benefits from the strength of many of its branded partners so a focus on actively supporting these brands contributes directly to the success of the Group.

The strength of these relationships was demonstrated during 2021 as the particular challenges of the Covid 19 pandemic continued the need for these strong collaborative working relationships became ever more important in ensuring that Covid issues never caused any interruption to the supply chain, meaning that the sites could remain open, fully operational and well stocked throughout. The relationships with key suppliers were also important during the media induced panic buying in the third quarter of the year. Irrational customer behaviour driven by an unfounded fear of UK fuel shortages put pressure on the supply chain. Close working relationships were critical in the response to this and supported the business in ensuring that the best possible response to the situation that arose.

Payment of trade payables

An important part of a successful relationship with third party suppliers is the accurate and timely payment of invoices. This is a key focus for the business and is an internal KPI that the Group is measured by.

The Group has a number of fuel contracts which have varying credit terms. Standard non-fuel payment terms as applied by the Group are for payment 30 days following receipt of invoice.

Creditor days at the end of 2021 were 35.0 days (2020: 30.9 days).

Governance Report *(continued)*

Social, community and human rights issues

The Group conducts its business in an ethically aware manner so as not to detrimentally affect the quality of life enjoyed by the communities it operates in.

The Group strives to:

- Respond quickly to issues or concerns raised by neighbours pertaining to the business.
- Engage with communities and support relevant and appropriate activities both at local and national level.
- Abide by local planning and other by-laws prevalent where the sites are based.
- Support community activity through actions and sponsorship as and where appropriate.
- Maintain properties, land, and boundaries in such a condition so as not to degrade the visual amenities of the neighbours or affect or endanger the surrounding communities.

Good customer service is vital to the success of the business, all individuals working at site are trained and measured on their general service levels. In the event of escalation to the Head Office team response time to customers and neighbours is a key metric the Group use to measure performance and response times and resolution outcomes are reported to the board on a quarterly basis.

The Group considers its fuel stations to be focal points within the local communities they serve. Consequently the Group works hard to provide retail offerings that are in line with the specific demands of the local community. This is pertinent in the more rural parts of the country where the convenience aspect of the local service station is becoming more important to the community with the demise of the traditional village institutions, but it is also relevant in different areas of the Country where a different ethnic mix will demand a different range or product lines. Changes in product mix in response to these differing community requirements are measured and form part of the quarterly ESG update presented to the Board.

The Group procures the majority of its products from globally recognised suppliers who are responsible for the management of their supply chains. The Group monitors and reviews the ESG performance of these multinational entities on an ongoing basis, ensuring that the behaviours of these suppliers is in line with MFG's high standards.

Modern Slavery

The Group fully acknowledges the human rights of every individual.

The Group recognises its responsibility to take a pro-active approach to slavery and human trafficking and is committed to ensuring that there is no modern slavery or human trafficking in any part of the business. The Group is committed to acting ethically and with integrity in all of its business relationships and has a policy of zero tolerance towards slavery and human trafficking. Management is satisfied that actual or potential breaches of human rights is not a material issue within the Group's operations.

In accordance with Section 54 of the Modern Slavery Act 2015 the Group issues a Modern Slavery statement on its website annually.

Governance Report *(continued)*

Section 172 Statement

Who	Key interests of stakeholder group	Reason for engagement	How we engage with them
CUSTOMERS	• Safety • Competitive prices • Safety • Convenience • Choice • Customer service	Understanding consumer behaviour and evolving market trends supporting MFG management in good decision-making and insights to develop best customer proposition and value, to enhance customer experience and perceptions across all MFG touchpoints.	• Rapid response to changing environments such as Covid secure shops and forecourts • Reinforcing social distancing message through banners and posters when restrictions required • Customer feedback channels • Social media engagement and ESG updates • Promotions, community initiatives and advertising • Loyalty schemes • Investment in disability-access-programs including a phone app to assist disabled motorists
EMPLOYEES	• Pay and Benefits • Job satisfaction • Safety • Career development • Security • Wellbeing and mental health supports • Societal impacts	Well trained and motivated employees are key to the success of the business and a positive and broader social impact.	• Staff are highly motivated and well rewarded for success • Benefits package and encouragement of participation in pension schemes. • Career progression opportunities and support for development • Strong managerial capacity • Expansion of in-house capacities in business- critical functions • Communication between Board and workforce through regular executive team communications, verbally via email and employee portal • The Board listens and considers workforce suggestions via an anonymous suggestion box • Covid secure workplace has been provided with screens in place, additional capacity and comprehensive procedures for

Who	Key interests of stakeholder group	Reason for engagement	How we engage with them
			social distancing to be enabled at all times. • Remote working where appropriate and equipment provided to do so. • Rota system operated to ensure social distancing • All staff supported throughout the Covid pandemic • Quarterly HR check-ins
CONTRACT MANAGERS	• Opportunity for success • Support and guidance • Site developments • Training schemes • Uniform and appropriate third-party contracts	Collaborative approach with Contract Managers promoting best practice, adherence to legislation and guidelines and mutually beneficial operating and financial outcomes.	• Support provided by MFG industry experts • Robust and economically beneficial third-party contract arrangements • Well established operating model that evolves consistently to the benefit of both parties. • Training and assistance provided allowing for development of individuals and their businesses. • Timely and ongoing support, both financial and operational, provided to Managers throughout the pandemic. • Rapid response to changing environment when needed throughout Covid • provision of PPE, Sneeze screens and hand sanitiser • ability to re-mobilize safety schemes in the future if needed
SUPPLIERS: **FUEL** **NON FUEL**	• High sales volumes • Brand awareness/ protection • Long term relationships • Adherence to payment terms • High sales volumes	Strong, cohesive relationships with the supply chain ensure security of supply, competitive pricing and promotional support. The MFG business leverages the brand value of national and	• Close working relationships with major fuel suppliers through regular communications • Promotional and marketing support • Quality management systems • Training of key staff representing third party brands

Who	Key interests of stakeholder group	Reason for engagement	How we engage with them
	• Evolution of relationships • Adherence to payment terms • Promotional activity • Product trials	internationally recognised brand names so it is vital to the success of the MFG business and important to the suppliers that both parties work collaboratively for the mutual benefit of both.	• Adherence to and support of third party strategies in support of their brands • Detailed contracts and SLAs • Mutual support offered in adverse business environment
COMMUNITIES	• Alignment of product offering to local community needs • Environmental, Social, Governance (ESG) factors	MFG stations are an important part of the communities we serve, and offers a number of ancillary services as an alternative marketplace as trends and buying patterns change. Sites' supply appropriate goods and services for the communities living around them. The sites need to be safe, free from pollution and the Group needs to safeguard those that work and visit by upholding the highest standards with regard to ESG factors.	• The Contract Manager arrangement empowers the Manager to determine the appropriate products to sell, supported by the Regional MFG teams. • Training, procedures, audits and regular reviews focus on ESG matters. • Compliance with regulations and third party review. • Supporting local communities by keeping sites open and operational during the Covid pandemic. • Targeted and specific charitable fundraising is facilitated through the site network.
THE ENVIRONMENT	• Pollution • Spills • Carbon measurement • Efficient water usage	Commitment to minimising environmental implications of the operation. To play a key role in the development of the UK alternative fuel infrastructure.	• Highly trained, well-resourced in-house environmental expertise. • Extensive use of third party environmental consultants. • Ongoing environmental spend, tank re-linings, pump and line improvements • Equipment replacement policy to improve energy efficiency. • Programme of Electric Vehicle charging points installations • Compliance with internationally recognised standards • Risk assessments, procedures, training • Publication of Streamlined Energy and Carbon Report(SECR)

Who	Key interests of stakeholder group	Reason for engagement	How we engage with them
LANDLORDS	• Timely payments of rents • Care and Maintenance of sites	Collaborative approach required for successful operation of leasehold sites.	• Strong business relationships and regular communications • Support offered in times of adversity, ongoing dialogue during Covid Pandemic • Timely and accurate payment • Responsible practice
GOVERNMENT	• Taxation • Planning • Carbon reduction • EV infrastructure	Policies and regulatory change are prevalent in the business MFG engages in, strict adherence is critical for the success of the business. MFG strategy is to be regarded as being a good corporate citizen and to pay its fair share of tax.	• Published tax strategy • Use of third party expertise • Strong relationships forged with HMRC representatives • Reputation for integrity and honesty • Energy efficiency programs
INVESTORS	• Profit generation • Reputation • Growth • Compliance with laws and regulations	Collaborative investment leads to successful and dynamic decision making. To utilise their expertise, knowledge and experience	• The Board regularly communicate with the investors to align strategy • Key staff have close working relationships and regular communications

Governance Report *(continued)*

Task Force on Climate-related Financial Disclosures ("TCFD")

The Group recognises that everyone has a role to play in limiting climate change and supporting the transition to a low carbon economy. Climate change and the degradation of natural eco-systems are an existential threat to the health of the planet and people's lives and livelihoods. Business has an important role to play in taking action to mitigate the worst effects of climate change. MFG has set ambitious and realistic progressive targets to reduce our own carbon footprint and is leading the transition to a more sustainable future through our heavy commitment of capital to EV infrastructure development.

There is an established governance framework that ensures risks associated with climate change are considered by the Board and key metrics are considered at its quarterly meetings. The Group has a newly formed ESG committee details of which can be found on page 62. The Group has implemented the Streamlined Energy and Carbon Reporting requirements and more detail on the metrics assessed by the Board is set out at page 77 of this Report.

MFG fully supports the aims of the TCFD and believes that it is right for businesses to communicate the risks and opportunities that Climate change presents. The TCFD provides a framework to improve the disclosure of consistent, comparable, reliable and clear climate related information so stakeholders are able to fully support the transition to a low carbon economy.

Throughout the Annual Report and Accounts, MFG will continue to integrate discussion of climate-related risks (page 30), opportunities (page 10) and disclosures and will look to further develop this approach over the coming years.

There are two key aspects to climate change that may potentially negatively impact the Group, but also one further aspect that provides an important opportunity for the Group's future development, and has been actively embraced by MFG.

Whilst increased physical risk due to long term changes to weather and climate is considered not to be directly significant to the Group due to the number and geographical dispersion of the sites, a heightened risk of flooding of individual sites in certain regions as a consequence of adverse weather is a realistic possibility. Thus flood risk and the consequential damage to property is a key consideration when buying and developing sites. In order to fully understand, appraise and quantify this risk the Group has commissioned a flood risk survey to map out the specific risks to every site across the country for a range of different temperature increase scenarios.

Transition risk is more pertinent to the Group. Whilst it is clear that there will continue to be substantial demand for petrol and diesel for many years to come, there is an accelerating growth in the EV market. Regulatory change will play its part, with the Government's announced position being that new petrol-only and diesel-only vehicles will not be available for sale from 2030 onwards. Before then it is expected that additional and more stringent low emission zones in city centres and other urban areas will shift some demand away from hydrocarbon fuels.

Governance Report *(continued)*

Task Force on Climate related Financial Disclosures ("TCFD") *(continued)*

This presents an opportunity for MFG to play a vital role in supporting the UK's provision of core infrastructure through its commitment to develop an extensive EV charging network. We already have EV charging points installed on over 10% of the Group's sites and over 30% of the capital budget for 2021 has been ringfenced for EV development. It is anticipated that a high level of EV facilities expenditure will continue in the future as MFG plays its part in the UK's transition to a low carbon economy. MFG is investing in ultra rapid EV charging hubs where all electricity sold is certified as being 100% renewable. Significantly, charging technology is improving over time and MFG aims to remain at the forefront of this evolution. This continuing diversification away from traditional road fuels allows MFG both to play its part in fighting climate change and to embrace its longer term future.

Sustainability Accounting Standards Board ("SASB")

In addition to supporting TCFD, MFG has also voluntarily adopted some elements of the SASB standards, Oil and Gas Refining and Marketing and disclosures pursuant to that guidance are integrated through this Annual Report and Accounts.

The SASB's use of the term "sustainability" refers to corporate activities that maintain or enhance the ability of the company to create value over the long term. Sustainability accounting reflects the governance and management of a company's environmental and social impacts arising from production of goods and services, as well as its governance and management of the environmental and social capitals necessary to create long-term value. The SASB also refers to sustainability as "ESG" (environmental, social and governance), though core corporate governance arrangements, such as board composition, are not included within the scope of SASB's standard-setting activities.

SASB standards are designed to identify a minimum set of sustainability issues most likely to impact the operating performance or financial condition of the typical company in an industry, regardless of location. SASB standards are designed to enable communications on corporate performance on industry-level sustainability issues in a cost-effective and decision-useful manner using existing disclosure and reporting mechanisms.

Businesses can use the SASB standards to better identify, manage and communicate to investors sustainability information that is financially material. Use of the standards can benefit businesses by improving transparency, risk management and performance. SASB standards can help investors by encouraging reporting that is comparable, consistent, and financially material, thereby enabling investors to make better investment and voting decisions.

ESG Report

Contents page

We strive to be responsible in the way we conduct our business. It is the right thing to do, and an ESG mindset will help us to drive wider improvements and our long-term success.

ESG Report *(continued)*

2021 HIGHLIGHTS

25% increase in permanent staff	**1,925,501 kWh** sold at our EV charging sites
£650,000 raised for our chosen charities	**2021** announced new sustainability strategy
98% of our employees received Equality & Diversity training	**75%** employee satisfaction score
Over 20,000 number of meals saved, in partnership with the food charity 'Too Good To Go'	**20** ultra-rapid charging hubs, making MFG the biggest 'open network' in the UK

ESG Report *(continued)*

CEO stakeholder letter

Dear stakeholder,

This report seeks to give a clear and concise overview of our Environmental, Social and Governance (ESG) commitments, demonstrating our management focus clearly, with targets and evidence to show how we will deliver on the initiatives that have already been put in place.

The evolution of ESG has mirrored a societal change in consumer opinion and behaviour. We fully recognise this at Motor Fuel Group and our core business strategy is fully embedded in the transition towards electric vehicles and low-carbon fuels. Powering the future is our ambition and our EV strategy aims to deliver electricity that is certified 100% renewable, in a way that customers can access quickly and easily when they need it.

As the UKs largest independent forecourt operator, we are fully aware that the very nature of our business requires additional mitigation of risks and impacts associated with our business model and we use the Streamlined Energy and Carbon Reporting (SECR) framework to set this out. We embrace this challenge, and the changes it will undoubtedly bring.

We have aligned our ESG strategy to the relevant UN Sustainable Development Goals (SDGs) to ensure our efforts are consistent with the global priorities.

We play a key role in supporting the UK government's mission to achieve net zero-carbon by 2050 and have committed to contributing to this national goal through our own business activities.

For as long as our customers still require petrol or diesel, we commit to supplying it as efficiently and sustainably as possible.

William Bannister

Chief Executive Officer

ESG Report *(continued)*

About MFG

Motor Fuel Group (MFG) is the UK's largest independent forecourt operator. It has 926 sites, offering customers a growing dual-fuel strategy, a leading valeting offer, convenient retail and 'food to go' network, online delivery lockers and business break areas and facilities. The Group is the largest operator of 'open network' EV ultra-rapid chargers (i.e. available for use by all members of the public).

Our company purpose is to be the most dynamic and successful independent forecourt operator in the UK, serving local communities with a strong social conscience, we will support the UK's mobility energy transition to a greener, and more sustainable future.

We recognise that the world is evolving and that there is societal change and different interests are coming to the fore, particularly with respect to climate change. We appreciate that MFG, along with everyone else, has a key role to play and we are building an ESG strategy in keeping with the world around us. We realise that we are at the beginning of that journey and there is much to be done but we undertake to play our part in improving the future for all.

Our stated mission is to provide customers with local travel infrastructure hubs that are market-leading – with convenience retail, food services, premium fuels and ultra-rapid electric charging facilities. In all that we do, we strive to be a valuable member of the local communities we serve, while providing a working environment for our employees franchisees that encourages personal development, teamwork and a performance-based rewards' system that is open to all.

MFG is dedicated to keeping UK motorists on the move and supporting local communities. We do this through our carefully managed distribution network, where managers and employees have a good understanding of the company's purpose and mission. This drives us all forward to a more sustainable future, in a circular society that we hope to be better, safer and more diverse, where the needs of all stakeholders in contact with us, are carefully considered.

How we developed our ESG strategy

- We engaged with our stakeholders to understand what was important to them and we undertook an assessment of the impact we have on society and the environment.
- We identified and prioritised the sustainability issues most likely to have the greatest impact on our business, and of greatest concern to our stakeholders.

To do this, we engaged with customers, employees, contract managers, suppliers, communities and landlords. This engagement took the form of surveys, social media monitoring, traditional media monitoring and working groups.

We looked at wider issues such as government initiatives, regulation and accounting and sustainability reporting frameworks, which helped shape our thinking and set the sustainability strategy. Of particular importance is the United Nations (UN) Sustainable Development Goals (SDGs) and our material issues align with these UN SDGs as demonstrated in the ESG targets and evaluation table on pages 56 - 58, and more anecdotally throughout other pages of this report. The SDGs we have selected are aligned to our strategic imperatives, and focus primarily on the areas of climate change and carbon reduction, health and safety of all visitors and good governance, equal opportunities and rewarding careers, and economic and community impacts. See below:

Climate change and carbon reduction		7.2 substantially increase the share of renewable energy
		9.4 upgrade infrastructure and retrofit industries to make them sustainable
		13.1 strengthen resilience and adaptive capacity to climate-related hazards
Health and safety of all visitors & good governance **Equal opportunities and rewarding careers**		3.9 substantially reduce the number of deaths and illness from pollution
		8.8 protect labour rights and promote safe and secure working environments for all workers
		5.5 ensure participation and equal opportunities at leadership level
Economic impact & community impact		11.3 inclusive and sustainable urbanisation

ESG Report *(continued)*

***How we developed our ESG strategy** (continued)*

We conducted our first materiality assessment in 2021 (to inform the development of our new ESG plan) with the help of specialist external consultants. This allowed MFG to get a deeper understanding of the issues that are of most importance and concern to our stakeholders. There were four stages to the materiality assessment exercise, as set out below:

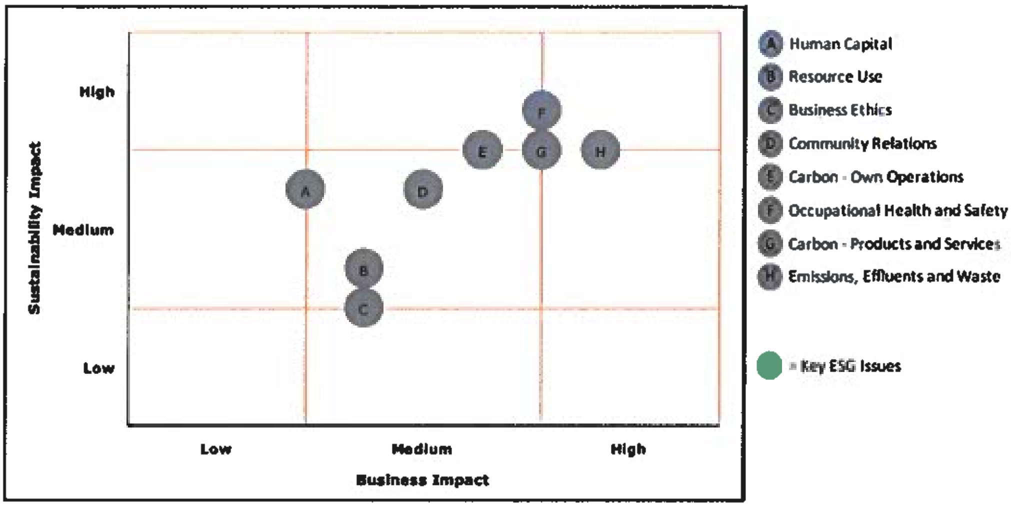
1. **Horizon Scanning**: engaged a consultancy to support our materiality assessment, enabling us to understand key issues. This was done through a number of interviews – with employees, investors, management and suppliers
2. **Prioritisation:** topics were explored in stakeholder engagement exercises, interviews and surveys
3. **Validation:** assessed by leadership team and designated ESG representatives.
4. **Finalisation:** material issues were identified and production of a materiality matrix, which plots issues of material importance and concern to stakeholders; and the bearing these issues might have on MFG, and the company's ability to influence them.

Defining our material issues

The Materiality matrix presents, from the perspective of the industry, the most material ESG issues arising from a business impact; and/or an environmental or social-impact perspective. Material ESG issues can be understood as those issues that could cause the most significant business and/or environmental/social impacts if not managed well. The location on the matrix indicates the relative importance of the most relevant ESG issues, with those located towards the top right corners being the most material for the industry as a whole.

ESG Report *(continued)*

This takes into account the MFG business model, operations and locations, product offering, and recent developments and trends.



The materiality assessment findings have informed our 'Fuel the Future' strategy and these topics form the core of our ESG reporting.

We are committed to transparent disclosure and to report our ESG metrics on an annual basis and are looking to incorporate more data metrics in our reporting going forward.

ESG Report *(continued)*

Our strategy is to Fuel the Future

In the autumn of 2021, we launched a new sustainability plan named 'Fuel the Future'. We recognise that our position as the UK's largest independent forecourt operator comes with a great sense of duty and responsibility, as we assist in 'powering-up' for a green transition.

Fuel the Future

We believe that by investing time, money and resources in making things happen – that we are giving the future a better chance, and our new sustainability plan aligns closely to our EV strategy and ambition to 'Power the Future'. Sustainability is an important part of MFG's culture. We realise that we're on a journey, and recognise that there is always more to be done.

Our 'Fuel the Future' sustainability strategy comprises three main pillars – fuelling a greener world, a better world, and a safer and more diverse world – and these pillars are underpinned by good governance, effective risk management and ethical behaviour that reflects our values and culture.

OUR SUSTAINABILITY STRATEGY

	Fuel a greener world	Fuel a better world	Fuel a safer, more diverse world
	We make it easier to be greener. We are a leading part of the UK mobility transition to a net-zero world.	We make local communities more resilient and adaptive through our community hubs.	We support the local community and embrace diversity and equality, providing a safe environment for all who visit.
How we help others	• Making it safer, more convenient to fuel your car, buy your food and do your chores • Making the world a greener place through investment	• Feeding local community with 'too good to go' • Providing healthy food options in our shops • Enabling people to buy local	• Making it easier to fuel your car and shop through the adoption of our disability access app
What we do ourselves	• Powered by 100% renewable energy in the future • A dual fuel strategy to enable our customers to keep mobile and transition to a cleaner way of driving with EV	• Provide all employees with two paid volunteering days annually • Extensive fundraising for charity • Support the less fortunate	• Diversity in our business • Keep our people safe • Enhance employee engagement
The foundation	• The proceeds of retail and fuel business provide the funding strength to invest in a better, cleaner future	• Be a good neighbour • Provide facilities for the local community for fuel, food and services	• Culture of no harm • Training & development focus
Targets	• To provide electric vehicle charging facilities capable of supplying 110m miles annually • To strive for zero pollution at all MFG locations arising from loss of primary containment • To reduce carbon emissions by 30% by 2030 • To reduce energy usage by 30% by 2030 based upon a 2020 baseline • To ensure a net biodiversity gain in new developments from 2022	• To support our charity partners • To continue to improve our GPG metrics • To improve our employee training and development offering	• Ensure compliance with HSE-related legal and regulatory obligations • To strive for zero harm to customers, employees, suppliers and all who visit MFG locations

Underpinned by good governance, effective risk management and ethical behaviour reflecting our values and culture

ESG Report *(continued)*

Environmental

Environmental Targets for 2021	Our metrics and KPIs	How we are fuelling a greener world	
Provide electric vehicle charging facilities capable of supplying 110m miles annually	Number of miles currently being supplied across the network	Installed 107 charging units in 2021: this gave operational availability for 58.6 million miles, with construction underway on hubs with additional availability of 72.8 million miles, due to open in early 2022	
Strive for zero pollution at all MFG locations arising from loss of primary containment	Confirmed litres of fuel lost to ground per quarter (target = 0 Litres lost to ground)	Two minor incidents in 2021, with no significant harm to the environment	
	Complete a minimum of 10 tank re-line/replacement projects per year	20 projects completed	
	Complete a minimum of 15 repump projects per year, based on environmental sensitivity ranking	20 projects completed	
	30% of all sites in the network to receive a water use audit during each year	Water Audit Programme has been successfully piloted on four sites. Programme will begin in 2022	
Reduce Scope 1 and Scope 2 absolute carbon emissions by 30% by 2030, based from a 2020 baseline	Report current emission figures and percentage reduction against 2020 baseline. (Metric = Current emissions vs 2020 levels)	Refer to SECR	
	Introduce hybrid vehicles to the company car fleet in 2021 All new vehicles leased from 2025 to be hybrid/EV Entire fleet to be comprised of hybrid/EV vehicles by 2028	First three EV / Hybrid Vehicles leased	
Reduce electricity usage by 30% by 2030 from a 2020 baseline	Report current usage figures and percentage reduction against 2020 baseline	2021: 0.03340 kWh/litre of fuel sold (80,103,920 kWh Total) 2020: 0.03702 kWh/litre of fuel sold (77,681,723 kWh Total)	

Environmental Targets for 2021	Our metrics and KPIs	How we are fuelling a greener world	
	Install 40 additional LED lighting systems by end of 2021	56 LED lighting systems installed	
	Install 40 energy management systems by end of 2021	5 installations due to well documented supply chain issues	
Ensure a net biodiversity gain in new developments from 2022	Ecology/diversity net gain figures for all development programmes. Developments MUST demonstrate a positive figure.	Ecology surveys for all developments from January 2022.	

Social

Social targets for 2021	Our metrics and KPIs	How we are fuelling a better world	
Support charity partners	Fundraising and awareness	£650K raised for community charities	
Improve gender pay gap metrics	Monitoring of gender pay gap figures and providing equal opportunities	Gender pay gap has remained consistent year on year	
Improve employee training and development offering	All employees to successfully complete all training courses as mandated by the Company Information & Instruction & Training Policy during the course of the year	Employees completed 1,958 hours of H&S training in 2021	
	Compliance with employee company HSE training matrix > 90%.	Compliance with the Training Matrix is currently 92%.	

Governance

Governance targets for 2021	Our metrics and KPIs	How we are fuelling a safer world	
Compliance with HSE-related legal and regulatory obligations	A maximum of one improvement notices received by the organisation from Regulators annually 0 Prohibition Notices	0 improvement notices received YTD 0 prohibition notices received YTD	
Strive for zero harm to customers, suppliers, and all who visit MFG locations	Accident rates for employees, Contract Managers and their staff (target is zero per 200,000 hrs worked)	2021 employee accident rate = 0.58 per 200,000 hours 2021 CM accident rate = 0.32 per 200,000 hours.	

ESG Report *(continued)*

Setting and refreshing our targets

This report covers the period 01 January – 31 December 2021, and the targets listed above are for this reporting period only. Substantial progress has been made in the development of our ESG agenda, but we cannot stand still as the world around us continues to evolve. We will continue to take a dynamic approach and will look to upgrade our targets as and when it is appropriate to do so.

For 2022 we are refreshing our targets in a phased approach:

- Develop a roadmap to carbon neutrality by 2050 based on incremental steps that are realistic and achievable
- Commit to a fully-electric company car fleet by 2030
- Commit to building our first net-carbon-neutral site by 2024
- Commit to trialling Hydrogen fuel sales at appropriately identified sites
- Commit to trialling Hydrogenated Vegetable Oil (HVO) fuel sales at appropriately identified sites on UK mainland

Other projects in pipeline during 2022

- Undertake exercise to establish viability of solar power generation installations at appropriate sites
- Conduct office sustainability audit/action plan to reduce waste and energy usage
- Phase out plastic bottles and non-recyclable cup use from Head Office
- Seek to develop an agreement with a major supplier to reduce coffee ground waste by recycling into recycled fuel logs
- Undertake review into increasing water recycling, and reducing general waste at the sites – with waste-water audits being developed
- Establish stronger community relations through sponsorship programme and intern and work experience programmes

ESG Report *(continued)*

Our approach to Sustainability and ESG

Behaving responsibly is fundamental to delivering our core business strategy to lead on the green transition towards EV-powered vehicles.

We have undertaken much work in developing relevant and meaningful sustainability commitments, and our focus in 2021 was geared towards understanding our impact on the world around us, and the issues which are important to our stakeholders. This was done through a number of interviews; with employees, investors, management and suppliers. All of this work informed the development and launch of our new 'Fuel the Future' sustainability strategy, announced in 2021, which sets out our environmental, social and governance (ESG) priorities (see materiality matrix on page 54). We are constantly engaged in the process of meeting or exceeding the evolving ESG expectations of our customers, investors and the local communities where our franchises and operations are located – and are dedicated to addressing the related regulatory requirements and disclosures.

This is MFG's first ESG Report, covering activities for the duration of 2021. All figures quoted in this report relate to the year-ended 31 December 2021, unless otherwise indicated, and should be read in conjunction with the rest of this annual report.

This report outlines our 'Fuel the Future' strategy and targets, how we're meeting them and the initiatives we have introduced to make a greater impact. In 2021, we worked hard on setting a formal ESG strategy, and have further increased our reporting, using 2020 data as a benchmark to compare year-on-year progress. To ensure our efforts have the best impact, we have aligned our ESG strategy with international standards and have mapped our targets and metrics to UN Sustainable Development Goals (SDGs).

We have reported our carbon and emissions' data using the Streamlined Energy and Carbon Reporting (SECR) requirements. All such reported data is in accordance with the March 2019 government 'Environmental Reporting Guidelines', using the government GHG Conversion factors for Company Reporting.

In addition, we are aligning to some of the relevant aspects of the Sustainability Accounting Standards Board (SASB) recommendations, and are currently working towards the Taskforce on Climate-Related Financial Disclosures (TCFD), as reflected throughout the annual report.

We have a substantial array of sustainability reporting metrics which are produced and circulated monthly at management meetings, quarterly at Board meetings, and to employees where appropriate.

ESG Report *(continued)*

Governance and accountability

This is our first ESG report and we will provide an update every year in our Annual Report and Financial Statements on our sustainability performance which will include the SECR report for the year. Our Section 172 statement on stakeholder engagement can be found in the strategic report.

In addition to these statutory disclosures, we are developing our reporting in line with the Task Force on Climate-Related Financial Disclosures (TCFD), and the Sustainability Accounting Standard Board (SASB) guidelines. In October 2021, we redesigned the MFG website with a renewed focus on ESG; publishing our newly launched strategy and outlining clearly-defined targets and how we would seek to achieve them. We are mindful of our environmental impact and will seek to go further than what is required of us, and will actively pursue improvement around our disclosures in the future.

We use our website and social channels to share additional case studies and achievements, and these are updated frequently, along with all other communications' tools.

ESG Report *(continued)*

Engaging with our stakeholders

We engage actively and regularly with all stakeholders who have a reasonable expectation of being significantly affected by our business and operations. Our stakeholders, as defined in Section 172 on page 42 of the strategic report, are identified by the Board and; in addition to regular contact, we conduct an annual review on how to successfully engage with them. We set out to build long-term relationships that build and maintain trust, which is essential to the long-term success and sustainability of our business.

Our sustainability strategy and targets are set by the Board, which formally addresses sustainability quarterly. The Board oversees the performance of the Group through a wide range of indicators which are related to our strategy.

Our Executive management team is responsible for implementing and executing the sustainability strategy, and has recently established an ESG Committee to help expedite progress and ensure continued focus.

The ESG Committee includes executive and non-executive representatives, and guides all sustainability and ESG-related activities across the Group, and it monitors progress and meets quarterly.

Employees are encouraged to liaise with the Group's newly formed 'communities team' to act as ambassadors for delivering the strategy, and to submit ideas for initiatives that bring the strategy alive at working-level within the business (page 67).

Risks and opportunities are identified and reported through our internal risk processes, which means that material sustainability risks are reviewed by the leadership team and the Board on a quarterly basis.

We have set out our performance in the last 12 months to establish the Group's benchmark for future reporting and to hold ourselves accountable to the targets we have set for ourselves, in accordance with our 'Fuel the Future' strategy.

ESG Report *(continued)*

Fuel a greener world

We make it easier to be greener and are supporting the transition to a net-zero world.

Targets announced in 2021

- To provide electric vehicle charging facilities capable of supplying 110m miles annually
- To strive for zero pollution at all MFG locations arising from loss of primary containment
- To reduce carbon emissions by 30% by 2030
- To reduce electricity usage by 30% by 2030
- To ensure a net biodiversity gain in new developments from 2022.

Targets announced in 2022

- To develop a roadmap to carbon neutrality by 2050, through successful implementation of near and mid-term incremental targets
- To develop a fully carbon-neutral petrol station by 2024
- To provide Hydrogenated Vegetable Oil (HVO) on mainland UK
- To undertake feasibility study and trials of hydrogen fuel sales appropriately- identified sites
- To commit to a fully-electric company car fleet by 2030.

What we are doing

MFG is powering Britain's transition to a lower-carbon future with an investment plan of £400 million which is allocated to our ultra-rapid electric vehicle charging infrastructure. This is scheduled to be fully invested by 2030 and is set to provide 2,800 Ultra-Rapid 150kW EV Chargers across 500 MFG sites. In 2021 we opened our first 20 ultra-rapid charging hubs in a period of just 10 months to become the largest 'open to all' ultra-rapid network provider in the UK. In addition to this, a project is to be commenced for the building of our first net carbon-neutral site which is due to be built within the next two years.

Reducing Carbon emissions and energy

- Installation of new energy systems
- Halogen lights and LEDS
- Introducing electric / hybrid fleet company cars

ESG Report *(continued)*

Our strategy for reducing carbon emissions includes a target to reduce emissions by 30% by 2030, against a 2020 baseline figure, which means reporting on current emissions and any percentage reduction.

The figures for 2021 totalled 17,105 tCO^2e with 0.00713 $kgCO^2e$ per litre of fuel sold, compared to 2020, with 18,104 tCO^2e Total & 0.00863 $kgCO^2e$ per litre of fuel sold.

In 2021, consumption of purchased electricity increased by 8.4% from 101,964,824 kWh to 110,529,128 kWh, with emissions reducing by 1.28% to 23,468.65 tCO_2e.

- Included within the Scope 2 emissions is 1,924,501 kWh of purchased electricity for electric vehicle charge points on the fuel station forecourt, and
- Scope 2 represents 97% of the total energy consumption and emissions.

In September 2021, the company mandated that any future electricity purchases should be derived from 100% green sources.

Dual Fuel Strategy

MFG is committed to operating a dual fuel strategy and will continue to provide existing fossil fuel infrastructure whilst rolling out ultra-rapid EV charging hubs. Our Putney site (see page 74) is an example of this strategy coming to life, whereby MFG supports motorists by continuing to provide the petrol and diesel infrastructure, alongside a new EV Ultra-Rapid charging hub, giving them the confidence to transition to clean fuels.

In London alone, MFG's planned EV roll-out will nearly quadruple the number of open network Ultra-Rapid 150kW EV Chargers installed at the start of the year. The Company has so far installed twenty, 150kW chargers in the Capital with a further 60 planned by the end of 2022.

Fast, clean energy for electric vehicles

The forecourt of the future will need to cater for various different energy sources. Changing attitudes towards hydrocarbon fuel products and the development of more efficient technology and cleaner fuels is steadily driving down demand for liquid fuels. In addition, the government has brought forward the planned ban on the sale of new petrol- and diesel-only cars and light vans by five years to 2030. MFG is at the forefront of this revolution.

We're playing a pivotal role in developing the core infrastructure that will underpin the Government's policy to provide an extensive electric vehicle (EV) charging network across the UK. We embraced this change back in 2018, and charging points have now been installed at more than 10% of our sites – the highest rate of rollout in the independent sector. We're also investing in ultra-rapid EV charging hubs. The first one opened in February 2021, and we'll continue to roll out hubs during 2022 and beyond.

ESG Report *(continued)*

Customers will of course still require petrol and diesel fuels for decades to come, and we will continue to provide these in the most socially and environmentally responsible manner possible.

Alternative energy sources

In addition to EV, MFG has also undertaken to trial alternative energy sources for powering vehicles. During Q2 of 2022, we will be introducing HVO at a number of our mainland UK sites and stations, and it is already being sold by our Channel Islands subsidiary. Furthermore, we have established a hydrogen fuel development team who have been tasked with preparing a feasibility study into retailing low-carbon hydrogen and trialling hydrogen fuel sales at appropriately identified locations.

Climate change and carbon emissions

The pressure on businesses to reduce carbon footprint will continue to increase and we are proactively implementing programmes and policies enabling us to drive continual improvements in energy efficiency. Our efforts in 2021 amounted to circa 180 tonnes of carbon emissions' saved on our sites as a result of our 'Too good to go' initiative.

This includes upgrading our fuel infrastructure on an ongoing basis, replacing equipment with newer, more energy efficient alternatives, relining fuel tanks, and improving fuel pumps and fuel lines.

We constantly strive to reduce our consumption of energy and raw materials – and the associated emissions.

In 2021, we:

- made good progress on our Halogen bulb program, replacing them with LEDs at more than 40 sites.
- performed hundreds of energy audits to identify high consumption sites to target replacing inefficient infrastructure and equipment
- installed photovoltaic (solar) panels electricity generation at appropriately identified sites

We achieved much in 2021 by introducing and using sustainable resources and renewable energy where possible and have committed a further £3m per year to these ongoing initiatives.

ESG Report *(continued)*

Reducing food waste and carbon emissions

We encourage our employees and stakeholders to reduce food waste and have partnered with "Too Good to Go", a leading UK organisation and app, which allows us to list items at a discount that would otherwise go to waste, and we participate across all direct-managed sites and approximately one third of our contract-managed sites. In 2021 over 50 tonnes of food were saved and nearly 180 tonnes of carbon emissions were saved as a result of this programme. MFG will seek to continue to roll this programme out across its network.

Other corporate partners in this program include Costa and Pret, who share our vision and responsibility in this area. We are also collaborating with a major provider to reduce all coffee ground waste by recycling surplus into coffee ground logs across the network.

2021 highlights

- Electricty sold to customers at EV charge points on MFG sites grew to 1,925,501 kWh
- Electricity consumption intensity reduced by 1.31% to 34,326 kWh/million litres of fuel sold
- Carbon emissions decreased by 9.9% to 7.32 tCO_2e/million litres of fuel sold

ESG Report *(continued)*

Fuel a better world

We make local communities more resilient and adaptive through our community hubs

Our aim is to provide a safe, comfortable and enjoyable experience throughout the MFG network. Our employees and contract managers offer excellent service on the forecourt – whether customers need extra assistance or are just passing through. It is a priority for us to serve local communities and make them more resilient and adaptive. We do this by providing essential services and vital infrastructure to support day-to-day needs, and with fundraising efforts.

MFG works with a number of carefully selected partners and brands at each of our locations to provide customers an ultra-rapid electric vehicle (EV) charging and convenient forecourt shop and 'food to go' experience. We monitor the brands we work with closely, and understand that we are linked to their behaviour by association, just as they are linked to ours.

A local approach to community volunteering

In 2021 we introduced two days per year, on full pay, to support community volunteering available to every employee. Employees very quickly started using the program, doing litter picking, helping out in vaccination centres, helping hedgehogs locally, and volunteering for our nominated charity, Macmillan.

Due to ongoing Covid restrictions and distancing measures, not all opportunities could be taken up initially but we did our best – and will continue to ramp up our community efforts in the future!

ESG Report *(continued)*

We value our people

We're committed to giving all employees the opportunity to develop their skills and build a fulfilling career, and work hard to create a fair and inclusive environment where everyone can flourish. We reward good performance, celebrate achievements and provide fair pay and comprehensive benefits.

Keeping employees engaged

Regular communication between senior leaders, managers and employees is encouraged, with frequent updates delivered in person, virtually, and by email. Employees are encouraged to share their opinions and suggestions using the MFG online employee portal, the hub for all relevant employee information, policies and procedures for administration as needed.

An employee satisfaction survey is undertaken periodically to gauge workforce wellbeing and to provide insights on ways MFGs leadership can strive for continuous improvement. The most recent survey was carried out in August 2021 and returned a response rate of 75% which was consistent across office and field employees, and had an overall employee-satisfaction score of 7.5/10 on the average 'happiness at work' indicator. This is a strong degree of satisfaction, and is reflected in our low staff turnover rate of just 6 % in in our core franchise operations in 2021, down from 8% in 2020. The survey focused on five key areas, comprising: Culture and Connection, Opportunity for Personal Growth, Wellbeing, Reward and Recognition, and Communication.

We welcome ideas and suggestions for business improvements, and these can be put forward by speaking openly to a manager or member of the executive team, or by submitting employee suggestions via the employee hub. This level of engagement and open dialogue is of great assistance to the leadership team, as we seek to meet the needs of employees, customers and local communities in which we operate.

We want to maintain a work culture that thrives on entrepreneurial spirit and creativity. The working environment is structured in a way that fosters collaboration, team-building and dialogue. Employees can also take advantage of a wellbeing portal that provides resources and ideas to support both their mental and physical health.

We work hard to recognise the efforts of our highest-performing employees in a rewarding culture where each employee is made aware of the level of performance expected of them in their role; and equally they can expect to receive regular feedback from line-managers on a regular basis.

ESG Report *(continued)*

Competitive pay and rewarding performance

MFG is committed to awarding fair pay and compensation, as well as offering a comprehensive benefits package and enabling and encouraging participation in pension schemes. Each employee's base salary is reviewed annually as standard, and in line with wider-market inflation.

Rewarding good performance helps us to hire and retain talent, and we operate competitive reward schemes with benefits which are both financial and non-financial. In respect of 2021, all eligible employees received a discretionary annual bonus that was linked to their individual (and the company's) performance. (No bonus was awarded to any employee who had tendered a resignation, or joined the company after October 2021. We announced a rise in employer pension contributions from 3% to 5% (effective January 2022); and early adopted the April 2022 Low Pay Commission's recommendations on the National Living Wage for all over 18s at our Peregrine sites (effective November 2021).

In addition, all eligible employees on the December payroll, received a discretionary Christmas bonus.

Paid training, development and accreditations

We offer opportunities for learning and career progression opportunities so employees can build a successful career, reaching their individual 'best' potential at MFG.

We invest extensively in training courses and continuous professional development (CPD) programmes, as well as offering both financial and practical support to employees who qualify to undertake professional training qualifications.

Activities include: mentoring and coaching by experienced managers, on-the-job and web-based training.

In 2021, on average, each employee had no fewer than six personal training events, and a number of employees are being supported to obtain a professional qualification.

Annual and mid-year performance reviews and career discussions took place for 89% and 31% of employees' respectively during the year.

Mental health support training was offered to all managers in 2021, and the uptake on this was 23%, with further uptake expected in 2022.

Intern programme

MFG launched a successful intern programme in 2021 and will develop this important initiative, in partnership with a local educational establishment, so as to benefit MFG and the local community.

ESG Report *(continued)*

Wellbeing and support initiatives

Employee wellbeing is important to us, and in 2021 we built on some of the initiatives that were quickly put in place in 2020 with the onset of the Covid-19 pandemic. We supported our employees and stayed connected via regular 'check-ins' with employees who worked remotely through Covid-19, and supported employees where we could, to help keep them healthy and motivated.

We provided financial support for employees when they were required to isolate, and equipment to employees who were working at home.

Staying connected with all employees and franchisees has been particularly important during the pandemic, particularly with so many people working remotely.

2021 highlights

- The MFG hub and online Wellbeing Centre provides a range of resources
- We offer an independently run Employee Assistance Programme
- We now have six trained mental health first-aiders, providing additional support in this area (in 2020 there were four)
- All employees have access to tutor-led courses and online materials that provide knowledge on the subject of mental wellbeing and resilience.
- HR introduced quarterly wellbeing check-ins to find out how each individual employee was coping

Our HR team has put plans in place to review wellbeing training, so all managers can best support their teams, by encouraging employees to take regular breaks, and make use of the services and support facilities that are available to them.

Inclusivity is at the heart of our customer, employee and community proposition, and this starts – but does not end – on our forecourts. We take actions regularly to make sure that the less able in our communities are never at a disadvantage when they pass through one of our locations.

Inclusive Environment

As an equal opportunity employer, we provide an inclusive working environment for all employees; regardless of age, disability, sex, gender, sexual orientation, pregnancy, maternity, race, religion or belief and marriage or civil partnership status. This approach provides the space and opportunity to grow and develop, in a workplace that is rich in ideas, opinions and perspectives.

We are committed to creating a positive impact on the lives of our employees, and have sought to embed a culture of inclusion and diversity that reflects society, and the customers who use our services. We have built a prayer room at our head office, available for our employees of any denomination to use. This exemplifies our intent to accommodate diversity and our respect for the right to practice religion and the obligation to pray during the day, in a safe and dedicated space.

ESG Report *(continued)*

Equality and Diversity in action for employees

In 2021, for the first time, all MFG employees completed mandatory equality and diversity training. During the year we conducted our first equality and diversity survey which returned a 76% response rate on a series of questions – focused around gender, sexuality, ethnicity, disability, age range and religious beliefs. The survey was designed to provide the Group with accurate insight on workforce demographics and preferences, which will inform our policies going forward. In addition to the above, we have implemented adaptations to make our offices accessible for disabled staff. If an employee becomes incapacitated or disabled, we continue employment wherever possible and make any necessary adjustments to facilitate this.

MFG invests in the provision of bespoke learning opportunities to help further the careers of certain colleague groups, e.g. progressing female talent or employees from backgrounds that are diverse on the grounds of ethnicity or religion. These opportunities are supported and implemented by our HR team and line managers, with internal policies in place to guide and support this journey of development. It is our mission to provide all employees with opportunities to build a rewarding career at MFG.

Gender Pay Gap

The appointment of males, disproportionately, to newly created technical / senior positions, has led to a marginal increase in the Mean Gender Pay Gap within the 'core' business (Motor Fuel Ltd, CD&R Firefly Bidco Ltd and St Albans Operating Company Ltd) from 43.6% to 44.5% in the last year. This small rise is replicated in the Median Gender Pay Gap, which has risen from 18.8% to 19.5% year on year.

The predominance of females in the administrative, customer services and junior finance positions and the predominance of males in field managerial, senior leadership and technical positions gives rise to the Group's Gender Pay Gap.

Within Peregrine Retail Limited, the Group's largest employer, the mean Gender Pay Gap has decreased from 0.28% to (3.9%) year on year. The median Gender Pay Gap has remained consistent at 0% year on year.

Over the long term though our Gender Pay Gap has been on a reducing trend; as in 2018 our Mean and Median Gaps were 49.8 % and 32.5% respectively.

Gender Bonus Gap

The policy of including all staff in the bonus scheme means that the percentage of each gender receiving a bonus was almost identical. However, as the bonus scheme is linked to base salary, the pre-dominance of males in higher paid roles contributes to the Mean Gender Bonus Gap.

The Median figure is significantly lower and both figures have reduced since the 2020 survey; indeed the Median figure is now at its lowest since the Group commenced running the calculation.

ESG Report *(continued)*

Gender Bonus Gap (continued)

While employment of more females in some of the higher paid roles has contributed to reducing the Bonus Gap, the payment by the Group of a one-off, flat bonus to all staff in recognition of their efforts during the pandemic has also helped offset some of the impact of the variable bonus linked to salary.

The number of employees by gender at 31 December 2021 was as follows:

	Male No.	Female No.	Total No.
Senior managers	24	3	27
Other employees	476	535	1,011
Total	500	538	1,038

Equality and Diversity in action for customers: supporting disabled drivers at our petrol stations

MFG has enjoyed a partnership with FuelService since 2017, the app which helps disabled drivers to ask participating service stations for help before they set off on their journey – so they can be confident that someone will be available to assist them in charging their vehicle or refuelling when they arrive. FuelService can be downloaded from the App Store free of any charge to the driver and the initiative is closely aligned to our mission of protecting the quality of life of all those who live in our communities.

ESG Report *(continued)*

Raising funds for Macmillan

MFG launched its partnership with Macmillan Cancer Support in April 2021, helping to raise more than £500,000 during the year for this charity that provides vital support across the community. The Group has a long track record of supporting community focused charities and has now consolidated these efforts into its partnership with Macmillan, providing maximum support and effect for one main charity partner.

In the recent past, we have proudly supported charities including Help for Heroes, RNIB, NSPCC and many of the regional Air Ambulance charities. MFG also raised more than £250,000 for NHS Charities Together between May 2020 and March 2021.

Covid-19 has had a devastating impact on cancer care with many patients suffering longer waiting-lists, cancellations and changes to their treatment. Estimates suggest more than 50,000 people may have missed a cancer diagnosis on the back of pandemic disruption. As most people are affected by cancer at some point in their lives, either directly or indirectly – we decided to focus our efforts on making one big impact rather than multiple smaller ones.

In 2021 our fundraising efforts were supported by MFG customers' donations across our forecourts network of over 900 forecourts – through cash-collection boxes, QR code readers and our partnership with 'Pennies', the pioneering fintech charity which gives customers the opportunity to add digital micro donations to their purchases when paying by card or digital wallet. Petrol nozzles were branded with Macmillan advertisements which offered free advertising space to the charity so they could reach out to the community with key messages and a call-to-action, with important information for customers as they passed through our sites.

Fundraising activities were driven and supported by MFG employees and contract managers, with quizzes, coffee mornings and payroll giving all demonstrating employees' generosity and support of Macmillan as the company's charity of choice – pooling all of our charitable efforts into one well-communicated and supported cause.

ESG Report *(continued)*

Charge-up, relax or refuel in our flagship forecourt in Putney

As part of MFGs £400 million EV investment plans, we demolished the original petrol station in Putney, SW London – and constructed a new dual-fuel station with eight dedicated ultra-rapid 150kW EV charging bays. Each bay can provide 100 miles of range in just 10 minutes' charging time and there are also eight traditional fuel pumps for customers who have not yet embarked on their EV journey.

The site was re-developed with 1,500 sq ft of high-quality retail space and a location that includes refuelling of a different kind at a great new Costa Coffee, an Amazon drop box for local residents who need a home-delivery location service, a customer cycle store for the local community as well as state-of-the-art valeting facilities and a Budgens that stocks all the trusted essentials.

The concept is contemporary. The design and layout is suitable for busy commuters and motorists, while equally serving as a 'community hub', with a local feel and services that are driven by our customers' needs – whoever they may be.

ESG Report *(continued)*

Fuel a safer, more diverse world

We support the local community and embrace diversity and equality, providing a safe environment for customers and employees

Motor Fuel Group (MFG) is the UK's largest independent forecourt operator and employs more than 1,000 people across a UK and Channel Isles network of 926 sites, comprising our core contract and direct-managed operations. Our direct employee headcount has risen by more than a quarter in 2021 and healthy diversity is integral to our culture.

Our Health and Safety agenda follows a target driven approach, and details of our achievements in this area are set out below. We adhere to HSE-related obligations to ensure that all legal and regulatory conditions are followed and reported upon. In addition, we strive to create and maintain an environment that operates under a zero-harm policy, prioritising the safety of customers, suppliers and employees at every MFG location.

We maintain the highest standards of governance and management systems to reduce risks associated with our business. We are working towards the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety System certification.

Our highly trained, dedicated in-house environmental team works closely with accredited third-party consultants to manage environmental risks across our network in particular around risks of land contamination and remediation.

Hazardous waste and waste management

To reduce the risk of pollution, we commit to the responsible disposal of all hazardous waste, as well as recycling waste created at our facilities. We are focused on minimising and controlling the risks to the environment, and all who visit our stations, associated with the storage, handling, sale and distribution of hydrocarbon oil and gas products and electric power.

Measures include:

- Ensuring that waste residues from forecourts are contained in specialist drainage systems and removed from sites regularly by qualified and competent contractors
- Identifying asbestos locations across the estate, and managing removal or encapsulation
- All sites are subject to Ozone Depleting Substance Audits (ODF) on a rolling three-year basis
- The introduction of a Waste Water Audit Programme in 2021
- Obtaining environmental permits for all regulated facilities that we operate and ensuring that we comply with all conditions
- Ensuring that any waste materials in relation to development or construction activities are properly disposed of according to their waste classification by qualified and competent licenced waste carriers

ESG Report *(continued)*

Water management

We treat fresh water as a valuable resource and are committed to maintaining the integrity of all water related infrastructure across our estate. We ensure that water is used efficiently and water wastage is kept to a minimum by employing a third-party consultancy firm to monitor consumption. Any unusual readings are investigated and we take remedial action as a priority.

ESG Report *(continued)*

Our performance in data

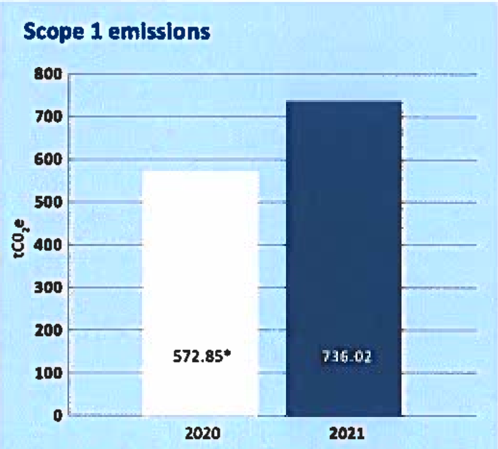
MSG is committed to transparent disclosure of all significant ESG and sustainability reporting metrics each year. Data metrics are important, and our aim is to have these figures independently verified in the future.

Environment

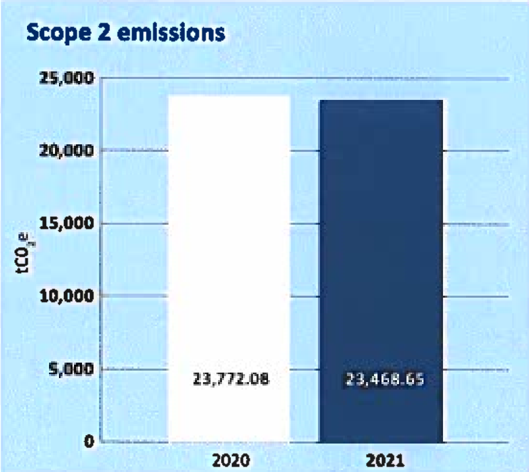
Carbon and emissions

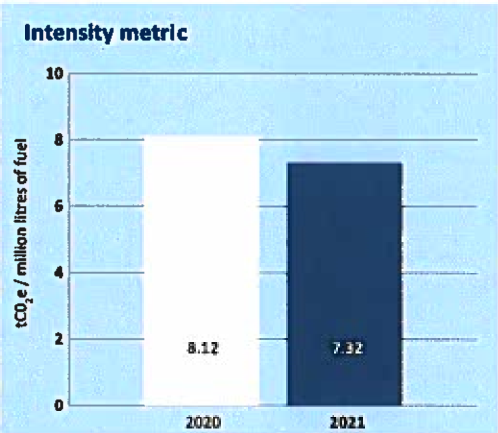
We have reported our carbon and emissions data using the Streamlined Energy and Carbon Reporting (SECR) requirements

The data reported follows the March 2019 government 'Environmental Reporting Guidelines', including the streamlined energy and carbon reporting guidance and uses the UK Government GHG Conversion factors for Company Reporting (Full set 2020. Version 1.0).



* Fuel sales impacted by Covid in 2020, resulting in lower emissions.





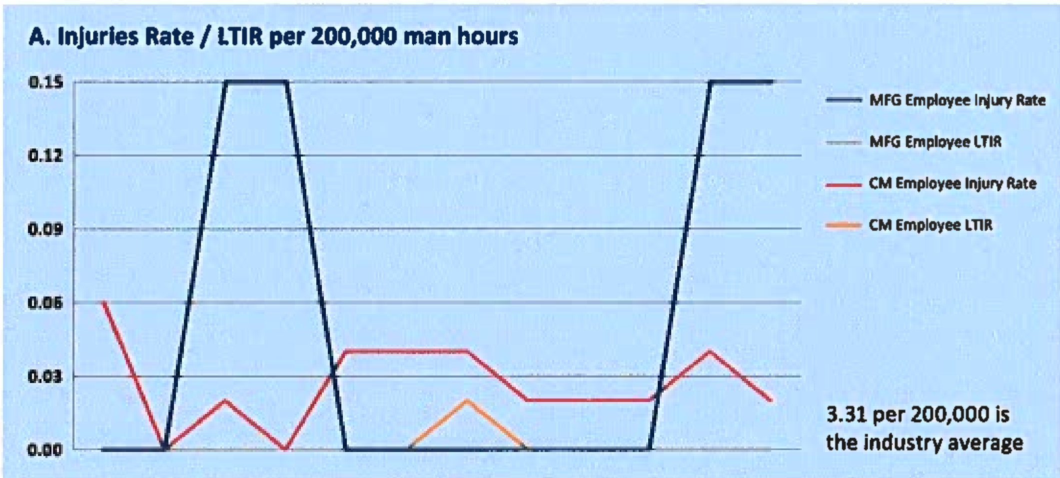
- Scope 1 data is from natural gas and travel in company cars
- Scope 2 is consumption from purchased electricity, including for electric car charge points
- Scope 3 figures are the mandatory reporting of business travel in private vehicles

ESG Report *(continued)*

Health and safety

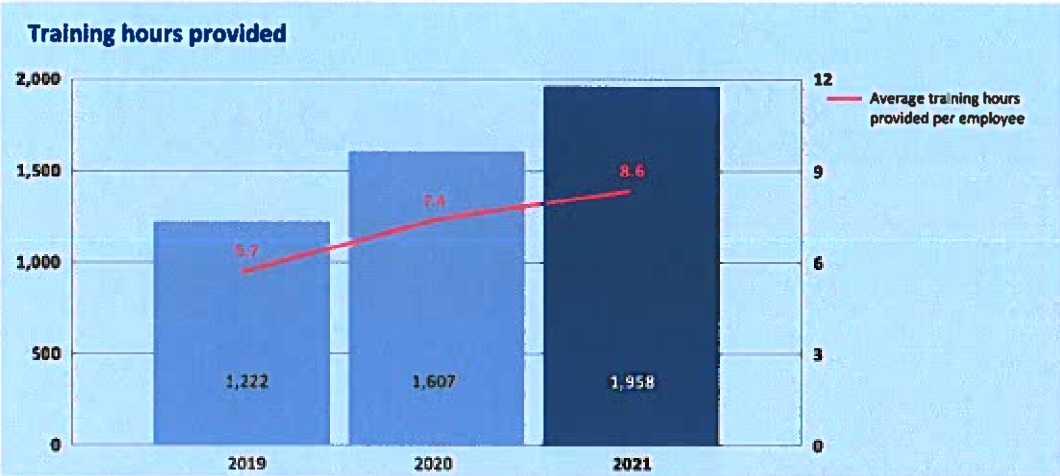
Petrol forecourt station incident and accident summary

	2020		2021	
	No. of Incidents	Average per Site	No. of Incidents	Average Per Site
Third Party Damage	796	0.88	862	0.95
H&S Accident/Incident/Fire	207	0.23	254	0.28
Enforcement Visit	29	0.03	62	0.07
Medical Condition	14	0.02	18	0.02
Near Miss	233	0.26	257	0.28
Crime/Violence/Robbery	315	0.35	283	0.31
Totals	**1,594**	**1.76**	**1,736**	**1.91**
	911 sites		**926 sites**	



ESG Report *(continued)*

Employee health and safety training, core franchise operations



Identifying and communicating with our key stakeholder groups is a critical function of our ESG journey, and we aim to develop meaningful relationships with active dialogue and management interventions to promote sound insights and decision-making across the MFG Group. Read about our stakeholder groups, and how we communicate and engage with them, on page 39 of our strategic report

Streamlined Energy and Carbon Reporting (SECR)

Unquoted Large Limited Companies and LLPs

Annual Report

Motor Fuel Limited

1st January 2021 to 31st December 2021

Contents

1. Company Information

Reporting Company Name:	Motor Fuel Limited and Peregrine Retail Limited
Company Registration Number:	12033715
Financial Year End:	31st December 2021
SECR Reporting Period:	1st January 2021 to 31st December 2021

1.1. Reporting Company Details

2. Operational Scopes

2.1 Scope 1 (direct)

Emissions are those from activities owned or controlled by the organisation. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces and vehicles; and emissions from chemical production in owned or controlled process equipment.

2.2 Scope 2 (energy indirect)

Emissions are those released into the atmosphere that are associated with your consumption of purchased electricity, heat, steam, and cooling. These indirect emissions are a consequence of your organisation's energy use, but occur at sources you do not own or control.

2.3 Scope 3 (other indirect)

Emissions are a consequence of your actions that occur at sources you do not own or control and are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by your organisation. No other Scope 3 emissions are included in this report.

3. Reporting Year

In line with Government published guidance, from year 2 onward each year's report will include comparison to the previous year, along with commentary on notable changes to energy consumption and corresponding emissions from one year to the next. Mergers, acquisitions and disposals of group business interests, trading entities, plant, equipment, and machinery should all be considered for inclusion in the commentary.

Reporting Year

1st January 2021 to 31st December 2021

Clarification of company-determined policy for making base year emissions recalculations

None

Context for any significant emissions changes that trigger base year emissions recalculations

None

Current and Previous Year Energy and Emissions

Scopes	Total kWh 2021	Total kWh 2020	Total tCO_2e 2021	Total tCO_2e 2020
Scope 1	3,070,798	2,312,519	736.02	572.85
Scope 2	110,529,128	101,964,824	23,468.65	23,772.08
Scope 3 (Mandatory)	167,043	76,342	41.33	19.28
Gross Values	113,766,969	104,353,685	24,246.00	24,364.22
Exported renewable electricity reduction	0	0	0	0
Net Values	113,766,969	104,353,685	24,246.00	24,364.22

Explanatory Notes:

Reported emissions come from consumption of grid supplied electricity, grid supplied natural gas, company-owned and operated transport and privately owned transport used for business travel.

Direct CO_2 emissions from Biogenic combustion (tCO_2e)

None

4. Reasons for Change in Emissions and Actions Taken

4.1. Reporting

This SECR report provides a year-on-year comparison against the previous year.

There is only a need to recalculate the previous year emissions if:

- Structural changes in the reporting organisation that have a significant impact on the previous year emissions.
- Structural changes include;
  - Mergers, acquisitions, and divestments
  - Outsourcing and insourcing of emitting activities
- Changes in calculation methodology or improvements in the accuracy of emission factors or activity data that result in a significant impact on the previous year emission data
- Discovery of significant errors
- Previous year emissions shall be retroactively recalculated to reflect changes in the company that would otherwise compromise the consistency and relevance of the reported emissions information.

Year Ending December 2021

For this reporting year there are no changes that would require recalculating the figures published last year.

No significant errors were identified.

4.2. Actions taken in reporting

Motor Fuel Group (MFG) continued to build upon the work it began the previous year to the improve the environmental performance of the business. This included efforts to reduce overall energy consumption and associated greenhouse gas (GHG) emissions, as well as continued efforts towards making the transition to an alternative fuels retailer.

MFG currently have one of the most ambitious self-funded programmes for the installation of electric vehicle (EV) charging infrastructure of any company in the UK. In 2021 the organisation completed and energised 107 high speed EV charging points capable of providing operational availability of 58, 582, 500 miles' EV power to customers, with construction under way to provide hubs with an additional 72,817,500 miles' availability due to open in early 2022. By doing so the company seeks to play a key role in encouraging consumers to make the switch to electric vehicles and reduce transport derived GHG emissions in the UK.

Following the production of an Environmental, Social and Governance (ESG) policy and strategy in late 2021 the organisation has since developed a series of goals and associated metrics on which to judge ESG performance and reports on progress against these goals quarterly. To measure performance in terms of electricity consumption, the business continues to track average consumption in kilowatt hours and emissions per kilogram of CO2 equivalent per litre of fuel dispensed by each individual service station and has committed to reducing its overall energy consumption and carbon emissions by 30% by 2030 (using 2020 figures as a baseline).

Energy reduction measures are prioritised for locations displaying the highest consumption, and in furtherance of this the business replaced 56 lighting systems with lower intensity LED alternatives and installed 5 energy management systems on the highest consuming locations throughout the year.

Unfortunately, the organisation faced significant challenges in sourcing parts for energy management systems due to the global shortage of semi-conductor chips during the year. As such it was not able to meet the original target of having 20 systems installed during 2021. The situation going into 2022 is improving however, and the business intends to make up the shortfall by installing 15 additional systems this year as well as the 20 already planned.

The organisation continues to purchase electricity from suppliers who can provide 100% Renewable Energy Guarantees of Origin (REGO) backed supplies and continues to reduce consumption through prudent asset replacement initiatives. For example, during 2022 the organisation will replace traditional external refrigeration and air conditioning condenser units with newer models utilising less energy-intensive inverter systems during all site redevelopments. In addition, the company is actively investigating a new standard specification for shop refrigerators and freezers with superior energy performance ratings which will be finalised during the year. It is anticipated that both initiatives will greatly contribute to achieving the stated aims of the business in the coming years.

4.3 Year on Year comparison

The 2021 figures illustrate the impact of easing Covid-19 restrictions, resulting in increased energy consumption and tCO_2e compared to the previous year. In addition, the 2021 figures include the energy associated with electric vehicle charge points.

Total energy consumption increased by 9.02% to 113,766,969 kWh, whilst emissions decreased by 0.49% to 24,246 tCO_2e (gross value).

Scope 1 consumption increased by 32.8% to 3,070,798 kWh and a 28.5% increase in tCO_2e to 736.02 tCO_2e.

- Scope 1 data is from natural gas and travel in company cars, representing approximately 3% of total energy consumption and associated emissions.

Scope 2 consumption from purchased electricity increased by 8.4% in 2021, from 101,964,824 kWh to 110,529,128 kWh, with emissions reducing by 1.28% to 23,468.65 tCO_2e.

- Included within the Scope 2 emissions is 1,924,501 kWh of purchased electricity for electric vehicle charge points on the fuel station forecourt.
- Scope 2 represents 97% of the total energy consumption and emissions.

Scope 3 consumption and emissions represent less than 1% of the overall total for Motor Fuel Ltd

- Scope 3 figures are from mandatory reporting of business travel in private vehicles
- An increase of over 100% in consumption and emissions was expected as Covid-19 restrictions eased in 2021 compared to 2020.

Intensity Metric

Since the beginning of 2021 a program of electric vehicle charge points across the Motor Fuel sites, with 1,925,501 kWh sold to customers.

To provide an accurate comparison to 2020 figures an additional metric has been calculated, reducing the energy consumption and emissions associated with the electric vehicle charge points.

- Bunkered fuel litres increase to 3,258,274,197.
- The all energy metric
  - kWh increased by 0.39% to 34,916 kWh/litres (m)
  - tCO_2e decreased by 8.36% to 7.44 tCO_2e/litres (m)
- Excluding the EV charger electricity metric
  - kWh reduced by 1.31% to 34,326 kWh/litres (m)
  - tCO_2e decreased by 9.9% to 7.32 tCO_2e/litres (m)

5. Qualification and Reporting Methodology

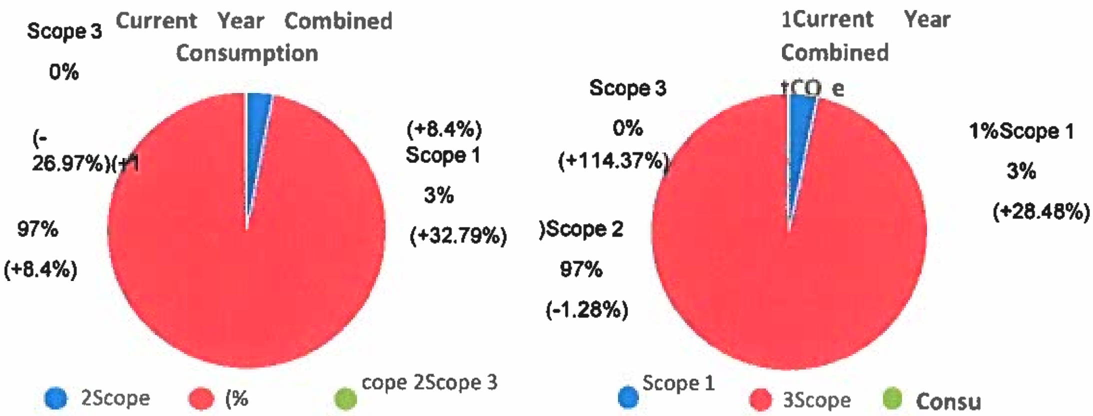
This report follows the March 2019 published HM Government 'Environmental Reporting Guidelines', including streamlined energy and carbon reporting guidance, and uses the UK Government GHG Conversion Factors for Company Reprtong (Full Set 2021 version 1.0).

6. Scope Breakdown

This section is for energy and emissions, broken down by scope in a simple table format.

kWh:	Scope 1		Scope 2		Scope 3	
	2021	2020	2021	2020	2021	2020
Electricity (own use)			108,604,627	101,964,824		
Electricity (EV Chargers)			1,924,501			
Natural Gas	377,371	189,977				
Transport	2,693,427	2,122,542			167,043	76,342
Gross Values	3,070,798	2,312,519	110,529,128	101,964,824	167,043	76,342

tCO_2e:	Scope 1		Scope 2		Scope 3	
	2021	2020	2021	2020	2021	2020
Electricity (own use)			23,060.02	23,772.08		
Electricity (EV Chargers)			408.63	0		
Natural Gas	69.12	34.93				
Transport	666.9	537.92			41.33	19.28
Gross Values	736.02	572.85	23,468.65	23,772.08	41.33	19.28



(% figures are year on year comparison change)

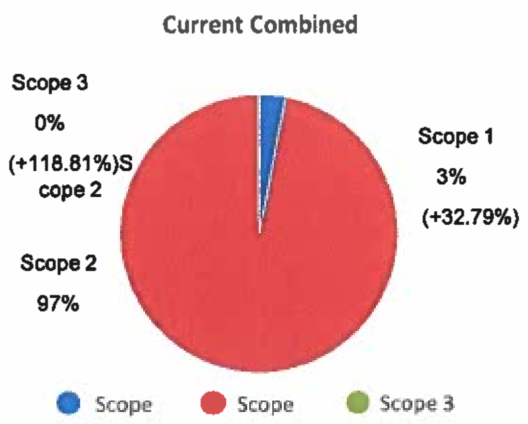
7. Dual Reporting of tCO_2e using Market Based methodology

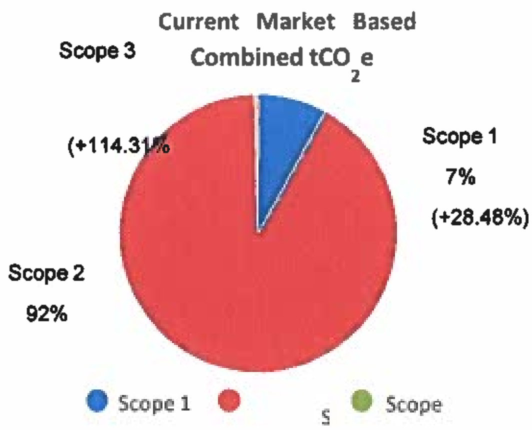
This section is for energy emissions, using the BEIS Market based methodology, broken down by scope in a simple table format.

Where an organisation wishes to report their electricity use based on a green tariff, BEIS suggest that they dual report, where their actual grid-average consumption figure is disclosed to reflect the physical consumption of electricity, alongside a marked-based emissions figure that reflects any contractual instruments such as REGOs.

kWh:	Scope 1		Scope 2		Scope 3	
	2021	2020	2021	2020	2021	2020
Electricity - Own use			108,604,627	101,964,824		
Electricity - EV Chargers			1,924,501	0		
Natural Gas	377,371	189,977				
Transport	2,693,427	2,122,542			167,043	76,342
Gross Values	3,070,798	2,312,519	110,529,128	101,964,824	167,043	76,342

tCO_2e:	Scope 1		Scope 2		Scope 3	
	2021	2020	2021	2020	2021	2020
Electricity - Own use			9,092.65	12,450.57		
Electricity - EV Chargers			0	0		
Natural Gas	69.12	34.93				
Transport	666.9	537.92			41.33	19.28
Gross Values	736.02	572.86	9,092.65	12,450.57	41.33	19.28





8. Targets and Goals for the coming year

- Develop a roadmap to carbon neutrality by 2050 based on incremental steps that are realistic and achievable
- Undertake an exercise to establish viability of solar installations at a wider selection of sites
- Commitment to building our first net carbon-neutral site by 2024
- Commitment to a fully electric company car fleet by 2030

9. Intensity Ratio

Fuel litre millions (m)	2021			2020		
	Litre (m)	kWh/litre (m)	tCO_2e/litre (m)	Litre (m)	kWh/litre (m)	tCO_2e/litre (m)
	3,258.274	34,326	7.32	3,000.376	34,780.2	8.12

Explanatory Notes:

The chosen intensity metric is the total volume of fuel in litres, (millions) including bunkering

This metric excludes the electricity for Electric Vehicle chargers.

Fuel litre millions (m)	2021			2020		
	Litre (m)	kWh/litre (m)	tCO_2e/litre (m)	Litre (m)	kWh/litre (m)	tCO_2e/litre (m)
	3,258.274	34,916	7.44	3,000.376	34,780.2	8.12

Explanatory Notes:

The chosen intensity metric is the total volume of fuel in litres, (millions) including bunkering

This metric includes electricity for Electric Vehicle chargers.

10. Emission Reductions

- Transition to 100% green energy in the year
- Shifting customer demand from petrol / diesel to electric power
- EV and hybrid cars introduced to the company car fleet

11. Glossary

SECR	Streamlined Energy and Carbon Reporting (Regulation)
ESOS	Energy Savings Opportunities Scheme (Regulation)
BEIS	Department for Business, Energy & Industrial Strategy
FRC	Financial Reporting Council
kWh	Kilowatt-hour (unit of measure for energy consumed commonly used as a billing unit
CO_2	Carbon Dioxide
tCO_2e	Tonnes Carbon Dioxide Equivalent
m^2	Square Metre
Carbon Offset	A means by which the carbon emissions from bought in and consumed energy is offset by typically renewable technology, natural sources and carbon trading schemes

Biogenic Combustion

Biogenic CO_2 emissions are defined as CO_2 emissions related to the natural carbon cycle, as well as those resulting from the combustion, harvest, combustion, digestion, fermentation, decomposition, or processing of biologically based materials.

Examples of biogenic CO_2 emissions include:

- CO_2 from the combustion of biogas collected from biological decomposition ofwaste in landfills, wastewater treatment, or manure management processes
- CO_2 from combustion of the biological fraction of municipal solid waste orbiosolids
- CO_2 derived from combustion of biological material, including forest-derivedand agriculture-derived feedstocks

GHG

Greenhouse Gases as defined in section 92 of the Climate Change Act 2008. There are 6 direct mandatory gases; Carbon Dioxide (CO_2), Methane (CH_4), Nitrous Oxide (N_2O), Hydrofluorocarbons (HFC's), Perfluorocarbons (PFC's), Sulphur Hexafluoride(SF_6).

There is 7th direct gas covered under the Kyoto Protocol; Nitrogen Trifluoride (NF_3) which has not yet been amended into the section 92 listed gases.

This report covers consumption and the calculated emissions associated with that consumption. The consumption data has been provided by Motor Fuel Limited and has been deemed by them to accurately reflect the energy consumed by Motor Fuel Limited Reg no. 12033715. The consumption data has not been verified by Energy Management Ltd therefore Energy Management Ltd cannot be held liable for any inaccuracies relating to that consumption data.

Directors' Report

The directors present their report and audited consolidated financial statements of CD&R Firefly Holdco Limited (**the 'Company'**) and its subsidiaries, (together, **the 'Group'**) for the year to 31 December 2021.

CD&R Firefly Holdco Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom. The registered office is Cleveland House, 33 King Street, London, SW1Y 6RJ. The immediate parent undertaking is CD&R Tiger Jersey Holdco Limited, incorporated in Jersey. In the opinion of the directors the ultimate controlling party is the ultimate parent company, CD&R Firefly Holdings Sàrl, registered in Luxembourg.

CD&R Firefly Holdings Sàrl maintains Directors' liability insurance which gives appropriate cover for any legal action brought against Directors of any of its group companies. The Group has also provided an indemnity for its Directors, which is a qualifying third-party indemnity provision for the purposes of section 234 of the Companies Act 2006. This was in place throughout the year and up to the date of approval of the financial statements.

Certain information required to be contained in this Directors' Report may be found in the accompanying Strategic Report and Governance Report. Results for the year, financial risk management and future developments of the Group and the Company can be found in the Strategic Report on pages 4 to 34.

Dividends

An interim dividend of £367,000,000 was paid in the year (2020: £nil).

Charitable and political donations

The Group made charitable donations of £2,000 (2020: £1,000) and no political donations in the year (2020 - £nil).

Directors

The following persons served as directors during the year and up to the date of this report:

- Gregory Laï
- Marco Herbst

Gregory Laï, and Marco Herbst are employees and representatives of CD&R who supervise its investment in the Group on CD&R's behalf.

Directors' Report *(continued)*

Key management personnel

The following individuals were the key management personnel of the Group during the year:

• William Bannister	Chief Executive Officer
• Thomas Biggart	Chief Investment Officer
• Jeremy Clarke	Chief Operating Officer
• Simon Lane	Chief Financial Officer

Corporate Governance

For statement on corporate governance please refer to the Governance report on pages 38 to 39.

Employee Engagement

For statement on employee engagement please refer to the Governance report on page 40.

Supplier Engagement

For statement of supplier engagement please refer to the Governance report on page 40.

Approved by the Board and signed on its behalf by

Gregory Laï (Director)

27 April 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Report and Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Gregory Laï (Director)

27 April 2022

Independent auditors' report to the members of CD&R Firefly Holdco Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- CD&R Firefly Holdco Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company statements of financial position as at 31 December 2021; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements concerning the group's and the company's ability to continue as a going concern. The Directors have acknowledged that it may be appropriate for there to be a change of control for the Group and strategic alternatives are being explored with interested parties. At the time of signing these financial statements there have been no formal discussions held with any potential new investor. Therefore, should there be a change of control in the coming year, the current Board of Directors do not yet have any direct visibility of any revisions to the Group's strategy or funding arrangements that might ensue. These conditions, along with the other matters explained in note 2.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK corporation tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results and management bias in accounting estimates.. Audit procedures performed by the engagement team included:

- discussions with management and those charged with governance, including consideration of known or suspected instances of non- compliance with laws and regulation and fraud;
- evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or those posted by unexpected users; and
- audit of accounting estimates for management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Andrew Latham

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 April 2022

Consolidated Income Statement

	Note	Group 2021 £m	Group 2020 £m
Continuing operations			
Revenue		**4,116.3**	3,307.8
Cost of sales		**(3,651.4)**	(2,912.1)
Gross profit		**464.9**	395.7
Operating expenses		**(161.3)**	(146.5)
Exceptional operating expenses		**(14.6)**	-
Operating profit	5	**289.0**	249.2
Finance income	8.1	**48.7**	26.9
Finance expense	8.2	**(144.5)**	(150.5)
Profit before income tax		**193.2**	125.6
Income tax expense	9	**(66.4)**	(30.3)
Profit for the year, attributable to equity owners of Parent		**126.8**	95.3

In accordance with the exemption under s408 of the Companies Act 2006, no Company-only Income Statement is shown (see Note 10).

Consolidated Statement of Comprehensive Income

	Note	**Group 2021 £m**	Group 2020 £m
Profit for the year		**126.8**	95.3
Other comprehensive expense for the year:			
Items that may be reclassified subsequently to profit or loss:			
Deferred tax on potential chargeable gains	9.3	**(6.5)**	(2.6)
Total other comprehensive expense for the year		**(6.5)**	(2.6)
Total comprehensive income for the year, attributable to equity owners of Parent		**120.3**	92.7

In accordance with s408 of the Companies Act 2006, no Company-only Statement of Comprehensive Income is shown (see Note 10).

Consolidated and Company Statements of Financial Position

	Note	**Group 2021** £m	Group 2020 £m	**Company 2021** £m	Company 2020 £m
Assets					
Non-current assets					
Property, plant and equipment	11	**1,677.2**	1,594.5	-	-
Right-of-use asset	11	**83.1**	83.7	-	-
Intangible assets	12	**496.4**	492.1	-	-
Investments	14	-	-	**295.8**	295.8
Total non-current assets		**2,256.7**	2,170.3	**295.8**	295.8
Current assets					
Inventories	15	**54.1**	40.0	-	-
Trade and other receivables	16	**66.5**	55.8	-	-
Cash and cash equivalents	17	**219.1**	155.7	-	-
Total current assets		**339.7**	251.5	-	-
Total assets		**2,596.4**	2,421.8	**295.8**	295.8
Liabilities					
Trade and other payables	18	**(433.5)**	(299.5)	-	-
Accruals		**(38.3)**	(33.7)	-	-
Total current liabilities		**(471.8)**	(333.2)	-	-
Net current liabilities		**(132.1)**	(81.7)	-	-
Non- current liabilities					
Provisions	19	**(17.1)**	(21.8)	-	-
Deferred tax	20	**(158.9)**	(109.0)	-	-
Leases	11	**(78.1)**	(78.0)	-	-
Borrowings	21	**(2,005.8)**	(1,768.4)	**(2.4)**	(2.1)
Total non-current liabilities		**(2,259.9)**	(1,977.2)	**(2.4)**	(2.1)
Total liabilities		**(2,731.7)**	(2,310.4)	**(2.4)**	(2.1)
Net (liabilities) / assets		**(135.3)**	111.4	**293.4**	293.7
Equity					
Share capital	23	**3.0**	3.0	**3.0**	3.0
Share premium	24	**91.8**	91.8	**91.8**	91.8
(Accumulated deficit) / retained income		**(230.1)**	16.6	**198.6**	198.9
Equity attributable to equity owners of parent	26	**(135.3)**	111.4	**293.4**	293.7

The Company reported a profit for the financial year ended 31 December 2021 of £366.7m (2020: loss of £0.2m).

The financial statements on pages 100 to 144 have been approved by the Board of Directors and authorised for issue on 27 April 2022, and are signed on its behalf by

Gregory Laï (Director)

Company number: 09548683

Consolidated Statement of Changes in Equity

	Group			
	Share capital	Share premium	Accumulated Deficit	**Equity attributable to equity owners of Parent**
	£m	£m	£m	**£m**
As at 1 January 2020	3.0	91.8	(76.1)	**18.7**
Profit for the year	-	-	95.3	**95.3**
Other comprehensive expense	-	-	(2.6)	**(2.6)**
Total comprehensive income for the year	-	-	92.7	**92.7**
As at 31 December 2020	3.0	91.8	16.6	**111.4**
Profit for the year	-	-	126.8	**126.8**
Other comprehensive expense	-	-	(6.5)	**(6.5)**
Total comprehensive income for the year	-	-	120.3	**120.3**
Dividend paid	-	-	(367.0)	**(367.0)**
As at 31 December 2021	**3.0**	**91.8**	**(230.1)**	**(135.3)**

Company Statement of Changes in Equity

	Company			
	Share capital	Share premium	Accumulated (loss) / profit	**Equity attributable to equity owners of Parent**
	£m	£m	£m	**£m**
As at 1 January 2020	3.0	91.8	199.1	**293.9**
Loss for the year	-	-	(0.2)	**(0.2)**
Other comprehensive income	-	-	-	**-**
Total comprehensive expense for the year	-	-	(0.2)	**(0.2)**
As at 31 December 2020	**3.0**	**91.8**	**198.9**	**293.7**
Profit for the year	-	-	366.7	**366.7**
Other comprehensive income	-	-	-	**-**
Total comprehensive income for the year	-	-	366.7	**366.7**
Dividend paid	-	-	(367.0)	**(367.0)**
As at 31 December 2021	**3.0**	**91.8**	**198.6**	**293.4**

CD&R Firefly Holdco Limited

Year to 31 December 2021

Consolidated Statement of Cash Flows

	Note	Group 2021 £m	Group 2020 £m
Net cash flows from operating activities			
Profit before income tax		**193.2**	125.6
Non-cash adjustments			
Depreciation on property, plant and equipment	11	**41.0**	41.3
Depreciation on right-of-use asset	11	**7.1**	7.7
Amortisation on intangible assets	12	**1.1**	1.0
Loss on disposal of property, plant and equipment		**4.0**	1.3
Net finance costs		**95.8**	123.6
Working capital adjustments			
(Increase) / decrease in inventories		**(14.8)**	18.3
(Increase) / decrease in trade and other receivables		**(12.0)**	17.9
Increase / (decrease) in trade and other payables		**92.6**	(57.9)
Cashflow generated by operating activities		**408.0**	278.8
Interest paid		**(90.7)**	(93.5)
Income tax paid		**(24.7)**	(36.4)
Net cash generated by operating activities		**292.6**	148.9
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(95.8)**	(48.7)
Purchase of intangibles		**(0.4)**	(0.6)
Disposal of property, plant and equipment		**-**	0.3
Bank interest received and FX on Euro account		**0.5**	0.4
Acquisition of subsidiaries, net of cash received	13	**(30.3)**	(16.8)
Acquisition of subsidiaries, deferred tax	13	**(2.7)**	-
Net cash used by investing activities		**(128.7)**	(65.4)
Cash flows from financing activities			
Proceeds from borrowings		**359.7**	193.6
Repayment of borrowings		**(82.0)**	(220.0)
Principal elements of lease payments		**(9.7)**	(10.0)
Receipts on maturity of derivatives		**4.2**	12.4
Payments on derivatives		**(5.7)**	(7.4)
Dividends paid		**(367.0)**	-
Net cash used in financing activities		**(100.5)**	(31.4)
Net increase in cash and cash equivalents		**63.4**	52.1
Cash and cash equivalents brought forward		**155.7**	103.6
Cash and cash equivalents carried forward	17	**219.1**	155.7

The Company has taken advantage of the exemption in IAS1 'Presentation of financial statements', section 10(d) and IAS 7 'Statement of Cash Flows' not to show the Company's statement of cash flows.

Notes to the financial statements

1 General information

CD&R Firefly Holdco Limited **(the 'Company')** is a private company limited by shares incorporated and domiciled in the United Kingdom . The Company's registered office is Cleveland House, 33 King Street, London, SW1Y 6RJ.

The principal activity of the Company is to act as an intermediate holding company to a group of companies **(the Group)**. The principal activity of the Group is fuel and electricity forecourt retailing.

2 Summary of significant accounting policies

The principal accounting policies have been applied consistently in the preparation of these consolidated financial statements and are set out below:

2.1 Basis of preparation

Group

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared under the historical cost convention, modified by revaluation of financial liabilities held at fair value through profit and loss, and are presented in pounds sterling (£). Amounts are generally expressed in millions (**£'m**), with rounding accordingly.

The principal accounting policies have been applied consistently in both the current and prior year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the company and consolidated financial statements are disclosed in Note 4.

Company

The separate Company financial statements are presented as required by the Companies Act 2006 and have been prepared on the historical cost basis, and accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework".

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.1 Basis of preparation (continued)

Financial reporting standard 101 – reduced disclosure exemptions:

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IFRS 7 – Financial Instruments – Disclosures;
- Paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The following paragraphs of IAS 1, *Presentation of financial statements*
  - 10(d) (statement of cash flows)
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, *Statement of cash flows*
- Paragraph 17 of IAS 24, *Related party disclosures* (key management compensation)
- The requirements in IAS 24, *Related party disclosures* to disclose related party transactions entered into between two or more members of a group
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

2.2 Going concern

The Directors have a reasonable expectation that the Group has adequate financial resources in place to continue trading for at least the next twelve months from the date of approval of these consolidated financial statements having regard to the current business plan and forecast trading over the coming year, as approved by the current Board of Directors, including plausible severely sensitised downside cash flow forecasts. The Group is highly cash generative, has a strong balance sheet and has significant debt facilities available to it providing strong liquidity, the Group has significant headroom against its financial covenants and is expected to comply with all existing debt covenants throughout the going concern review period. Accordingly the Directors have prepared the financial statements on a going concern basis.

As set out on page 8, in pursuing the Group's growth strategy the Directors have acknowledged that it may be appropriate for there to be a change of control for the Group and strategic alternatives are being explored with interested parties. At the time of signing these financial statements there have been no formal discussions held with any potential new investor. Therefore, should there be a change of control in the coming year, the current Board of Directors do not as yet have any direct visibility of any revisions to the Group's strategy or funding arrangements that might ensue. Whilst there is no expectation that any such changes would have an impact on the continuing applicability of the going concern basis, the potential for a change of control gives rise to an elevated level of uncertainty.

Under relevant reporting Standards this potential change of majority ownership qualifies as a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

Notwithstanding any uncertainty around the future direction of the business that could arise following a change in ownership, the Directors are satisfied that maintaining the going concern basis of preparation remains appropriate. Therefore these financial statements do not include such adjustments as may be necessary were the Group unable to continue as a going concern.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all investees that it controls (**'Subsidiaries'**), made up to the accounting reference date each year. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company 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 listed above. Consolidation of a Subsidiary begins when the Company obtains control over an investee and ceases when the Company loses control of that Subsidiary. Specifically, the results of Subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company loses control.

Where control changes during an accounting period, revenue and costs of the trading Subsidiaries acquired have been allocated to pre and post-acquisition periods.

Where necessary, adjustments are made to the financial statements of Subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets, and liabilities, investment and equity, income expenses and dividends, together with cash flows relating to such transactions, are eliminated on consolidation.

2.4 Investments

In the Company's financial statements, investments in Subsidiaries are stated at cost, provision being made where appropriate to recognise a permanent diminution in value.

2.5 Business combinations

Acquisitions of subsidiaries and other businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of (a) the acquisition-date fair values of assets transferred, (b) liabilities incurred to the former owners of the acquiree, and (c) the equity interest issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.5 *Business combinations (continued)*

The identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

a) assets or liabilities related to deferred tax or to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively; and

b) assets or disposal groups that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of any previously held equity interest, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The allocation of goodwill is at a cash generating unit level.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of (a) the consideration transferred, (b) the amount of any non-controlling interests in the acquiree and (c) the fair value of any previously held interest in the acquiree, the excess is recognised immediately in the consolidated Statement of Comprehensive Income as a bargain purchase gain.

Goodwill is tested for impairment on an annual basis. An impairment test is a comparison of the carrying value of assets to their recoverable amount. Where an asset's carrying value is higher than the recoverable amount, an impairment results. Any amortisation and impairment charges are included in operating expenses in the Statement of Comprehensive Income.

2.6 *Currencies*

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (**the functional currency**) which is UK sterling (**£**). They are presented in UK sterling, as described in Note 2.1 (**the presentational currency**).

2.7 *Intangible assets*

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Acquired brands (including trade marks): 20 years
- Acquired customer relationships: 20 years
- Software: 5-10 years

See Notes 2.9 and 12 for the Group policy and accounting treatment with respect to impairment.

Acquired intangibles comprise brands and customer relationships purchased as part of acquisitions of businesses and are capitalised and amortised over their useful economic lives on a straight-line basis. In these consolidated financial statements the brand refers to the Murco brand and the customer relationships mainly refer to the dealership contracts.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.7 Intangible assets (continued)

Intangible assets are stated at cost less, where appropriate, accumulated amortisation and provision for impairment in value or estimated loss on disposal. In respect of customer relationships, the value attributed is based on the future economic benefit that is expected to be derived from them, calculated as the present value of future cash flows after a deduction for contributory assets.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation is charged to operating expenses in the consolidated Statement of Comprehensive Income.

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date.

Depreciation is charged to write off the costs of assets over their estimated useful lives, starting from the month they are first used, as follows:

- Freehold land: not depreciated
- Freehold buildings: straight-line over 50 years
- Leasehold buildings: straight-line over the term of the lease
- Leasehold land: not depreciated
- Plant and machinery: straight-line over 3 to 10 years
- Fixtures and Fittings: straight-line over 3 to 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

An item of property, plant and equipment 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 within the statement of comprehensive income when the asset is derecognised.

2.9 Impairment of non-current assets

At each reporting date, the directors review the carrying amounts of all non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the directors estimate the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.9 Impairment of non-current assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

2.10 Inventories

Inventories are mainly comprised of fuel. Inventories are reported at the lower of cost (purchase price and/or production cost) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling expenses.

The cost of inventory is calculated using a First in First out method (FIFO) for each litre of fuel, with cost including direct materials and, where applicable, an attributable portion of variable and overhead expenses that have been incurred in bringing the inventories to their present location and condition. Adjustments are made for any inventories where net realisable value is lower than cost, or which are considered obsolete. Any inventories which the directors consider are not saleable are written off in the Statement of Comprehensive Income.

2.11 Revenue and income recognition

Revenue for the Group comprises the retail sale of fuel and electricity through forecourts, commission relating to sales by the forecourt shop operators, fuel sales through the dealership network, ATM income, rental income, facility income and bunkering income.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for fuel and electricity supplied, stated net of discounts and value added tax. The Group recognises revenue when (a) it can be reliably measured, (b) it is probable that future economic benefits will flow to the Group and (c) when specific criteria have been met for each of the Group's activities.

Commissions include rebates, also known as over-riders, relating to sales by third parties to the forecourt shop operators. Over-riders and rebates are accrued monthly and invoiced on a quarterly basis in arrears.

Any element of consideration contingent upon future events is included in sales only to the extent that future significant reversal is highly improbable.

Having assessed the Group's revenue arrangements against specific criteria, the directors have concluded that it is acting as a principal rather than agent in its revenue arrangements to date, except in the case of commissions.

Interest income represents interest receivable on cash balances and on loans to related parties and is recognised as it is earned.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.12 Cost of sales

Cost of sales consists of the purchase cost of fuel and electricity sold and other expenses that are directly related to sales. It is stated net of VAT, discounts and expected rebates relating to those purchases.

2.13 Current and deferred tax

The income tax charge or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities for the year.

a) Current tax

Current tax is based on taxable income for the year and any adjustment to tax from previous periods. Taxable income differs from net income in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the year that have been enacted by the reporting date.

b) Deferred tax

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets and liabilities are offset when there is an enforceable right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to the same taxation authority on either the same taxable entity or different taxable entities settling on a net basis.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.14 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date of which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

The right-of-use asset is depreciated on a straight-line basis over the period of the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The principal will amortise the lease liability over the lease term.

2.15 Payroll expense and related contributions

Wages, salaries, payroll tax, bonuses, and employee benefits are accrued in the year in which the associated services are rendered.

2.16 Pension costs and other employee benefits

The Group operates a defined contribution pension scheme and a private medical scheme. The charge represents the amounts payable by the Group to the schemes in respect of the year.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.17 Provisions

Provisions for environmental restoration, restructuring costs, onerous leases and legal claims are recognised where: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.18 Accruals

Accruals represents expenses in the period in which they are incurred.

2.19 Accounting developments

(a) The Group has applied the new standards, amendments and interpretations, adopted for the first time for the period commencing 1 January 2021, none of which has had a material impact on the consolidated financial statements of the Group:

- *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – interest Rate Benchmark Reform Phase 2 – provides accounting relief when changes in the basis for determining contractual cash flows result directly from IBOR reform, and a series of exemptions from certain aspects of the hedge accounting requirements. It also provides relief for lease modifications.*

(b) Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

- *Annual Improvements to IFRS Standards 2018-2020 Cycle – minor amendments to IFRS 1, IFRS 9 and IAS 41*
- *Amendments to IFRS 3 – Reference to the Conceptual Framework – updates certain references to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations*
- *Amendments to IAS 16 – Property, plant and equipment: proceeds before intended use – requires amounts received from selling items produced whilst the company is preparing the asset for its intended use to be recognised in profit or loss, and not as an adjustment to the cost of the asset*
- *Amendment to IAS 37 – Onerous contracts: cost of fulfilling a contract – specifies which costs to include when assessing whether a contract will be loss-making*
- *Amendment to IAS 1 – Classification of liabilities as current or non-current – clarifies that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period*

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.19 Accounting developments (continued)

- *Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies - Changes requirements from disclosing 'significant' to 'material' accounting policies and provides explanations and guidance on how to identify material accounting policies*
- *Amendments to IAS 8 – Definition of Accounting Estimates - Clarifies how to distinguish changes in accounting policies from changes in accounting estimates*
- *Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Introduces an exception to clarify that the 'initial recognition exemption' does not apply to transactions that give rise to equal taxable and deductible timing differences*
- *IFRS 17 Insurance Contracts - Establishes new principles for the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and qualifying investment contracts with discretionary participation features issued*

2.20 Exceptional items

Income or expenses which do not relate to the core business are shown as exceptional items in the income statement in the period in which they are incurred.

3 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1 Trade and other receivables

Trade and other receivables are recognised at fair value through profit or loss. Appropriate provisions for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, credit card receivables and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.3 Trade and other payables

Trade and other payables are measured at fair value through profit or loss.

Notes to the financial statements *(continued)*

3 Financial instruments *(continued)*

3.4 Borrowings

Borrowings are initially recorded at fair value net of transaction costs, including facility fees incurred, and subsequently measured at amortised cost using the effective interest method. Where a loan is obtained at interest rates different from market rates, the loan is remeasured at origination to its fair value, which is calculated as future interest payments and principal repayments discounted at market interest rates for similar loans. Subsequently, the carrying amount of the borrowings is adjusted for amortisation of the origination gain or loss, and the amortisation is recorded as finance income cost using the effective interest yield method on the asset/liability.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

3.5 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity, as a deduction from the proceeds.

3.6 Classification as debt or equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.7 Hedges and other derivative financial instruments

The Group uses foreign exchange forward contracts to hedge against the movement of the euro denominated bank loan. Such instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured using mark to market on a monthly basis. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

All derivatives held are categorized within level 2 of the fair value hierarchy (Note 3.9) as they are measured using readily available information in public markets.

3.8 Fair value estimation - receivables and payables

The carrying values of trade receivables and payables are assumed to approximate their fair values because the short-term nature of such assets renders the impact of discounting to be negligible.

Notes to the financial statements *(continued)*

3 Financial instruments *(continued)*

3.9 Fair value estimation - financial liabilities and derivatives

A fair value hierarchy is used with three levels of inputs. Specific valuation techniques are:

- Level 1 inputs are quoted at prices in active markets at the reporting date. A market is active if quoted prices are readily available from an exchange, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regular market transactions on an arm's length basis
- Level 2 (financial instruments not traded in an active market but where all significant inputs are based on observable market data). Fair value is determined by valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates
- Level 3 (If significant inputs are not based on observable market data). Fair value is based upon discounted cash flow forecasts.

4 Critical accounting estimates and judgements

Details of significant accounting judgements and critical accounting estimates are set out in these Company and consolidated financial statements.

Accounting judgements

4.1 Segments

All revenue and profits arise from one business stream, being fuel and electricity forecourt retailing, which includes associated commission, over-riders, rent from site operators and other ancillary forecourt related income; consequently the Group does not prepare a segmental analysis. All assets and liabilities are located in the country of domicile, being the UK, and all activity occurs there and in the Channel Islands. All income arises from the same assets, being the fuel stations and hence no segmental analysis of net assets arises. The Board view this as one business stream and forecasts on that basis.

4.2 Financial instruments

In the judgement of the directors, derivatives have only been used for economic hedging purposes and not as speculative investments, as set out in Note 3.7.

4.3 Lease term

In determining each lease term, management considers that the group is reasonably likely to exercise an extension option, and reasonably likely to not exercise a termination option.

Management considers that each lessor is reasonably likely to exercise a termination option.

4 Critical accounting estimates and judgements

Accounting judgements *(continued)*

4.4 Onerous leases

Where, in the judgement of the directors, the unavoidable costs of meeting obligations under a lease exceed the economic benefits expected to be received under it, the Company recognises a provision in its financial statements for the loss it expects to make on the contract.

Accounting estimates

4.5 Impairment of assets

The impairment review process involves the directors making judgements about, inter alia, estimated future cash flows and, where appropriate, the discount rate to be applied to those cash flows. This is done as at each reporting date as set out in Note 2.9.

4.6 Intangible asset life

Intangible assets are amortised over their estimated useful lives as explained in Note 2.7 and Note 12. In the case of acquired brands, this estimation reflects the directors' expectation of customer loyalty, taking into account observations from previous acquisitions.

Notes to the financial statements (continued)

5 Operating Profit

Operating profit is stated after charging items as follows:

	Group 2021 £m	Group 2020 £m
Inventory recognised as an expense through cost of sales	**3,651.4**	2,912.1
Employee costs – Note 7	**29.8**	27.0
Establishment and general:		
-Loss on disposal of property, plant and equipment	**4.0**	1.3
-Auditors' remuneration – Note 6	**0.4**	0.4
-Short term lease costs – Note 11	**0.4**	0.4
-Depreciation of right-of-use assets – Note 11	**7.1**	7.7
-Depreciation of owned property, plant and equipment – Note 11	**41.0**	41.3
-Amortisation of intangible assets – Note 12	**1.1**	1.0

Other operating expenses comprise site operating costs, including fuel commissions, business rates, utilities, repairs and maintenance; legal and professional fees and head office costs.

Exceptional items include the voluntary repayment of the rates relief relating to 2020.

6 Auditors' remuneration

	Group 2021 £m	Group 2020 £m
The Group obtained the following services from the auditors and their associates:		
Current year audit of the Company's and Group's financial statements	**-**	-
Current year audit of the Subsidiaries' financial statements	**0.4**	0.4
Other audit-related assurance services	**-**	-
Total auditors' remuneration	**0.4**	0.4

The auditors' remuneration for the Company of £9,000 (2020: £8,000) has been borne by one of the subsidiaries.

Notes to the financial statements *(continued)*

7 Employees and remuneration

7.1 Number of employees

Monthly average number of employees of the group (including directors)	**Group 2021 Number**	Group 2020 Number
Directors and senior managers	**28**	26
Other employees	**830**	672
	858	698

The Company has no employees. The business operates primarily a commission operator business model. As such, the commission operators and the site staff employed by them are not employees of the Group and are not included above.

7.2 Remuneration

	Group 2021 £m	Group 2020 £m
Aggregate remuneration of employees (including directors)		
Wages and salaries	**27.2**	24.2
Social security costs	**1.6**	1.8
Other pension costs	**1.0**	1.0
	29.8	27.0

During the year the Group operated two defined contribution pension schemes, one of which is closed to new joiners. Pension benefits are provided through these schemes, whereby retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee. The assets of the schemes are held separately from those of the Group in independently administered funds.

7.3 Directors' and key management personnel remuneration

	Group 2021 £m	Group 2020 £m
Remuneration of the directors and key management personnel		
Wages and salaries	**3.8**	2.9
Social security costs	**0.5**	0.4
Other pension costs	**0.1**	0.1
	4.4	3.4
Remuneration of highest paid director	**-**	-

During the prior year a loan was made to a director of one of the Group companies. This was repaid in full in 2021. Further details are given in Note 27.

Notes to the financial statements *(continued)*

8 Finance income and expense

8.1 Income

	Group 2021 £m	Group 2020 £m
Interest and similar income	-	0.3
Fair value gain on derivatives – Note 22.5	-	14.2
Fair value gain on financial assets and liabilities	**48.6**	-
Other interest and similar income – inc. settlement of swaps (Note 22.5)	**0.1**	12.4
	48.7	26.9

8.2 Expense

	Group 2021 £m	Group 2020 £m
Bank interest paid	**89.8**	92.9
Fair value loss on financial assets and liabilities	**0.2**	38.4
Interest and finance charges payable for lease liabilities not at fair value through profit and loss	**3.9**	3.8
Interest payable on loans from parent undertaking	**0.3**	0.2
Fair value loss on derivatives – Note 22.5	**36.9**	-
Amortisation of loan arrangement fees	**8.1**	6.2
Other interest and similar charges – inc. settlement of swaps (Note 22.5)	**5.3**	9.0
	144.5	150.5

The fair value gain / (loss) on financial assets and liabilities arises from the revaluation of the Euro denominated bank loans and bank accounts.

9 Taxation

9.1 Income tax expense

	Group 2021 £m	Group 2020 £m
Current tax		
- UK corporation tax on profit for the period	**29.0**	31.5
- Adjustment in respect of prior periods	**(3.3)**	(0.8)
Total current tax	**25.7**	30.7
Deferred tax		
- Origination and reversal of timing differences	**3.4**	(4.1)
- Adjustment in respect of prior periods	**3.1**	(0.8)
- Recognition of deferred tax assets	-	(7.8)
- Effect of tax rate change on opening balances (note 9.4)	**34.2**	12.3
Total deferred tax	**40.7**	(0.4)
Net income tax expense	**66.4**	30.3
Tax on items charged to other comprehensive income	**6.5**	2.6

Notes to the financial statements *(continued)*

9 Taxation *(continued)*

9.2 Factors affecting the tax charge

The income tax charge differs from the theoretical charge arising from applying UK corporate tax rates to the profits for the reasons below:

	Group 2021	Group 2020
Corporate tax rate being the average UK corporation tax rate during the year	**19%**	19%
	£m	£m
Profit before income tax	**193.2**	125.6
Tax charge at the UK corporate tax rate	**36.7**	23.9
Effects of:		
Permanent depreciation	**1.0**	1.6
Non-deductible expenditure	**1.1**	2.3
Chargeable gains rolled over	**(1.4)**	-
- Adjustments in respect of previous periods - current tax	**(3.3)**	(0.8)
- Adjustments in respect of previous periods - deferred tax	**3.1**	(0.8)
Deferred tax charged directly to other comprehensive income	**(6.5)**	(2.6)
Deferred tax asset recognised	**-**	(7.8)
Remeasurement of deferred tax - change in future UK tax rate (Note 9.4)	**34.2**	12.3
Movement in unprovided deferred tax	**1.5**	2.2
Tax charge for the year before and after group relief	**66.4**	30.3

9.3 Deferred tax

	Group 2021 £m	Group 2020 £m
Movements in deferred tax liabilities were as follows:		
Deferred tax liability brought forward	**109.0**	104.3
Acquired with Subsidiaries (note 13)	**2.7**	1.8
Charged / (credited) to the income statement	**40.7**	(0.4)
Charged to other comprehensive income	**6.5**	2.6
Arising on fair value adjustment (note 13)	**-**	0.7
Deferred tax liability carried forward	**158.9**	109.0

Notes to the financial statements *(continued)*

9 Taxation *(continued)*

9.3 Deferred tax (continued)

Amounts charged to the statement of comprehensive income in the year were as follows:

	Group	Group
	2021	2020
	£m	£m
Origination and reversal of temporary differences, net	**6.5**	2.6
	6.5	2.6

Note 20 has a full analysis of the deferred tax balance.

The Group has unrecognised deferred tax assets of £9.3m (2020: £5.4m). This includes potential chargeable losses of £6.4m (2020: £4.9m) and disallowed finance cost under the UK corporate interest restriction regime of £2.9m (2020: £0.6m).

9.4 Factors that may affect future tax charges

Deferred tax has been provided for at a rate of 25% (2020: 19%). A change in the main UK corporation tax rate was announced in The Budget on 3 March 2021. The rate applicable from 1 April 2023 is 25%.

10 Company results

	2021	2020
	£m	£m
Total comprehensive income / (expense)	**366.7**	(0.2)

Notes to the financial statements *(continued)*

11 Property, plant and equipment (Group)

(a)

	Freehold land and buildings	Leasehold land and buildings	Plant and machinery	Fixtures and fittings	**Total**
	£m	£m	£m	£m	**£m**
Cost					
As at 1 January 2021	1,350.3	165.0	144.9	24.3	**1,684.5**
Additions in the year	8.0	-	82.7	5.1	**95.8**
Acquired with subsidiaries	29.4	-	1.9	-	**31.3**
Disposals	(0.1)	(3.8)	(25.6)	(1.8)	**(31.3)**
Reclassification	27.6	2.1	(31.1)	1.4	**-**
As at 31 December 2021	1,415.2	163.3	172.8	29.0	**1,780.3**
Accumulated depreciation					
As at 1 January 2021	36.1	4.6	42.2	7.1	**90.0**
Charge for the year	12.2	2.3	22.7	3.8	**41.0**
Disposals	(0.1)	(0.2)	(25.8)	(1.8)	**(27.9)**
Reclassification	(0.4)	0.4	(1.5)	1.5	**-**
As at 31 December 2021	47.8	7.1	37.6	10.6	**103.1**
Carrying amount					
As at 31 December 2020	1,314.2	160.4	102.7	17.2	**1,594.5**
As at 31 December 2021	1,367.4	156.2	135.2	18.4	**1,677.2**

The depreciation charges have been included in operating expenses in the Consolidated Income Statement. The value of land included in land and buildings which is not depreciated is £1,026.2m (2020: £985.0m).

These Group assets were pledged in security for the bank loans (Note 21).

Notes to the financial statements *(continued)*

11 Property, plant and equipment (Group) *(continued)*

	Freehold land and buildings	Leasehold land and buildings	Plant and machinery	Fixtures and fittings	**Total**
	£m	£m	£m	£m	**£m**
Cost					
As at 1 January 2020	1,323.7	164.5	141.9	19.7	**1,649.8**
Additions in the year	7.5	2.1	33.9	5.1	**48.6**
Acquired with subsidiaries	12.9	0.4	0.1	-	**13.4**
Disposals	(0.5)	(0.7)	(25.6)	(0.5)	**(27.3)**
Reclassification	6.7	(1.3)	(5.4)	-	**-**
As at 31 December 2020	1,350.3	165.0	144.9	24.3	**1,684.5**
Accumulated depreciation					
As at 1 January 2020	25.1	3.9	40.5	4.4	**73.9**
Charge for the year	11.3	1.3	25.5	3.2	**41.3**
Disposals	(0.4)	(0.4)	(23.9)	(0.5)	**(25.2)**
Reclassification	0.1	(0.2)	0.1	-	**-**
As at 31 December 2020	36.1	4.6	42.2	7.1	**90.0**
Carrying amount					
As at 31 December 2019	1,298.6	160.6	101.4	15.3	**1,575.9**
As at 31 December 2020	1,314.2	160.4	102.7	17.2	**1,594.5**

Notes to the financial statements *(continued)*

11 Property, plant and equipment (Group) *(continued)*

(b) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2021	2020
	£m	£m
Right-of-use assets		
Buildings	**81.7**	82.9
Vehicles	**1.4**	0.8
	83.1	83.7
Lease liabilities		
Current	**9.7**	9.1
Non-current	**78.1**	78.0
	87.8	87.1

Additions to right-of-use assets during the 2021 financial year were £6.4m (2020: £13.8m).

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2021	2020
	£m	£m
Depreciation charge for right-of-use assets		
Buildings	**6.5**	7.1
Vehicles	**0.6**	0.6
	7.1	7.7
Interest expense (included in finance costs)	**3.9**	3.8
Expense relating to short-term leases (included in administrative expenses)	**0.4**	0.4

The total cash outflow for leases in 2021 was £9.7m (2020: £10.0m).

Notes to the financial statements *(continued)*

11 Property, plant and equipment (Group) *(continued)*

(b) Leases *(continued)*

(iii) The Group's leasing activities and how these are accounted for

The Group leases offices, petrol stations, equipment and vehicles. Rental contracts are typically made for fixed periods, which can be for any length of time, from less than 5 years to 999 years. Some of the leases contain extension or break options.

Contracts may contain both lease and non-lease components. The group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable
- Lease payments to be made under reasonably certain extension options

The lease payments are discounted using the lessee's incremental borrowing rate , being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses its incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Payments associated with short term leases are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less.

Leases of low value equipment (comprising IT equipment and other low value assets) have been recognised on a straight-line basis as an expense in profit or loss.

Notes to the financial statements *(continued)*

11 Property, plant and equipment (Group) *(continued)*

(b) Leases *(continued)*

(iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations.

In determining the lease term, management considers that the Group is reasonably likely to exercise an extension option, and reasonably likely to not exercise a termination option.

Management considers that the lessor is reasonably likely to exercise each termination option.

12 Intangible assets (Group)

Intangible assets comprise Goodwill, Brands, Dealer Relationships and Software.

Goodwill arises on acquisition as the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed (Note 2.5). It represents the present value of future net profits expected from those net assets due to (a) synergies and efficiencies that can be driven from the expanded group and (b) the application of the Group's operational strategy to those assets.

The intangible assets arising on acquisition during the year are set out in Note 13. The fair values established upon the 2020 acquisitions were subsequently revised within a year of the related acquisition date to reflect that the consideration was ultimately revised downwards, decreasing in goodwill by £50,000.

Goodwill is tested for impairment on an annual basis.

Growth rates and discount rates used in impairment calculations are determined internally and reviewed and considered for appropriateness each year. The Group has used a growth rate of 2.5% which is an estimate of inflation based on RPI over 30 years, and a discount rate of 5.04% which was the WACC based on the external loans held in the year. When testing the continuing carrying value attributed to goodwill, the directors believe that it is appropriate to consider the Group as one cash generating unit (CGU) as fuel and other contracts are not negotiated on a site by site basis.

Recoverable amounts have been measured based on value in use over the remaining life of each asset. Forecasts for the remaining life of each asset have been used (maximum 20 years), based on annual budgets and strategic projections representing the best estimate of future performance. The remaining lives are forecast to be 14.5 years for brands and dealer relationships.

The directors have not identified any plausible changes to key assumptions that would render the recoverable amounts of the intangible assets below their carrying values.

Notes to the financial statements *(continued)*

12 Intangible assets (Group)

	Goodwill	Brands	Dealer relation-ships	Software	**Total**
	£m	£m	£m	£m	**£m**
Cost					
As at 1 January 2021	478.1	1.2	15.5	2.1	**496.9**
Additions	5.0	-	-	0.4	**5.4**
As at 31 December 2021	483.1	1.2	15.5	2.5	**502.3**
Accumulated amortisation					
As at 1 January 2021	-	0.4	4.3	0.1	**4.8**
Charge for the year	-	0.1	0.8	0.2	**1.1**
As at 31 December 2021	-	0.5	5.1	0.3	**5.9**
Carrying Amount					
As at 31 December 2020	478.1	0.8	11.2	2.0	**492.1**
As at 31 December 2021	483.1	0.7	10.4	2.2	**496.4**

	Goodwill	Brands	Dealer relation-ships	Software	**Total**
	£m	£m	£m	£m	**£m**
Cost					
As at 1 January 2020	472.7	1.2	15.5	1.5	**490.9**
Additions	5.4	-	-	0.6	**6.0**
As at 31 December 2020	478.1	1.2	15.5	2.1	**496.9**
Accumulated amortisation					
As at 1 January 2020	-	0.3	3.5	-	**3.8**
Charge for the year	-	0.1	0.8	0.1	**1.0**
As at 31 December 2020	-	0.4	4.3	0.1	**4.8**
Carrying Amount					
As at 31 December 2019	472.7	0.9	12.0	1.5	**487.1**
As at 31 December 2020	478.1	0.8	11.2	2.0	**492.1**

Notes to the financial statements *(continued)*

13 Business combinations

The Group completed the acquisition of the entire share capital of two forecourt groups in 2021, George Hammond Limited and Premier Garage (Southgate) Limited, perceiving there were synergies that could be achieved through integration of their operational activities with those of the existing Group. The consideration was 100% cash. It is not possible to identify separately the revenues and profits attributable to the acquired entities since the acquisition date as they have not been run separately post acquisition. Acquisition costs have been included within legal and professional costs.

The acquired assets and liabilities were as follows:

	Book value	Fair value adjustment	**Fair value**
	£m	£m	**£m**
Tangible fixed assets	22.5	8.8	**31.3**
Inventories	0.7	-	**0.7**
Trade debtors	0.4	-	**0.4**
Other debtors and prepayments	0.4	-	**0.4**
Cash	4.9	-	**4.9**
Trade creditors	(1.2)	-	**(1.2)**
Accruals and deferred income	(0.2)	-	**(0.2)**
Corporation tax	(0.3)	-	**(0.3)**
VAT and PAYE	(0.1)	-	**(0.1)**
Provisions	(0.2)	-	**(0.2)**
Deferred tax	(0.6)	(2.1)	**(2.7)**
Net assets acquired	**26.3**	**6.7**	**33.0**
Cash consideration on completion			**38.0**
Net assets acquired per above			**(33.0)**
Goodwill arising on 2021 acquisitions			**5.0**

The fair value of the tangible fixed assets is based on a valuation by an external party, carried out prior to the acquisitions.

Notes to the financial statements *(continued)*

13 Business combinations *(continued)*

The consideration relating to the acquisition of the AUK Investments Limited in 2020 was ultimately revised downwards in 2021, decreasing goodwill by £50,000.

14 Investment

The Company's investment at both 31 December 2021 and 2020 comprises shares in CD&R Firefly 2 Limited (Note 28).

15 Inventories

	Group 2021	Group 2020	**Company 2021**	Company 2020
	£m	£m	**£m**	£m
Finished goods – fuel	**51.1**	38.5	**-**	-
Finished goods – dry stock	**3.0**	1.5	**-**	-
	54.1	40.0	**-**	-

No inventories were provided against in the year.

Notes to the financial statements *(continued)*

16 Trade and other receivables

	Group 2021	Group 2020	**Company 2021**	Company 2020
	£m	£m	**£m**	£m
Trade receivables	**41.4**	40.4	-	-
Corporation tax receivable	-	0.4	-	-
Other receivables	**2.5**	6.8	-	-
Accrued income and prepayments	**22.6**	8.2	-	-
	66.5	55.8	-	-

The directors believe that the carrying value of receivables represents their fair value and is stated net of a loss allowance of £0.2m (2020: £0.2m) reflecting a provision for doubtful debts.

In determining the recoverability of a receivable, the directors consider any change in its credit quality from the date credit was granted up to the reporting date.

As at 31 December 2021, £3.5m (2020: £0.9m) of receivables were past due but not considered to be impaired. The age profile of these past due trade receivables is as follows and, subsequent to the year end, £3.4m of these overdue receivables have been collected:

	2021	2020	**2021**	2020
	Group	Group	**Company**	Company
	£m	£m	**£m**	£m
Up to three months	**3.3**	0.6	-	-
Three to six months	**0.2**	0.3	-	-
Total	**3.5**	0.9	-	-

The largest single receivable at the reporting date was from a fuel card company and as such the concentrated credit risk is considered moderate.

	2021	2020	**2021**	2020
	Group	Group	**Company**	Company
	£m	£m	**£m**	£m
Largest receivable	**6.7**	11.0	-	-

Details of credit risk management policies are shown in Note 22.6.

Notes to the financial statements *(continued)*

17 Cash and cash equivalents

	Group 2021	Group 2020	**Company 2021**	Company 2020
	£m	£m	**£m**	£m
Cash and cash equivalents	**219.1**	155.7	**-**	-

The cash and cash equivalents currently earn a minimal level of interest. The directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

18 Trade and other payables

	Group 2021	Group 2020	**Company 2021**	Company 2020
	£m	£m	**£m**	£m
Trade payables	**351.8**	244.9	**-**	-
Corporation tax payable	**0.9**	-	**-**	-
Other tax and social security	**8.0**	22.8	**-**	-
Lease liabilities – Note 11	**9.7**	9.1	**-**	-
Other creditors	**15.4**	11.9	**-**	-
Derivatives - Note 22.5	**47.7**	10.8	**-**	-
	433.5	299.5	**-**	-

19 Provisions

	Onerous Lease	**Environmental provision**	**Total**
	£m	**£m**	**£m**
Beginning of year	17.3	4.5	**21.8**
Provided in the year	-	0.2	**0.2**
Utilised in the year	(4.5)	(0.4)	**(4.9)**
	12.8	**4.3**	**17.1**

Notes to the financial statements *(continued)*

19 Provisions *(continued)*

The onerous lease provision relates to 'above market' fuel contracts recognised on business combinations. The expected outflows are over the remaining period of the lease which runs until September 2025.

The provision for environmental costs is in respect of estimated investigation and remediation costs of freehold and leasehold properties. The expected outflows will occur as and when the specific site work is undertaken, the sites are subsequently sold or it is deemed that the provision is not required any longer.

20 Deferred tax liability

Movements in deferred tax liabilities were as follows:

	Group 2021	Group 2020
	£m	£m
Deferred tax liability brought forward	**109.0**	104.3
Acquired with subsidiaries	**2.7**	1.8
Charged / (credited) to the income statement	**40.7**	(0.4)
Charged to other comprehensive income	**6.5**	2.6
Adjustment arising from 2019 acquisitions (note 13)	**-**	0.7
	158.9	109.0

The provision for deferred tax consists of the following:

	Group 2021	Group 2020
	£m	£m
Accelerated capital allowances	**15.4**	2.7
Revaluations prior to acquisitions by the Group	**149.2**	114.5
Short term timing differences	**(5.7)**	(8.2)
	158.9	109.0

Short term timing differences include the following deferred tax asset items, IFRS derivatives transition adjustment recoverable over 10 years £2,925,000 (2020: £2,816,000) and the tax effects an onerous fuel provision £2,947,000 (2020: £3,209,000) expected to reverse in the year ended 31 December 2025.

Notes to the financial statements *(continued)*

21 Borrowings

	Group 2021	Group 2020	**Company 2021**	Company 2020
	£m	£m	**£m**	£m
Non-current				
Secured bank loan	**1,953.4**	1,701.3	-	-
Secured bank overdraft	**50.0**	65.0	-	-
Preference shares	**2.4**	2.1	**2.4**	2.1
Total borrowings	**2,005.8**	1,768.4	**2.4**	2.1

The earliest that the lenders of the above non-current borrowings may require repayment is as follows:

	Group 2021	Group 2020	**Company 2021**	Company 2020
Between two and five years:				
Secured bank loan	**1,953.4**	1,383.3	-	-
Secured bank overdraft	**50.0**	65.0	-	-
	2,003.4	1,448.3	-	-
After five years:				
Preference shares (note 23.1)	**2.4**	2.1	**2.4**	2.1
Secured bank loan	-	318.0	-	-
	2.4	320.1	**2.4**	2.1

The bank loan facilities at 31 December 2021 comprise:

- £765m senior secured loan B1 facility – interest depending on leverage ratio - 4.75% over SONIA (Sterling Overnight Index Average), subject to certain conditions, repayable in 2025
- €786m senior secured loan B2 facility – interest of 3.75% subject to margin ratchet, repayable in 2025
- £305m senior secured revolving credit facility (RCF) – interest of 3.25% over SONIA, facility available until 2024, amounts repayable at the end of each interest period unless rolled over
- £50m senior secured letter of credit facility, available until 2024
- £308m second lien term loan facility – interest of 8.25% over term reference rate and credit adjustment spread, repayable in 2026

Notes to the financial statements *(continued)*

21 Borrowings *(continued)*

- €300m Senior secured loan B3 loan – 3.75% subject to margin ratchet

At year end the drawn balance on the RCF was £50m (2020: £65m).
One of the conditions for the availability of the facilities referred to above was that the Group companies grant a standard security over the properties held by the Group.

22 Financial instruments

There is an exposure to the risks associated with holding financial instruments. The policies for managing those risks and the methods to measure them are described in the Strategic report. Further information in respect of these risks is presented below and throughout these Financial Statements.

22.1 Capital risk management

Funding to date has been by equity and loans. Loans were outstanding as shown in Note 21. The Group has assessed its risks with regard to interest rate and currency fluctuations relating to its existing loans and has adopted an appropriate hedging strategy.

22.2 Principal financial instruments

The principal financial instruments were as follows:

	Group 2021	Group 2020	**Company 2021**	Company 2020
	£m	£m	**£m**	£m
Trade and other receivables	**43.9**	47.2	-	-
Trade and other payables	**424.6**	276.6	-	-
Accruals	**38.3**	33.7	-	-
Cash and cash equivalents	**219.1**	155.7	-	-

22.3 Financial assets

The following financial assets were held, all classified as loans or receivables:

	Group 2021	Group 2020	**Company 2021**	Company 2020
	£m	£m	**£m**	£m
Cash and cash equivalents	**219.1**	155.7	-	-
Trade receivables	**41.4**	40.4	-	-
Other receivables	**2.5**	6.8	-	-

Notes to the financial statements *(continued)*

22 Financial instruments *(continued)*

22.4 Financial liabilities

The following financial liabilities were owed, all classified as other financial liabilities:

	Group 2021	Group 2020	**Company 2021**	Company 2020
	£m	£m	**£m**	£m
Trade payables	**351.8**	244.9	-	-
Other payables	**15.4**	11.9	-	-
Accruals	**38.3**	33.7	-	-
Lease liability – within one year	**9.7**	9.1	-	-
Lease liability – greater than one year	**78.1**	78.0	-	-
Loans	**2,005.8**	1,768.4	**2.4**	2.1

The repayment dates of the loans are as per Note 21 above. The maturity of the lease liabilities is shown above. All other financial liabilities are expected to be repayable within 12 months.

22.5 Market risk – derivatives

There is an exposure to the market risk of changes in interest rates arising from borrowings. Loans with variable rates expose the Group to cash flow interest rate risk.

Foreign exchange exposure arises on the Euro denominated bank loan. This exposure is managed by FX forward contracts and hedges with end dates of 31 December 2022.

All financial instruments are level 2, as defined in Note 3.9. They are valued using mark-to-market on a monthly basis.

Notes to the financial statements *(continued)*

22 Financial instruments *(continued)*

22.5 Market risk – derivatives (continued)

The relevant fair values are as follows:

	Group 2021	Group 2020	**Company 2021**	Company 2020
	£m	£m	**£m**	£m
Liability brought forward	**10.8**	25.0	**-**	-
Movements in year:				
- Interest rate swap	**-**	(1.6)	**-**	-
- Currency swap	**1.1**	(23.4)	**-**	-
- FX forward contracts	**35.8**	10.8	**-**	-
Liability carried forward	**47.7**	10.8	**-**	-

Notes to the financial statements *(continued)*

22 Financial instruments *(continued)*

22.5 Market risk – derivatives (continued)

Interest rate risk

The sensitivity analysis below describes possible movements in interest rates with all other variables held constant, showing the impact on the derivative asset / liability and profit before tax:

	2021	2020
	£m	£m
Increase of 100 basis points in EUR curve	**(2.8)**	-
Decrease of 100 basis points in EUR curve	**4.5**	-
Increase of 100 basis points in GBP curve	**7.8**	-
Decrease of 100 basis points in GBP curve	**(7.8)**	-

Every 1% increase / decrease in the EURIBOR rate increases / decreases the interest on the Group's Euro denominated loan by €10.9m (approximately £9.1m) annually (2020: €7.9m, approximately £7.0m).

Every 1% increase / decrease in the LIBOR rate increases / decreases the interest on the Group's GBP denominated loan by £11.2m annually (2020: £10.9m).

Foreign exchange risk

The sensitivity analysis below describes possible movements in EUR / GBP spot rates with all other variables held constant, showing the impact on profit before tax:

	2021	2020
	£m	£m
Appreciation of EUR of 10% vs GBP	**(92.7)**	(50.5)
Depreciation of EUR of 10% vs GBP	**92.8**	50.6

22.6 Credit risk

Careful consideration is given to the choice of bank to hold the Group's cash balances in order to minimise credit risk. Cash is held with a number of major UK banks, and £219.1m was held at the reporting date (2020: £155.7m).

There was no significant concentration of credit risk in respect of receivables at the reporting date as described at Note 16.

The carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk without taking account of the value of any collateral obtained.

Notes to the financial statements *(continued)*

22 Financial instruments *(continued)*

22.6 Credit risk (continued)

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The directors consider the above measures to be sufficient to control the credit risk exposure. No collateral is held as security in relation to its financial assets.

The Group mitigates credit risk for dealerships and commission sales, where considered necessary, by holding cash bonds as security.

22.7 Liquidity risk management

The directors manage liquidity risk by reviewing cash requirements at least quarterly by reference to short term cashflow forecasts and medium term working capital projections. The forecasts reflect the Group's debt finance plans and covenant compliance.

22.8 Maturity of financial assets and liabilities

All of the non-derivative financial liabilities and assets at the reporting date are either payable or receivable within one year, except for borrowings and lease liabilities as disclosed in Notes 21 and 22.

23 Share capital

23.1 Number of shares in issue authorised and fully paid

	Group 2021	Group 2020	**Company 2021**	Company 2020
	Number	Number	**Number**	Number
Ordinary share of £1.00	**-**	-	**-**	-
A Ordinary shares of 1p issued at £1.00 each	**121,836**	121,836	**121,836**	121,836
B1 Ordinary shares of 1p issued at £1.0003 each	**294,526,835**	294,526,835	**294,526,835**	294,526,835
B2 Ordinary shares of 20p issued at £1.00 each	**61,048**	61,048	**61,048**	61,048
C Ordinary shares of £1.00 each issued at par	**5**	5	**5**	5
Subtotal ordinary shares	**294,709,724**	294,709,724	**294,709,724**	294,709,724
Preference shares of 0.0001p issued at £1.00 each	**1,164,432**	1,164,432	**1,164,432**	1,164,432
Total shares	**295,874,156**	295,874,156	**295,874,156**	295,874,156

The 'A' shares are non-voting but do entitle the shareholder to a dividend.

The 'B1' shares have voting rights and also entitle the shareholder to a dividend.

The 'B2' shares are non-voting but do entitle the shareholder to a dividend.

Notes to the financial statements *(continued)*

23 Share capital *(continued)*

23.1 Number of shares in issue authorised and fully paid (continued)

The 'C' shares have voting rights, allowing the shareholder to exercise 5% of the total voting rights capable of being cast at a general meeting and also entitle the shareholder to a dividend.

The 'Preference Shares' are non-voting unless: (1) the Company does not pay all of the Redemption Sum payable to the Preference shareholders; (2) any indebtedness of any Group Company has become repayable before its specified maturity date or has been the subject of a demand for repayment; (3) the business of the meeting includes the consideration of a resolution for the winding-up or dissolution of the Company or the appointment of an administrator. The 'Preference shares' accrue entitlement to a fixed cumulative preferential dividend at the rate of 12% per annum of the issue price.

No shares were issued in the year (2020: nil).

The preference shares are treated as debt – see Note 21.

23.2 Nominal value of shares in issue, fully paid

	Group 2021 £m	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
A Ordinary shares	**-**	-	**-**	-
B1 Ordinary shares	**3.0**	3.0	**3.0**	3.0
B2 Ordinary shares	**-**	-	**-**	-
C Ordinary shares	**-**	-	**-**	-
Subtotal ordinary shares	**3.0**	3.0	**3.0**	3.0

24 Share premium

	Group 2021 £m	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Brought forward	**91.8**	91.8	**91.8**	91.8
Arising during the year	**-**	-	**-**	-
Share premium reduction	**-**	-	**-**	-
Carried forward	**91.8**	91.8	**91.8**	91.8

25 Ultimate controlling party

The immediate parent undertaking is CD&R Tiger Jersey Holdco Limited, incorporated in Jersey. The registered address is 22 Grenville Street, St. Helier, Jersey, JE4 8PX.

In the opinion of the directors the ultimate controlling party is the ultimate parent company, CD&R Firefly Holdings Sàrl, registered in Luxembourg. The registered address is 37A avenue John F. Kennedy, 1855 Luxembourg.

Notes to the financial statements *(continued)*

26 Reconciliation of movement in shareholder funds

	Group 2021	Group 2020	**Company 2021**	Company 2020
	£m	£m	**£m**	£m
Brought forward	**111.4**	18.7	**293.7**	293.9
Total comprehensive income / (loss) for the year	**120.3**	92.7	**366.7**	(0.2)
Dividend paid	**(367.0)**	-	**(367.0)**	-
Carried forward	**(135.3)**	111.4	**293.4**	293.7

27 Related party transactions

Disclosures required in respect of IAS24 Related Party Disclosures regarding remuneration of key management personnel are covered by the disclosure of directors' and key management personnel remuneration in Note 7.3.

During 2020 a loan was made to a director of the one of the Group companies. The loan was for £5m with a two year term, the interest rate being LIBOR + 5.5% per annum secured against equity in the ultimate parent company. This was repaid in full in July 2021.

28 Principal subsidiaries

The Company owns 100% of the issued shares of the following Subsidiaries, all incorporated in England & Wales except where indicated:

Directly Held	**Company Number**
CD&R Firefly 2 Limited[1]	09547855

Indirectly Held	**Company Number**
CD&R Firefly 3 Limited[1]	09547822
CD&R Firefly 4 Limited[1]	09547863
CD&R Firefly Bidco Limited	09580601
Scimitar Topco Limited	07869343
Motor Fuel Limited	05206547
Scimitar Midco Limited	07777382
Scorpion Midco Limited	08575198
Motor Fuel Group Limited	06231901
St Albans Operating Company Limited	09146965
Highway Stops Limited	02409154
Fuel Stops UK Limited	04511403
Motor Fuel (No. 2) Limited	09581137

Notes to the financial statements *(continued)*

28 Principal subsidiaries *(continued)*

Roadside Group Limited	03079092
Elite Fuels Limited	03080543
Scorpion PFS1 Limited	08476359
Leopard PEL Limited	03391904
Kerr 1 Limited	10717536
Burns & Co Limited	01454826
Manor Service Stations Limited	01938740
Scimitar PFS1 Limited	07777403
Motor Fuel (No.1) Limited	06523149
Leopard No 2 Investments Limited (Incorporated in Scotland)[2]	SC342459
Kerr 2 Limited	00687187
Motor Fuel (No. 3) Limited	07532478
Motor Fuel (No. 4) Limited	09976564
Motor Fuel (No. 5) Limited	06255272
Motor Fuel (No. 6) Limited	07317793
MRH (GB) Limited	06360543
Malthurst (UK) Limited	03473591
Retro Properties Limited	05179558
Lupo Limited	05166720
Malthouse Estates Limited	08328610
Malthurst South East Limited	09471633
Malthurst Anglia Limited	09471584
Refined Holdings Limited	05193623
Malthurst Retail Limited	03313799
Malthurst Petroleum Limited	00762360
Malthurst Limited	03445529
Chartman Holdings Limited	09892309
Chartman Limited	02192424
Peregrine Retail Limited	03327423
Isle of Wight Fuels Limited	08011071
Roberts Garages Limited (Jersey)[3]	15450
Petroleum Distributions Limited (Jersey)[4]	4103
PDR Limited (Jersey)[4]	114694
MB Boiler Services Limited (Jersey)[4]	46167
Guernsey Petroleum Distributions Limited (Guernsey)[5]	615
RGF Limited (Jersey)[3]	118854
MRH Forecourts Limited	05303330
Spring Petroleum Company Limited	04342974
Mercury Forecourts Limited	06605317
Refined Estates Limited	04193995
AUK Investments Holdings Limited	12965603
AUK Investments Limited	00924673
Premier Garage (Southgate) Limited	00428952
George Hammond Limited	00690947
MFG EV Power Limited	13353242

Notes to the financial statements *(continued)*

28 Principal subsidiaries *(continued)*

The principal retail trade is carried out by Motor Fuel Limited, Peregrine Retail Limited and Roberts Garage Limited. St Albans Operating Company Limited carries out the wholesale trade. The other companies which trade are mainly either holding companies or property rental companies.

The Company also indirectly controls the following partnerships which are wholly owned within the Group and the Group is entitled to 100% of any distributions:

Goldstar Fuel LLP	OC 354035	Exempt
Goldstar FSL LLP	OC 357674	Exempt

All subsidiary undertakings are incorporated in the United Kingdom unless otherwise stated and, if trading, have been included in the consolidation.

The registered office for all subsidiary undertakings is Gladstone Place, 36 – 38 Upper Marlborough Road, St Albans, Hertfordshire, United Kingdom, AL1 3UU with the exception of the following:

[1] Registered office is at Cleveland House, 33 King Street, London, SW1Y 6RJ

[2] 3 St David's Business Park, Dunfermline, Fife, United Kingdom, KY11 9PF

[3] Springfield Road, St Helier, Jersey, JE2 4LE

[4] La Collette, St Helier, Jersey, JE2 3NB

[5] Bulwer Avenue, St Sampson, Guernsey, GY2 4LF

All subsidiaries, excluding CD&R Firefly 4 Limited and CD&R Firefly Bidco Limited are exempt from audit.

The following companies have taken the exemption in Article 113 (1) of the Companies (Jersey) Law 1991 from the requirements for their individual financial statements to be audited:

Roberts Garages Limited
Petroleum Distributions Limited
PDR Limited
MB Boiler Services Limited
Guernsey Petroleum Distributions Limited
RGF Limited

All other companies have taken the exemption in Section 479A of the UK Companies Act 2006 (the Act) from the requirements in the Act for their individual financial statements to be audited.

The guarantees given by the Company under section 479C of the Act are disclosed in Note 29.

29 Contingent liabilities and guarantees

Under the terms of the secured bank loans, all entities in the Group guarantee the bank debts of the Group.

In accordance with Section 479C of the Companies Act 2006, the Company has provided a guarantee over the liabilities of certain Subsidiaries as shown in Note 28.

CD&R Firefly Holdco Limited – 2021 Annual Report Addendum

Directors' report

Gender information

Gender diversity within the Group as at 31 December 2021 is outlined below:

Level	Male	Male %	Female	Female %	**Total**
Board directors	2	100%	0	0%	**2**
Senior managers	22	88%	3	12%	**25**
Other employees	476	47%	535	53%	**1,011**
Total	**500**	**48%**	**538**	**52%**	**1,038**

The Group is committed to gender equality and publish our Gender Pay Gap information on our website on an annual basis.